CRADLE RESOURCES LIMITED

Annual Report 2021

Cradle Resources Limited
ABN 60 149 637 016

Corporate Directory

Directors

Craig Burton — Chairman
Grant Davey — Executive Director
Chris Bath — Non-Executive Director

Company Secretary

Chris Bath

Registered Office

1202 Hay Street
West Perth WA 6005

Tel: +61 8 9200 3425
Fax: +61 8 9200 4961

Stock Exchange Listing

Cradle Resources shares are listed on the Australian Securities Exchange

ASX Code: **CXX**

Share Registry

Link Market Services Limited
QV1 Building
Level 12, 250 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

Website

www.cradleresources.com.au

The terms the **Company** and **Group** are used in this report to refer to Cradle Resources Limited and/or its subsidiaries.

Table Contents

Financial and Activities Review

Overview

During the financial year, the Group continued to review new project opportunities that could add value to shareholders.

In December 2020, Cradle completed the buy-back of Tremont Investments Limited ("Tremont") existing 19.5% shareholding in Cradle in return for transferring to Tremont 19.5% of Cradle's shares in PHT ("Tremont Transaction").

As a result of the Tremont Transaction

- The arbitration proceeding between Cradle and Tremont was settled, resulting in Cradle owning 37.2% of PHT and Tremont owning 62.8%.
- Tremont will fund all ongoing financial requirements of Panda Hill Tanzania ("**PHT**") and the Panda Hill Niobium Project ("**Project**") until the development costs of the Project are raised.
- Under the shareholder agreement, PHT may only undertake a development capital raising for the Project by a combination of bank debt and the issue of new ordinary shares at US$1.00 minimum or such greater price as third parties participate.
- The balance of Cradle's interest in PHT shares will follow PHT into production with tag along and drag along rights against a sale of Tremont's PHT shares.
- Tremont assumed Board control of PHT with Cradle having the right to appoint a director and general minority shareholder protection rights.

On 28 June 2021, Cradle issued a Notice of Meeting to seek shareholder approval for the disposal of its 37.2% interest in PHT, to Panda Hill Mining Limited ("**PHM**") and the in-specie distribution of 152,748,622 shares it holds in PHM **("In-specie Shares**") to Eligible Cradle shareholders on a pro-rata basis ("**In**-**specie Distribution**").

On 30 July 2021, shareholders of Cradle approved the disposal of its 37.2% interest in PHT to PHM and the In-Specie Distribution of the shares it holds in PHM to Eligible Cradle shareholders. Cradle distributed the In-specie Shares on 9 August 2021, effected by way of transfer of the beneficial interest to Eligible Cradle Shareholders on a pro-rata basis and the transfer of the legal interest in those shares to Panda Hill Mining Nominees Pty Ltd, a wholly owned subsidiary of PHM.

Panda Hill Niobium Project

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.

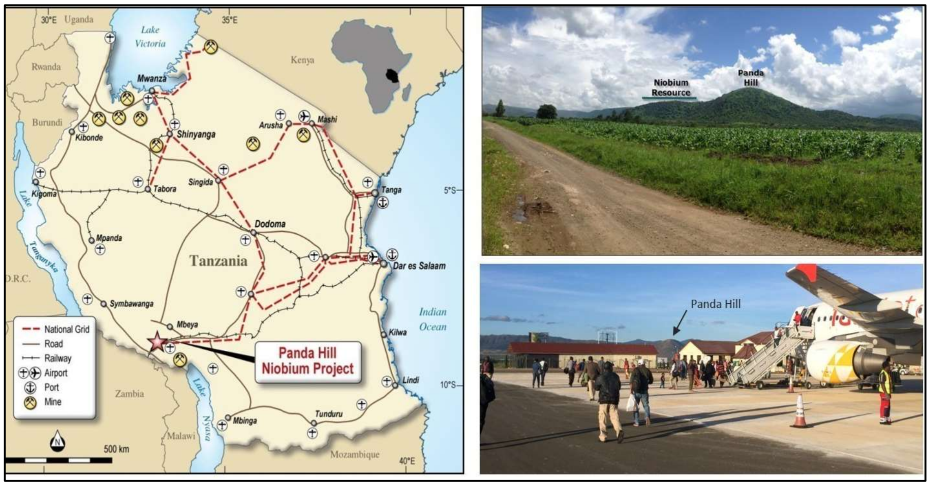

Figure 1: Location of the Panda Hill Niobium Project

The Company released a Definitive Feasibility Study ("DFS") on the Project in April 2016. The DFS was based on the Project upgrading its niobium concentrate to ferro-niobium on-site. Ferro-niobium is a final product that is sold directly to steel mills, with no further upgrading required.

The Project is covered by three granted Mining Licences (refer Figure 2) totalling 22.1km^2, 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).

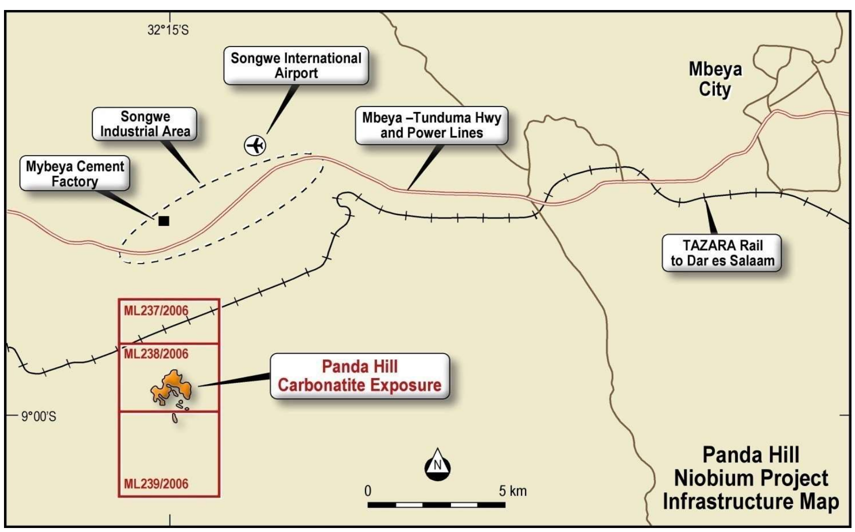

Figure 2: Mining Licences and Local Infrastructure

As previously reported, 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.

Business Strategy

Subsequent to year end, the Company completed the process of transferring of all of its interests in the Panda Hill Niobium Project in Tanzania to Panda Hill Mining Ltd (**Demerger**) which was approved by Shareholders at a general meeting held on 30 July 2021.

Following the Demerger, the Company is focussing on assessing and acquiring new business opportunities and assets. ASX will require the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2 and re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect to any future transaction the Company may enter into.

Material Risks

The company's activities present inherent risk and therefore the Board is unable to provide certainty that any or all of these activities will be able to be achieved.

The material business risks faced by Cradle that are likely to have an effect on the Company's future prospects, and how the Company manages these risks, include:

- New projects risk – The Company is actively pursuing and assessing new business opportunities currently. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

  If an acquisition is completed the Company may need to raise additional capital (if available).

  Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain and there is no guarantee that any future acquisition will be successful

- Future capital requirements – the ability to finance a project is dependent on the Group's existing financial position, the availability and cost of project financing and other debt markets and the ability to access equity markets to raise new capital. There can be no guarantees that when the Group seeks to implement financing strategies to pursue the development of a new project that suitable financing alternatives will be available and at a cost acceptable to the Group.

Directors' report

The Directors present their report together with the consolidated financial statements of the group comprising Cradle Resources limited and its subsidiaries for the financial year ended 30 June 2021.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Craig Burton
BJuris, LLB, MAICD
Non-Executive Chairman

Mr 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 a Director of Panda Hill Tanzania Ltd, the 50/50 joint venture company between Cradle and Tremont Investments Limited.

Mr Burton was appointed a Director of the Company on 16 September 2013 and served as Chairman of the Company from 16 September 2013 to 1 August 2016. Mr Burton was subsequently re-appointed Chairman on 8 July 2019.

Directorships of other listed entities within the past three years:

Capital Drilling Limited (January 2009 – 31 August 2018)
Grand Gulf Energy Limited (5 March 2019 – present).

Grant Davey
BSc
Executive 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 acted as CEO for several ASX-listed exploration and mining projects. Mr Davey was instrumental in developing the Panda Hill Niobium Project in Tanzania, having previously been a Director of Cradle from April 2013 to November 2015.

Mr Davey was appointed a Director of the Company on 27 July 2017. Mr Davey was also a Director of the Company from 15 April 2013 to 10 November 2015.

Directorships of other listed entities within the past three years:

Lotus Resources Limited (June 2020 – present)
Superior Lake Resources Limited (February 2018 – present)
Graphex Mining Ltd (March 2016 – September 2019)
Boss Resources Limited (January 2016 – February 2019).

Chris Bath
CA, MAICD
Non-Executive Director and Company Secretary

Mr Bath is a Chartered Accountant and Member of the Australian Institute of Company Directors. He has more than 20 years' experience in the energy and resources sector, including oil and gas, coal, gold and mining services, having held the role of CFO and company secretary for companies listed on ASX, JSX and AIM markets with operations in Australia and Asia.

Mr Bath was appointed a Director of the Company on 8 July 2019.

Directorships of other listed entities within the past three years:

Grand Gulf Energy Limited (March 2019 – present).

Principal activities

The principal activities of Cradle during the financial year consisted of the exploration and development of mineral resource projects. There was no significant change in the nature of these activities during the year.

Dividends paid or recommended

No recommendation for payment of dividends has been made for the year ended 30 June 2021 (2020: Nil).

Operating results

The net loss of the Consolidated Entity for the year ended 30 June 2021 was $2,088,378 (2020: $534,604). A financial and activities review is set out on pages 1 to 3.

The net loss included the recognition of a loss of $1,307,508 on the sale of 19.5% of Cradle's shares in PHT to Tremont, offset by foreign exchange on foreign operations reclassified from reserves of $448,058 and the recognition of an impairment charge of $615,015, refer note 6(a).

Financial position

During the year the Company bought back 36,933,911 shares held by Tremont as part of the Tremont Transaction, resulting in a decrease of $2.6 million in Contributed Equity. At 30 June 2021, the Company had cash reserves of $486,965 (2020: $1,182,078) and net assets of $18,425,409 (2020: $24,945,581).

Environmental regulation and performance

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

The Directors are not aware of any non-compliance with environmental laws by the Consolidated Entity.

Significant changes in the state of affairs

No significant changes in the state of affairs occurred during the period other than already referred to in the Financial and Activities Review.

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each director were as follows:

	Board Meetings	
	Number eligible to attend	**Number attended**
Mr Craig Burton	6	6
Mr Grant Davey	6	6
Mr Chris Bath	6	6

There were no Board committees operating during the financial year. The Board as a whole currently performs the functions of an Audit Committee, Risk Committee, Nomination Committee, and Remuneration Committee, however this will be reviewed should the size and nature of the Company's activities change.

Directors' interests

The relevant interest of each director in the ordinary share capital issued by the Company as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations act 2001, at the date of this report is:

	Shares held in Cradle Resources Limited
Mr Craig Burton[1]	34,300,000
Mr Grant Davey[1]	6,023,674
Mr Chris Bath[1]	1,864,246

[1] Held by entities in which a relevant interest is held.

Share options and rights

As at the date of this report, there were no options or rights issued over unissued Shares of the Company.

During the year ended 30 June 2021 and up to the date of this report, no ordinary shares were issued as a result of the conversion of rights or options.

Significant events after the balance date

On 28 June 2021, Cradle issued a Notice of Meeting to seek shareholder approval for the disposal of its 37.2% interest in PHT, to Panda Hill Mining Limited ("PHM") and the in-specie distribution of 152,748,622 shares it holds in PHM **("In-specie Shares**") to Eligible Cradle shareholders on a pro-rata basis ("**In-specie Distribution**").

On 30 July 2021 shareholders of Cradle approved the disposal of its 37.2% interest in PHT to PHM and the in-specie distribution of 152,748,622 shares it holds in PHM ("In-specie Shares") to Eligible Cradle shareholders on a pro-rata basis. On 9 August 2021, Cradle completed the In-specie Shares distribution, effected by way of transfer of the beneficial interest to Eligible Cradle Shareholders on a pro-rata basis and the transfer of the legal interest in those shares to Panda Hill Mining Nominees Pty Ltd, a wholly owned subsidiary of PHM.

Following the Demerger, the Company is focussing on assessing and acquiring new business opportunities and assets. ASX will require the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2 and re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect to any future transaction the Company may enter into. Further, ASX Guidance Note 12 states that following a listed entity's disposal of its main undertaking, ASX will generally continue the quotation of the entity's securities for a period of up to 6 months to allow an entity time to identify and announce its intention to acquire a new business. While the Company is actively pursuing potential new acquisitions, there can be no assurance that a suitable new business or asset will be identified and announced within the timeframe required, or at all, which may have an adverse impact on the Company's future revenues and its ability to remain trading on the ASX.

On 21 September 2021 the Company announced that it had completed an underwritten, non-renounceable pro-rata offer (Offer) to Eligible Shareholders of new ordinary fully paid shares in the Company (New Shares) each at an issue price of $0.02 on the basis of 1 New Share for every 4.4 Shares held. The Offer was fully underwritten by CPS Capital Group Pty Ltd and raised approximately $694k (before costs). The Company will use the proceeds raised to assess and acquire new business opportunities and assets following the recent divestment of its interests in the Panda Hill Niobium Project.

Other than as outlined above, at the date of this report there are no matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2021, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2021, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2021, of the Consolidated Entity.

Indemnification and insurance of officers

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities. During the financial year, the Company paid an annualised insurance premium of $25,974 (2020: $21,780) to provide adequate insurance cover for directors and officers against any potential liability and the associated legal costs of a proceeding.

Indemnification and insurance of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Non-audit service

During the year, Ernst & Young (Australia), the Company's auditor, received $nil (2020: $nil) for the provision of non-audit services.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 12 of the Annual Report.

Remuneration report (audited)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Details of Key Management Personnel ("KMP")

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr Craig Burton	Chairman
Mr Grant Davey	Executive Director
Mr Chris Bath	Non-Executive Director and Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July 2020 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP: (i) Following the Demerger, the Company is focussing on assessing and acquiring new business opportunities and assets; (ii) risks associated with small cap resource companies whilst exploring and developing projects; and (iii) other than profit which may be generated from asset sales, the Group does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and to develop appropriate performance based remuneration once the Company successfully identifies and acquires a new project or asset (short term incentive and long-term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of consulting fees and other non-cash benefits. Non-cash benefits may include provision of car parking and travel benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. No external remuneration consultants were used during the financial year.

Performance Based Remuneration – Short Term Incentive ("STI")

No key performance indicators ("KPI's") were set by the Board during the year.

Having regard to the current size, nature and opportunities of the Company, the Board may set KPI's that include measures such as: (i) successful exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs); (ii) successful development activities (e.g. completion of technical studies); (iii) successful corporate activities (e.g. recruitment and management of key personnel and investor relations activities); and (iv) successful business development activities (e.g. corporate transactions and capital raisings). These measures represent the key drivers in the short and medium-term success of the Company's development.

Where KPI's have been set, the Board will, on an annual basis subsequent to year end, assess performance against each individual executive's KPI criteria and considers the position of the Company to be able to award STI cash bonuses.

During the 2021 financial year, no cash bonuses were awarded to executive KMP (2020: $nil).

Performance Based Remuneration – Long Term Incentive
The Board does not currently have a long-term incentive plan ("LTIP") in place.

To achieve its corporate objectives and attract, incentivise, and retain key employees and contractors, the Board may grant long term incentives in the form of options and rights.

During the 2021 financial year, no options or rights were granted to executive KMP. At 30 June 2021, no Options and no Rights were held by executive KMP.

Non-Executive Director Remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The Company may pay to the Non-Executive Directors a maximum total amount of Director's fees, determined by the Company in a meeting of Members, or until so determined, as the Directors resolve. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Given the size, nature and opportunities of the Company, Non-Executive Directors may also receive Options or Rights in order to secure and retain their services. The Company prohibits Non-Executive Directors entering into arrangements to limit their exposure to Options granted as part of their remuneration package.

Fees for the Chairman were set at $60,000 per annum (excluding post-employment benefits). Fees for Non-Executive Directors' were set at between $30,000 to $50,000 per annum (excluding post-employment benefits). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

During the 2021 financial year, no Options or Rights were granted to Non-Executive Directors. At 30 June 2021, no Options and no Rights were held by Non-Executive Directors.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous financial years.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of potential material asset sales) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly, the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

Remuneration of Directors

Details of the remuneration of each Director of the Group are as follows:

2021	Short-term benefits Salary & fees $	 Cash bonus $	Post-employment benefits $	Share-based payments $	Termination benefits $	Total $	Percentage performance related %
Directors							
Mr Craig Burton	60,000	-	-	-	-	60,000	-
Mr Grant Davey	120,000	-	-	-	-	120,000	-
Mr Chris Bath	30,000	-	-	-	-	30,000	-
	210,000	**-**	**-**	**-**	**-**	**210,000**	**-**

2020	Short-term benefits Salary & fees $	 Cash bonus $	Post-employment benefits $	Share-based payments $	Termination benefits $	Total $	Percentage performance related %
Directors							
Mr Craig Burton	59,812	-	-	-	-	59,812	-
Mr Grant Davey	120,000	-	-	-	-	120,000	-
Mr Chris Bath	29,348	-	-	-	-	29,348	-
	209,160	**-**	**-**	**-**	**-**	**209,160**	**-**

No Options or Rights were granted to KMP of the Group by the Company during the financial year, and no Options or Rights previously granted to KMP were exercised or lapsed during the financial year.

Shareholdings of Key Management Personnel

	Held at 1 July 2020	On-market purchases	Sales	Held at 30 June 2021
Directors				
Mr Craig Burton	30,800,000	-	-	**30,800,000**
Mr Grant Davey	1,066,276	2,174,138	-	**3,240,414**
Mr Chris Bath	-	1,000,000	-	**1,000,000**

Other transactions with Related Parties

Mr Craig Burton, who is a director of the Company, provided administration services, banking and accounts payable management, office space and IT hardware & infrastructure to the Company through a related entity he controls in the period up to 31 May 2021. The fee payable by Cradle is $10,000 per month payable in advance with additional fees as agreed on an estimated time basis in respect of services and facilities performed that are not included in the defined services. The agreement can be terminated with one month's notice. The total cost incurred for the year ended 30 June 2021 was $110,000 (2020 $117,742).

Mr Grant Davey is an executive Director of the Company and is a Director and shareholder of Matador Capital Pty Ltd (Matador Capital). From May 2021, Matador Capital has provided various services under a Shared Services Agreement in which Matador Capital provides office space, technical staff including geologists and project management, and general office costs to the company at cost plus 2%. The total cost incurred for the year ended 30 June 2021 was $11,833 (2020 $Nil).

Contracts with Directors and KMP

Mr Grant Davey, Executive Director, is engaged under a consultancy agreement with Matador Capital Pty Ltd ("Matador"). The agreement may be terminated by either party at any time for any or no reason without payment or penalty upon at least one (1) month's prior written notice of termination to the other, or payment in lieu thereof. Matador receives a monthly retainer of A$10,000 and will receive a discretionary bonus based on achievement of key performance indicators to be determined by the Board.

Signed in accordance with a resolution of the Directors.

GRANT DAVEY
Executive Director

30 September 2021

Ernst & Young
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Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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

As lead auditor for the audit of the financial report of Cradle Resources Limited for the financial year ended 30 June 2021, 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 audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
30 September 2021

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Liability limited by a scheme approved under Professional Standards Legislation

TH:AJ:CXX:034

	Notes	2021 $	2020 $
Interest income		**3,229**	12,892
Corporate and administrative expenses		**(479,196)**	(356,450)
Independent expert report expenses		**-**	(18,312)
Employee benefits expenses	1	**(210,000)**	(209,160)
Share of loss of joint venture interests	6 (a)	**(16,376)**	(20,583)
Loss on sale of interest in joint venture	6 (a)	**(1,307,508)**	-
Foreign exchange on foreign operations reclassified from reserves	6	**448,058**	-
Impairment loss	6 (a)	**(615,015)**	-
Sundry income	1	**88,430**	57,009
Loss before income tax		**(2,088,378)**	(534,604)
Income tax expense	2	**-**	-
Loss for the period		**(2,088,378)**	(534,604)
Loss attributable to members of Cradle Resources Limited		**(2,088,378)**	(534,604)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange on foreign operations reclassified to profit & loss	9 (c)	**(448,058)**	-
Exchange differences arising on translation of foreign operations		**(1,398,414)**	493,132
Other comprehensive (loss)/income for the period, net of tax		**(1,846,472)**	493,132
Total comprehensive loss for the period		**(3,934,850)**	(41,472)
Total comprehensive loss attributable to members of Cradle Resources Limited		**(3,934,850)**	(41,472)
Earnings per share			
Basic and diluted loss per share (cents per share)	11	**(1.23)**	(0.28)

The accompanying notes form part of the financial statements.

	Notes	30 June 2021 $	30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	**486,965**	1,182,078
Other receivables	5	**15,959**	36,823
Total Current Assets		**502,924**	1,218,901
Non-current Assets			
Other receivables	5	**102,856**	102,856
Interest in associates	6	**17,974,680**	-
Interest in joint ventures	6	**-**	23,717,870
Total Non-Current Assets		**18,077,536**	23,820,726
TOTAL ASSETS		**18,580,460**	25,039,627
LIABILITIES			
Current Liabilities			
Trade and other payables	7	**155,051**	94,047
Total Current Liabilities		**155,051**	94,047
TOTAL LIABILITIES		**155,051**	94,047
NET ASSETS		**18,425,409**	24,945,580
EQUITY			
Contributed equity	8	**28,660,507**	31,245,828
Reserves	9	**12,455,893**	14,302,365
Accumulated losses	10	**(22,690,991)**	(20,602,613)
TOTAL EQUITY		**18,425,409**	24,945,580

The accompanying notes form part of the financial statements.

Consolidated statement of changes in equity
for the year ended 30 June 2021

	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Consolidation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2020	**31,245,828**	**-**	**3,381,084**	**10,921,281**	**(20,602,613)**	**24,945,580**
Net loss for the year	**-**	**-**	**-**	**-**	**(2,088,378)**	**(2,088,378)**
Other comprehensive income:						
Foreign exchange on foreign operations reclassified to profit & loss			**(448,058)**			**(448,058)**
Exchange differences on translation of foreign operations			**(1,398,414)**			**(1,398,414)**
Total comprehensive loss for the period	**-**	**-**	**(1,846,472)**	**-**	**(2,088,378)**	**(3,934,850)**
Transactions with owners recorded directly in equity:						
Share buy back	**(2,585,321)**	**-**	**-**	**-**	**-**	**(2,585,321)**
Balance at 30 June 2021	**28,660,507**	**-**	**1,534,612**	**10,921,281**	**(22,690,991)**	**18,425,409**
Balance at 1 July 2019	31,245,828	-	2,887,952	10,921,281	(20,068,009)	24,987,052
Net loss for the year	-		-	-	(534,604)	(534,604)
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	493,132	-	-	493,132
Total comprehensive loss for the period	-	-	493,132	-	(534,604)	(41,472)
Balance at 30 June 2020	**31,245,828**	**-**	**3,381,084**	**10,921,281**	**(20,602,613)**	**24,945,580**

The Accompanying notes form part of these financial statements.

	Notes	2021 $	2020 $
Cash flows used in operating activities			
Payments to suppliers and employees		**(607,328)**	(563,844)
Interest received		**3,229**	12,892
Net cash used in operating activities	4(a)	**(604,099)**	(550,952)
Cash flows used in investing activities			
Contributions to joint venture	6	**(91,014)**	(132,284)
Net cash used in investing activities		**(91,014)**	(132,284)
Cash flows used in financing activities		**-**	-
Net (decrease in cash and cash equivalents		**(695,113)**	(683,236)
Net foreign exchange differences		**-**	-
Cash and cash equivalents at beginning of period		**1,182,078**	1,865,314
Cash and cash equivalents at end of period	4	**486,965**	1,182,078

The accompanying notes form part of these financial statements.

Basis of Preparation

This section sets out the basis upon which the Group's (comprising Cradle Resources Limited and its subsidiaries) financial statements are prepared as a whole. Significant accounting policies and key judgements and estimates of the Group that summarise the measurement basis used and assist in understanding the financial statements are described in the relevant note to the financial statements or are otherwise provided in this section.

Cradle Resources Limited (Cradle) is a for-profit company limited by shares incorporated in Australia whose shares are listed on the Australian Stock Exchange. The Group is principally engaged in the exploration and development of mineral resource projects.

The Company's registered office is at 1202 Hay Street, West Perth, Western Australia. These consolidated financial statements comprise the Company and its subsidiaries and were authorised for issue in accordance with a resolution of the directors on 29 September 2021.

Basis of preparation

The financial statements are general purpose financial statements which have 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. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

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

The consolidated 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.

For the year ending 30 June 2021, the Group incurred a loss of $2,088,378 and had an operating cash outflow of $604,100. At 30 June 2021, the Group had cash and cash equivalents of $486,965 (2020: $1,182,078) and net current assets of $347,873 (2020: $1,124,854).

On 21 September 2021, Cradle announced that it had completed an underwritten non-renounceable entitlement offer which raised approximately $694,000 (before costs).

Following the Demerger, the Company is focussing on assessing and acquiring new business opportunities and assets. Use of funds during the next twelve months will primarily be on administration and corporate costs, together with costs incurred on reviewing new project opportunities. Whilst the current cash position is considered sufficient to meet administration and corporate costs, additional funding may be required to meet expenditure associated with ongoing business development activities or to fund any new asset or business acquisitions.

Should additional funding be required, the Directors are confident that they will be able to raise those additional funds. However, in the event that the Company is unable to raise those additional funds, there is significant uncertainty as to whether the Group would be able to continue as a going concern.

These consolidated financial statements do 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 Group be unable to continue as a going concern.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has had to make judgements, estimates and assumptions about future events that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates and in the current year these estimates and judgements incorporate the impact of uncertainties associated with COVID-19 as outlined below. The reasonableness of these estimates and underlying assumptions are reviewed on an ongoing basis. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

Impairment of Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Impairment of Assets (continued)

Significant judgement is required in determining whether it is necessary to recognise an impairment loss on its investments in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises an impairment in the 'Share of profit of an associate' in the consolidated statement of profit and loss.

COVID-19 Financial impacts

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The impact of COVID-19 has seen significant volatility in commodity and foreign exchange markets with restrictions on the movement of people and goods within both Australia and overseas and there remains ongoing uncertainty about the extent and duration of its impact on demand and prices for commodities, including niobium.

COVID-19 also has limited the ability of the Company to review new project opportunities due to travel restrictions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures (continued)

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises an impairment within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences 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 deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held on call with financial institutions.

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.

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.

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:

- Costs of servicing equity (other than dividends) and preference dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- 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.

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.

Goods and services tax

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.

Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker. The chief operating decision maker, who is responsible in assessing the performance and determining the allocation of resources of the operating segments, is considered to be the Board of Directors.

Discrete financial information is presented for the Company as a whole. Accordingly, the Board of Directors considers that its business operates in one segment, being that of mineral exploration.

Interest income is recognised using the effective interest rate method.

Share based payments

Employees and consultants of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Share based payments (continued)

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Parent entity information

The financial information for the parent entity, Cradle Resources Limited, disclosed in note 13 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries and associate entities

Investments in subsidiaries and associate entities are accounted for at cost less any impairment in the financial statements of Cradle Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

1. Sundry income

	Note	2021 $	2020 $
Deemed contribution- refer to note 6		**88,430**	57,009
Total		**88,430**	57,009

Employee benefits expense (including directors and officers)		
Wages, salaries and fees	**(210,000)**	(209,160)
Employee benefits expense included in profit or loss	**(210,000)**	(209,160)
Total employee benefits expense included in profit or loss	**(210,000)**	(209,160)

2. Income tax

	2021 $	2020 $
Recognised in profit or loss		
Current income tax:		
Current income tax expense in respect of the current year	-	-
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(118,111)**	(105,605)
Adjustments in respect of current income tax of previous years	-	(8,250)
DTA not brought to account	**118,111**	113,905
Income tax expense included in profit or loss	-	-

(a) Reconciliation between tax expense and accounting profit or loss before income tax	2021 $	2020 $
Accounting loss before income tax	**(2,088,378)**	(534,604)
At the domestic income tax rate of 26% (2020: 27.5%)	**(542,978)**	(147,016)
Adjustment to income tax expense due to:		
Loss on sale of interest in joint venture	**339,952**	-
Impairment	**159,904**	-
Foreign exchange on foreign operations reclassified from reserves	**(116,495)**	-
Non-deductible expenditure	**41,506**	41,361
Deductible expenditure	-	(8,250)
Deferred tax assets not brought to account	**118,111**	113,905
Income tax expense attributable to profit or loss	-	-

2. Income tax (continued)

(b) Deferred Tax Assets and Liabilities

	2021	2020
Deferred income tax at balance date relates to the following:	$	$
Deferred Tax Asset		
Capital allowances	**-**	15,808
Tax losses	**2,001,974**	2,010,252
Deferred tax assets not brought to account [1]	**(2,001,974)**	(2,026,060)
	-	-

[1] The benefit of deferred tax assets not brought to account will only be brought to account if: (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and (iii) no changes in tax legislation adversely affect the Group in realising the benefit.

(c) Tax Consolidation

The Company and its wholly-owned Australian resident entities have not formed a tax consolidated group.

(d) Franking credits

The company has no franking credits.

3. Dividends paid or provided for on ordinary shares

No dividends have been paid or proposed for the year ended 30 June 2021 (2020: Nil).

4. Cash and cash equivalents

	2021	2020
	$	$
Cash at bank	**486,965**	1,182,078

(a) Reconciliation of net loss after tax to net cash used in operating activities

	2021	2020
	$	$
Loss for the year	**(2,088,378)**	(534,604)
Adjustments to reconcile profit before tax to net cash flows:		
Share of loss of joint venture interests	**16,376**	20,583
Foreign exchange on foreign operations	**(448,058)**	-
Deemed contributions	**(88,430)**	(57,009)
Loss on sale of interest in joint venture	**1,307,508**	-
Impairment	**615,015**	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	**884**	2,090
Decrease/(Increase) in prepayments	**19,980**	(19,980)
Increase in trade and other payables	**61,004**	37,968
Net cash outflow from operating activities	**(604,099)**	(550,952)

5. Other receivables

	2021	2020
	$	$
Current		
Prepayments	**-**	19,980
GST receivable	**15,959**	16,843
Total current receivables	**15,959**	36,823
Non-current		
Loans to joint venture[1]	**102,856**	102,856
Total non-current receivables	**102,856**	102,856

[1] Loans to joint venture represents shareholder loans from the Company to Panda Hill Tanzania Ltd to fund ongoing exploration and evaluation activities. The loans are unsecured, interest free, and repayable on demand.

6. Interest in associates and joint ventures

		2021	2020
		$	$
Panda Hill Tanzania Ltd	6(a)	**17,974,680**	23,717,870
Total interest in associate/joint venture		**17,974,680**	23,717,870

(a) Panda Hill Tanzania Ltd

On 6 June 2014, the Company executed an Investment and Shareholders Agreement ("Agreement") with Tremont Investments Limited ("Tremont"), Panda Hill Mining Pty Ltd ("PHM") and Panda Hill Tanzania Ltd ("PHT") to fund the Panda Hill Niobium Project ("Project"), pursuant to which Tremont has earned a 50% interest in the Project for US$20 million. In accordance with the agreement, the Board of PHT comprised of two representatives of the Company and two representatives of Tremont. Certain substantive decisions required unanimous approval over the operations of PHT. As the relevant activities of PHT required approval by both parties and both parties had rights to the net assets, the Company had 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. The carrying value is measured using the equity method of accounting. Refer below for more details.

Subsequent to signing the Agreement there was a dispute as to whether Tremont had the unilateral right to declare a decision to mine and there were arbitration proceedings between the parties in respect of this dispute ("Arbitration").

During the reporting period Cradle reached agreement with Tremont in connection with the Project and the current dispute and arbitration between Cradle and Tremont (Tremont Agreement). Cradle and Tremont agreed to dismiss the Arbitration and release each other from all associated claims, thereby bringing an end to this dispute. The Arbitration was settled as follows:

- Cradle buys back Tremont's existing 19.5% shareholding in Cradle (36,933,161 shares) in return for Cradle transferring to Tremont 19.5% of Cradle's shares in PHT (4.6m PHT shares);
- PHT issued Tremont and Cradle additional shares to convert existing loans from Tremont and Cradle to PHT to equity in PHT.

On 18 September 2020 Shareholders approved the transaction with Tremont and the transaction subsequently settled on 21 December 2020.

6. Interest in associates and joint ventures (continued)

The transaction results in Tremont holding 62.8% and Cradle holding 37.2%, respectively, of PHT's shares. Cradle currently holds 19,086,345 shares in PHT and the right to a further 490,219 shares on conversion of the loan of $102,856, subject to regulatory approval.

As Cradle has one board representative and the power to participate in financial and operating policy decisions of PHT and therefore continues to have a significant influence over the management of PHT, the Company has assessed that the interest in PHT is accounted for using the equity method. PHT is a company incorporated in Mauritius where its principal place of business is also located.

At completion Cradle has recognised a loss on sale of 19.5% of its holding in PHT to Tremont of $1,307,508. This loss represents the difference between the Cradle shares bought back, valued at the share price on the day the transaction completed less the value of the interest in PHT disposed.

Impairment considerations

In relation to the Tremont Agreement, the Directors commissioned an independent expert, RSM Corporate Australia Pty Ltd (**RSM**), to prepare a report to ascertain whether the transaction was fair and reasonable to Shareholders (other than Tremont). As part of this report, RSM assessed the value of Cradle's interest in PHT. Cradle subsequently engaged SRK Consulting (Australasia) Pty Ltd (**SRK**) to prepare an Independent Specialist Report in relation to matters on which RSM is not an expert.

RSM's valuation is on the basis of fair market value, being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

SRK considers that the Panda Hill Project is a pre-development project and accordingly adopted the following valuation methodologies in determining its assessed range of values:

- Market – Sales Comparison Approach; and
- Cost – Yardstick Factors.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis. SRK placed most reliance on the values implied by the Sales Comparison Approach, which is based on a review of global transactions involving niobium as the primary commodity to be produced. SRK undertook an assessment of the agreement terms and then these values were normalised to 1 July 2020 niobium pentoxide price of US$30.3/Kg. As a cross-check, SRK also considered a cost-based method for its valuation of the Panda Hill resources and exploration target.

SRK concluded that the valuation range for a 100% interest in the Panda Hill Project as at 1 July 2020 is between $47.0m and $62.1m, with a preferred value of $54.0m.

As part of the Group's impairment assessment at 31 December 2020 and 30 June 2021, the key inputs in the RSM and SKR reports were considered. No changes to were made to these assumptions and the reports were considered by Directors to still be relevant in the current period.

At 31 December 2020, an assessment was made of any potential impairment triggers in relation to the value of the interest in PHT. Cradle's market capitalisation as at 31 December 2020 was a potential indicator of impairment. A review of the carrying value of the interest in PHT at 31 December 2020 was made against the preferred value in the RSM independent Expert Report, adjusted for the changes in interest in PHT, and an impairment charge of $615,015 was recognised.

At year end an assessment was made of any potential impairment triggers in relation to the value of the interest and other amounts receivable from PHT. Cradle's market capitalisation as at 30 June 2021 was a potential indicator of impairment. Management performed another impairment assessment at year end, based on the preferred value in the RSM Independent Expert Report, and there was no objective evidence of further impairment or of impairment reversal.

6. Interest in associates and joint ventures (continued)

	2021 $	2020 $
Reconciliation of movements in interest in Panda Hill Tanzania Ltd		
Carrying amount at 1 July	**23,717,870**	23,056,027
Cash contributions to joint venture	**91,014**	189,679
Deemed contributions[1]	**88,430**	-
Foreign exchange differences	**(1,398,414)**	492,747
Share of joint venture loss for the year	**(16,376)**	(20,583)
Sale of partial interest in PHT	**(3,892,829)**	-
Impairment adjustment	**(615,015)**	-
Carrying amount at 30 June	**17,974,680**	23,717,870

Notes:

[1] During the period, the Company's joint venture partner sole-funded certain expenditures of PHT, totalling A$176,860, of which A$88,430 (being 50% of the expenditure incurred prior to the part sale of PHT shares to Tremont) is deemed to have been contributed by Cradle and has been recognised as a gain through profit or loss.

	2021 $	2020 $
Summarised statement of financial position for Panda Hill Tanzania Ltd		
Cash and cash equivalents	**30,697**	26,956
Other current assets	**1,299,493**	1,473,870
Non-current assets	**47,928,235**	52,038,146
Current liabilities	**(107,614)**	(6,103,233)
Net assets	**49,150,811**	47,435,739
Reconciliation of net assets to equity accounted amounts		
Group's share of net assets (2021: 37%; 2020: 50%)	**17,974,680**	23,717,870
Carrying amount at 30 June	**17,974,680**	23,717,870

7. Trade and other payables

	2021 $	2020 $
Trade creditors	**114,531**	36,563
Accrued expenses	**40,520**	57,482
	155,051	94,045

8. Contributed equity

	2021 $	2020 $
Issued capital		
152,748,622 fully paid ordinary shares (2020: 189,681,783)	**28,660,507**	31,245,828

(a) Movements in Issued Capital During the Past Two Years

		Number	$
1 July 2020	Opening balance	**189,681,783**	31,245,828
21 December 2020	Buy back of shares	**(36,933,161)**	(2,585,321)
31 December 2020	Closing balance	**152,748,622**	28,660,507

On 21 December 2020 Cradle completed the Tremont Transaction whereby Cradle bought back Tremont's existing 19.5% shareholding in Cradle in return for transferring to Tremont 19.5% of Cradle's shares in PHT. Refer Note 6 for more details.

(b) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("Shares") arise from a combination of the Company's Constitution, statute and general law.

(i) *Shares* - The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) *Meetings of Members* - Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two shareholders. The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

(iii) *Voting* - Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) *Changes to the Constitution* - The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(v) *Listing Rules* - Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

9. Reserves

	Note	2021 $	2020 $
Share based payments reserve	9(b)	-	-
Foreign currency translation reserve	9(c)	**1,534,612**	3,381,085
Consolidation reserve	9(d)	**10,921,281**	10,921,281
Total reserves		**11,859,389**	14,302,366

(a) Nature and Purpose of Reserves

Share based payments reserve
The share based payments reserve is used to record the fair value of options and performance rights issued by the Group.

Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities and investments in associates are taken to the foreign currency translation reserve, as described in the accounting policy note. The reserve is transferred to statement of profit or loss and other comprehensive income when the net investment is disposed of.

Consolidation reserve
On 6 June 2014, the Group entered into an Investment and Shareholders Agreement with Tremont, PHM and PHT to fund the Project, pursuant to which Tremont was granted the right to take up an interest in PHM, equal to its interest in PHT for nil consideration. Tremont are therefore deemed to have present ownership interest in PHM. The transaction was accounted for as an equity transaction with a non-controlling interest.

(b) Movements in options and performance rights granted as share-based payments during the past two years

No options and performance rights were granted during the year and there are no option or performances rights on issue.

(c) Movements in foreign currency translation reserve during the past two years

	2021 $	2020 $
Foreign Currency Translation Reserve		
Balance at 1 July	**3,381,084**	2,887,952
Exchange differences on translation of foreign operations	**(1,398,414)**	493,132
Foreign exchange on foreign operations reclassified to profit & loss	**(448,058)**	-
Balance at 30 June	**1,534,612**	3,381,084

10. Accumulated losses

	2021 $	2020 $
Balance at 1 July	**(20,602,613)**	(20,068,009)
Net loss for the year attributable to members of the parent	**(1,491,874)**	(534,604)
Balance at 30 June	**(22,094,487)**	(20,602,613)

11. Earnings per share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2021 $	2020 $
Basic Earnings:		
Net loss attributable to members of the parent entity	**(2,088,378)**	(534,604)
Weighted Number of Ordinary Shares		
Basic earnings per share	**170,302,020**	189,681,783
Diluted earnings per share	**170,302,020**	189,681,783
Basic (loss)/earnings per share	**(1.23)**	(0.13)
Diluted (loss)/earnings per share	**(1.23)**	(0.13)

(a) Recognition and measurement

There are no dilutive shares at 30 June 2021.

On 16 September 2021 the Company completed a fully underwritten, non-renounceable pro-rata offer (Offer) to Eligible Shareholders, issuing 34,715,596 shares to raise approximately $694k (before costs).

Since 30 June 2021,there have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

12. Related parties

(b) Subsidiaries

		% Equity Interest	
Name	Country of Incorporation	2021 %	2020 %
Songwe Hill Limited	Tanzania	**100%**	100%
Panda Hill Mining Pty Ltd[1]	Australia	**100%**	-

[1] As a result of the Tremont Transaction, the previous shareholder agreement was terminated and a new shareholders agreement was entered into. As a result, Panda Hill Mining Pty Ltd which was a dormant entity, is no longer jointly controlled by Tremont and Cradle and has re-joined the consolidated group. Subsequent to year end, Panda Hill Mining Pty Ltd changed its name to Panda Hill Mining Limited.

(c) Ultimate Parent

Cradle Resources Limited is the ultimate parent of the Group.

(d) Key Management Personnel

	2021 $	2020 $
Short-term employee benefits	**210,000**	209,160

Further details relating to Key Management Personnel, including remuneration details and equity holdings are included in the Remuneration Report.

12. Related parties (continued)

(e) Other transactions with Related Parties

Mr Craig Burton, who is a director of the Company, provided administration services, banking and accounts payable management, office space and IT hardware & infrastructure to the Company through a related entity he controls in the period up to 31 May 2021. The fee payable by Cradle is $10,000 per month payable in advance with additional fees as agreed on an estimated time basis in respect of services and facilities performed that are not included in the defined services. The agreement can be terminated with one month's notice. The total cost incurred for the year ended 30 June 2021 was $110,000 (2020 $117,742).

Mr Grant Davey is an executive Director of the Company and is a Director and shareholder of Matador Capital Pty Ltd (Matador Capital). From May 2021, Matador Capital has provided various services under a Shared Services Agreement in which Matador Capital provides office space, technical staff including geologists and project management, and general office costs to the company at cost plus 2%. The total cost incurred for the year ended 30 June 2021 was $11,833 (2020 $Nil).

13. Parent entity disclosures

	2021 $	2020 $
Financial Position		
Assets		
Current Assets	**502,924**	1,218,901
Non-Current Assets	**18,077,636**	23,820,727
Total Assets	**18,580,560**	25,039,628
Liabilities		
Current Liabilities	**155,051**	94,045
Total Liabilities	**155,051**	94,045
Equity		
Contributed equity	**28,660,366**	31,245,687
Reserves	**11,858,477**	14,301,451
Accumulated losses	**(22,093,334)**	(20,601,560)
Total Equity	**18,425,509**	24,945,581
Financial Performance		
Loss for the year	**(2,088,378)**	(534,604)
Total comprehensive loss	**(2,088,378)**	(534,604)

14. Segment information

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.

(a) Reconciliation of Non-Current Assets by geographical location

	2021	2020
Non-Current Assets for this purpose consist of interests in/loans to joint ventures	$	$
Australia	-	-
Tanzania	**18,077,537**	23,820,727
	18,077,537	23,820,727

15. Auditors' remuneration

The auditor of Cradle Resources Limited is Ernst & Young.

	2021	2020
	$	$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
• an audit or review of the financial report of the Company and any other entity in the consolidated group	**37,400**	35,500
• taxation and advisory services provided to the Company and any other entity in the consolidated group	-	-
	37,400	35,500

16. Financial risk management objectives and policies

(a) Overview

The Group's principal financial instruments comprise interest in joint ventures, receivables, payables, and cash. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

16. Financial risk management objectives and policies (continued)

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

The carrying amount of the Group's cash and cash equivalents and trade and other receivables represents the maximum credit risk exposure, as represented below:

	2021 $	2020 $
Cash and cash equivalents	**486,965**	1,182,078
Other receivables	**15,959**	36,823
Loans to associate/joint venture	**102,856**	102,856
	605,780	1,321,757

With respect to credit risk arising from cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts. Other receivables are comprised primarily of loans to associates, GST receivable and refundable deposits. Credit risk associated with the loan is considered low risk and will be converted into equity once regulatory approvals are received.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. As at 30 June 2021 and the date of this report, the Group has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments for the Group, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2021					
Financial Liabilities					
Trade and other payables	155,051	-	-	-	155,051
	155,051	-	-	-	**155,051**
2020					
Financial Liabilities					
Trade and other payables	94,045	-	-	-	94,045
	94,045	-	-	-	**94,045**

16. Financial risk management objectives and policies (continued)

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to cash and short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of interests in joint ventures, receivables and payables are non-interest bearing. The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2021 $	2020 $
Interest-bearing financial instruments		
Cash and cash equivalents	**486,965**	1,182,078
	486,965	1,182,078

The Group's cash at bank had a weighted average floating interest rate at year end of 0.90%. At the reporting date, the Group did not have any material exposures to interest rate risk.

(e) Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian Shilling (TZS) and United States Dollar (USD).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

At the reporting date, the Group did not have any material exposure to financial instruments denominated in foreign currencies.

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Capital Management

The Group defines its capital as total equity of the Group, being $18,425,409 as at 30 June 2021 (2020: $24,945,580). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore project financing opportunities.

(h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value.

17. Commitments and contingencies

As previously advised, the Company and Tremont were in dispute regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement. The dispute had been referred to arbitration.

During the year Cradle reached agreement with Tremont to settle the arbitration, subject to shareholder approval (the "**Transaction**"). On 18 September 2020 Shareholders approved the Transaction with Tremont. The transaction completed on 21 December 2020, refer Note 6 (a) for more information.

18. Events subsequent to balance date

On 28 June 2021, Cradle issued a Notice of Meeting to seek shareholder approval for the disposal of its 37.2% interest in Panda Hill Tanzania Ltd ("**PHT**") to Panda Hill Mining Limited ("**PHM**") and the in-specie distribution of 152,748,622 shares it holds in PHM (**"In-specie Shares"**) to Eligible Cradle shareholders on a pro-rata basis (**"In-specie Distribution"**).

On 30 July 2021 shareholders of Cradle approved the disposal of its 37.2% interest in PHT to PHM and the in-specie distribution of 152,748,622 shares it holds in PHM ("In-specie Shares") to Eligible Cradle shareholders on a pro-rata basis. On 9 August 2021, Cradle completed the In-specie Shares distribution, effected by way of transfer of the beneficial interest to Eligible Cradle Shareholders on a pro-rata basis and the transfer of the legal interest in those shares to Panda Hill Mining Nominees Pty Ltd, a wholly owned subsidiary of PHM.

Following the Demerger, the Company is focussing on assessing and acquiring new business opportunities and assets. ASX will require the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2 and re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect to any future transaction the Company may enter into. Further, ASX Guidance Note 12 states that following a listed entity's disposal of its main undertaking,

ASX will generally continue the quotation of the entity's securities for a period of up to 6 months to allow an entity time to identify and announce its intention to acquire a new business. While the Company is actively pursuing potential new acquisitions, there can be no assurance that a suitable new business or asset will be identified and announced within the timeframe required, or at all, which may have an adverse impact on the Company's future revenues and its ability to remain trading on the ASX.

On 21 September 2021 the Company announced that it had completed an underwritten, non-renounceable pro-rata offer (Offer) to Eligible Shareholders of new ordinary fully paid shares in the Company (New Shares) each at an issue price of $0.02 on the basis of 1 New Share for every 4.4 Shares held. The Offer was fully underwritten by CPS Capital Group Pty Ltd and raised approximately $694k (before costs). The Company will use the proceeds raised to assess and acquire new business opportunities and assets following the recent divestment of its interests in the Panda Hill Niobium Project.

Other than as outlined above, at the date of this report there are no matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2021, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2021, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2021, of the Consolidated Entity.

Directors' declaration

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of Cradle Resources Limited for the financial year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) The financial statements and notes are in compliance with International Financial Reporting Standards, as noted in the Basis of Preparation which forms part of the financial statements.

   (c) subject to the matters noted in the Basis of Preparation, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board

GRANT DAVEY
Executive Director

30 September 2021

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Cradle Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Basis of Preparation Note in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment accounted for using the equity method

Why significant	How our audit addressed the key audit matter
As disclosed in Note 6, the Group holds an investment in Panda Hill Tanzania Ltd ("PHT") which had a carrying value of $17.9 million as at 30 June 2021. During the period, the Group partially disposed of it's interest in PHT to Tremont Investments Limited. Following the transaction, the Group has continued to apply the equity method of accounting for the investment based on it's assessment that PHT is an associate, which is predicated on the Group having significant influence over PHT. This is considered a key audit matter due to the following: ► The significance of the balance to the overall financial position of the Group ► The accounting for the partial disposal of the Group's interest in PHT ► The judgment involved in assessing whether the entity has significant influence following the transaction during the period. The Group's assessment on whether it has significant influence is based on the investment and shareholders' agreement. ► The assessment of the recoverability of the investment is subject to significant judgement as to the identification of objective evidence of impairment and the valuation of the investment. The Group recognised impairment of $0.6 million in respect of the investment during the half-year ended 31 December 2020. There was no objective evidence of impairment or impairment reversals as at 30 June 2021.	In performing our procedures: ► We considered the Group's assessment that it has significant influence over the investment based on the shareholders' agreement ► We agreed the Group's contributions to PHT during the year to supporting documentation, and considered the calculation of the Group's share of the foreign currency translation reserve and loss for the year ► We considered the accounting treatment for the disposal of a portion of the interest in PHT ► We assessed, with involvement from our valuation specialists, the Group's impairment calculation and methodology at 31 December 2020 with respect to the investment in the associate ► We considered, with involvement from our valuation specialists, the Group's assessment of whether there was any objective evidence of impairment at 30 June 2021 with respect to the investment in the associate ► We assessed the adequacy of the disclosure included in the financial report relating to the investment, including the Group's partial disposal.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Cradle Resources Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

T S Hammond
Partner
Perth
30 September 2021

ASX additional information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 24 September 2021.

1. Twenty Largest Shareholders

The names of the twenty largest shareholders are as follows:

Name	Number of Ordinary Shares	%
Aviemore Capital Pty Ltd	32,300,000	17.23
D & A Holdings Limited	16,825,000	8.98
Arredo Pty Ltd	15,400,000	8.21
Sunset Capital Management Pty Ltd	11,924,017	6.36
Nero Resource Fund Pty Ltd	8,370,519	4.47
Mr Brett Mitchell & Mrs Michelle Mitchell	7,020,000	3.74
HSBC Custody Nominees (Australia) Limited	6,460,750	3.45
Citicorp Nominees Pty Limited	6,222,880	3.32
RECB Limited	6,200,000	2.31
National Nominees Limited.	5,606,965	2.99
Davey Holdings (Aus) Pty Ltd	3,705,156	1.98
Mr Mark John Bahen & Mrs Margaret Patricia Bahen	2,855,090	1.52
Davey Management (Aus) Pty Ltd	2,318,517	1.24
Ms Nicole Gallin & Mr Kyle Haynes	2,000,000	1.07
Alba Capital Pty Ltd	2,000,000	1.07
Blu Bone Pty Ltd	1,973,592	1.05
Mr Azman Rashid Haroon	1,963,359	1.05
Mr Mark John Bahen & Mrs Margaret Patricia Bahen	1,902,272	1.01
Chivington Pty Ltd	1,864,245	0.99
Harold Cripps Holdings Pty Ltd	1,778,247	0.95
Total twenty largest shareholders	**138,690,609**	**73.98**
Balance of register	48,773,609	25.13
Total ordinary shares on issue	**187,464,218**	**100.00**

2. Distribution of Equity Securities

The distribution of ordinary shares ranked according to size was as follows:

Category	Ordinary Shares	%	No. of holders	%
100,001 and Over	179,334,785	95.66	106	20.99
10,001 to 100,000	7,076,630	3.77	201	39.80
5,001 to 10,000	837,177	0.45	99	19.60
1,001 to 5,000	210,763	0.11	69	13.66
1 to 1,000	4,863	0.00	30	5.94
Total	**187,464,218**	**100**	**503**	**100**

ASX additional information (continued)

3. Voting Rights

See Note 8(b) of the Notes to the Financial Statements.

4. Substantial Shareholders

Substantial Shareholder notices have been received from the following:

Mr Craig Ian Burton	34,300,000
HSBC Holdings Plc	20,216,000
Arredo Pty Ltd	15,400,000
Sunset Capital Management Pty Ltd	11,924,017

5. On-Market Buy Back

There are currently no on-market buyback programs for any of Cradle Resources Limited's listed securities.

6. Restricted Securities

3,100,000 ordinary shares are subject to an orderly market restriction until the commencement of commercial production at the Panda Hill niobium mine.

7. Exploration Interests

PHT, the joint venture company owned 37% by Cradle and 63% by Tremont Investments Limited, held the following interests in tenements:

Project Name	Tenement Type	Tenement Number	Percentage Interest	Status
Panda Hill Niobium, Tanzania	Mining Licence	ML237/2006	100%	Granted
Panda Hill Niobium, Tanzania	Mining Licence	ML238/2006	100%	Granted
Panda Hill Niobium, Tanzania	Mining Licence	ML239/2006	100%	Granted

8. Corporate Governance

The Company's Corporate Governance Statement for the year ended 30 June 2021, which explains how Cradle complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition', is available in the Corporate Governance section of the Company's website, www.cradleresources.com.au and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.