

Quarterly Report

30 September 2022

Cradle Resources Limited (**Cradle** or the **Company**) is pleased to provide an update on its activities for the quarter ended 30 September 2022.

Cradle is currently actively seeking project acquisition opportunities.

Corporate Activities

Following disposal of its main undertaking (the interest in PHT) in the September 2021 quarter, the Company was advised by ASX that, in their opinion, the Company's current operations are not sufficient to warrant the continued quotation of its securities. Trading in the Company's securities was suspended on 13 January 2022.

During the quarter the Company has continued to review and assess projects located in Australia and overseas in both the resources and energy sectors, undertaking early stage due diligence on 4 projects. Since disposing of its interest in PHT, the Company has reviewed more than 54 projects across more than 10 countries. Many of the projects reviewed were not advanced enough for the Company to take further, others were in jurisdictions that carried significant sovereign risk and some projects were too expensive for Cradle and its related corporate structure.

Identifying and acquiring a project that will add shareholder value can take significant time and resources. The Board is focused on finding a project that will add value to shareholders and increase the share price over time. The Board strongly believes that the best outcome for Cradle will be finding an opportunity that has the potential to provide an appropriate level of upside from a growth perspective.

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/project acquisition the Company may enter into.

The Company will keep shareholders informed of progress and will make an appropriate announcement when it is in a position to do so.

Funding

The Company's cash balance at 30 September 2022 is \$12,781. Subsequent to the end of the quarter Cradle received a refund of \$73,839 related to the office lease security bond.

The Company has taken steps to reduce some administration costs including deferring the payment of all director fees. The Company also secured a loan facility of up to \$500,000 during the quarter, refer to details below.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Cradle Resources Limited

ABN

60 149 637 016

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(44)	(44)
(e) administration and corporate costs	(93)	(93)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(137)	(137)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	150	150
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(137)	(137)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13	13

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances ¹	13	13
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	-	-

¹Subsequent to the end of the quarter Cradle received a refund of \$73,839 related to the office lease security bond.

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(80)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	500	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	-
7.5 Unused financing facilities available at quarter end		500
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<ul style="list-style-type: none"> • Facility Limit of \$500,000 • Interest rate of 8% • Limited recourse - The recourse of the Lender against the Borrower is limited to the assets of the Borrower after payment of all unsubordinated creditors • Subordination - the repayment of the total outstanding amount shall be subordinated and postponed and made subject to all debts, claims, demands, rights and causes of action of all unsubordinated creditors • Repayment date is 31 July 2023. 	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(137)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(137)
8.4 Cash and cash equivalents at quarter end (item 4.6)	13
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	13
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: The Company has taken steps to reduce some administration costs and put in place funding arrangements. Matador Capital Pty Ltd ("Matador Capital"), a related entity of one of the directors, Mr Grant Davey, provides office space, general office services, bookkeeping and accounting services and IT hardware & infrastructure. Matador Capital has agreed to defer some of the cost recharges under the Cost Sharing Agreement and the Office Use Agreement in place.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company entered into an agreement with Davey Management (Aus) Pty Ltd (“Davey Management”), also a related entity of Mr Grant Davey, whereby Davey Management agreed to provide a loan facility of up to \$500,000 to the Company – refer to Section 7 above.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, refer to responses above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2022

Authorised by: **Board of Cradle Resources Limited**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity’s activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [name of board committee – eg Audit and Risk Committee]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

During the quarter the Company entered into an agreement with Davey Management (Aus) Pty Ltd ("**Davey Management**"), a related entity of Mr Grant Davey, whereby Davey Management agreed to provide a loan facility of up to \$500,000 to the Company. The key terms are:

- Facility Limit of \$500,000
- Interest rate of 8%
- Limited recourse - The recourse of the Lender against the Borrower is limited to the assets of the Borrower after payment of all unsubordinated creditors
- Subordination - the repayment of the total outstanding amount shall be subordinated and postponed and made subject to all debts, claims, demands, rights and causes of action of all unsubordinated creditors
- Repayment date is 31 July 2023

At the end of the September quarter no drawdowns had been made against the loan facility.

Matador Capital Pty Ltd ("Matador Capital"), also a related entity of Mr Grant Davey, provides office space, general office services, bookkeeping and accounting services and IT hardware & infrastructure. Matador Capital has agreed to defer some of the cost recharges under the Cost Sharing Agreement and the Office Use Agreement in place.

Payments to related parties of the entity and their associates

Payments to related parties and their associates during the quarter and included in section 6.1 of the attached Appendix 5B are as follows:

- \$44,000 for executive, non-executive and company secretarial fees;
- Payment of \$36,323 to Matador Capital, pursuant to a Cost Sharing Agreement and Office Use Agreement in which Matador Capital provides office space, general office services, bookkeeping and accounting services and IT hardware & infrastructure.

Authorised for release by the Board of Directors.