



ACN 149 637 016

ANNUAL REPORT
2011

CONTENTS

CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
CORPORATE GOVERNANCE STATEMENT	13
AUDITORS INDEPENDENCE DECLARATION.....	16
STATEMENT OF COMPREHENSIVE INCOME.....	17
STATEMENT OF FINANCIAL POSITION.....	18
STATEMENT OF CHANGES IN EQUITY.....	19
STATEMENT OF CASH FLOWS	20
NOTES TO THE FINANCIAL STATEMENTS	21
DIRECTORS' DECLARATION	38
INDEPENDENT AUDITOR'S REPORT	39
ADDITIONAL INFORMATION	41

CORPORATE DIRECTORY

Directors	Michael Ashforth – Chairman Brendan Cummins – Non-Executive Director Evan Cranston – Non-Executive Director
Company Secretary	Ian Gregory
Principal Place of Business and Registered Office	Suite 23, 513 Hay Street, Subiaco WA 6008 Phone: +61 8 6143 1869 Fax: +61 8 9388 8824 Email: admin@cradleresources.com.au
Solicitors	Hardy Bowen Lawyers Level 1, 28 Ord Street, West Perth WA 6005
Auditors	Ernst & Young 11 Mounts Bay Road, Perth WA 6000
Stock Exchange	Australian Securities Exchange Limited ASX Code: CXX
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway, Applecross WA 6153 Phone: +61 8 9315 2333 Fax: +61 8 9315 2233

DIRECTORS' REPORT

The Board of Directors of Cradle Resources Limited ("Cradle" or "the Company") has pleasure in presenting its report on the Company for the period from the date of incorporation to 30 June 2011.

1. Directors and Company Secretary

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

Michael Ashforth	Chairman	26/07/11 – Current
Evan Cranston	Non-Executive Director	28/06/2011 – Current
Brendan Cummins	Non-Executive Director	02/03/2011 – Current
Spencer Broad	Non-Executive Director	02/03/2011 – 28/06/2011
Bernardo da Veiga	Non-Executive Director	02/03/2011 – 01/07/2011

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

Bernardo da Veiga	Company Secretary	02/03/2011 – 01/07/2011
Ian Gregory	Company Secretary	01/07/2011 - Current

Mr Michael Ashforth

Chairman

Michael Ashforth is an Executive Director of Macquarie Capital (Australia) Limited. He was formerly a Managing Director of Gresham Advisory Partners Limited. Mr Ashforth has advised on a wide range of mergers and acquisitions transactions for Australian and international clients across a wide range of industry sectors. He has extensive experience in transactions across the resources sector.

Mr Ashforth is also Non-Executive Chairman of Castle Minerals Limited, where he was appointed 05 September 2005. He has not served as a director of any other listed company during the past three years.

Mr Evan Cranston

Non-Executive Director

Evan Cranston is a corporate lawyer with over 7 years' experience specialising in corporate and mining law. Evan holds a Bachelor of Commerce and Bachelor of Laws from the University of Western Australia and was admitted as a barrister and solicitor of the Supreme Court of Western Australia.

Mr Cranston is currently the Corporate Director for Ampella Mining Limited (appointed 01 April 2009) where he is responsible for all head office operations, promotion and financing of the company.

Mr Cranston is also a Non-Executive Director of Carbine Resources Limited, where he was appointed 23 March 2010. Other than that mentioned above, he has not served as a director of any other listed company during the past three years.

He has broad experience in the areas of capital raisings, initial public offerings, tenement acquisition agreements, mineral rights agreements, joint ventures, mergers and acquisitions, corporate governance, the ASX listing rules and the Corporations Act.

Mr Brendan Cummins

Non-Executive Director

Brendan Cummins has over 17 years world wide experience in the mining industry as both a mine and exploration geologist. The majority of his experience has been in exploration geology, resource definition, project evaluation and acquisition having worked on a range of precious metal, base metal and industrial minerals projects throughout Australia and overseas.

Mr Cummins is currently an Executive of Westoria Capital and Director of Westoria Resource Investments Ltd, a private mineral resources investment group that sources, evaluates and funds early stage resource projects.

Mr Cummins graduated from the University of Western Australia with First Class Honours in Geology. He is a member of the Society of Economic Geologists (SEG) and the Australian Institute of Geoscientists (AIG).

During the last three years Mr Cummins has not served as a director of any other listed company.

Mr Spencer Broad

Non-Executive Director (Retired)

Spencer Broad is a Director of South Perth based accounting and financial advisory firm, Acute Business Services. He advises clients in many industries including mining, transport, property, manufacturing and civil contracting. Mr Broad specialises in corporate and domestic taxation, business services and financial consulting.

Mr Broad holds a Bachelor of Business from Edith Cowan University, is a Certified Practising Accountant (CPA) and a fellow of the Institute of Public Accountants IPA). Mr Broad is also a Director of numerous private companies and the Asthma Foundation of Western Australia.

During the last three years Mr Broads has not served as a director of any other listed company.

Dr. Bernardo da Veiga

Non-Executive Director (Retired)

Bernardo da Veiga is currently a Director of Perth based Navitas Business Modelling Pty Ltd, DTQ Consulting Pty Ltd, Ares Resources Limited and is a Senior Lecturer of Finance at the Curtin Business School.

Dr da Veiga is also a Director of Attila Resources Limited, where he was appointed 16 February 2010. He has not served as a director of any other listed company during the past three years.

His background is in corporate advisory with UBS Investment Bank and Azure Capital where he worked in a team that advised a number of Australian and international resource companies on a range of issues including mergers and acquisitions, capital raisings, hybrid instruments and debt advisory.

In addition Dr da Veiga has published several articles on financial modelling and risk management in international scholarly journals.

Mr Ian Gregory

Company Secretary

Mr Gregory holds a Bachelor of Business from Curtin University and has over 28 years' experience in the provision of company secretarial and business administration services in a variety of industries, including exploration, mining, mineral processing, oil and gas, banking, insurance and aquaculture. Ian is a consulting Company Secretary and provides services to a number of listed and private companies.

Before commencing his own consulting service, Mr Gregory was Company Secretary of the Iluka Resources Limited Group for 6 years and prior to that the Company Secretary of IBJ Australia Bank Limited, the Australian operations of The Industrial Bank of Japan, for 12 years. He was also a Company Secretary of the Griffin Coal Mining group of companies for 4 years.

Mr Gregory has been the Chairman of the Western Australian Branch Council of the Institute of Chartered Secretaries and Administrators and served on the National Council of that body.

2. Principal Activities

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

3. Financial Position

The net assets of the Company have increased from \$0 as at 2 March 2011, the date of incorporation, to \$206,923 as at 30 June 2011. This increase is largely due to increase in cash as a result of the issue of ordinary shares.

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

4. Financial Results

The net loss of the Company after income tax for the financial period amounted to \$27,657.

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

At the end of the financial period the Company had cash on hand of \$206,896. The Company raised funds of \$235,000 less costs of \$420 from the issue of equity in the current period. More information of the operating result, financial position and cash flow movements are included in the Financial Statements.

5. Dividends

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

6. Review of Operations

During the period, the Company undertook the following activities:

- On the 2nd of March 2011, the Company was incorporated. Spencer Broad and Brendan Cummins were appointed as Non-Executive Directors. Bernardo da Veiga was appointed as Non-Executive Director and Company Secretary.
- On the 2nd of March 2011, the Company issued 1 fully ordinary paid share at an issue price of \$0.01 per share.
- On the 1st of June 2011, the Company issued 13,499,999 fully ordinary paid shares at an issue price of \$0.01 per share. The Company also issued 10,250,000 options at an exercise price of \$0.20 with an expiry date of 31st May 2016.
- On the 9th of June 2011 (as amended on the 14th of July 2011), the Company entered into an option agreement with Ilmenite Resources Pty Ltd to acquire the Wyloo Tenement.
- On the 14th of June 2011 (as amended on the 14th of July 2011), the Company entered into an option agreement with Helix Resources Limited to acquire the Booyeema Tenement.
- On the 17th of June 2011, the Company issued 1,000,000 fully ordinary paid shares at an issue price of \$0.10 per share.
- On the 28th of June 2011, Spencer Broad resigned as Non-Executive Director. Evan Cranston was appointed to the Board as Non-Executive Director on the same day.
- The Company continued to review new project opportunities throughout the course of the period from the date of incorporation to 30 June 2011.

7. Environmental Regulations and Performance

The Company is required to carry out the exploration and evaluation of its mining tenements in accordance with state government Acts and Regulations.

In regard to environmental consideration, the Company is required to obtain approval from state regulatory authorities before any exploration requiring ground disturbance is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the Company's activities is rehabilitated in accordance with the various guidelines. There have been no significant breaches of these guidelines.

8. Likely Developments

Other than as referred to in this report, further information as to likely developments in the operations of the Company and likely results of those operations would, in the opinion of Directors, be speculative.

9. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company other than the following:

- Seed capital raising of \$235,000 throughout the period through the issuance of 14,500,000 fully paid ordinary shares and 10,250,000 options.

10. Significant Events after Balance Date

The following subsequent events have taken place after the balance date of 30 June 2011:

- On the 1st of July 2011, Bernardo da Veiga resigned as Company Secretary. Ian Gregory was appointed as Company Secretary on the same day.
- On the 4th of July 2011, the Company entered into an employment contract with Chief Executive Officer Patrick Walta.
- On the 26th of July 2011, Bernardo da Veiga resigned as Non-Executive Director. Michael Ashforth was appointed as Non-Executive Chairman on the same day.
- On the 9th of September, the Company exercised its option agreements to acquire both the Wyloo and Booyeema tenements through the issuance of 1,000,000 ordinary shares at \$0.20 and a total cash consideration of \$40,000.
- On the 12th of September, the Company completed the raising of \$2,400,000 through the issuance of 12,000,000 ordinary shares at \$0.20 per share as part of an Initial Public Offer.
- On the 16th of September 2011, the Company successfully listed on the Australian Securities Exchange.

11. Share Options

Options purchased by the Directors during and since the end of the period are as follows:

Grant Date	Recipient Director	Total Number of Options	Strike Price	Expiry date
01/06/2011	Michael Ashforth*	1,000,000	\$0.20	31/05/2016
01/06/2011	Evan Cranston**	1,000,000	\$0.20	31/05/2016
01/06/2011	Brendan Cummins***	1,000,000	\$0.20	31/05/2016
01/06/2011	Bernardo da Veiga (Resigned)	250,000	\$0.20	31/05/2016
	Total	3,250,000		

There has been no change from 30 June 2011 to the date of this report.

*Michael Ashforth was appointed as a Director on 26th July 2011.

**Evan Cranston was appointed as a Director on 28th June 2011.

***1,000,000 options purchased by Brendan Cummins on 1st June 2011 were subsequently transferred to Westoria Capital Pty Ltd on the same day.

Unissued shares

At the date of this report there were 10,250,000 options on issue.

No options were exercised during the period.

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

12. Remuneration Report (audited)

During the period the Company did not have a formal remuneration policy and there were no remuneration expense recognised in the statement of comprehensive income. Subsequent to year end the Company remuneration policy is as follows:

Remuneration Policy

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning executive's objectives with shareholder and business objectives.

The remuneration policy in regards to settling terms and conditions for the Executive Directors has been developed by the Board taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors.

The Board reviews the remuneration packages of all key management personnel on an annual basis. The maximum remuneration of Non-Executive Directors is to be determined by Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. At present the maximum aggregate remuneration of Non-Executive Directors is \$500,000 per annum. The apportionment of Non-Executive Director Remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. Remuneration is not linked to specific performance criteria.

The Board's policy is to remunerate Non-Executive Directors at the market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration on an individual basis, based on market practices, duties and accountability. Independent external advice is sought when required. Remuneration is not linked to the performance of the Company.

Executives receive a superannuation guarantee contribution required by the Government, which is currently 9% and do not receive any other retirement benefit. The Directors are not entitled to any termination benefits.

The Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in relation to the options issued by the Company.

Details of Key Management Personnel are set out below:

Directors

Evan Cranston	Non-Executive Director	28/06/2011 - Current
Brendan Cummins	Non-Executive Director	02/03/2011 – Current
Spencer Broad	Non-Executive Director	02/03/2011 – 28/06/2011
Bernardo da Veiga	Non-Executive Director	02/03/2011 – 26/07/2011

Company Secretary

Bernardo da Veiga	Company Secretary	02/03/2011 – 01/07/2011
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The following appointments were made subsequent to the period end:

Michael Ashforth	Chairman	26/07/11 – Current
Ian Gregory	Company Secretary	01/07/2011 - Current
Patrick Walta	Chief Executive Officer	04/07/2011 – Current

There was no remuneration provided to Directors during the period from the date of incorporation to 30 June 2011. This does not include Directors Indemnity Insurance.

Service Agreements

There are no Service Agreements existing or entered into during the period ending 30 June 2011.

No key management personnel are entitled to any termination payment apart from remuneration payable up to and including the termination date and any amounts payable for accrued leave.

Subsequent to year end a Service agreement was entered into with Patrick Walta as the Chief Executive Officer. The employment contract commenced on 4 July 2011. Under the terms of the contract Mr Walta receives a fixed remuneration \$160,000 per annum. Mr Walta's employment is based on normal industry standard employment terms and conditions.

13. Directors' Interests

The relevant beneficial interest of each director in the ordinary share capital of the Company shown in the register of directors' shareholdings at the date of this report is as follows:

	Purchased during the period	Closing Balance
Michael Ashforth	1,500,000	1,500,000
Evan Cranston	450,000	450,000
Brendan Cummins	500,000	500,000
Bernardo da Veiga	50,000	50,000
Spencer Broad	-	-
Total	2,500,000	2,500,000

There were no shares issued to Directors during the period.

The relevant beneficial interest of each director in options over ordinary share capital of the Company shown in the register of directors' option holdings at the date of this report is as follows:

	Purchased during the period	Exercised during the period*	Closing Balance
Michael Ashforth**	1,000,000	-	1,000,000
Evan Cranston**	1,000,000	-	1,000,000
Brendan Cummins***	1,000,000	-	0
Bernardo da Veiga	250,000	-	250,000
Spencer Broad	-	-	-
Total	3,250,000	-	2,250,000

*These options have an exercise price of \$0.20 and expire on 31 May 2016. The share options are all exercisable as at 30 June 2011. No options have lapsed or were exercised during the period.

**Options issued to Michael Ashforth and Evan Cranston prior to their appointment as directors.

***1,000,000 options purchased by Brendan Cummins on 1st June 2011 were subsequently transferred to Westoria Capital Pty Ltd on the same day.

14. Directors' Meetings

No meetings of the Company's directors were held during the period ended 30 June 2011.

There were 8 circular resolutions undertaken during this period.

15. Insurance and Indemnity of Officers

Under the Company's constitution and to the extent permitted by law, the Company must indemnify each relevant officer against:

- (i) a liability of that person; and
- (ii) legal costs of that person.

Under the Company's constitution and to the extent permitted by law, the Company may make a payment (whether by way of advance, loan or otherwise) to a relevant officer in respect of legal costs of that person.

Under the Company's constitution and to the extent permitted by law, the Company may pay, or agree to pay, a premium for a contract insuring a relevant officer against:

- (i) a liability of that person; and
- (ii) legal costs of that person.

Under the Company's constitution and to the extent permitted by law, the Company may enter into an agreement or deed with:

- (i) a relevant officer; or
- (ii) a person who is, or has been an officer of the Company or a subsidiary of the Company, under which the Company must do all or any of the following:
- (iii) keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
- (iv) indemnify that person against any liability of that person;
- (v) make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs of that person; and keep that person insured in respect of any act or omission by that person while a relevant officer or an officer of the Company or a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

The amount of Officers Insurance and Indemnity payments made during the period was \$11,821.

16. Auditor

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

17. Non audit services

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees were paid or are payable to auditors, Ernst & Young, for non-audit services provided during the period ended 30 June 2011.

18. Auditors' Independence Declaration

The lead auditors' independence declaration for the period ended 30 June 2011 has been received and can be found on page 16 of the financial report.

Made and signed in accordance with a resolution of the directors.



Evan Cranston

Director

Signed at Perth this 31st day of October 2011

CORPORATE GOVERNANCE STATEMENT

The primary responsibility of the Board is to represent and advance Shareholder's interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- protection and enhancement of Shareholder value;
- formulation, review and approval of the objectives and strategic direction of the Company;
- approving all significant business transactions including acquisitions, divestments and capital expenditure;
- monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review and performance and remuneration of executive directors and key staff;
- the establishment and maintenance of appropriate ethical standards; and
- evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognizes the need for the Company to operate with the highest standards of behaviour and accountability. Subject to the exceptions outlined below the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit is business and operations commensurate with these guidelines. Copies of corporate governance policies will be accessible on the Company's website at www.cradleresources.com.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The Company has complied with each of the Eight Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council, other than in relation to the matters specified below.

Principle No	Principle	Commentary	Mechanism for Dealing with Non-Compliance
1	Lay Solid Foundations for Management and Oversight	<p>The Company complies with this Principle.</p> <p>The Company has a policy for the evaluation of the Board and Senior Executives Evaluation Policy.</p> <p>A policy on matters reserved for the Board is outlined in this Prospectus and is available on the Company's website.</p> <p>The Company also has a Board Charter which will be available for review on the Company's website.</p>	Not applicable

Principle No	Principle	Commentary	Mechanism for Dealing with Non-Compliance
2	Structure the Board to Add Value	<p>The Company does not comply with recommendation 2.4, specifically:</p> <p>The Board should establish a Nomination Committee.</p> <p>Given the Company's size, it is not considered necessary to have a separate Nomination Committee.</p> <p>In addition to the above, the following information is provided:</p> <p>The skills, experience and expertise of each of the Company's directors are set out in the Director's Report.</p> <p>If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director, then provided the director must first obtain approval for incurring such expense from the Chairman the Company will pay the reasonable expenses associated with obtaining such advice.</p>	<p>The Board, in consultation with external advisers where required, undertakes this role.</p> <p>A separate policy for <i>Selection and Appointment of New Directors</i> has been adopted by the Board which provides for the proper assessment of prospective directors and include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.</p>
3	Promote Ethical and Responsible Decision Making	<p>The Company complies with this Principle.</p> <p>The Company's Securities Trading Policy is available on the Company's website.</p>	Not applicable.
4	Safeguard Integrity in Financial Reporting	<p>The Company does not comply with the following recommendation:</p> <p>The Board should establish and Audit Committee.</p> <p>The Company does not presently have an Audit Committee.</p> <p>The Company has a separate policy for the Selection and Appointment of External Auditors. A copy of this policy is provided on the Company's website.</p>	<p>The Directors are of the view that given the size of the Company, the relatively small number of directors and only two independent directors, it is not practical to have an Audit Committee. The Board undertakes this role.</p> <p>The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being company risk, controls and general and specific financial matters.</p>
5	Make Timely and Balanced Disclosure	The Company complies with this Principle.	Not applicable.
6	Respect the Rights of Shareholders	The Company complies with this Principle.	Not applicable.

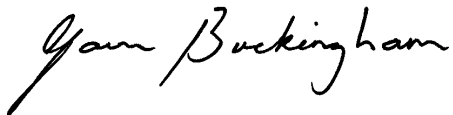
Principle No	Principle	Commentary	Mechanism for Dealing with Non-Compliance
7	Recognise and Manage Risk	<p>The Company complies with this Principle.</p> <p>The Board of Directors receive reports in relation to the effectiveness of the Company's management of the Company's material business risks.</p> <p>The Board receives assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p> <p>The Company also has a separate policy in relation to Risk Management which is available on the Company's website.</p>	Not Applicable.
8	Remunerate Fairly and Responsibly	<p>The Company does not comply with the following recommendation:</p> <p>The Board should establish a Remuneration Committee.</p> <p>The Company does not presently have a Remuneration Committee.</p> <p>There is presently no scheme for retirement benefits, other than superannuation for non-executive directors.</p>	<p>The Directors are of the view that given the size of the Company, the relatively small number of directors and the fact that there is only one independent director, it is not practical to have a Remuneration Committee.</p> <p>The Board undertakes this role with the assistance of any external advice which may be required from time to time.</p> <p>The Company has separate policies relating to the remuneration of non-executive directors as opposed to senior executives.</p> <p>These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.</p>

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

In relation to our audit of the financial report of Cradle Resources Limited for the financial period from the date of incorporation to 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

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

Ernst & Young

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

Gavin Buckingham
Partner
Perth
31 October 2011

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD BEGINNING 2 MARCH 2011, THE DATE OF
INCORPORATION, AND ENDED 30 JUNE 2011**

	Note	Date of Incorporation 2 March 2011 to 30 June 2011 \$
Expenses		
Administration		(96)
Professional fees		(21,840)
Business development expenses		(5,692)
Public and investor relations expense		(29)
		(27,657)
Loss before income tax expense		(27,657)
Income tax benefit	4	-
		-
Loss after income tax expense for the period attributable to the owners of Cradle Resources Limited	13	(27,657)
Other comprehensive income for the period, net of tax		-
		-
Total comprehensive income for the period attributable to the owners of Cradle Resources Limited		(27,657)
		(27,657)
Loss per share		
Basic earnings / (loss) per share (cents)	20	(0.80)
Diluted earnings / (loss) per share (cents)	20	(0.80)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	30 June 2011 \$
Assets		
Current assets		
Cash and cash equivalents	5	206,896
Trade and other receivables	6	2,343
Prepayments	7	11,946
Total current assets		<u>221,185</u>
Non-current assets		
Exploration and evaluation	8	13,220
Prepayments	9	46
Total non-current assets		<u>13,266</u>
Total assets		<u>234,451</u>
Liabilities		
Current liabilities		
Trade and other payables	10	11,528
Accrued expenses	11	16,000
Total current liabilities		<u>27,528</u>
Total liabilities		<u>27,528</u>
Net assets		<u>206,923</u>
Equity		
Contributed equity	12	234,580
Accumulated losses	13	(27,657)
Total equity		<u>206,923</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD BEGINNING 2 MARCH 2011, THE DATE OF
INCORPORATION, AND ENDING 30 JUNE 2011**

	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Other comprehensive income for the period, net of tax	-	-	-	-
Loss after income tax expense for the period	-	-	(27,657)	(31,407)
Total comprehensive loss for the period	-	-	(27,657)	(31,407)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	234,580	-	-	234,580
Balance at 30 June 2011	234,580	-	(27,657)	206,923

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE PERIOD BEGINNING 2 MARCH 2011, THE DATE OF
INCORPORATION, AND ENDING 30 JUNE 2011

	Note	Date of Incorporation 2 March 2011 to 30 June 2011 \$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)		<u>(14,464)</u>
Net cash used in operating activities	19	<u>(14,464)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	8	<u>(13,220)</u>
Net cash used in investing activities		<u>(13,220)</u>
Cash flows from financing activities		
Proceeds from issue of shares net of share issue costs	12	<u>234,580</u>
Net cash from financing activities		<u>234,580</u>
Cash and cash equivalents at the end of the financial period	5	<u><u>206,896</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Corporate information

The financial report of Cradle Resources Limited (“the Company”) for the period beginning 2 March 2011, the date of incorporation, and ending 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 31/10/2011.

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

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

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

a) New, revised or amending Accounting Standards and Interpretations adopted

The company has applied all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been early adopted by the company for the annual reporting period ended 30 June 2011. The Directors have not determined the impact that the adoption of the below Australian Accounting Standards and Interpretations in future periods will have on the financial performance and position of the Company.

Reference	Title	Summary	Application date of Standard*	Application date for Company*
AASB 2009-12	Amendments to Australian Accounting Standards	These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 ‘Operating Segments’ and requires an entity to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	1 January 2011	1 July 2011
AASB 9	Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising	This standard completes phase I of the IASB’s project to replace IAS 39 (being the international equivalent to AASB 139 ‘Financial Instruments: Recognition and Measurement’). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of Standard*	Application date for Company*
	from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.		
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.	1 January 2011	1 July 2011
AASB 2010-5	Amendments to Australian Accounting Standards	These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.	1 January 2011	1 July 2011
AASB 124	Related Party Disclosures (December 2009)	This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities.	1 January 2011	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards -	These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments will increase	1 July 2011	1 July 2011

Reference	Title	Summary	Application date of Standard*	Application date for Company*
	Disclosures on Transfers of Financial Assets	the disclosure requirements on the company when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the company continues to have a continuing exposure to the asset after the sale.		
AASB 2010-8	Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets	These amendments are a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life.	1 January 2012	1 July 2012
AASB 10	Consolidated Financial Statements	The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management).	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint Operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidation and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures', Interpretation 12 "Service Concession Arrangements" and Interpretation 13 "Customer Loyalty Programme".	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the company should be minimal, although there will be increased disclosures where fair value is used.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of Standard*	Application date for Company*
AASB 127 AASB 128	Separate Financial Statements (Revised) Investments in Associates and Joint Ventures (Reissued)	These standards have been modified to remove specific guidance that is now contained in AASB 10, AASB 11, AASB 11 and AASB 12.	1 January 2013	1 July 2013
AASB 119	Employee Benefits (Revised)	The amendments eliminate the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans.	1 January 2013	1 July 2013
AASB 101	Presentation of Financial Statements (Revised)	The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss. The change provides clarity about the nature of items presented as other comprehensive income and their future impact.	1 July 2012	1 July 2012
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits	1 July 2011	1 July 2011
AASB 2011-1 and AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	They make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with International Financial Reporting Standards but without any intention to change requirements.	1 July 2011	1 July 2011
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement	They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel (KMP). The adoption of these amendments will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation.	1 July 2013	1 July 2013

b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

c) Functional and presentation currency

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

d) Going concern

The financial report has been prepared on a going concern bases. In arriving at this position the Directors have had regard to the fact that the Company has sufficient cash and other assets to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

e) Historical cost convention

The financial statements have been prepared under the historical cost convention.

f) Critical accounting estimates and judgments

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

g) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Trade and other receivables

Trade and other receivables are generally paid on 30 day settlement terms and are recognised at amortised cost, less any provision for impairment. Trade receivables are non-interest bearing. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified.

j) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

The carrying value of capitalised exploration and evaluation expenditure is assessed annually for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

k) 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.

l) 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 can be made of the amount of the obligation. The amount recognised as a provision is the best 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.

m) 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.

n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, 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 members of the parent, adjusted for:

- i) Costs of servicing equity (other than dividends) and preference share dividends;
- ii) The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- iii) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

o) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the 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.

p) Segment Reporting

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

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

Note 3. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Taxation

Judgement is required in assessing whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Note 4. Income tax benefit

Numerical reconciliation of income tax benefit to prima facie tax payable	30 June 2011
	\$
Profit/(Loss) from continuing operations before income tax expense	(27,657)
Tax at the Australian tax rate of 30%	(8,297)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Deferred tax assets not recognised	<u>8,297</u>
Income tax expense	<u>-</u>
Deferred tax asset	
Accruals	4,800
Tax losses	1,790
Deductible establishment cost	<u>1,707</u>
	8,297
Deferred tax asset not brought into account	<u>(8,297)</u>
Deferred tax asset recognised	<u>-</u>

Note 5. Current assets - cash and cash equivalents

	30 June 2011
	\$
Cash at bank	<u>206,896</u>

Note 6. Current assets - trade and other receivables

	30 June 2011
	\$
GST receivable	<u>2,343</u>

Fair value and credit risk

Due to the short term nature of the GST receivable, the carrying value is assumed to approximate fair value.

Note 7. Current assets - prepayments

	30 June 2011
	\$
Prepayments	<u>11,946</u>
Prepayments mainly relate to Directors Insurance payments made in advance	

Note 8. Non-current assets - exploration and evaluation

	30 June 2011
	\$
Exploration and evaluation - at cost	<u>13,220</u>
	Total
	\$
Additions	<u>13,220</u>
Balance at 30 June 2011	<u><u>13,220</u></u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. In June 2011, Cradle was granted an option from Ilmenite Resources Pty Ltd and Helix Resources Limited to acquire the Tenements on Exploration License E08/2142 and E47/1090 respectively. The costs incurred to date to acquire the options are \$13,220.

Subsequent to year end the Company exercised its option agreements to acquire both the Wyloo and Booyeema tenements through the issuance of 1,000,000 ordinary shares at \$0.20 and a total cash consideration of \$40,000.

During the period from the date of incorporation 2 March 2011 to 30 June 2011 the carrying value of the exploration and evaluation asset was reviewed for impairment.

Note 9. Non-current assets - prepayments

	30 June 2011
	\$
Prepayments	<u>46</u>

Note 10. Current liabilities - trade and other payables

	30 June 2011
	\$
Trade payables	<u>11,528</u>

Refer to note 17 for detailed information on financial instruments.

Trade and other payables are non interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 11. Current liabilities – accrued expenses

	30 June 2011
	\$
Audit Fees	<u>16,000</u>

Note 12. Equity – contributed

	30 June 2011
	\$
Ordinary shares - fully paid	<u>234,580</u>

Movements in ordinary share capital

Details	No of shares	Issue price	30 June 2011 \$
Share Issue - 2 March 2011	1	\$0.01	-
Share Issue - 1 June 2011	13,499,999	\$0.01	135,000
Share Issue - 17 June 2011	1,000,000	\$0.10	100,000
- Less Cost relating to share issue	<u>-</u>		<u>(420)</u>
Balance	<u>14,500,000</u>		<u>234,580</u>

Ordinary shares

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

Options

At the date of this report there were 10,250,000 options with an exercise price of \$0.20 and an expiry date of 31/05/2016.

No options were exercised during the period.

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

Capital risk management

Capital is defined as shareholders equity of \$206,923.

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the entity's share price at the time of the investment.

The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its businesses in order to maximise synergies.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2011 and no dividends are expected to be paid in 2012.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration will be funded via equity or joint ventures with other companies.

Note 13. Equity - accumulated losses

	30 June 2011 \$
Loss after income tax expense for the period	(27,657)
Accumulated losses at the end of the financial period	(27,657)

Note 14. Equity – dividends

There were no dividends paid or declared during the current financial period.

Note 15. Financial instruments

The Company's principal financial instruments comprise cash, receivables and payables.

The Company has not formulated any specific management objectives and policies in respect to debt financing, derivatives or hedging activity. As a result the Company has not formulated any specific management objectives and policies in respect to these types of financial instruments. Should the Company change its position in the future, a considered summary of these policies will be disclosed at that time.

Interest Risk

The Company's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Directors.

The following table summarises the impact of reasonably possible changes on interest rates for the Company at 30 June 2011. The sensitivity is based on the assumption that interest rate changes by 100 basis points with all other variables held constant. The 100 basis points sensitivity is based on reasonably possible changes over a financial period, using observed range of actual historical rates for the preceding three year period.

The exposure to interest rate risk on pre-tax profit arises from higher or lower interest income from cash and cash equivalents. The Company's main interest risk arises from cash and cash equivalents with variable interest rates.

	Pre-tax profit	Other Comprehensive income
100 basis point increase	2,069	-
100 basis point decrease	(2,069)	-

Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's credit risk concentration is limited to cash and cash equivalents which are held with National Australia Bank.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

Non derivative financial liabilities:	Less than 6 months	Carrying Amount
Trade and other payables	\$11,528	\$11,528
Accrued expenses	\$16,000	\$16,000

Note 16. Commitments and contingencies

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

Ongoing lease commitments

Not later than one year	\$24,000
Later than one year and not later than five years	-
Total minimum lease repayments	\$24,000

The lease commitment is for the lease of Cradle's registered offices in Subiaco, the contract was entered into on 1 July 2011.

Remuneration commitments

Not later than one year	\$160,000
Later than one year and not later than five years	-
Total remuneration commitments	\$160,000

On 4 July 2011 Cradle Resources Limited entered into an employment contract with the Chief Executive Officer.

Exploration expenditure commitments

Not later than one year	-
Later than one year and not later than five years	-
Total exploration expenditure commitments	-

All exploration expenditure commitments are non-binding, in respect of outstanding expenditure commitments, in that the Company has the option to purchase the license.

On 14th June 2011 the Company entered into an Option agreement with Helix Resources Limited for the purchase of Exploration Licence E47/1090 for consideration of 200,000 shares to be issued to the Vendor.

On 9th June 2011 the Company entered into an Option agreement with Ilmenite Resources Pty Ltd for the purchase of Exploration License E08/2142 for consideration of 800,000 shares to be issued to the Vendor and a cash payment of \$40,000.

There are no contingent assets or liabilities.

Note 17. Related party transactions

Transactions with related parties

On 2 June 2011 the Company entered into an engagement with Acute Business Services for the provision of accounting and business services. Spencer Broad is a Director of Acute Business Services.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 18. Events occurring after the reporting date

The lease commitment is for the lease of Cradle's registered offices in Subiaco, the contract was entered into on 1 July 2011.

On 4 July 2011 Cradle Resources Limited entered into an employment contract with the Chief Executive Officer.

On the 9th of September, the Company exercised its option agreements to acquire both the Wyloo and Booyeema tenements through the issuance of 1,000,000 ordinary shares at \$0.20 and a total cash consideration of \$40,000.

On the 12th of September, the Company completed the raising of \$2,400,000 through the issuance of 12,000,000 ordinary shares at \$0.20 as part of an Initial Public Offer and incurred issue costs of \$124,825.

On the 16th of September 2011, the Company successfully listed on the Australian Securities Exchange.

Note 19. Reconciliation of profit/ (loss) after income tax to net cash used in operating activities

	Date of Incorporation 2 March 2011 to 30 June 2011
	\$
Loss after income tax	(27,657)
Adjustments for:	
Accrued expenses	16,000
Change in operating assets and liabilities:	
Increase in trade and other receivables and prepayments	(14,335)
Increase in trade and other payables	11,528
Net cash used in operating activities	<u>(14,464)</u>

Note 20. Earnings per share

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

a) Earnings used in calculating earnings per share for basic and diluted loss per share:	
Net loss for the period attributable to ordinary shareholders	\$27,657
b) Weighted average number of shares for basic and diluted loss per share:	
Weighted average number of ordinary shares	3,427,965
Effect of dilution of share options	
Weighted average number of ordinary shares adjusted for the effect of dilution	3,427,965

As at 30 June 2011 the Company has 10,250,000 Options on issue exercisable on or before 31 May 2016. These options are not considered to be dilutive as the conversion of options to shares will result in a decrease in the loss per share.

Note 21. Directors and Key Management Personnel

a) Compensation of key management personnel

Short term employee benefits	-
Post employee benefits	-
Share based payments	-
	-
	-

b) Option holdings of key management personnel

The relevant beneficial interest of each director in options over ordinary share capital of the Company shown in the register of directors' option holdings are as follows:

	Opening balance 2 March 2011	Purchased during the period	Exercised during the period	Closing Balance 30 June 2011*
Evan Cranston	-	1,000,000	-	1,000,000
Brendan Cummins	-	1,000,000	-	0
Bernardo da Veiga	-	250,000	-	250,000
Spencer Broad	-	-	-	-
Total	-	2,250,000	-	2,250,000

* These options have an exercise price of \$0.20 and expire on 31 May 2016. The fair value of the option at award date was \$0.003 and vested immediately on award date. The share options are all exercisable as at 30 June 2011. No options have lapsed or were exercised during the period.

**1,000,000 options purchased by Brendan Cummins on 1st June 2011 were subsequently transferred to Westoria Capital Pty Ltd on the same day.

c) Shareholdings of key management personnel

The relevant beneficial interest of each director in the ordinary share capital of the Company shown in the register of directors' shareholdings are as follows:

	Opening balance 2 March 2011	Issued during the period	Purchased during the period	Closing Balance 30 June 2011
Evan Cranston	-	-	450,000	450,000
Brendan Cummins	-	-	500,000	500,000
Bernardo da Veiga	-	-	50,000	50,000
Spencer Broad	-	-	-	-
Total	-	-	1,000,000	1,000,000

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the Company's financial position as at 30 June 2011 and of the performance from the date of incorporation to 30 June 2011.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the period from the date of incorporation to 30 June 2011.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Evan Cranston

Dated this 31st day of October 2011

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

Report on the financial report

We have audited the accompanying financial report of Cradle Resources Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from the date of incorporation to 30 June 2011, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

- a. the financial report of Cradle Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 9 to 11 of the directors' report for the period from the date of incorporation to 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cradle Resources Limited for the period from the date of incorporation to 30 June 2011 complies with section 300A of the Corporations Act 2001.

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

Ernst & Young

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

Gavin Buckingham
Partner
Perth
31 October 2011

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 17 September 2010.

Spread of Holdings			Total Shareholders
1	-	1,000	0
1,001	-	5,000	0
5,001	-	10,000	232
10,001	-	100,000	232
100,001	-	and over	23
Total Number of Holders			487

Number of shareholders holding less than a marketable parcel: 0

Substantial Shareholders	
Shareholder Name	Number of Shares
Kingslane PL	3,285,000
Westoria Resources Investments Ltd	3,000,000
Zenix Nominees PL	1,500,000
Ivoryrose Holdings PL	1,500,000

Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

Statement of Quoted Securities

Listed on the Australian Securities Exchange are 12,950,000 fully paid shares.

Twenty Largest Holders of each Class of Quoted Equity Securities (as at 12/09/11)

Ordinary Fully Paid Shares

Holder Name	Units	% of Issued
Kingslane PL	3,285,000	11.95%
Westoria Resource Investments Ltd	3,000,000	10.91%
Zenix Nominees PL	1,500,000	5.45%
Ivoryrose Holdings PL	1,500,000	5.45%
Third Reef PL	1,010,000	3.67%
Bahen Daniel John	1,000,000	3.64%
Bahen Thomas Clement	1,000,000	3.64%
Walta Patrick	1,000,000	3.64%
Ablett PL	1,000,000	3.64%
Ilmenite Resources PL	800,000	2.91%
Icon Custodians PL	500,000	1.82%
Konkera PL	450,000	1.64%
Phipps David Owen + P M	250,000	0.91%
Mooney Grant Johnathan	250,000	0.91%
DXB Holdings PL	200,000	0.73%
Helix Resources Ltd	200,000	0.73%
Arias John Anthony + C M	200,000	0.73%
Invictus Capital PL	170,000	0.62%
Phillips Stuart L +F J	160,000	0.58%
Westoria Capital PL	150,000	0.55%

Restricted Securities - The following securities are not quoted on the ASX as they are subject to escrow agreements, expiring as follows:

Security Description	Expiry Date	Number
Fully ordinary paid shares	NA	14,550,000
Options	31 May 2016	10,250,000