

ANNUAL REPORT 2014



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CORPORATE DIRECTORY

Directors

Craig Burton

Non-Executive Chairman

Grant Davey

Managing Director

Evan Cranston

Non-Executive Director

Didier Murcia

Non-Executive Director

Company Secretary

Sophie Raven

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Solicitors

GTP Legal

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Auditors

Ernst & Young

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Share Registry

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Stock Exchange

Australian Securities Exchange Limited

ASX Code

CXX, CXXO

Website

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Dear Shareholders,

It has been an exciting year for Cradle, kicking off with acquisition of the world-class Panda Hill Niobium Project in Tanzania.

A new management team and board, comprising Craig Burton (as Chairman), Grant Davey (as Managing Director) and Didier Murcia, joined existing Director, Evan Cranston, to drive the Panda Hill to the next stage of development.

The Company completed a Scoping Study on Panda Hill in January 2014, with positive results across all areas demonstrating a highly economic project. Based on the results of the Scoping Study, the Company commenced a Pre-Feasibility Study in June 2014, with the initial focus on the resource drilling and metallurgical test work.

The Company is on track to complete the Pre-Feasibility Study in the first quarter of 2015 and a Definitive Feasibility Study is still scheduled for completion by the end of 2015. The Company is fully funded through to completion of the DFS through an agreement with Tremont Investments Limited to provide up to USD\$20 million in four equal tranches to earn up to 50% of the Panda Hill Niobium Project. Tremont is an African-focused mining platform backed by Denham Capital, a leading energy and resources global private equity firm.

The results to date of the latest resource drilling are very encouraging. We have discovered a new high-grade zone in the south-east of the resource area, which has potential to deliver a high-grade starter pit for the first 10 years of the Project. This is an exciting development with assays from this new zone due to be released shortly.

Interestingly, Iamgold of Canada recently announced the sale of their Niobec project for C\$500m. This Niobium project has similar grade, recoveries and throughput to that expected at Panda Hill, but with higher costs as it is underground whilst Panda Hill will be open-cut at a low strip ratio. This sale price demonstrates that successful development of Panda Hill stands to unlock a big prize.

I would like to thank all shareholders for their continued support over the past year, and we look forward to the successful completion of the Pre-Feasibility Study and Definitive Feasibility Study in 2015.

Yours faithfully,



Grant Davey
Managing Director

The Board of Directors of Cradle Resources Limited ("Cradle" or "the Company") submits its report on the Company for the year ended 30 June 2014.

DIRECTORS

All Directors have been in office for the entire period unless otherwise stated. The names of the Directors in office at any time during or since the end of the report period are:

Director	Title	Appointment Date	Resignation Date
Craig Burton	Non-Executive Chairman	16 September 2013	-
Grant Davey	Managing Director	24 July 2013	-
Didier Murcia	Non-Executive Director	14 August 2013	-
Evan Cranston	Non-Executive Director	28 June 2011	-
Michael Ashforth	Non-Executive Chairman	26 July 2011	16 September 2013
Brendan Cummins	Non-Executive Director	3 March 2011	14 August 2013

COMPANY SECRETARY

Sophie Raven held the position of Company Secretary for the full financial year.

PRINCIPAL ACTIVITIES

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

FINANCIAL POSITION

The net assets of the Company have increased from \$3,998,233 as at 30 June 2013 to \$19,687,367 as at 30 June 2014.

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

FINANCIAL RESULTS

The net loss of the Company after income tax for the financial period amounted to \$3,283,403 (2013: \$648,362).

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 \$2,054,453 (2013: \$412,002). More information of the operating result, financial position and cash flow movements are included in the financial statements.

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.

REVIEW OF OPERATIONS

During the period, the Company undertook the following activities:

CORPORATE ACTIVITY

In July 2013, the Company completed a 3 for 4 consolidation of share capital, completed a capital raising of \$2,260,000 (by issuing 11,300,000 ordinary shares at 20 cents each, together with 5,650,000 listed options), completed the Panda Hill Mining Pty Ltd ("PHM" or "Panda Hill Mining") acquisition (on the terms and conditions outlined in the Annual Report for the year ended 30 June 2013), and re-complied with chapters 1 and 2 of the ASX Listing Rules.

In August and September 2013, Mr Brendan Cummins and Mr Michael Ashforth resigned as Non-Executive Director and Non-Executive Chairman, respectively, and Mr Didier Murcia and Mr Craig Burton were appointed as Non-Executive Director and Non-Executive Chairman, respectively.

During September 2013:

- 9,862,500 fully paid ordinary shares were released from escrow following the end of the relevant restriction period on 16 September 2013;
- The Company changed its share registry to Link Market Services Limited; and
- The Company changed its registered and principal place of business

The Annual General Meeting of the Company was held on 29 November 2013, seeking shareholder approval of the following resolutions:

- Adoption of Remuneration Report;
- Re-election of Director - Mr Craig Burton;
- Re-election of Director - Mr Didier Murcia; and
- Approval of 10% Placement Facility

All of the resolutions were passed by the Company's shareholders.

On 6 June 2014 the Company executed an Investment and Shareholders Agreement with Tremont Investments Limited ("Tremont"), PHM and Panda Hill Tanzania Ltd ("PHT") to fund the Panda Hill Niobium Project ("Project") beyond definitive feasibility studies, pursuant to which Tremont may earn up to a 50% interest in the Project for up to USD\$20 million.

Tremont's interest is acquired through the subscription of shares in the newly incorporated company, PHT. In addition, Tremont is entitled under the Investment and Shareholders Agreement to require Panda Hill Mining to issue to Tremont such percentage of shares in PHM as is equal to the interest of Tremont in PHT for no additional consideration.

The initial subscription of USD\$5 million was contributed on 27 June 2014 to PHT; Tremont may elect to make subsequent subscriptions in tranches of USD\$5 million each. PHT will pay the Company 7.5% of the funds subscribed by Tremont. This first instalment of USD\$375,000 was received by the Company on 27 June 2014.

The Board of PHT will be two representatives of each Party, and a Technical Committee will also comprise of two representatives of each Party; certain significant decisions will require unanimous approval over the operations of PHT.

On completion of the initial subscription, which occurred on 27 June 2014:

- PHM assigned all the rights and obligations of PHM under the Option Agreement, and all the data and information in the possession or control of PHM in relation to the Project; the Company subscribed for 20 million shares in PHT;
- PHM and PHT executed and sent a Deed of Accession to RECB in relation to the Option Agreement; and
- Tremont became entitled under the Investment and Shareholders Agreement to require Panda Hill Mining to issue to Tremont such percentage of shares in PHM as is equal to the interest of Tremont in PHT for no additional consideration

In June 2014, the Company completed a capital raising of \$3,600,000 (by issuing 18,000,000 ordinary shares at 20 cents each). In order to facilitate secondary trading of the 18,000,000 placement shares, a cleansing prospectus was issued on 24 June 2014 for the offer for 100 fully paid ordinary shares at 20 cents each, which were issued on 26 June 2014.

In addition, 19,537,000 ordinary shares were issued in June 2014 following the conversion of 18,750,000 Class A Performance Shares and 787,500 Performance Rights.

TECHNICAL ACTIVITY

General Project Update

Scoping Study

The Scoping Study for the Panda Hill Niobium Project ("Project") was undertaken during the course of the year. The study was started in July 2013 with the work split in various programs. Lycopodium acted as the lead Study Consultant, with the other specialist consultants used in the study described below in Table 1.

Table 1: Scoping Study Consultants

Consultant	Study Input
Lycopodium Minerals Pty Ltd	Study Manager / Process Plant / Infrastructure / Capital & Operating Costs (exc. Mining)
Bamboo Rock Ltd	Exploration Drilling Program
Coffey Mining Pty Ltd	Mineral Resource / Mining / Mining Costs
SGS Canada Inc.	Metallurgical Test Work
MTL Consulting Co. Ltd	Environmental
Knight Piesold Pty Ltd	Tailings Storage Facility
Penrita Pty Ltd	Financial Model
CAMET Metallurgy Inc.	Marketing

The study was completed in January 2014 with positive results across all areas demonstrating a highly economic project generating substantial cash flow at current niobium prices for a relatively low capital outlay and no major technical risks identified (subject to completion of a formal feasibility study). In summary the following information was generated from the study.

The Mineral Resource estimate totals 81.8Mt at 0.52% Nb₂O₅ for 423kt of contained Nb₂O₅ with 76.4Mt at 0.51% Nb₂O₅ of Inferred material and 5.4Mt at 0.62% Nb₂O₅ of Indicated material. The Resource was reported in accordance with the JORC Code (2012). The final conceptual optimised pit consists of approximately 9% Indicated Resource and 91% Inferred Resource; however over the 3 year payback period considered in the base case study approximately 55% of the material is Indicated and 45% of the material is Inferred.

The base case considered a 2Mt/pta operation based on a mine schedule that prioritised the Indicated Resource for plant feed. A staged case starting with 1Mt/pta and ramping up to 2.3Mt/pta after the first 3 years of production was investigated at a high level. The summary financials for the two options are shown below in Table 2. The base case process and G&A operating cost estimates were generated by Lycopodium to an accuracy of ±30% and a niobium price of USD\$44/kg used in the analysis.

Table 2: Summary Financial KPIs (100% Project Basis)

Option	Mill Throughput	Average Niobium Production	Average Site Cash Cost (USD\$/kg Nb)	Mine Life	Payback	EBITDA (USD\$)
Base Case	2Mt/pta	4.80M kg pa	\$16.67	28yrs	2.8yrs	\$2,600M
Staged Case	1 to 2.3Mt/pta	2.65M / 5.46M kg pa	\$19.86 / \$16.17	27yrs	4.5yrs	\$2,700M

The current Resource is open at depth and the project area offers substantial potential to expand the current Mineral Resource inventory. The intention of the next phase of site work is to continue with the exploration program, while at the same time carrying out an infill drilling program for the area currently contained within the conceptual pit shell limits.

Pre-Feasibility Study

Based on the results of the Scoping Study approval was given by the Cradle Resources Board to move ahead with a Pre-Feasibility Study ("PFS") for the Project. Starting in February the planning activities for this next stage of the Project were initiated with specific emphasis on developing scopes of work to improving the accuracy of the key data.

A strategy was developed for the Project and based on this the following main activities were identified as important to be undertaken during this next phase of work:

- An infill drilling program (~7000 metres)
- Mineral Resource Estimate focused on delivering 15 to 20Mt of Indicated Resource
- Comprehensive metallurgical test work program on all major material types identified
- Preliminary mine design, including pit optimisation and mine scheduling
- Preliminary engineering to develop a Class 4 cost estimate (plant and infrastructure)
- Baseline studies for ESIA
- Economic assessment of the project viability

Scopes of work were generated along the lines of these activities with the responsibilities being grouped into various programs of work, similar to that done in the Scoping Study. A short list of preferred consultants for each of the work packages was drawn up and the relevant scopes of work issued to each of them. The consultants were selected based on the following:

- Experience in developing projects in Tanzania
- Experience in the mineral types, processes and technologies associated with niobium
- Any previous history with Cradle Resources

The Request for Proposals, including the scopes of work, were sent to the various consultants for them to bid on the work. A comprehensive tender process was undertaken and based on a variety of criteria including; experience, technical capability, costs and location, the following consultants were selected for the PFS:

Table 3: Prefeasibility Study Consultants

Consultant	Study Input
MDM Engineering Ltd	Study Manager / Process Plant / Infrastructure / Capital & Operating Costs (exc. Mining)
Capital Drilling	Exploration Drilling Program
Coffey Mining Pty Ltd	Mineral Resource
SRK Consulting Pty Ltd	Geotechnical & Mining
SGS Canada Inc.	Metallurgical Test Work
MTL Consulting Co. Ltd	Environmental
SLR Consulting Pty Ltd	Tailings Storage Facility & Water
CAMET Metallurgy Inc.	Marketing

The strategy for the study has been developed such that the work itself has been divided into two distinct phases; the first phase is an option study in which approximately five alternative processes, plant throughputs and material schedules will be investigated with the aim of selecting the optimal case based on economics, risk and reward.

The second phase of the study then takes this optimal case and further defines the various inputs, determines capital and operating costs and develops the execution strategy for subsequent phases.

In order to accelerate the Project going forward the drilling required to produce a measured resource will also be undertaken during this PFS phase, along with the majority of the bench scale metallurgical testing required to complete the process development. This additional work will allow a rapid ramp up of the key mining and engineering activities in the Definitive Feasibility Study ("DFS") and reduced timeframe for completing the study.

An important part of the work required for the Project is the Environmental and Social Impact Assessment ("ESIA"). As this is a long term activity requiring more than a year to complete it will not be constrained by the timelines of the PFS study and will carry on through the PFS/DFS interface with the aim of having the environmental licence approved at the end of the DFS.

The PFS kicked off at the end of the June quarter with the initial focus on the resource drilling and metallurgical test work. The high level schedule for the Pre-feasibility Study is shown in Figure 1.

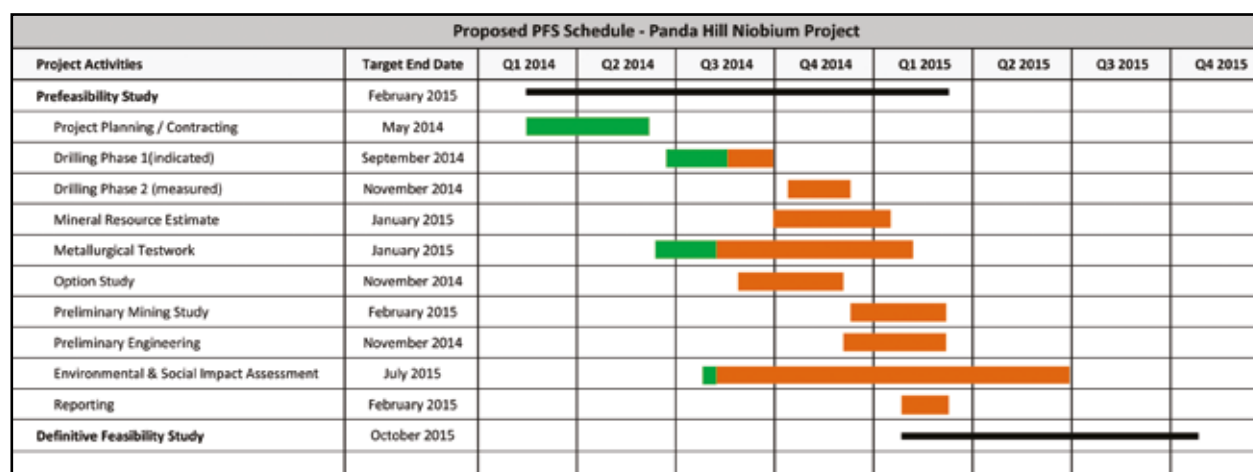


Figure 1: Panda Hill Pre-Feasibility Study Schedule

Exploration and Mineral Resource Activities

Scoping Study

The field season commenced on 1 July 2013, with the setup of accommodation and office facilities at the Songwe region. Staffing averaged 7 technical staff and up to 9 field support staff over the program. Site preparation commenced from early July with a bulldozer used to clear access tracks and a combination of local labour and the bulldozer used to prepare pad positions.

The first-phase diamond drilling program that formed part of the Scoping Study was completed during the September 2013 quarter. This program was designed to confirm the tenor of the historical drilling in the area, provide an approximate 100m x 100m spacing in the higher-grade south-central portion of the deposit, and to provide material for metallurgical test work.

A total of 13 NQ and HQ diamond holes for 1,703m were drilled for an average of 131m per hole. The deepest hole (PHDH001) was drilled to 239m. Due to the identification for more laterally and vertically extensive mineralisation, the program was extended to 1,703m from the initially budgeted 1,500m. Field mapping and sampling was also undertaken over the deposit area.

The samples were initially sent to SGS in Mwanza for crushing and pulverisation. The pulps were subsequently sent to SGS Johannesburg for analysis of niobium by XRF borate fusion. Multi element and REE analysis were also undertaken by ICP-MS. All assay results were received by the first week of October.

The niobium mineralisation was encountered within both carbonatite and weathered lithologies. A magnetite-rich carbonatite unit was identified in hole PHDH001 and also encountered in several areas of holes PHDH002 and PHDH003. This style of primary mineralisation has intercepts of up to 2.4% Nb₂O₅. The lateral extent of this unit is unknown but will be a priority target for the next phase of exploration.

Validation of the assay data were undertaken during October and an upgraded resource was produced by the independent mining consultants, Coffey Mining, and was announced on the 8 November 2013; the updated resource consisted of 81.8Mt @ 0.52% Nb₂O₅ (5.4Mt @ 0.54% Nb₂O₅ Indicated and 76.4Mt @ 0.51% Nb₂O₅ Inferred).

Based on the analysis metallurgical samples were selected to characterise the main deposit rock types. The majority of the test work was planned to be carried out on sovite type carbonatite which is the predominant calcite rich mineral type in the deposit.

The program was highly successful in both demonstrating that the historical assay results could be overall reproduced and in identifying broader zones of mineralisation than the historical drilling. Additionally a niobium-rich (up to 3.3% Nb₂O₅) magnetite carbonatite unit was intersected in many of the holes and a zone of coarse-pyroxene crystals was identified in the Museum Zone.

The announced results of the 2013 diamond drilling in Figures 2 to 5 show the drilling positions and summarise the main intercepts.

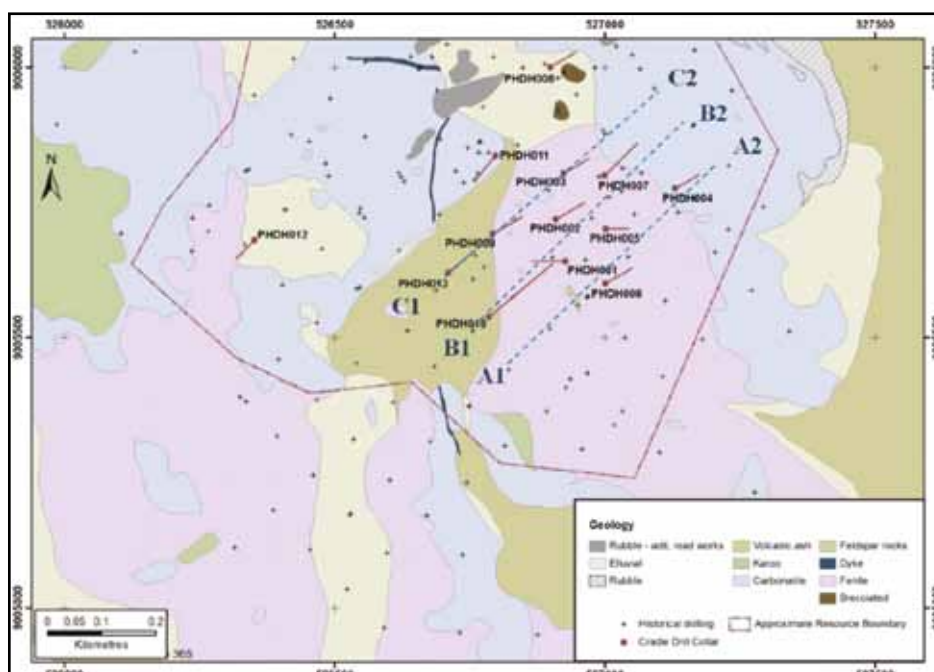


Figure 2: Local geology of Panda Hill showing the location of the 2013 drill holes (red)

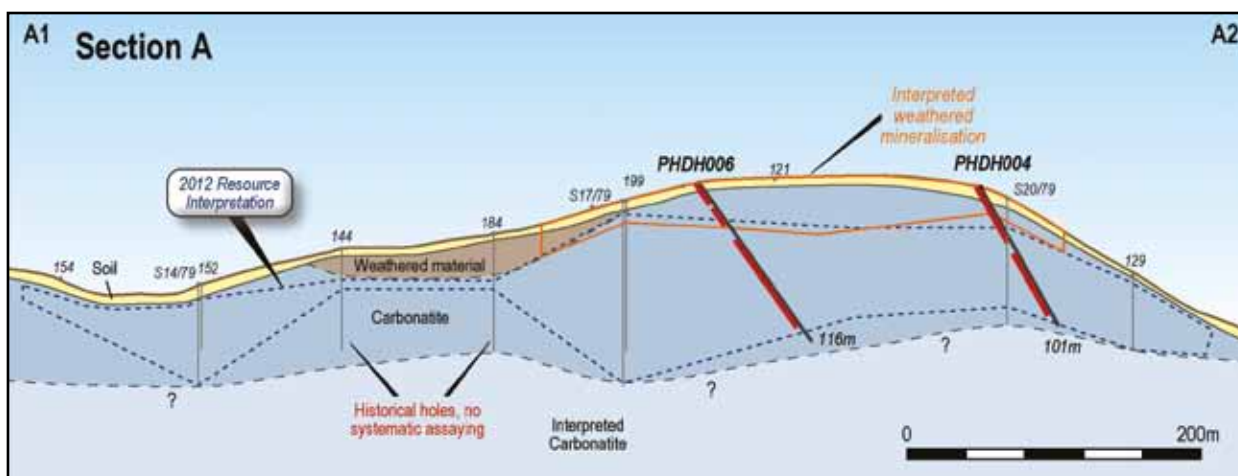
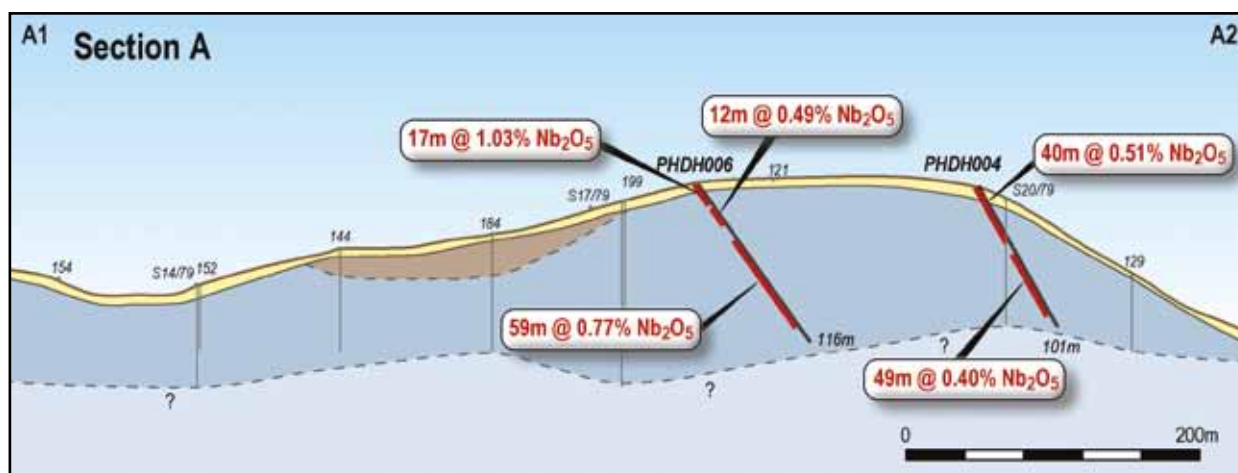


Figure 3: Oblique section A with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades. The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines.

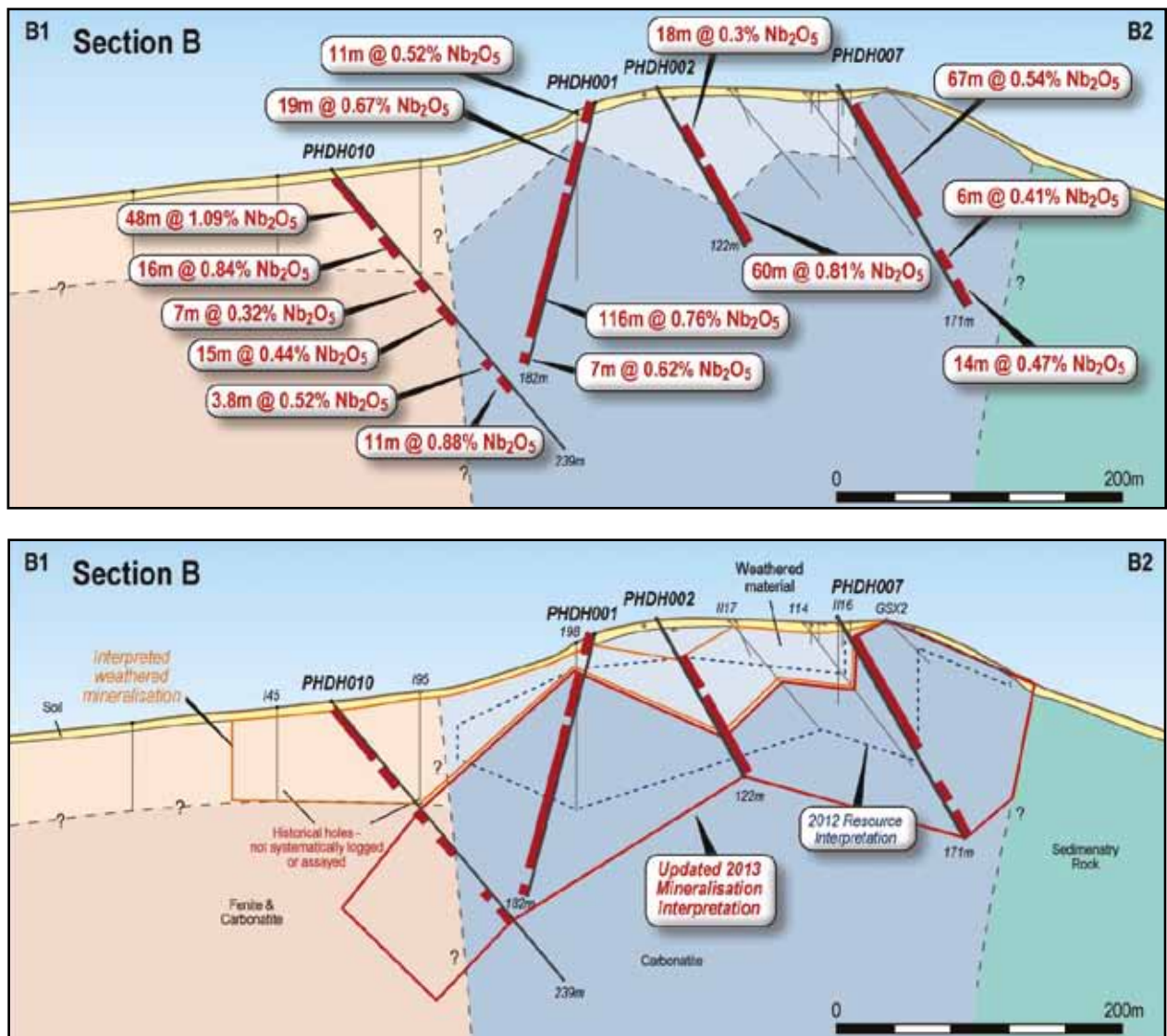


Figure 4: Oblique section B with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb₂O₅ grades. The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines.

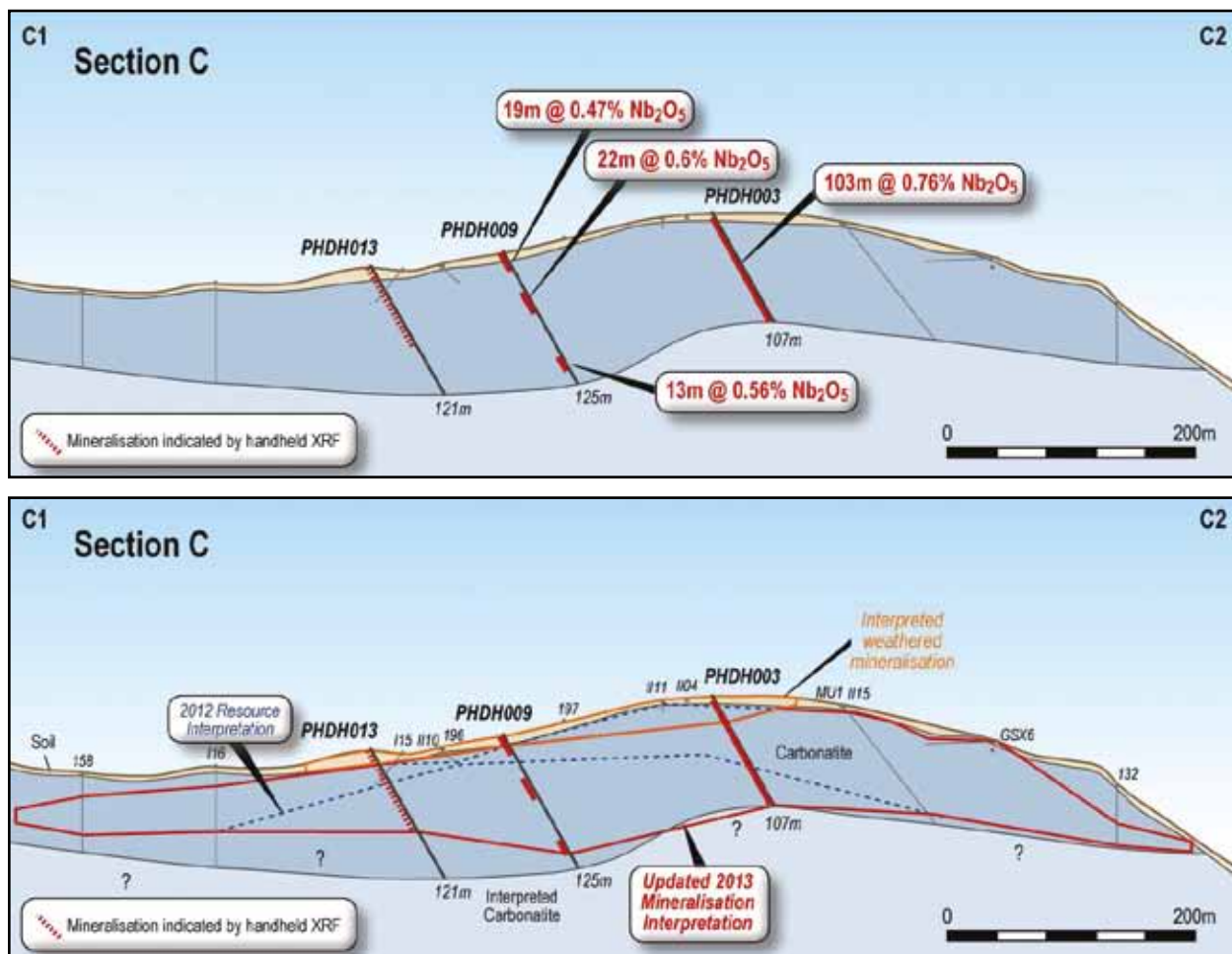


Figure 5: Oblique section C with current drill holes (black lines) and historical drill holes (grey lines) showing received laboratory Nb_2O_5 grades and mineralisation indicated by handheld XRF data (dashes). The 2012 resource boundary is shown as the blue dashed line, the interpreted 2013 mineralisation is shown in the solid red and orange lines. (Note: the handheld XRF data is considered indicative of mineralisation only).

Pre-Feasibility Study

In February the design of the drill program required to deliver a nominal 20Mt of Indicated Resource for the PFS was started. In addition a high level assessment of the drilling requirements for a measured resource in the order of 5 - 10Mt was assessed.

Based on these requirements a number of drilling contractors were asked to quote on the work. Capital Drilling Tanzania was selected as the preferred contractor based on skills, cost and availability.

The field team was mobilised to site in mid-June to setup for the field activities and start the drill pad preparations. Community liaison and meetings with the local government officials were a key part of this set-up period. Capital Drilling mobilised their drill rigs at the end of the month with the aim of starting the diamond drilling in the first week of July.

Additionally a helicopter mounted magnetic survey was undertaken over the region of the deposit and licenced surveyors undertook a DGPS pickup of the drillholes and major infrastructure points within the Project. Field mapping and sampling activities were also undertaken.

Drilling was completed on 18 September 2014 with 51 RC holes for 6,150m and 22 diamond holes for 2,910m. Drill results to date have been highly encouraging and indicate two core high-grade regions (northern and southern) within the deposit. The northern region is associated with fresh-sovite material and magnetite-rich flows and the broad southern region is associated with transitional to fresh carbonatite (Figure 6). Both zones are open at depth. Figures 7 to 10 show example section through the deposit with the results of the 2014 drilling shown where received. As of 1 October, approximately 50% of assays have been received from the laboratory.

The samples were initially sent to SGS in Mwanza for crushing and pulverisation. The pulps were subsequently sent to SGS Johannesburg for analysis of niobium by XRF borate fusion. Multi element and REE analysis were also undertaken by ICP-MS.



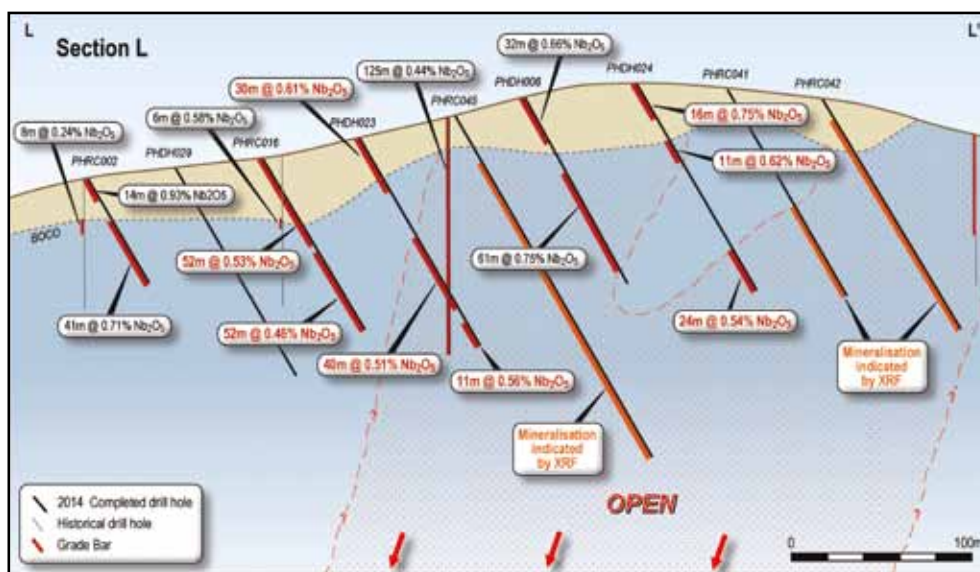


Figure 8: Section L with 2014 drillholes (thick black lines) showing previous results, significant new intercepts (red text), zones of mineralisation indicated by handheld XRF (orange bars) and historical drillholes and intercepts (grey lines and text). (Note: the handheld XRF data is considered indicative of mineralisation only).

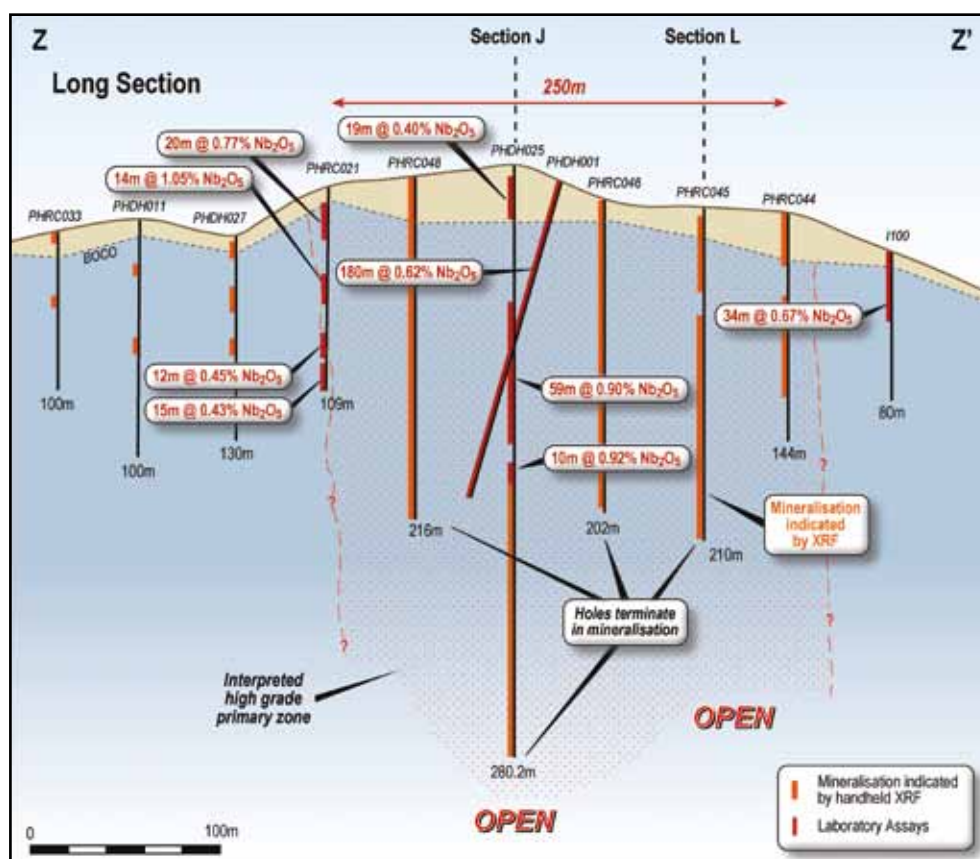


Figure 9: Long-Section showing projection of PHDH025 and the region of high-grade mineralisation indicated by recent RC drilling. (Note: the handheld XRF data is considered indicative of mineralisation only).

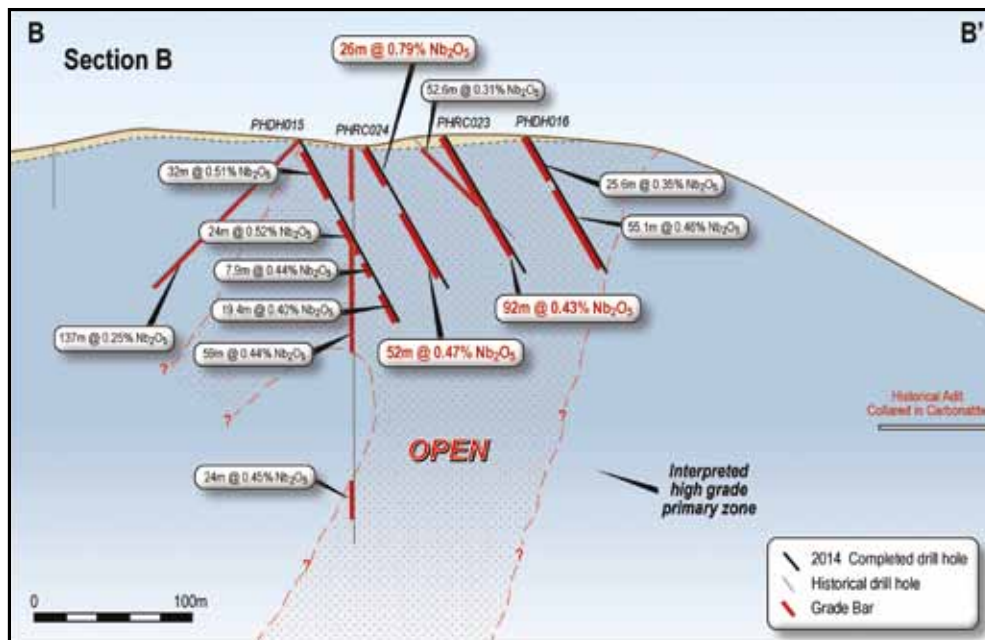


Figure 10: Section B in northern part of the drilling area showing 2014 drillholes (thick black lines) showing previous results, significant new intercepts (red text) and historical drillholes and intercepts (grey lines and text).

Mining & Engineering Activity

Scoping Study

During the September quarter, representative samples of the seven main carbonatite materials were collected from the drill core generated diamond holes. These samples were delivered to SGS Lakefield in Canada for the start of the metallurgical test work program. The head assays and material classification of these samples are shown in Table 4 below.

Table 4: Metallurgical Sample Descriptions

Description	Comp A	Comp B	Comp C	Comp D	Comp E	Comp F	Comp G
Nb₂O₅ Grade (%)	0.84	0.52	1.00	0.66	0.52	1.42	1.15
Material Type*	Fresh Magnetite Carbonatite	Fresh Carbonatite	Oxidised Magnetite Carbonatite	Oxidised Carbonatite	Sovite Carbonatite	Limonitic Clays	Breccias

* The broad definition of the magnetite carbonatite is a carbonatite material containing ~20-30% magnetite. Oxidised material considers the oxidation profile of the material and includes material that trend from weakly to strongly oxidised.

Detailed mineralogy work (QEMSCAN) was undertaken on the seven samples and these results were used to guide the test work program. The mineralogy in general shows that the samples associated with the primary material are well liberated at a relatively coarse grind with potential for high recovery at high niobium grades in the concentrate. The weathered materials are not as well liberated and will require a finer grind to achieve the high grade concentrate. Losses to slimes may also be higher than that seen in the primary materials and this could reduce overall recoveries for these materials.

Grindability tests, including SMC and Bond Work Index, showed that the milling characteristics of the materials were medium to moderately soft and as such the required mill power for grinding will be low.

23 open circuit flotation tests were completed on the samples, with the majority of the work carried out on the fresh carbonatite material types which are the major niobium bearing ores in the deposit. Three locked cycle flotation tests were also carried out on these fresh carbonatites. The test work results indicate that for the primary materials a niobium recovery of 65% can be expected with an Nb₂O₅ grade of 50% in the final flotation concentrate. Indications for the weathered material are the niobium recoveries will be 50% with a similar concentrate grade.

Concentrate cleaning, via a hydrochloric acid leach step, was also investigated and preliminary results show that the concentrate can be cleaned and further upgraded via this process.

The mining work focused on the geotechnical interpretation of the logs from the drill core. These were used to define the pit slope angles which were an input to generating the optimised pit shell (58Mt mill feed at 0.56%Nb₂O₅). From this pit shell a number of mine schedules were developed for a number of scenarios. The various mine schedules showed that a mill feed for the first 5 years of production of between 0.64% and 0.70% Nb₂O₅ is possible (0.59% to 0.68% Nb₂O₅ for the first 10 years).

The preliminary process engineering and plant / infrastructure design was completed in December 2013 and this information used to generate the operating and capital cost estimates.

Engineering activities undertaken were:

- Preliminary location studies for the tailings storage facility and process plant
- A review of the ferroniobium process
- Design of the tailings storage facility
- Comminution circuit design
- Process flow diagrams
- Process mass balance
- Site water balance
- Process design criteria
- Mechanical equipment lists
- Preliminary electrical design
- General arrangement and site layout drawings
- Operating cost estimate
- Capital cost estimate

Pre-Feasibility Study

Planning for the PFS stage of the project development was started in February 2014. An overall high level project strategy was agreed and based on this, and the consultant's recommendations from the Scoping Study, the scopes of work for each of the work packages were developed.

The main activities defined for the PFS are:

- Comprehensive metallurgical test work program on all major material types identified
- Option study for selecting the preferred processing route, throughput etc.
- Preliminary mine design, including pit optimisation and mine scheduling
- Preliminary engineering to develop a Class 4 cost estimate (plant and infrastructure)
- Baseline studies for ESIA
- Economic assessment of the project viability

The metallurgical test work program started at the end of June focusing on upgrading the ore with gravity concentration techniques and undertaking bench scale flotation tests on the oxidised material types. Results are outstanding at this stage but will be reported on in the next period.

Social & Environmental Activities

Scoping Study

The Project registration with the Tanzanian National Environmental Management Council (NEMC) was completed in June and the approval was received to start the Scoping Study and generate the Terms of Reference (ToR) required for a full ESIA.

As part of the ESIA Scoping Study the environmental consultant, MTL Consulting, held a series of consultative meetings with local parties to update them on the Project and to obtain feedback relating to their concerns and expectations. The following parties were involved in these meetings:

- Mbeya Regional Office
- Mbeya Rural District Officials
- Lake Rukwa Basin Water Officials
- South Western Zone Mining Officials
- OSHA - Southern Highlands Zone Officials
- Government Laboratory
- Songwe Prison
- Mbozi District Council
- Mbozi District Commissioner
- Bonda la Songwe Ward
- Isuto Ward
- Songwe Viwandi, Malowe, Kasele, Idiga, Shisonto and Lusungu Villages
- Songwe Water Company
- Mbeya Cement Factory

Feedback was positive with some minor issues relating to water and access to facilities raised. All of these have been noted and activities in the next phase of the study have been included to address them.

In December 2013, the ESIA Scoping Study and ESIA Terms of Reference (ToR) were completed based on the information gathered from the field trip and submitted to the Tanzanian National Environmental Management Council (NEMC) for approval. Approval to undertake a full ESIA Study for the Project was received on the 31 December 2013.

As part of the ongoing community building exercise, extensive engagement with local parties was undertaken by the Cradle Resources team as part of the drilling campaign. This included:

- Meetings with the Prison Governor and senior staff
- Meetings with the local government officials
- Meetings with village council and elders
- And at the end of the field work a number of close-out meetings with the village and government officials to provide a project update and information concerning subsequent activities

As part of the Company's ongoing support to the local communities, a number of social initiatives were also undertaken, these included:

- Donation of building materials to local school and prison
- Donation of sporting equipment to local school
- Installation of a solar lighting system at the local clinic
- Donation of medical equipment, including beds, wheelchairs and general supplies to the local hospital and clinic in collaboration with the Rafiki Surgical Missions

Pre-Feasibility Study

Planning for the ESIA activities was undertaken concurrently with the other work packages. As part of the consultant tender process, the ESIA work package was also submitted to a number of consultants, however the work was awarded to the Tanzanian company MTL who undertook the scoping work.

During June the detailed planning of the Baseline Studies was started with the plan for the dry season baseline study to commence in August/September 2014. The wet season baseline study will be undertaken early next year during the Tanzanian wet season. The remaining ESIA activities will run concurrently with these baseline studies with the target date for the completion of the ESIA work in July 2015.

Niobium Project Overview

The Panda Hill Niobium Project (Figure 11) is located in the Mbeya region in south western Tanzania, near the borders with Zambia and Malawi, and approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya is situated only 35km from the project area and will be a significant service and logistics centre for the Project. Mbeya has a population of approximately 280,000 people, located on the main highway to the capital Dar es Salaam, and is completing the construction of a new international airport.

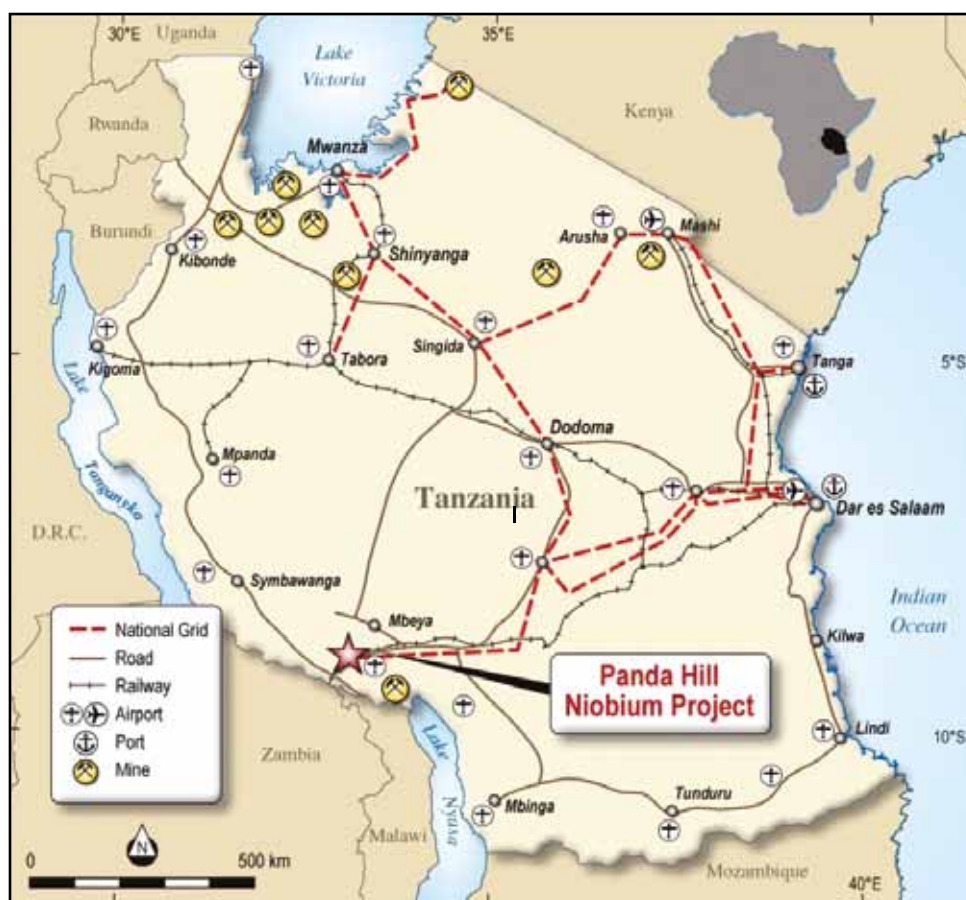


Figure 11: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licenses (Figure 12) totalling 22.1km², which will enable a quick transition to the study and development phases, and has excellent access to infrastructure, with existing roads, rail, airports and 220kV power available in close proximity to the project area. The three granted Mining Licenses are due for renewal in November 2016, and under Tanzanian Mining Legislation can be renewed for a further 10 year period on completion of the approved work programs on the Project.

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

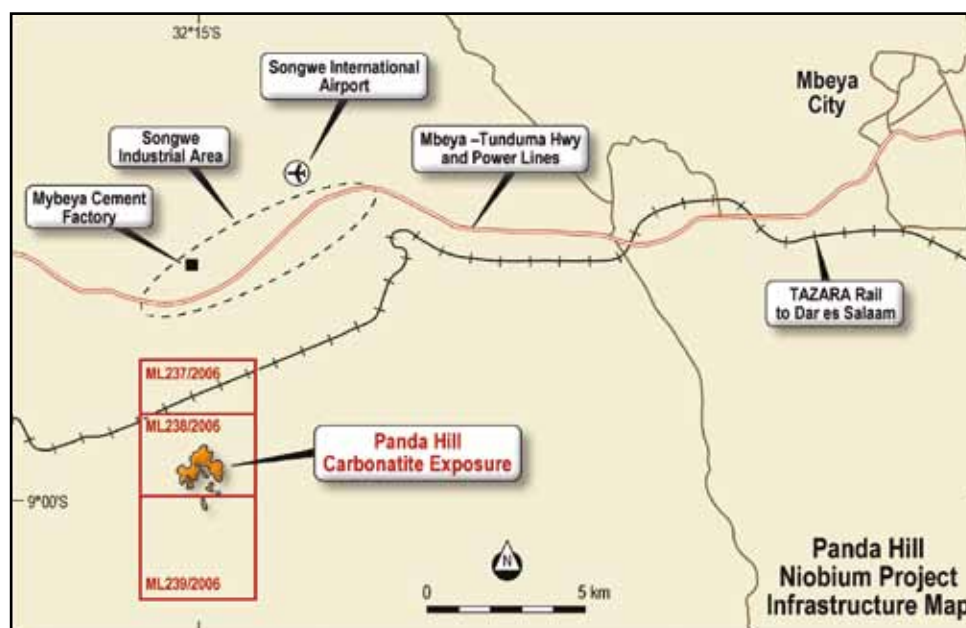


Figure 12: Mining Licenses and Local Infrastructure

Historical Work

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

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

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

Niobium Resource

The Resource used in the Scoping Study was prepared by Coffey Mining and was reported in accordance with the JORC Code (2012). The Resource was based upon the results of historical diamond drilling and 13 NQ and HQ confirmatory diamond holes drilled by Cradle in 2013. The Resource was estimated using Ordinary Kriging based upon cut 2m composites. The Resource totals 81.8Mt at 0.52% Nb₂O₅ for 423kt of contained Nb₂O₅ and is outlined in Table 5.

Table 5: In Situ Mineral Resource (October 2013) using Preferred Cut-off (0.3%)

Combined Carbonatite			
Classification	Mt	Nb ₂ O ₅ %	Nb ₂ O ₅ Content (kt)
Inferred	76.4	0.51	390
Indicated	5.4	0.62	33
Total	81.8	0.52	423
Weathered Carbonatite (Secondary)			
Classification	Mt	Nb ₂ O ₅ %	Nb ₂ O ₅ Content (kt)
Inferred	8.6	0.81	69
Indicated	2.1	0.77	16
Total	10.7	0.80	86
Primary Carbonatite			
Classification	Mt	Nb ₂ O ₅ %	Nb ₂ O ₅ Content (kt)
Inferred	67.8	0.47	319
Indicated	3.2	0.52	17
Total	71.1	0.47	336

Notes:

- The Panda Hill Project is located in south-western Tanzania, approximated 26km south-west of the town of Mbeya.
- Niobium mineralisation occurs in pyrochlore (and minor columbite) and is hosted by the Panda Hill carbonatite complex.
- The deposit is covered by diamond drill holes on a nominal 100m x 100m NE-SW oriented grid. The majority of the drill holes are vertical, with a small percentage being horizontal, drilled into the side of the hill, and the remaining holes ranging in dip from -45° to -75°. Most of the drilling was carried out in the 1950s and 1970s. Cradle Resources have drilled 13 new diamond drill holes to verify the thickness and tenor of niobium mineralisation in the historic drill holes.
- Validated data from 92 diamond drill holes has been used in the resource estimate.
- Drill-hole data was used to create wireframes of the mineralisation utilising a 0.2% Nb₂O₅ lower cut-off. The mineralisation was divided into a zone of weathered carbonatite material and a zone of primary carbonatite material. The distinction between weathered and primary material was based on drill hole logging data.
- Nb₂O₅ assays obtained from XRF Borate fusion were used in the estimation.
- QAQC consists of the insertion of certified standards and blanks into the sampling stream. A comparison was also conducted between XRF Borate fusion method and ICPMS method for 145 samples. Both methods were done by SGS Johannesburg. There is a very tight correlation between the two methods below 1% Nb₂O₅ (the upper detection limit of the ICPMS method). No potential problems were highlighted by the QAQC and the data is considered to be of sufficient standard for use in the Resource estimation.
- Recent drilling was sampled on a nominal 1m length based on geological units, though samples may be up to 3m in length in consistent non-mineralised material. Historic drilling was also sampled on geological units, with sample intervals commonly being 3 feet (0.9m) or 5m in length. The database contained several drill holes with exceedingly long intervals/one interval assigned to the entire drill hole. These were removed from the database for the Resource estimation. The raw assay data have been composited to 2m intervals for the resource estimate.
- Statistical analyses were completed on the raw sample data and the 2m composite data. A top cut of 2.5% Nb₂O₅ was applied to the weathered carbonatite material and a top cut of 2.0% Nb₂O₅ was applied to the primary carbonatite material.
- Due to the long sample intervals in the historic data, a down hole correlogram was modelled using only the 2013 drill holes to obtain the nugget variance. This was used in conjunction with directional correlograms to create the correlogram model for the primary carbonatite. An omnidirectional model was applied to the weathered zone.
- Grade estimates were generated for parent blocks of size 25m (X) by 25m (Y) by 5m (Z) with sub-blocks of size 5m x 5m x 1m. The estimation method used was Ordinary Kriging (OK).
- In situ dry bulk densities were assigned on the basis of measurements collected from the 2013 drill core using the calliper method. 667 measurements were collected from primary carbonatite material, with a mean value of 2.77 t/m³ and 189 measurements were collected from weathered carbonatite material, with a mean value of 2.24 t/m³. These average values were multiplied by a factor of 96.3% to account for the 3.7% volume of voids/cavities intersected in drilling. The factored bulk density values applied to the primary and weathered zones of the block model are 2.67t/m³ and 2.16t/m³ for primary and weathered material respectively.
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality of the estimates.

Geology of Panda Hill Complex

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

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

Mineralogy

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

Mineralisation

The bulk of the Panda Hill niobium mineralisation is found within pyrochlore and lesser columbite. The bulk of the known mineralisation is within carbonatite, with Nb₂O₅ grades typically ranging from 0.1% to 1%. Higher-grade material is noted within flow-banding (schlieren) within the carbonatite. The fenitised-cap and weathered material is noted to contain elevated grades of up to 2% Nb₂O₅.

Competent Person's Statement

The information in this document that relates to Exploration Results and Resources is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona Capital Pty Ltd. Mr Inwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral resource is extracted from the report entitled 'Substantial Upgrade to Panda Hill Resource' created on 8th November 2013 and is available to view on www.cradleresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

SUBSEQUENT TECHNICAL EVENTS

Exploration and Mineral Resource

Cradle commenced drilling on the Panda Hill Niobium Project in the week commencing 30 June 2014. As of 1 October 2014, 51 RC holes for 6,150m and 22 diamond holes for 2, had been completed. The results of the technical work have been publically released and include:

- Site visit by key technical consultants
- Field mapping
- Airborne magnetic survey
- Selection of additional metallurgical samples

As in 2013, niobium mineralisation has been encountered in both weathered and primary carbonatite lithologies. The magnetite-rich carbonatite lithologies continue to report high-grade (>0.7% Nb₂O₅) grades and have been observed in all areas of the deposit. The locations of the holes drilled to date are shown in Figure 6. Significant intercepts up to 1 October 2014 are located in Table 6.

Table 6: Panda Hill Niobium Project Detailed Significant Intercepts

Hole ID	Section Line	Easting	Northing	RL	EOH Depth	Dip	Azimuth	From	Length	Nb ₂ O ₅ (%)
PHDH023	L	526,930	9,005,542	1,519	132	-60	45	1.8	30.15	0.61
							and	62.9	40.30	0.51
							including	74.5	18.50	0.69
PHDH024	L	527,042	9,005,642	1,547	128	-60	45	0	15.90	0.75
							and	35.8	11.40	0.62
							and	104.2	24.20	0.54
PHDH025	J	526,861	9,005,617	1,523	280.2m	-60	including	123.3	5.10	0.75 EOH
							45	9	19.10	0.40
							and	64.8	59.25	0.90
PHRC016	L	526,893	9,005,507	1,507	108	-60	and	139.95	10.05	0.92 EOH
							45	0	52	0.53
							and	0	12	0.83
PHRC017	E	526,953	9,005,995	1,540	150	-60	and	56	52	0.46 EOH
							including	62	5	0.88
							45	0	16	0.62
PHRC018	G	527,010	9,005,956	1,529	106	-60	and	40	60	0.55
							and	118	6	0.48
							45	0	10	0.58
PHRC019	recce	526,954	9,005,297	1,485	76	-60	and	34	72	0.50 EOH
							including	73	11	0.93
							45			NSR
PHRC020	K	526,857	9,005,544	1,507	102	-60	45	8	20	0.68
							and	38	40	0.54
							and	90	12	0.43
PHRC021	H	526,832	9,005,726	1,524	109	-60	45	0	6	0.88
							and	12	20	0.77
							including	18	12	0.96
PHRC022	G	526,942	9,005,894	1,543	109	-60	and	40	14	1.05
							and	72	12	0.45
							and	94	15	0.43 EOH
PHRC023	B	526,740	9,006,040	1,545	109	-60	and	45	24	0.98
							and	38	8	0.43
							and	72	37	0.50
PHRC024	B	526,702	9,006,008	1,538	109	-60	including	96	10	0.84
							45	6	92	0.43
							45	0	26	0.79
PHRC025	C	526,736	9,005,970	1,534	377	-60	45	46	52	0.47
							and	0	14	0.55
							including	46	42	0.60
PHRC026	D	526,842	9,006,004	1,541	84	-60	45	78	10	0.98
							45	48	36	0.45
							45	0	16	0.72
PHRC027	D	526,805	9,005,970	1,531	100	-60	and	68	32	0.54
							45	2	64	0.56
							and	90	18	0.56
PHRC028	D	526,879	9,006,036	1,541	133	-60	45	0	36	0.65
							including	14	16	0.82
							45			

Note 1: The major intercepts have been tabulated above a nominal 0.35% Nb₂O₅ lower cut-off and less than 4m internal dilution.

Note 2: EOH = end of hole, NSR - no significant results.

Metallurgy

The flotation test work commenced in June 2014 and initially focused on the oxidised and weathered material types. These were the materials only briefly tested in the Scoping Study. Further work has also been done of the fresh material types with specific focus on a simpler direct flotation process. In addition some test work has been carried out on gravity concentration as a possible method for rejecting the bulk of the gangue minerals prior to flotation.

The results to date from the testwork demonstrate that:

- The fresh carbonatite rock types tested are showing recoveries marginally higher than those seen in the Scoping Study (65 to 70% vs. previous average 65%).
- The niobium recoveries from the strongly oxidised carbonatite materials show recoveries comparable with the 50% recoveries used in the scoping study.
- The weakly to moderately oxidised carbonatites are expected to recover somewhere between the fresh and strongly oxidised materials. These results still need to be confirmed in locked cycle tests.
- The weathered material types are indicating recoveries in the order of 50% are possible. However, for some material types within this zone the recoveries could be marginally higher (50-55%). These results have been accomplished with lower reagent addition rates which will positively impact on plant operating costs.
- Gravity test work has demonstrated that gangue rejection with tables/jigs is possible and that the flotation on the gravity concentrate is a relatively simple process using a direct flotation flowsheet. The overall recovery for this concept will be lower, but the opportunity to realise significantly lower operating costs.

As part of the test work program further development of the base case flowsheet is also being done by investigating alternative circuit configurations and reagent regimes.

Locked cycle tests are currently being undertaken and these will be used to confirm the recoveries and concentrate grades for each of the major material types in a number of circuit configurations.

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.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 4 August 2014, \$120,907 was received as a full rebate on a Research and Development claim completed for Panda Hill Mining Pty Ltd, on exploration and evaluation expenditure incurred during 2013.

On 12 August 2014, PHM received USD\$2,391,529 from PHT for the actual July 2014 and forecast August 2014 project costs incurred, in line with the executed Agreement with Tremont.

DIRECTOR AND COMPANY SECRETARY BIOGRAPHIES

Mr Craig Burton (Non-Executive Chairman)

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

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

Mr Grant Davey (Managing Director)

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

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

Mr Evan Cranston (Non-Executive Director)

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

Mr Cranston has broad experience in the areas of capital raisings, initial public offerings, tenement acquisition agreements, mineral rights agreements, joint ventures, mergers and acquisitions, corporate governance, the ASX listing rules and the Corporations Act. Mr Cranston is currently a Non-Executive Director of Boss Resources Limited and Carbine Resources Limited, and an Executive Director of Attila Resources Limited.

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

Mr Didier Murcia AM (Non-Executive Director)

Didier Murcia holds a Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, and has over twenty five years' experience in corporate, commercial and resource law, including extensive experience in African resource projects. Mr Murcia is a Non-Executive Director of Gryphon Minerals Limited, and Chairman of Centaurus Metals Limited and Alicanto Minerals Limited, all listed on the Australian Securities Exchange. He is also Chairman of Perth law firm Murcia Pestell Hillard and the Honorary Consul for the United Republic of Tanzania. Didier was made a Member of the Order of Australia in January 2014 in recognition of his significant service to the international community through support for the provision of medical and educational resources in Tanzania.

Ms Sophie Raven (Company Secretary)

Ms Raven has practised corporate law for over 20 years in Australia, Chile and the Cayman Islands. Ms Raven is currently also the Company Secretary for Wildhorse Energy Limited.

SHARE OPTIONS

As at the date of this report, the Company has issued 17,947,506 listed options (CXXO) exercisable at \$0.2667 and expiring on 24 January 2015 and 7,687,500 unlisted options exercisable at \$0.2667 and expiring on 31 May 2016.

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

DIRECTORS' MEETINGS

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

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Craig Burton	8	8
Grant Davey	10	10
Evan Cranston	10	8
Didier Murcia	9	8
Michael Ashforth	2	2
Brendan Cummins	1	1

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 Directors and Officers Insurance and Indemnity premiums paid during the period was \$18,540.

INDEMNIFICATION OF AUDITORS

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

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company and in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration policy
3. Remuneration for 2014
4. Option and share holdings of key management personnel
5. Summary of executive contractual arrangements
6. Compensation options
7. Share based compensation
8. Related party transactions

1 - INTRODUCTION

The Remuneration Report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Name	Title	Appointment Date	Resignation Date
Craig Burton	Non-Executive Chairman	16 September 2013	-
Michael Ashforth	Non-Executive Chairman	26 July 2011	16 September 2013
Grant Davey	Managing Director	15 April 2013 (Non-Executive Director) 24 July 2013 (Managing Director)	-
Evan Cranston	Non-Executive Director	28 June 2011	-
Brendan Cummins	Non-Executive Director	3 March 2011	14 August 2013
Didier Murcia	Non-Executive Director	14 August 2013	-
Sophie Raven	Company Secretary	7 June 2013	-

2 - REMUNERATION POLICY

The remuneration policy is to provide a fixed remuneration component and, at the Board's discretion, an 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 executives' objectives with shareholder and business objectives.

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

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

The Board's policy is to remunerate Non-Executive Directors in accordance with current market conditions and 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. No external remuneration consultants were used during the financial year. Remuneration is not linked to the performance of the Company.

A Director's options are not cancelled upon resignation.

The Non-Executive Directors are not specifically entitled to any termination benefits as part of their service contracts. However termination benefits are not precluded and according to the contract will be subject to disclosure obligations under the Corporations Act and the ASX Listing Rules.

3 - REMUNERATION FOR 2014

Remuneration of key management personnel of the Company for the year ended 30 June 2014:

	Short-Term Benefit			Post Employment Benefits		
2014	Cash, Salary and Fees	Non Monetary Benefits	Annual Leave	Termination Benefits	Superannuation	Total
Executive Directors						
Grant Davey	275,000	-	-	-	-	275,000
Non-Executive Directors						
Craig Burton ¹	63,333	-	-	-	-	63,333
Michael Ashforth ²	10,000	-	-	-	1,233	11,233
Evan Cranston	30,231	-	-	-	-	30,231
Brendan Cummins ³	7,500	-	-	-	694	8,194
Didier Murcia ⁴	22,108	-	-	-	-	22,108
Other Senior Executives						
Sophie Raven	120,000	-	-	-	-	120,000
Oonagh Malone ⁵	933	-	-	12,000	-	12,933
Total KMP	529,105	-	-	12,000	1,927	543,032

¹ Appointed 16 September 2013

² Resigned 16 September 2013

³ Resigned 14 August 2013

⁴ Appointed 14 August 2013

⁵ Resigned 7 June 2013

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

	Short-Term Benefit		Post Employment Benefits		
2013	Cash, Salary and Fees	Non Monetary Benefits	Termination Benefits	Superannuation	Total
Executive Directors					
Grant Davey	50,000	-	-	-	50,000
Non-Executive Directors					
Michael Ashforth	40,000	-	-	3,600	43,600
Evan Cranston	32,700	-	-	-	32,700
Brendan Cummins	30,000	-	-	2,700	32,700
Other Senior Executives					
Sophie Raven	30,000	-	-	-	30,000
Patrick Walta	157,128	-	40,106	16,810	214,044
Oonagh Malone	12,000	-	-	-	12,000
Ian Gregory	14,000	-	-	-	14,000
Total KMP	365,828	-	40,106	23,110	429,044

No remuneration is linked to Director's performance. All options acquired by Directors during the period were purchased in their capacity as shareholders and were purchased on the same terms offered to all shareholders.

4 - OPTION AND SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL

Listed Options

As at year end, the relevant beneficial interest of each Director in listed options over ordinary share capital of the Company shown in the register of Directors' option holdings are as follows:

Directors	Opening Balance as at 1 July 2013	Purchased/Issued During the Period	Consolidated ⁵ or Exercised or Sold During the Period	Closing Balance as at 30 June 2014
Michael Ashforth ¹	750,000	-	(187,500)	562,500
Grant Davey	-	-	-	-
Evan Cranston ²	225,000	-	(56,250)	168,750
Brendan Cummins ³	250,000	-	(34,375)	215,625
Didier Murcia	-	-	-	-
Craig Burton ⁴	-	1,150,000	-	1,150,000
Total	1,225,000	1,150,000	(278,125)	2,096,875

¹ Resigned as a Director on 16 September 2013. Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

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

³ Resigned as a Director on 14 August 2013. Held by Icon Custodians Pty Ltd <Cummins Family A/C> and by Brendan James Cummins & Melissa Ann Cummins <B&M Cummins S/Fund A/C>

⁴ Appointed as a Director on 16 September 2013. Held by Alba Capital Pty Ltd and Skye Equity Pty Ltd

⁵ 3 for 4 consolidation undertaken in July 2013

Unlisted Options

As at year end, the relevant beneficial interest of each Director in unlisted options over ordinary share capital of the Company shown in the register of Directors' unlisted option holdings are as follows:

Directors	Opening Balance as at 1 July 2013	Purchased/Issued During the Period	Consolidated ³ or Exercised or Sold During the Period	Closing Balance as at 30 June 2014 (Vested and exercisable)
Michael Ashforth ¹	1,000,000	-	(250,000)	750,000
Grant Davey	-	-	-	-
Evan Cranston ²	1,000,000	-	(250,000)	750,000
Brendan Cummins	-	-	-	-
Didier Murcia	-	-	-	-
Craig Burton	-	-	-	-
Total	2,000,000	-	(500,000)	1,500,000

¹ Resigned as a Director on 16 September 2013. Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

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

³ 3 for 4 consolidation undertaken in July 2013

Ordinary Shares

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

Directors	Opening Balance as at 1 July 2013	Purchased/Issued During the Period	Consolidated ⁷ or Sold During the Period	Closing Balance as at 30 June 2014
Michael Ashforth ¹	1,500,000	-	(375,000)	1,125,000
Grant Davey ²	-	12,960,000	-	12,960,000
Evan Cranston ³	460,000	-	(115,000)	345,000
Brendan Cummins ⁴	575,000	-	(173,750)	401,250
Didier Murcia ⁵	250,000	-	(62,500)	187,500
Craig Burton ⁶	-	23,600,000	-	23,600,000
Total	2,785,000	36,560,000	(726,250)	38,618,750

¹ Resigned as a Director on 16 September 2013. Held by Ivoryrose Holdings Pty Ltd <Ashforth Super Fund A/C>

² Held by Davey Management (Aus) Pty Ltd, Davey Holdings (Aus) Pty Ltd and Verona Capital Pty Ltd (beneficial holding)

³ Held by Konkera Pty Ltd <Konkera Super Fund A/C>

⁴ Resigned as a Director on 14 August 2013. Held by Icon Custodians Pty Ltd <Cummins Family A/C> and by Brendan James Cummins & Melissa Ann Cummins <B&M Cummins S/Fund A/C>

⁵ Appointed as a Director on 13 August 2013. Held by Didier Murcia, Tohei Pty Ltd <Murcia Super A/C> and Digrevni Investments Pty Ltd

⁶ Appointed as a Director on 16 September 2013. Held by Aviemore Capital Pty Ltd, Alba Capital Pty Ltd and Verona Capital Pty Ltd (beneficial holding)

⁷ 3 for 4 consolidation undertaken in July 2013

5 - SUMMARY OF EXECUTIVE CONTRACTUAL ARRANGEMENTS

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

Managing Director (appointed 24 July 2013)

Grant Davey was appointed as Managing Director on 24 July 2013 for an indefinite term under a director agreement which can be terminated by either side. No compensation is payable to Mr Davey upon termination other than accrued entitlements.

For the period 1 July to 31 December 2013, Mr Davey received a fixed remuneration of \$240,000 per annum (pro-rated) and for the period from 1 January to 30 June 2014, Mr Davey received a fixed remuneration of \$300,000 per annum (pro-rated).

Non-Executive Directors

On appointment to the Board, all Non-Executive Directors (including the Non-Executive Chairman) enter into a letter agreement with the Company for an indefinite term which summarises the Board policies and terms which mirror those set out within the Corporations Act 2001, including compensation, relevant to the office of Director. The letter of appointment does not specify a period of notice required in order to terminate the contract or any remuneration payments required.

The remuneration of Non-Executive Directors consists of salary and fees. The table below summarises the Non-Executive Directors' fees for the financial year ended 30 June 2014:

Director	Annual Fee	Date of Letter of Appointment	Date Salary Effective
Michael Ashforth	\$40,000	26 July 2011	16 September 2011 - 16 September 2013
Brendan Cummins	\$30,000	2 March 2011	16 September 2011 - 14 August 2013
Evan Cranston	\$30,000	28 June 2011	16 September 2011 - date of this report
Didier Murcia	\$25,000	25 September 2013	13 August 2013 - date of this report
Craig Burton	\$80,000	20 February 2014	16 September 2013 - date of this report

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

As at the date of this Annual Report, the Company does not offer any variable remuneration incentive plans or bonus schemes to the Managing Director or the Non-Executive Chairman or any retirement benefits, as such there is no performance related links to the existing remuneration policies. The fixed remuneration plan is adequate for the Company whose focus at this stage is on the development of the business.

The following table shows the gross revenue and losses of the Company at the end of the respective financial years.

Cradle Resources is listed on the Australian Securities Exchange. The following table shows the Earnings/(Loss) per Share (EPS) and share prices, to reflect the closing share price on the last business day of each financial year, from the date of incorporation.

	30 June 2011	30 June 2012	30 June 2013	30 June 2014
Closing Share Price	NA	\$0.10	\$0.15	\$0.20
EPS (cents per share)	(0.80)	(2.14)	(2.09)	(3.71)

6 - COMPENSATION OPTIONS

The key management personnel did not receive any compensation options during the financial year ended 30 June 2014.

7 - SHARE BASED COMPENSATION

There was no Share Based Payment compensation given to the key management personnel during the financial year ended 30 June 2014.

8 - RELATED PARTY TRANSACTIONS

(a) Transactions with Related Parties

Entity	Relationship	Nature of Transactions	Transactions		Balances	
			Full Year 30 June 14 \$	Full Year 30 June 13 \$	Full Year 30 June 14 \$	Full Year 30 June 13 \$
Elgra Consultancy Pty Ltd	(i)	Reimbursement to Elgra for corporate administration costs.	5,422	-	-	-
Erin Resources Ltd	(ii)	Reimbursement to Erin for exploration costs.	15,038	-	14,883	-
Cranston & Sons Pty Ltd (trading as Konkera Corporate)	(iii)	Services rendered by Konkera for corporate administration costs.	46,200	64,400	-	-
Saval Consulting Pty Ltd	(iv)	Reimbursement to Saval for interest in joint venture cost.	28,691	-	25,347	-
Skye Equity Pty Ltd	(v)	Reimbursement to Skye Equity for corporate administration costs.	38,117	-	11,995	-
	(v)	Working capital loan.	544,750	-	-	-
Verona Capital Pty Ltd	(vi)	Reimbursement to Verona for interest in joint venture cost and corporate administration costs.	650,047	-	(423)	-
Westoria Capital Pty Ltd	(vii)	Services rendered by Westoria for consultancy of tenements technical report.	-	5,213	-	-

(i) Elgra Consultancy Pty Ltd ('Elgra') is a company associated with Mr Grant Davey

(ii) Erin Resources Ltd ('Erin') is a company associated with Mr Grant Davey, who was a director of Erin for part of the year

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

(iv) Saval Consulting Pty Ltd ('Saval') is a company associated with Mr Craig Burton

(v) Skye Equity Pty Ltd ('Skye') is a company associated with Mr Craig Burton

(vi) Verona Capital Pty Ltd ('Verona') is a company associated with Mr Grant Davey and Mr Craig Burton

(vii) Westoria Capital Pty Ltd ('Westoria') is a company associated with Mr Brendon Cummins

(b) Other Related Party Transactions

There were no other related party transactions.

(c) Terms and Conditions

All related party transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and repayable in cash; there were no fixed repayment terms with any of the related parties.

This is the end of the Remuneration Report.

AUDITOR

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

NON AUDIT SERVICES

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

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

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

	2014 \$	2013 \$
Ernst & Young	18,136	9,270

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the period ended 30 June 2014 has been received and can be found on page 30 of the Annual Report.

Made and signed in accordance with a resolution of Directors.



Grant Davey
Managing Director

Signed at Perth this 30 September 2014



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

In relation to our audit of the financial report of Cradle Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Gavin Buckingham
Partner
30 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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For the year ended 30 June 2014

	Notes	30 June 2014 \$	30 June 2013 \$
Revenue	3	12,862	126,577
Expenses			
Administration	4	(550,991)	(175,008)
Depreciation and amortisation expense		-	(1,501)
Professional fees	4	(640,825)	(238,337)
Director fees		(110,098)	(139,925)
Exploration and evaluation expenditure		(6,236)	-
Employee benefits expense	4	(140,683)	(220,168)
Share based payment expense	15(c)(ii)	(287,367)	-
Net foreign exchange gains		(29,520)	-
Share of interest in joint venture losses	10(a)	(77,420)	-
Loss on re-measurement of financial liability		(1,453,125)	-
Loss before income tax expense		(3,283,403)	(648,362)
Income tax benefit	5	-	-
Loss after income tax benefit for the period attributable to:			
Member of the parent entity		(3,283,440)	(648,362)
Non-controlling interest		37	-
		(3,283,403)	(648,362)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to:			
Member of the parent entity		(3,283,440)	(648,362)
Non-controlling interest		37	-
		(3,283,403)	(648,362)
Loss per share			
Basic earnings / (loss) per share (cents)	25	(3.71)	(2.09)
Diluted earnings / (loss) per share (cents)	25	(3.71)	(2.09)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2014

	Notes	30 June 2014 \$	30 June 2013 \$
Assets			
Current Assets			
Cash and cash equivalents	6	2,054,453	412,002
Trade and other receivables	7(a)	657,355	3,517,644
Prepayments	8	6,721	16,500
Total current assets		2,718,529	3,946,146
Non-Current Assets			
Exploration and evaluation	9	2,743,827	224,100
Interest in joint ventures	10	17,411,803	-
Other receivables	7(b)	53,868	-
Total non-current assets		20,209,498	224,100
Total assets		22,928,027	4,170,246
Liabilities			
Current Liabilities			
Trade and other payables	12	700,004	48,023
Accrued expenses	13	57,083	123,990
Contingent consideration	14	2,437,500	-
Provisions		46,073	-
Total current liabilities		3,240,660	172,013
Total liabilities		3,240,660	172,013
Net assets		19,687,367	3,998,233
Contributed Equity			
Issued share capital	15(a)	19,005,683	5,079,783
Issued share options	15(b)	287,391	127,391
Share based payment reserve	15(c)(i)	114,117	-
Consolidation reserve	10(b)	2,619,709	-
Accumulated losses	16	(4,492,381)	(1,208,941)
Equity attributable to equity holders of the Parent		17,534,519	3,998,233
Non-controlling interest	10(c)	2,152,848	-
Total equity		19,687,367	3,998,233

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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For the year ended 30 June 2014

2014	Issued Share Capital \$	Issued Share Options \$	Performance Shares 'A' Class \$	Share Based Payment Reserve \$	Consolidation Reserve \$	Accumulated Losses \$	Non-Controlling Interest \$	Total Equity \$
Balance as at 30 June 2013	5,079,783	127,391	-	-	-	(1,208,941)	-	3,998,233
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-
Loss after income tax expense for the year	-	-	-	-	-	(3,283,440)	37	(3,283,403)
Total comprehensive loss for the year	-	-	-	-	-	(3,283,440)	37	(3,283,403)
Issue of share capital, net of transactions costs	11,643,275	-	-	-	-	-	-	11,643,275
Issue of options, net of transaction costs	-	160,000	-	-	-	-	-	160,000
Share based payment	-	-	-	287,367	-	-	-	287,367
Issue of Performance 'A' shares	-	-	2,109,375	-	-	-	-	2,109,375
Transfer to issued share capital	2,282,625	-	(2,109,375)	(173,250)	-	-	-	-
Recognition of non-controlling interest	-	-	-	-	2,619,709	-	2,152,811	4,772,520
Balance as at 30 June 2014	19,005,683	287,391	-	114,117	2,619,709	(4,492,381)	2,152,848	19,687,367

2013	Issued Share Capital \$	Issued Share Options \$	Accumulated Losses \$	Total Equity \$
Balance as at 30 June 2012	2,689,151	127,391	(560,579)	2,255,963
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(648,362)	(648,362)
Total comprehensive loss for the year	-	-	(648,362)	(648,362)
Issue of share capital, net of transactions costs	2,390,632	-	-	2,390,632
Balance as at 30 June 2013	5,079,783	127,391	(1,208,941)	3,998,233

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Notes	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(1,484,647)	(635,056)
Interest received		55,087	84,353
Interest and other finance costs paid		(13,520)	(10)
Net cash used in operating activities	24	(1,443,080)	(550,713)
Cash flows from investing activities			
Acquisition of cash in subsidiary acquired	10(a)	92,475	-
Payments for exploration and evaluation, net		(2,508,531)	(10,880)
Loans to other entities	7(a)	-	(3,464,822)
Net cash from/(used in) investing activities		(2,416,056)	(3,475,702)
Cash flows from financing activities			
Gross proceeds from issue of shares and options	15	5,764,021	2,400,000
Share issue costs	15	(247,367)	(9,368)
Proceeds from borrowings		536,000	-
Repayment of borrowings		(536,000)	-
Net cash from financing activities		5,516,654	2,390,632
Net (decrease)/increase in cash and cash equivalents		1,657,518	(1,635,783)
Cash and cash equivalents at the beginning of the financial year		412,002	2,047,785
Effects of exchange rate changes on the balances held in foreign currencies		(15,067)	-
Cash and cash equivalents at the end of the financial period	6	2,054,453	412,002

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

The financial statements of Cradle Resources Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors dated 30 September 2014. Cradle Resources Limited ("the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

The Company's registered office, and place of domicile are based in Perth, Western Australia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 - Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 for profit orientated entities.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). Material accounting policies adopted in the preparation of these financial statements are presented below and they have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

1.2 - Going Concern

As at 30 June 2014 the Company had cash and cash equivalents of \$2,054,453.

Prior to year end the Company executed an Investment and Shareholders Agreement with Tremont Investments Limited ("Tremont"), Panda Hill Mining Pty Ltd ("PHM") and Panda Hill Tanzania Ltd ("PHT") to fund the Panda Hill Niobium Project ("Project") beyond definitive feasibility studies, pursuant to which Tremont may earn up to a 50% interest in the Project for up to USD\$20 million (refer note 10(b)).

On 27 June 2014 the first tranche of USD\$5 million was paid by Tremont to PHT, out of which the Company received both its entitled first tranche payment of USD\$375,000 and its reimbursement of past costs for May and June 2014, as well as USD\$2,391,529 for actual July 2014 and forecast August 2014 costs incurred in relation to the Project.

The Company's cash flow forecasts for the twelve months ending 30 September 2015 indicate that the Company will be in a position to complete its feasibility studies and meet its other committed project and administrative expenditure, and thus continue to operate as a going concern if Tremont continue to fund the Project. Should Tremont not continue to fund the Project, the Company will need to pursue alternative funding options or significantly curtail its planned activities on the Project.

Having regard to the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis as they are satisfied they have a reasonable basis to conclude that the Company will be able to meet its debts as they fall due.

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

1.3 - New Accounting Standards and Interpretations

a) Changes in Accounting Policy and Disclosures

The Company has adopted all new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

Reference	Title	Summary
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation - Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p>
AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities - Non-monetary Contributions by Ventures</i>.</p> <p>AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p>
AASB 12	Disclosure of Interests in Other Entities	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.</p>
AASB 119	Employee Benefits (Revised)	<p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p>
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	<p>This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosures requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.</p>
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	<p>AASB 2012-2 principally amends AASB 7 <i>Financial Instruments: Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.</p>

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

b) Voluntary Change in Accounting Policy - Exploration and Evaluation Expenditure

Following the Group's acquisition of Panda Hill Mining Pty Ltd (refer note 10(a)), the Group re-assessed its accounting policy for exploration and evaluation expenditure, which was previously expensed as incurred, apart from acquisition costs.

It has been assessed that the Group would present more relevant information if its policy were to capitalise all exploration and evaluation costs, including acquisition costs associated with each identifiable area of interest where there is a JORC compliant mineral resource, as it provides a more appropriate view of the more advanced nature of the Project.

The change in accounting policy has been applied retrospectively. No projects held prior to the current reporting period had a JORC compliant mineral resource, therefore retrospective application does not have an impact on the Group's financial position or performance.

Under the new accounting policy, \$2,519,727 of exploration and evaluation expenditure was capitalized during the year ended 30 June 2014. The impact on basic and diluted earnings per share was to reduce the loss per share by 2.49 cents per share (loss per share prior to the change in accounting policy of 6.20 cents per share reduced to 3.71 cents per share).

The new policy for exploration and evaluation expenditure, which has been applied from 1 July 2013, is set out in note 1.11.

c) Accounting Standards and Interpretations Issued But Not Yet Effective

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been early adopted by the company for the reporting period ended 30 June 2014. The Directors have not determined the impact that the adoption of the new Australian Accounting Standards and Interpretations in future periods will have on the financial performance of the Company.

Reference	Title	Summary	Application Date of Standard	Application Date for Company
AASB 9/ IFRS 9	Financial Instruments	<p>On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> The change attributable to changes in credit risk are presented in other comprehensive income (OCI) The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p>	1 January 2018	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS

Reference	Title	Summary	Application Date of Standard	Application Date for Company
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 2013-3	Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
Annual Improvements 2010-2012 Cycle	Annual Improvements to IFRSs 2010-2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.</p> <p>Annual Improvements to IFRSs 2010-2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. • AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. • AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	1 January 2014	1 July 2014

Reference	Title	Summary	Application Date of Standard	Application Date for Company
Annual Improvements 2011-2013 Cycle	Annual Improvements to IFRSs 2011-2013 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> • IFRS 13 -Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. • IAS 40 -Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3. 	1 July 2014	1 July 2015
AASB 1031	Materiality	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p>	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments	<p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	<p>Part A - periods ending on or after 20 Dec 2013</p> <p>Part B - periods beginning on or after 1 January 2014</p> <p>Part C - reporting periods beginning on or after 1 January 2015</p>	<p>Part A - periods ending on or after 20 Dec 2013</p> <p>Part B - periods beginning on or after 1 January 2014</p> <p>Part C - reporting periods beginning on or after 1 January 2015</p>

The following IFRS amendments have not yet been adopted by the AASB:

Reference	Title	Summary	Application Date of Standard	Application Date for Company
IFRS 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 <i>Revenue from Contracts with Customers</i>, which replaces IAS 11 <i>Construction Contracts</i>, IAS 18 <i>Revenue</i> and related Interpretations (IFRIC 13 <i>Customer Loyalty Programmes</i>, IFRIC 15 <i>Agreements for the Construction of Real Estate</i>, IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue-Barter Transactions Involving Advertising Services</i>).</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. <p>Early application of this standard is permitted.</p>	1 January 2017	1 July 2017
Amendments to IAS 16 and IAS 38		Clarification of acceptable methods of Depreciation and Amortisation.	1 January 2016	1 July 2016

1.4 - Principles of Consolidation

The consolidated financial statements comprise the financial statements of Cradle Resources Limited ("Cradle") and its subsidiaries as at 30 June 2014 ("the Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

1.5 - Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

1.6 - Investment in Associates and Joint Ventures

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

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

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

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

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

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

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

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

1.7 - Current Versus Non-Current

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.8 - Income Tax

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

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

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

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

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

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

1.9 - Cash and Cash Equivalents

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

1.10 - Trade and Other Receivables

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

1.11 - Mineral Exploration and Evaluation Expenditure

The Company has made a voluntary change to its accounting policy for exploration and evaluation expenditure. Refer to 1.3(b) for disclosure regarding the change.

The Company capitalises and carries forward acquisition costs in relation to exploration or evaluation assets, and subsequent exploration and evaluation expenditure on areas of interest where there is a JORC compliant mineral resource, where:

- The Group's rights to tenure are current; and
- 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

Exploration and evaluation expenditure on areas of interest without a JORC compliant mineral resource is expensed as incurred.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

No amortisation is charged during the exploration and evaluation phase, but charged on commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable material resources are established. Upon establishment of commercially viable mineral resources exploration and evaluation assets are tested for impairment when there is an indicator of impairment.

1.12 - 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.

1.13 - Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

1.14 - Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

1.15 - 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.

1.16 - Share Based Payments

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

a) Equity-Settled Transactions

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

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

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

b) Cash-Settled Transactions

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

1.17 - Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1.18 - Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.19 - Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Impairment of Financial Assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

1.20 - Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 19.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.21 - Earnings Per Share

Basic earnings per share is calculated as net profit attributable to the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to the Company, adjusted for:

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

1.22 - Goods and Services Tax (GST) and Other Similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

1.23 - Segment Reporting

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

Following completion of the successful acquisition of Panda Hill Mining Pty Ltd (refer note 10(a)), the Company gained an interest in niobium exploration in Tanzania, in addition to its existing interest in the Ilmenite Wyloo tenement in the Pilbara.

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

1.24 - Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each type of revenue as described below.

Interest income is recognised using the effective interest rate method.

1.25 - Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

1.26 - Parent Entity information

The financial information for the parent entity, Cradle Resources Limited, disclosed in note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(I) Investments in Subsidiaries, Associates and Joint Venture Entities

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

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

2.1 - 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 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.

2.2 - Impairment of Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from budgets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. The Directors are continually monitoring the areas of interest and continue to assess and explore alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed.

If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

Exploration activities in each other area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Substantive expenditure in relation to each other area of interest is planned based on permit commitments and cash reserves of the Company and on the basis that nothing has come to the attention of Directors to indicate future economic benefits will not be realised.

2.3 - Joint Control

During the year the Company assessed that interests were acquired in two separate jointly controlled entities, RECB (BVI) Ltd ("RECB") and Panda Hill Tanzania Ltd ("PHT") (refer note 10(a) and 10(b) respectively).

The contractual arrangements in place suggest that as all significant decisions relating to the relevant activities of RECB and PHT effectively require the unanimous consent, the Group assessed their classification of these arrangements to be interests in joint ventures.

2.4 - Share Based Payments

The assessed fair value at grant date of share based payments granted during the period was determined using a binomial option pricing model that takes into account the exercise price, the price of the underlying share at grant date, the life of the option, the volatility of the underlying share, the risk free rate and expected dividend payout and any applicable vesting conditions.

Management was required to make assumptions and estimates in order to determine the inputs into the binomial option pricing model.

2.5 - Contingent Consideration

A contingent consideration liability arose from the acquisition of the interest in RECB Limited (note 10(a)), where Class B Performance Shares can be converted into fully paid ordinary shares at a rate of one ordinary share for every Performance Share that converts.

The determination of the fair value is based on a probability weighted payout approach, where key assumptions take into consideration the probability of meeting each performance target and any future development may require further revisions to the estimate.

3. INCOME

Income

Interest

Total income

30 June 2014 \$	30 June 2013 \$
12,862	126,577
12,862	126,577

4. PROFIT/(LOSS) BEFORE INCOME TAX

Profit before income tax includes the following specific expenses:

Administration

- corporate cost
- rent expenses
- other administration expenses

Total administration expenses
Professional expense

- legal fees
- auditor remuneration (Ernst & Young)
- other professional expenses

Total professional expenses
Employee benefits expense

- wages and salaries
- other employment expenses

Total employee benefits

30 June 2014 \$	30 June 2013 \$
42,533	31,937
105,702	36,000
402,756	107,071
550,991	175,008
129,291	108,405
45,780	34,046
465,754	95,886
640,825	238,337
137,200	201,135
3,483	19,033
140,683	220,168

5. INCOME TAX BENEFIT

	30 June 2014 \$	30 June 2013 \$
Profit/(Loss) from continuing operations before income tax expense	(3,283,403)	(648,362)
Tax at the Australian tax rate of 30% (2013: 30%)	985,021	194,509
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	(549,768)	-
Deferred tax assets not brought to account	(435,253)	(194,509)
Income tax expense	-	-
Deferred tax assets at 30% (2013: 30%)		
Accruals	10,500	5,700
Carry forward tax losses	805,740	372,491
Capital raising costs	19,163	28,476
Provision for employee benefits	13,822	-
Unrealised FX losses	4,520	-
	853,745	406,667
Deferred tax asset not brought into account	(762,022)	(326,769)
	91,723	79,898
Deferred tax asset offset against deferred tax liabilities	(91,723)	(79,898)
	-	-
Deferred tax liability at 30% (2013: 30%)		
Capital raising costs	24,493	-
Deductible exploration expenses	67,230	67,230
Accrued Interests	-	12,668
	91,723	79,898
Deferred tax liability offset against deferred tax assets	(91,723)	(79,898)
	-	-

The benefit of these deferred tax assets will only be obtained if:

- The Company derives future Australian assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- The Company continues to comply with the conditions for deductibility imposed by Australian tax legislation; and
- No changes in tax legislation adversely affect the entity in realising the benefit from the deductions.

No franking credits are available.

6. CASH AND CASH EQUIVALENTS

	30 June 2014 \$	30 June 2013 \$
Cash at bank	2,054,453	1,150
Short term deposits	-	410,852
Total cash and cash equivalents	2,054,453	412,002

7. TRADE AND OTHER RECEIVABLES

a) Current

	30 June 2014 \$	30 June 2013 \$
GST receivable	86,553	10,598
Other receivables	443,134	-
Accrued income ¹	120,907	42,224
Loan to Songwe Hill Limited	6,761	-
Loan to Panda Hill Mining Pty Ltd ²	-	3,464,822
Total current trade and other receivables	657,355	3,517,644

Due to the short term nature of the GST receivable and the overpayment in employee entitlements, the carrying value is assumed to approximate fair value.

¹ During the year a Research and Development claim was completed for Panda Hill Mining Pty Ltd in relation to exploration and evaluation expenditure incurred during 2013; the full rebate was received on 4 August 2014.

² The Company loaned Panda Hill Mining Pty Ltd USD\$3,370,000 to fund completion of the acquisition of the 49% shareholding and the 1% option in RECB Limited as per the Share Sale Agreement ('SSA'). During 2014 the Company completed its acquisition of 100% of the issued capital of Panda Hill Mining Pty Ltd. Refer to note 10(a) for further details.

b) Non-Current

	30 June 2014 \$	30 June 2013 \$
Sub-lease deposit	53,868	-
Total non-current other receivables	53,868	-

8. PREPAYMENTS

	30 June 2014 \$	30 June 2013 \$
Prepayments	6,721	16,500

9. EXPLORATION AND EVALUATION COSTS

	30 June 2014 \$	30 June 2013 \$
Exploration and evaluation - at cost	224,100	224,100
Opening balance at the beginning of the year	224,100	213,220
Additions	2,640,634	10,880
Research and development rebate (refer note 7(a))	(120,907)	-
Total exploration and evaluation costs	2,743,827	224,100

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.

10. ACQUISITIONS AND INTERESTS IN JOINT VENTURES

30 June 2014

Interest in joint ventures

RECB Limited (refer 10(a))

Panda Hill Tanzania Ltd (refer 10(b))

Interest in joint venture

30 June 2014 \$	30 June 2013 \$
13,036,992	-
4,374,811	-
17,411,803	-

a) Panda Hill Mining Pty Ltd

On 3 April 2013 the Company announced it had executed a Share Sale Agreement to acquire all the share capital of Panda Hill Mining Pty Ltd ("PHM") in consideration of the issue of Shares and Performance Shares in the Company to the Vendors. On 26 July 2013, the Company announced that the conditions precedents to the transaction were met and that the Share Sale Agreement had been completed.

Share securities were issued for the purchase consideration on 23 July 2013. The principal terms of the agreement were as follows:

Consideration

Panda Hill holds:

- A 49% shareholding in RECB Limited ("RECB") which it acquired for USD\$3,340,000. RECB owns 100% of the Panda Hill Niobium Project, which comprises the Panda Hill Licences and related data. RECB has no other material assets or liabilities.
- An option to acquire a further 1% shareholding in RECB which was granted for a fee of USD\$30,000 and is exercisable for an additional USD\$30,000, subject to certain regulatory approvals.
- The right to acquire the remaining 50% of RECB (or to acquire 100% of the Panda Hill Niobium Project assets directly) under the Option Agreement. Under this agreement, Panda Hill will sole fund the Panda Hill Niobium Project expenditure for up to four years. Panda Hill must complete a bankable feasibility study ("BFS") in respect of the Panda Hill Licences, within a timeframe agreed between both parties, and spend a minimum of USD\$2.5 million per annum on the BFS. The balance of 50% of the Panda Hill Niobium Project can be acquired by Panda Hill at any time during this four year period for USD\$17,100,000 less 25% of Panda Hill Niobium Project expenditure funded by Panda Hill (capped at a USD\$5,000,000 reduction). Panda Hill can elect to pay USD\$5,000,000 of the net purchase price in non-cash consideration, being either listed shares or a capped royalty, with the balance payable in cash.

Under the Option Agreement, Panda Hill is manager of the Panda Hill Niobium Project during the four year period, which is within the scope of the work programs relating to the relevant activities of the joint venture as agreed by both shareholders. Further, there is a Shareholders' Agreement that protects Panda Hill's position as a Shareholder of RECB, with significant decisions requiring the approval of both shareholders. As all significant decisions relating to the relevant activities of RECB effectively require the approval of both shareholders, the Group has assessed that it has joint control over RECB.

The securities issued as consideration for the acquisition are as follows:

- 37,500,000 Shares;
- 18,750,000 Class A Performance Shares; and
- 18,750,000 Class B Performance Shares

The 37,500,000 Performance Shares issued by the Company to the Vendors are convertible to ordinary shares as follows (the Class A Performance Shares were converted during the financial year):

- 18,750,000 Class A Performance Shares subject to completion of a Scoping Study including metallurgical work and confirmatory drilling to the reasonable satisfaction of the independent Directors of the Company as evidenced by a decision to proceed with work on the Panda Hill Niobium Project; and
- 18,750,000 Class B Performance Shares subject to completion of a definitive feasibility study on the Panda Hill Niobium Project which demonstrates a net present value of USD\$400 million or greater (assuming a 10% discount rate and long term market contract price). There is a pro-rata conversion if the net present value is between USD\$300 million and USD\$400 million.

Loan to Panda Hill

The Company provided a loan facility to Panda Hill to be applied towards advancing the priority interest in the projects up to completion of the acquisition. The loan was interest-free and unsecured. At acquisition date, the loan was drawn to \$611,954.

Fair Value of Net Assets Acquired

This transaction was accounted for as an asset acquisition that principally involved the acquisition of an interest in a joint venture. The following amounts have been recognised in relation to the acquisition of Panda Hill:

	At Acquisition - 1 August 2013 \$
Identifiable assets acquired	
Cash and cash equivalents	92,475
Other receivables	18,147
Interest in joint venture (RECB)	13,114,412
Total identifiable assets acquired	13,225,034
Identifiable liabilities acquired	
Trade and other payables	(93,003)
Total identifiable liabilities acquired	(93,003)
Total net assets acquired	13,132,031
Consideration	\$
<i>Paid consideration</i>	
Fully paid ordinary shares in the Company	
- 37.5 million shares at \$0.15 per share	5,625,000
- 18.75 million Class A performance shares valued at \$0.11 per performance share (note 10(a))	2,109,375
<i>Contingent consideration</i>	
- 18.75 million Class B performance shares valued at \$0.05 per performance share (note 10(a) and 14)	984,375
<i>Consideration on acquisition</i>	
Loan advance for interest in RECB Limited	3,238,827
Loan advance from Cradle Resources Limited pre-acquisition	611,954
Shares issued to settle loan advance from Panda Hill Lenders	562,500
Total consideration	13,132,031

As a result of the above, the group has a 49% interest in RECB. RECB is a company incorporated in the British Virgin Islands ('BVI') whose principal place of business is in the BVI. Its carrying value is measured using the equity method of accounting. The activities of its 100% owned Panda Hill Niobium Project are based in Tanzania.

	30 June 2014 \$
Reconciliation of interest in joint venture - RECB	
Value of the interest in joint venture acquired	13,114,412
Share of joint venture losses	(77,420)
Interest in joint venture	13,036,992

RECB Limited

Below is summarised financial information for RECB Limited as at 30 June 2014:

Summarised Statement of Financial Position**Current assets**

Cash and cash equivalents

Total current assets**Non-current assets**

Exploration and evaluation expenditure*

Total non-current assets**Current liabilities**

Current financial liabilities

Total current liabilities**Non-current liabilities**

Other non-current financial liabilities

Total non-current liabilities**Net assets/(liabilities)****Reconciliation of net assets to equity accounted amounts**

Closing net assets/(liabilities)

Group's share (49%)**Carrying amount**

30 June 2014

\$

342

342

29,474,557

29,474,557

(2,703)

(2,703)

(2,866,090)

(2,866,090)**26,606,106**

26,606,106

13,036,992**13,036,992**

30 June 2014

\$

Summarised Statement of Profit or Loss and Other Comprehensive Income

Interest and finance charges

Losses before tax

Income tax

Losses for the year from continuing operations**Total comprehensive income**

158,000

158,000

-

158,000**158,000**

* The balance included in the financial statements of the joint venture have been adjusted to reflect the fair value adjustments made at the time of acquisition.

b) Panda Hill Tanzania Ltd

On 6 June 2014 the Company executed an Investment and Shareholders Agreement with Tremont Investments Limited ("Tremont"), PHM and Panda Hill Tanzania Ltd ("PHT") to fund the Panda Hill Niobium Project ("Project") beyond definitive feasibility studies, pursuant to which Tremont may earn up to a 50% interest in the Project for up to USD\$20 million.

Tremont's interest is acquired through the subscription of shares in the newly incorporated company, PHT.

The initial subscription of USD\$5 million was contributed on 27 June 2014 to PHT; Tremont may elect to make subsequent subscriptions in tranches of USD\$5 million each. PHT will pay the Company 7.5% of the funds subscribed by Tremont. This first instalment of USD\$375,000 was received by the Company on 27 June 2014.

The Board of PHT will be two representatives of each Party, and a Technical Committee will also comprise of two representatives of each Party; certain significant decisions will require unanimous approval over the operations of PHT.

As the relevant activities of PHT require approval by both Parties, the Company has assessed that the interest in PHT is a joint venture.

On completion of the initial subscription:

- PHM has assigned all the rights and obligations of PHM under the Option Agreement (as described above), and the data and information in the possession or control of PHM in relation to the Project;
- The Company will subscribe for 20 million shares in PHT; and
- PHM and PHT will execute and send a Deed of Accession to RECB in relation to the Option Agreement.

As a result of the above, the group has gained an 87.5% interest in PHT. PHT is a company incorporated in Mauritius whose principal place of business is in Mauritius. Its carrying value is measured using the equity method of accounting.

Reconciliation of interest in joint venture - PHT

Interest in joint venture
Share of profit/(loss) for the period

30 June 2014 \$
4,374,811
-
4,374,811

Panda Hill Tanzania Ltd

Below is summarised financial information for Panda Hill Tanzania Ltd as at 30 June 2014:

Summarised Statement of Financial Position

Current assets

Cash and cash equivalents

Total current assets

Non-current assets

Total current liabilities

Net assets

Reconciliation of net assets to equity accounted amounts

Closing net assets

Group's share (87.5%)

Carrying amount

30 June 2014 \$
4,904,741
4,904,741
337,915
242,872
4,999,784
4,999,784
4,374,811
4,374,811

c) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non - controlling interests ("NCI") are provided below (refer note 11(a)).

Proportion of equity interest held by non-controlling interests:

	Country of Incorporation	Percentage Owned by NCI (%)*	
		2014	2013
Panda Hill Mining Pty Ltd ¹	Australia	12.5%	-

¹ Per the Investment and Shareholders Agreement with Tremont Investments (refer note 10(b)), the latter are given the option to take up a 12.5% interest in PHM at any time for nil consideration; they are therefore deemed to have present ownership interest in PHM.

Panda Hill Mining Pty Ltd

Accumulated balances of material non-controlling interest
 Profit/(Loss) allocated to material non-controlling interest

30 June 2014 \$
2,152,848
(37)
2,152,811

The summarised financial information of Panda Hill Mining Pty Ltd is provided below. This information is based on amounts before intercompany eliminations.

Summarised Statement of Profit or Loss

Income
 Administrative expenses
 Corporate expenses
 Professional and consultancy costs
 Net foreign exchange losses

Losses before tax

Income tax

Losses for the year from continuing operations**Total comprehensive income**

Attributable to non-controlling interests*

30 June 2014 \$
877
(1,580)
(18,347)
(55,708)
4,647
70,111
-
70,111
70,111
37

Summarised Statement of Financial Position

Cash and cash equivalents
 Trade and other receivables
 Exploration expenditure and other non-current assets
 Trade creditors and other payables

Total equity

Attributable to equity holders of parent
 Non-controlling interest*

30 June 2014 \$
16,052
388,781
16,919,847
(102,193)
17,222,487
15,069,676
2,152,811
17,222,487

Summarised Cash Flow information

Operating
 Investing
 Financing

Net increase/(decrease) in cash and cash equivalents

30 June 2014 \$
(141,455)
-
(326,483)
(467,938)

* The agreement was effective as at 6 June 2014, and therefore the recognised amounts of the non-controlling interests are from this date to the financial year end, 30 June 2014.

30 June 2013

There were no interests in joint ventures or business combinations in the prior reporting period.

11. CONTROLLED ENTITIES

Parent Entity:

Cradle Resources Limited

Subsidiaries of Cradle Resources Limited:

Panda Hill Mining Pty Ltd¹

Country of Incorporation	Percentage Owned (%) [*]	
	2014	2013
Australia	-	-
Australia	87.5%	-

^{*} Percentage of voting power in proportion to ownership.

¹ On 26 July 2013 the Company completed its acquisition of Panda Hill Mining Pty Ltd, at which point the Company also gained an interest in the 49% joint venture interest held in PHM of RECB (refer note 10(a)); per the Investment and Shareholders Agreement with Tremont Investments (refer note 10(b)), the latter are given the option to take up an interest in PHM at any time for nil consideration; they are therefore deemed to have present ownership interest in PHM.

² On 27 June 2014, the Company acquired its interest in Panda Hill Tanzania Ltd (refer note 10(b)).

a) Disclosure of change in ownership interest in Panda Hill Mining Pty Ltd

On 6 June 2014 the Group entered into an Investment and Shareholders Agreement (as per note 10(b)) in which Tremont Investments are given the right to take up a 12.5% interest at any time in PHM. The Group however still control PHM and retains its 87.5% of the ownership interests.

The transaction is accounted for as an equity transaction with NCI (refer note 10(c)), resulting in the following:

	30 June 2014 \$
Deemed consideration received	4,772,557
Net assets attributable to NCI	2,152,848
Increase in equity attributable to Parent	2,619,709
Represented by:	
Consolidated reserve	2,619,709
	2,152,848

12. TRADE AND OTHER PAYABLES

	30 June 2014 \$	30 June 2013 \$
Trade payables	699,845	48,023
GST payables	159	-
	700,004	48,023

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

13. ACCRUED EXPENSES

	30 June 2014 \$	30 June 2013 \$
Audit fees	35,000	16,000
Tax consultants fees	10,000	3,000
Legal fees	-	24,990
Director fees	2,083	50,000
Company Secretary fees	10,000	30,000
	57,083	123,990

14. CONTINGENT CONSIDERATION

18,750,000 Class B Performance Shares

Total contingent consideration

30 June 2014 \$	30 June 2013 \$
2,437,500	-
2,437,500	-

The contingent consideration liability arose from the acquisition of RECB Limited (note 10(a)).

The Class B Performance Shares meet the definition of a financial liability because a variable amount of Class B Performance Shares ranging from zero, if the NPV produced by the Definitive Feasibility Study is less than USD\$300 million (assuming a 10% discount rate and long term market contract price), to 18,750,000, if the Class B Performance Milestone is met of NPV USD\$400 million or greater (assuming a 10% discount rate and long term market contract price), could be converted into fully paid ordinary shares at a rate of one ordinary share for every Performance Share that converts.

The determination of the fair value is based on a probability weighted payout approach. The key assumptions take into consideration the probability of meeting each performance target. As part of accounting for the acquisition of Panda Hill, the Class B contingent consideration, with an estimated fair value of \$984,375, was recognised at the acquisition date based on a probability weighted outcome of 35% that its performance condition would be met, and an underlying share price at acquisition date of \$0.15. Following review by the Board it was determined that the probability weighted outcome as at 30 June 2014 had increased to 65%, and as at that date the share price was \$0.20. The increase in value of \$1,453,125 was taken to the consolidated statement of profit or loss and other comprehensive income. Future developments may require further revisions to the estimate.

15. CONTRIBUTED EQUITY

Ordinary shares - fully paid

Share options issued

30 June 2014 \$	30 June 2013 \$
19,005,683	5,079,783
287,391	127,391
19,293,074	5,207,174

a) Movements in Ordinary Share Capital

Details	No of Shares	Issue Price	30 June 2014 \$
Opening balance 1 July 2012	27,500,000	-	2,835,000
Share issue - 30 Nov 2012	20,000,000	-	2,000,000
Share issue - 7 Dec 2012	4,000,000	-	400,000
Less: costs relating to share issue	-	-	(155,217)
Closing balance at 30 June 2013	51,500,000	-	5,079,783
Consolidation (3 for 4 basis)	(12,874,983)	-	-
Share issue - 19 July 2013	11,050,000	0.20	2,210,000
Share issue - 23 July 2013	250,000	0.20	50,000
Share issue - 23 July 2013	41,250,000	0.15	6,187,500
Option exercise - 31 January 2014	15,000	0.27	4,001
Share issue - 26 June 2014	18,000,100	0.20	3,600,020
Performance 'A' share conversion - 26 June 2014	18,750,000	0.11	2,109,375
Performance right share conversion - 26 June 2014	787,500	0.22	173,250
Less: costs relating to share issue			(408,246)
Balance as at 30 June 2014	128,727,617		19,005,683

b) Movements in Listed Options

Details	No of Options		30 June 2014 \$
Opening balance at 1 July 2012	24,000,000	-	127,391
Closing balance at 30 June 2013	24,000,000	-	127,391
Consolidation (3 for 4 basis)	(5,999,994)	-	-
Options issued - 19 July 2013 ¹	5,650,000	-	-
Options issued - 15 November 2013	2,000,000	0.08	160,000
Balance as at 30 June 2014	25,650,006		287,391
Total contributed equity			19,293,074

¹ Free attaching Listed Options to shares issued by the Company on the same date (refer 15(a)), pursuant to the Prospectus dated 31 May 2013.

c) Share Based Payments**(i) Share Based Payments Reserve**

	30 June 2014 \$	30 June 2013 \$
Share based payments reserve	114,117	-

The Company issued 2,625,000 Performance Rights to certain employees and consultants. The principal terms and conditions of the Performance Rights include continuous employment with, or provision of services to, the Company and the fulfilment of specific project-related milestones.

The Performance Rights have performance based conditions that are required to be satisfied prior to milestone dates, as below. If the performance conditions are achieved by the relevant milestone date, the Performance Rights will vest and the Performance Rights may be exercised into an equivalent number of shares in the Company in accordance with the performance rights terms and conditions.

Tranche of Performance Rights	Performance Conditions	Description	Number of Performance Rights to be issued	Weighting	Milestone Date	Expiry Date
Tranche 1*	Scoping Study Delivery	Delivery of a scoping study by the relevant Milestone Date and the Company making a decision to proceed to Definitive Feasibility Study, evidenced by the Board resolving to continue as such.	787,500	30%	31/03/14	30/09/14
Tranche 2	Definitive Feasibility Study Delivery	Delivery of a positive Definitive Feasibility Study with an NPV10 of >USD\$400 million.	1,050,000	40%	30/09/15	30/09/16
Tranche 3	Project Construction Decision	The Company making a decision to proceed to project construction, evidenced by the Board resolving to continue as such.	787,500	30%	30/09/16	30/09/17

*On 26 June 2014 the first tranche of Performance Rights were converted to fully paid ordinary shares (refer note 15(a)).

(ii) Share Based Payments Expense

The following table lists the inputs to the fair value of the rights:

Tranche of Performance Rights	Issue Date	Fair Value	Vesting Date	Share Based Payments Expense 30 June 2014 \$
Tranche 1	15/11/2013	\$0.22	31/03/2014	173,250
Tranche 2	15/11/2013	\$0.22	30/09/2015	76,662
Tranche 3	15/11/2013	\$0.22	30/09/2016	37,455
				287,367

d) Capital Risk Management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to 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 actively pursuing additional investments in the short term as it continues to integrate and grow its business in order to maximise synergies. Refer to note 1.2 on Going Concern position of Company.

16. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year

Loss after income tax expense for the period

Accumulated losses at the end of the year

30 June 2014 \$	30 June 2013 \$
(1,208,941)	(560,579)
(3,283,440)	(648,362)
(4,492,381)	(1,208,941)

17. DIVIDENDS

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

18. FINANCIAL INSTRUMENTS

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

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

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

The Company holds the following financial instruments:

Financial assets

Cash and cash equivalents

Trade and other receivables

Loans to Panda Hill Mining (note 7(a))

Financial liabilities

Trade and other payables

Accrued expense

Contingent consideration

30 June 2014 \$	30 June 2013 \$
2,054,453	412,002
717,944	69,322
-	3,464,822
2,772,397	3,946,146
700,004	48,023
57,083	123,990
2,437,500	-
3,194,587	172,013

18.1 - Credit Risk

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

18.2 - Liquidity Risk

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

The following are the contractual maturities of financial liabilities:

30 June 2014	Less Than 6 Months \$	6-12 Months \$	Between 1-5 Years \$	Total \$	Carrying Amount \$
Financial liabilities					
Trade and other payables	700,004	-	-	700,004	700,004
Accrued expenses	57,083	-	-	57,083	57,083
Contingent consideration ¹	-		2,437,500	2,437,500	2,437,500
	757,087	-	2,437,500	3,194,587	3,194,587

30 June 2013	Less Than 6 Months \$	6-12 Months \$	Between 1-5 Years \$	Total \$	Carrying Amount \$
Financial liabilities					
Trade and other payables	48,023	-	-	48,023	48,023
Accrued expenses	123,990	-	-	123,990	123,990
	172,013	-	-	172,013	172,013

¹ Refer note 14 for further details on the terms related to the contingent consideration.

18.3 - Interest Rate Risk

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

30 June 2014	Floating Interest Rate \$	Non-Interest Bearing \$	1 Year or Less \$	Over 1 to 5 Years \$	Total \$
Financial assets					
Cash and cash equivalents	2,054,453	-	2,054,453	-	2,054,453
	2,054,453	-	2,054,453	-	2,054,453

30 June 2013	Floating Interest Rate \$	Non-Interest Bearing \$	1 Year or Less \$	Over 1 to 5 Years \$	Total \$
Financial assets					
Cash and cash equivalents	412,002	-	412,002	-	412,002
Loans and other receivables	-	3,464,822	3,464,822	-	3,464,822
	412,002	3,464,822	3,876,824	-	3,876,824

The Company has minimal exposure to interest rate risk other than reductions/increases in interest earned should the rates decrease/increase respectively. As an indication of possible sensitivity to changes in interest rates a 1% movement in the interest rates, would increase/decrease the annual amount of interest received by \$20,544 (2013: \$4,120).

18.4 - Foreign Currency Risk

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

Foreign exchange risk arises from commercial transactions. The risk is measured using cash flow forecasting and use of foreign currency accounts.

The consolidated entity has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency. The board manages the purchase of foreign currency to meet operational requirements.

The consolidated entity's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2014 \$	30 June 2013 \$
<i>Trade receivable in denomination currency</i>		
Trade receivable - USD	242,978	-
<i>Trade payables in denomination currency</i>		
Trade payables - USD	144,773	-
<i>Cash and cash equivalent held in denomination currency</i>		
Cash and cash equivalent - USD	1,745,552	-
Cash and cash equivalent - TZS	17,167	-
<i>Consolidated entity sensitivity</i>		
Exchange rates per AUS as at 30 June		
	Report Date Spot Rate 2014 \$	Report Date Spot Rate 2013 \$
USD	0.9429	-
TZS	1,559	-

A 10% increase or decrease in the value of Australian dollar against the above currencies at 30 June would have the following effect:

	30 June 2014 \$		30 June 2013 \$	
	Profit/(loss) 10% increase	Profit/(loss) 10% decrease	Profit/(loss) 10% increase	Profit/(loss) 10% decrease
United states dollars (USD)	(184,376)	184,376	-	-
Tanzanian Shilling currency (TZS)	(1,717)	1,717	-	-
Total	(186,093)	186,093	-	-

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described at note 1.20.

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 30 June 2014.

30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Contingent consideration	-	-	2,437,500	2,437,500
Total	-	-	2,437,500	2,437,500

30 June 2013

There were no financial assets or liabilities measured and recognised at fair value in this period.

a) Valuation Techniques Used to Derive Level 3 Fair Values

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The contingent consideration was valued by applying the probability weighted payout approach as described in note 14. Also refer to note 14 for a reconciliation of the movement for the period. This method is reviewed on a six monthly basis by the Board.

A 10% increase or decrease in the probability applied, or Cradle's share price, would result in the following movements:

	30 June 2014		30 June 2013	
	\$		\$	
	Profit/(loss)	Profit/(loss)	Profit/(loss)	Profit/(loss)
	10% increase	10% decrease	10% increase	10% decrease
Contingent consideration	243,750	(243,750)	-	-

b) Fair Values of Other Financial Instruments

The group also has a number of financial instruments that are not measured at fair value in the balance sheet. The carrying value of cash, trade receivables and payables is a reasonable approximation of their fair values due to their short-term nature.

20. COMMITMENTS AND CONTINGENCIES

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

a) Rental Commitments

	30 June 2014	30 June 2013
	\$	\$
< 1 year	70,585	41,151
1 - 5 years	97,465	170,484
Total rental commitments	168,050	211,635

Rental commitments relate to annual rent required over the mining license for the Panda Hill Niobium Project (refer note 10(a)).

b) Pre-Feasibility and Definitive Feasibility Studies

It has been estimated by management that USD\$12 million will be committed to for the completion of the feasibility studies on the Panda Hill Niobium Project for the period to the end of the third quarter of 2015. Following the agreement with Tremont Investments, (refer note 10(b)) funding will be provided in four tranches at different stages of the Project (refer note 1.2 Going Concern).

c) Other Exploration Expenditure Commitments

	30 June 2014	30 June 2013
	\$	\$
No later than one year	20,000	20,000
Later than one year and not later than five years	-	-
Total exploration expenditure commitments	20,000	20,000

Exploration expenditure commitments are for the Ilmenite Wyloo tenement.

21. RELATED PARTY TRANSACTIONS

a) Transactions with Related Parties

Entity	Relationship	Nature of Transactions	Transactions		Balances	
			Full Year 30 June 2014 \$	Full Year 30 June 2013 \$	Full Year 30 June 2014 \$	Full Year 30 June 2013 \$
Elgra Consultancy Pty Ltd	(i)	Reimbursement to Elgra for corporate administration costs.	5,422	-	-	-
Erin Resources Ltd	(ii)	Reimbursement to Erin for exploration costs.	15,038	-	14,883	-
Cranston & Sons Pty Ltd (trading as Konkera Corporate)	(iii)	Services rendered by Konkera for corporate administration costs.	46,200	64,400	-	-
Saval Consulting Pty Ltd	(iv)	Reimbursement to Saval for interest in joint venture cost.	28,691	-	25,347	-
Skye Equity Pty Ltd	(v)	Reimbursement to Skye Equity for corporate administration costs.	38,117	-	11,995	-
	(v)	Working capital loan.	544,750	-	-	-
Verona Capital Pty Ltd	(vi)	Reimbursement to Verona for interest in joint venture cost and corporate administration costs.	650,047	-	(423)	-
Westoria Capital Pty Ltd	(vii)	Services rendered by Westoria for consultancy of tenements technical report.	-	5,213	-	-

(i) Elgra Consultancy Pty Ltd ('Elgra') is a company associated with Mr Grant Davey.

(ii) Erin Resources Ltd ('Erin') is a company associated with Mr Grant Davey, who was a director of Erin for part of the year.

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

(iv) Saval Consulting Pty Ltd ('Saval') is a company associated with Mr Craig Burton.

(v) Skye Equity Pty Ltd ('Skye') is a company associated with Mr Craig Burton.

(vi) Verona Capital Pty Ltd ('Verona') is a company associated with Mr Grant Davey and Mr Craig Burton.

(vii) Westoria Capital Pty Ltd ('Westoria') is a company associated with Mr Brendon Cummins.

b) Other Related Party Transactions

There were no other related party transactions.

c) Terms and Conditions

All related party transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and repayable in cash; there were no fixed repayment terms with any of the related parties.

22. PARENT ENTITY INFORMATION

a) Summary of Financial Information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2014 \$	30 June 2013 \$
Current assets	2,313,696	3,946,146
Non-current assets	17,067,701	224,100
Total Assets	19,381,397	4,170,246
Current liabilities	4,396,440	172,013
Short term financial liabilities	-	-
Non-current liabilities	-	-
Total Liabilities	4,396,440	172,013
Contributed equity	19,005,683	5,079,783
Issued options	287,391	127,391
Share based payment reserve	114,117	-
Accumulated losses	(4,422,234)	(1,208,941)
Total Equity	14,984,957	3,998,233
Loss for the year	(3,213,292)	(648,362)
Total comprehensive loss for the year	(3,213,292)	(648,362)

b) Commitments and Contingent Liabilities of the Parent

The parent entity did not have any contingent liabilities or commitments, as at 30 June 2014 (30 June 2013: nil).

c) Guarantees entered into the Parent Entity

There were no guarantees entered into by the parent entity.

23. EVENTS OCCURRING AFTER THE REPORTING DATE

On 4 August 2014, \$120,907 was received as a full rebate on a Research and Development claim completed for Panda Hill Mining Pty Ltd, on exploration and evaluation expenditure incurred during 2013.

On 12 August 2014, PHM received USD\$2,391,529 from PHT for the actual July 2014 and forecast August 2014 Project costs incurred, in line with the executed Agreement with Tremont.

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

	30 June 2014 \$	30 June 2013 \$
Loss after income tax	(3,283,440)	(648,362)
Adjustments for non-cash movements:		
Depreciation and amortisation	-	1,501
Broker fees - options issued	60,000	-
Share based payment expense	287,367	-
Loss on remeasurement of financial liability	1,453,125	-
Provision for annual leave	12,210	-
Share of joint venture losses	77,420	-
Non-controlling interest	37	-
Change in operating assets and liabilities		
Decrease/(Increase) in trade and other debtors	(648,622)	(52,809)
(Decrease)/Increase in trade and other creditors	598,823	148,957
Net cash used in operating activities	(1,443,080)	(550,713)

25. EARNINGS PER SHARE

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

	30 June 2014 \$	30 June 2013 \$
Reconciliation of earnings to net loss		
Loss attributable to ordinary equity holders of the parent member	(3,283,440)	(648,362)
Loss attributable to non-controlling interest	37	-
	(3,283,403)	(648,362)
Loss used in calculating basic and diluted EPS	(3,283,403)	(648,362)
Basic and dilutive EPS (cents per share)	(3.71)	(2.09)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS	88,518,425	31,050,838

Options are potential ordinary shares that are non-dilutive and have therefore not been used to calculate the dilutive loss per share (refer note 15(b) for total options at 30 June 2014).

The cents per share calculations for the current and comparative periods have been adjusted to reflect the 3 for 4 share capital consolidation (refer note 15(a)).

26. DIRECTORS AND KEY MANAGEMENT PERSONNEL

Compensation of key management personnel

	30 June 2014 \$	30 June 2013 \$
Short term employee benefits	529,105	365,828
Termination benefits	12,000	40,106
Post-employment benefits	1,927	23,110
Share based payments	-	-
	543,032	429,044

The Directors of the Company declare that in their opinion:

1. The financial statements and notes, as set out in pages 31 to 65, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001;
 - b) are in accordance with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and
 - c) give a true and fair view of the Company's financial position as at 30 June 2014, and its performance for the year ended on that date.
2. The Directors have been given the declaration required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2014.
3. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.
4. Subject to achieving the matters set out in note 1.2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Grant Davey

Managing Director

Dated this 30 day of September 2014



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

Report on the financial report

We have audited the accompanying financial report of Cradle Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 1, 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 and fair presentation of the financial report 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 consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1.2 in the financial report. The matters set forth in Note 1.2 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cradle Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Gavin Buckingham
Partner
Perth
30 September 2014

STATEMENT ON CORPORATE GOVERNANCE

This statement reports on Cradle Resources Limited's ("the Company") key governance framework, principles and practices as at 30 June 2014 and has been approved by the Board.

ASX PRINCIPLES OF CORPORATE GOVERNANCE

The Company, as a listed entity, must comply with the Corporations Act 2001 (Cth), the Australian Securities Exchange Limited ("ASX") Listing Rules ("ASX Listing Rules"), and other laws applicable in Australia and in countries where the Company operates.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("ASX Principles") 2nd Edition released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

Recently, the ASX published a new edition of the ASX Principles (being the 3rd Edition). However, the 3rd Edition of ASX Principles and related amendments to ASX Listing Rules will only take effect for the Company on or after 1 July 2014. Accordingly, this Corporate Governance Statement is prepared in accordance with the 2nd Edition of ASX Principles. The Company will report in accordance with the 3rd Edition of ASX Principles and the relevant ASX Listing Rules for the financial year ending 30 June 2015.

COMPLIANCE WITH ASX PRINCIPLES OF CORPORATE GOVERNANCE

The Company's corporate governance practices were in place throughout the year ended 30 June 2014 and comply in all material respects with the ASX Principles unless otherwise stated.

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

Details of the Company's compliance with the ASX Principles are set out below.

Copies of corporate governance policies are accessible on the Company's website at www.cradleresources.com.au.

Principle 1: Lay Solid Foundations for Management and Oversight

1.1 Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.

The Board has established functions that are reserved for the Board, as separate from those functions discharged by the Managing Director and are summarised in the Company's Board Charter which is available on the Company's website. The responsibilities of the Board are outlined below.

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

The responsibilities of the Board include:

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

1.2 Companies should disclose the process for evaluating the performance of Senior Executives.

Evaluation of the Board and Managing Director is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

In addition to the above, the Company is not aware of any departure from Recommendations 1.1 or 1.2.

The Board Charter is publicly available at www.cradleresources.com.au and it includes a description of the matters that are reserved for the Board or senior executives respectively.

Principle 2: Structure the Board to Add Value**2.1** A majority of the Board should be independent Directors.

The Board consists of a Non-Executive Chairman, a Managing Director and two independent Non-Executive Directors. The Board considers that the composition of the existing Board is appropriate given the scope and size of the Company's operations and the skills matrix of the existing Board members.

2.2 The Chair should be an independent Director.

The Chairman, Mr Craig Burton, is not an independent Director, given that he is (indirectly) a substantial shareholder of the Company, however the Board considers that this is appropriate given the stage of development of the Company.

2.3 The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

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

2.4 The Board should establish a nomination committee.

Given the Company's size and the complexity of its affairs, it is not considered necessary to have a separate Nomination Committee. The Board as a whole will identify candidates and assess their skills in deciding whether an individual has the potential to add value to the Company. The Board may also seek independent advice to assist with the identification process.

A separate policy for Selection and Appointment of New Directors has been adopted by the Board which provides for the proper assessment of prospective directors and includes, but is not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities.

2.5 Companies should disclose the process for evaluating the performance of the Board its committees and individual directors.

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.

In addition to the above, the following information is provided:

The skills, experience and expertise of each of the Company's Directors are set out in the Directors' Report.

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a Director, then provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principal 3: Promote Ethical and Responsible Decision-Making**3.1** Companies should establish a code of conduct and disclose the code, or a summary as to:**3.1.1** The practices necessary to maintain confidence in the company's integrity;**3.1.2** The practices necessary to take into account legal obligations and reasonable expectations of stakeholders;**3.1.3** The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has established a formal code of conduct to guide the Directors, the Managing Director (or equivalent) and employees with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code of conduct is disclosed on the Company's website.

- 3.2** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving diversity for the Board to assess annually both the objectives and progress in achieving them.

The Company's policy regarding diversity is set out on the Company's website.

The Company's diversity policy does not include measurable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

- 3.3** Companies should disclose in each Financial Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

- 3.4** Companies should disclose in each Financial Report the proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board.

For the 2014 financial year, the Company had a total of 3 female employees or consultants (the Company Secretary, the Financial Controller, and Personal Assistant) out of a total of 9 board members, employees or consultants and contractors, however, the Company had no women on the Board.

- 3.5** Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Company is not aware of any departure from Recommendations 3.1 or 3.4.

The Company's diversity policy does not include measurable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

The Company's Code of Conduct and the Company's Diversity Policy are publicly available on the Company's website.

Principal 4: Safeguard Integrity of Financial Reporting

- 4.1** The Board should establish an Audit Committee.

- 4.2** The audit committee should be structured so that it: consists of only Non-Executive Directors, consists of a majority of independent Directors, is chaired by an independent Chair; who is not Chair of the Board and has at least three members

- 4.3** The audit committee should have a formal charter.

The Board considers that due to the size and complexity of the Company's affairs it does not merit the establishment of a separate audit committee. Until the situation changes the Board of Cradle Resources carries out any necessary audit committee functions.

The Board meets on a regular basis and discusses matters normally captured under the terms of reference of an audit committee, being company risk, controls and general and specific financial matters.

Principle 5: Make Timely and Balanced Disclosure

- 5.1** Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of them.

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance.

- 5.2** Provide the information indicated in Guide to reporting on Principle 5.

The Company is not aware of any departure from Recommendations 5.1 or 5.2.

A summary of the Company's policy on ASX Listing Rule Compliance is publicly available on the Company's website.

Principle 6: Respect the Rights of Shareholders

- 6.1** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at General Meetings and disclose their policy or a summary of that policy.

The Company has adopted policies formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications.

The Board encourages the attendance of shareholders at the General or Annual General Meetings and sets the time and place of each General or Annual General Meeting to allow maximum attendance by shareholders.

6.2 Provide the information indicated in Guide to reporting on Principle 6.

Details of how the Company will communicate with its shareholders publicly is set out under the heading "Shareholder Communication Policy" which is publicly available on the Company's website.

The Company is not aware of any departure from Recommendations 6.1 or 6.2.

Principle 7: Recognise and Manage Risk

7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board of Directors is responsible for overseeing and approving policies for the management and oversight of material business risks, internal compliance and internal controls. The objectives of Cradle's risk management program are contained in the Risk Management and Internal Compliance and Control Policy which is available on the Company's website.

7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks, and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Company has in place a system of risk management that identifies and categorises and manages material business risks faced by the Company.

The Board has delegated responsibility for establishing and maintaining effective management strategies for material business risk to the Managing Director. The Board requires that the Managing Director reports regularly as to the effectiveness of the Group's risk management systems.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities. The Board of Directors reviews the business and financial risk management systems and internal control systems implemented by management to obtain reasonable assurance that the entity's assets are safeguarded and that the reliability and integrity of its financial information is maintained. The Board will review, at least annually, the effectiveness of the Group's risk management systems.

7.3 Board to disclose whether it has received assurance from the Managing Director (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with S.295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Managing Director and Financial Controller provide the Board the assurance in compliance with this recommendation that the declaration provided in accordance with S.295A of the Corporations Act was founded on a sound system of risk management and internal control and that system was operating effectively in all material respects in relation to financial reporting risks.

7.4 Provide the information indicated in Guide to reporting on Principle 7.

The Company is not aware of any departure from Recommendations 7.1, 7.2 or 7.3 although notes it is continuing to develop and refine its risk management and internal control processes.

A copy of the Company's policies on risk oversight and management of material business risks is publicly available under the heading "Risk Management and Internal Compliance and Control Policy".

Principle 8: Remunerate Fairly and Responsibly

8.1 The Board should establish a remuneration committee.

8.2 The remuneration committee should be structured so that it:

- consists of a majority of independent Directors
- is chaired by an independent Chair
- has at least three members

The Board considers that due to the size and complexity of the Company's affairs it does not merit the establishment of a separate remuneration committee. Until the situation changes the Board of Cradle Resources will carry out any necessary remuneration committee functions. The Board undertakes this role with the assistance of any external advice which may be required from time to time.

8.3 Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.

The Company has separate policies relating to the remuneration of Non-Executive Directors as opposed to Executive Directors and Senior Executives. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

The level of remuneration packages and policies applicable to directors are detailed in the Remuneration Report which forms part of the Directors' Report in this Financial Report.

8.4 Provide the information indicated in Guide to reporting on Principle 8.

Non- Executive Director Retirement Benefits

Non-Executive Directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for Non-Executive Directors.

Limiting Risk

Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

Principle	Reference in the Company's Corporate Governance Statement
Principle 1 - Lay solid Foundations for Management and Oversight	
Companies should establish and disclose the respective roles and responsibilities of Board and Management.	
<ul style="list-style-type: none"> • Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions. 	See pg 69
<ul style="list-style-type: none"> • Recommendation 1.2: Companies should disclose the process for evaluating the performance of Senior Executives. 	
Principle 2 - Structure the Board to Add Value	
Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.	
<ul style="list-style-type: none"> • Recommendation 2.1: A majority of the Board should be independent Directors. 	
<ul style="list-style-type: none"> • Recommendation 2.2: The Chair should be an independent Director. 	See pg 70
<ul style="list-style-type: none"> • Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual. 	
<ul style="list-style-type: none"> • Recommendation 2.4: The Board should establish a nomination committee. 	
<ul style="list-style-type: none"> • Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors. 	
Principle 3 - Promote Ethical and Responsible Decision-Making	
Companies should actively promote ethical and responsible decision-making.	
<ul style="list-style-type: none"> • Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> - the practices necessary to maintain confidence in the Company's integrity. - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	See pg 70
<ul style="list-style-type: none"> • Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. 	
<ul style="list-style-type: none"> • Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. 	
<ul style="list-style-type: none"> • Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board. 	
<ul style="list-style-type: none"> • Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3. 	

Principle 4 - Safeguard Integrity in Financial Reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- **Recommendation 4.1:** The Board should establish an audit committee.
- **Recommendation 4.2:** The audit committee should be structured so that it:
 - consists only of Non-Executive Directors
 - consists of a majority of independent Directors
 - is chaired by an independent Chair, who is not chair of the Board
 - has at least three members.
- **Recommendation 4.3:** The audit committee should have a formal charter.

See pg 71

Principle 5 - Make Timely and Balanced Disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

- **Recommendation 5.1:** Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Executive level for that compliance and disclose those policies or a summary of those policies.
- **Recommendation 5.2:** Companies should provide the information indicated in the Guide to reporting on Principle 5.

See pg 71

Principle 6 - Respect the Rights of Shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

- **Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
- **Recommendation 6.2:** Companies should provide the information indicated in the Guide to reporting on Principle 6.

See pg 71

Principle 7 - Recognise and Manage Risk

Companies should establish a sound system of risk oversight and management and internal control.

- **Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- **Recommendation 7.2:** The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.
- **Recommendation 7.3:** Board to disclose whether it has received assurance from the Managing Director (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with S.295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- **Recommendation 7.4:** Companies should provide the information indicated in the Guide to reporting on Principle 7.

See pg 72

Principle 8 - Remunerate Fairly and Responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- **Recommendation 8.1:** The Board should establish a remuneration committee.
- **Recommendation 8.2:** The remuneration committee should be structured so that it:
 - consists of a majority of independent Directors
 - is chaired by an independent Chair
 - has at least three members.
- **Recommendation 8.3:** Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.
- **Recommendation 8.4:** Companies should provide the information indicated in the Guide to reporting on Principle 8.

See pg 72

EXCHANGE LISTING

Cradle Resources Limited shares and listed options are listed on the Australian Securities Exchange. The Company's ASX codes are CXX and CXXO.

SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 30 September 2014

Name of Shareholder	Total Number of Voting Shares in Cradle Resources Limited in Which the Substantial Shareholders and Their Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Craig Burton	23,600,000	18.33%
Edwards Family Holdings Ltd	13,400,000	10.41%
Grant Davey	12,960,000	10.07%
Arredo Pty Ltd (Ian Middlemas)	12,300,000	9.56%
Brett Mitchell	8,640,000	6.71%

CLASS OF SHARES AND VOTING RIGHTS

At 30 September 2014 there were 668 holders of 128,727,617 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

The number of shareholders holding less than a marketable parcel is 0.

LISTED OPTIONS

As at 30 September 2014

Securities	Number of Securities on Issue	Number of Holders	Name of Holders Holding More Than 20% of Listed Options	Number Held
Listed options exercisable at \$0.2667 on or before 24 January 2014	17,947,506	289	-	-

UNLISTED OPTIONS

As at 30 September 2014

Securities	Number of Securities on Issue	Number of Holders	Name of Holders Holding More Than 20% of Unlisted Options	Number Held
Unlisted options exercisable at \$0.2667 on or before 31 May 2016	7,687,500	6	Westoria Resource Investments Limited	3,000,000
			Kingslane Pty Ltd <Cranston Super Fund A/C>	2,250,000

PERFORMANCE RIGHTS

As at 30 September 2014

Securities	Number of Securities on Issue	Number of Holders	Name of Holders Holding More Than 20% of Performance Rights	Number Held
Performance Rights	1,837,500	2	Keith Bowes	1,050,000
			Russell Bradford	787,500

ESCROWED SECURITIES

The Company currently has the following securities subject to ASX imposed escrow:

56,250,000 Ordinary Shares escrowed until 1 August 2015

18,750,000 Class B Performance Shares escrowed until 1 August 2015

CASH USAGE

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

LISTING OF 20 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2014

	Shareholder	Shares Held	% of Shares
1	VERONA CAPITAL PTY LTD	22,725,000	17.65%
2	EDWARDS FAMILY HOLDINGS LTD	13,400,000	10.41%
3	ARREDO PTY LTD	12,300,000	9.56%
4	AVIEMORE CAPITAL PTY LTD	10,800,000	8.39%
5	MR BRETT MITCHELL & MRS MICHELLE MITCHELL <MITCHELL SPRING FAMILY A/C>	4,320,000	3.36%
6	DAVEY MANAGEMENT (AUS) PTY LTD < DAVEY FAMILY SUPER FUND>	3,240,000	2.52%
7	DAVEY HOLDINGS (AUS) PTY LTD	3,240,000	2.52%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,956,370	2.30%
9	KAMIRA INVESTMENTS PTY LTD <THE FW A/C>	2,638,706	2.05%
10	WESTORIA RESOURCE INVESTMENTS LTD	2,250,000	1.75%
11	KINGSLANE PTY LTD <CRANSTON SUPERANNUATION A/C>	2,077,504	1.61%
12	ALBA CAPITAL PTY LTD <BURTON SUPER FUND A/C>	2,000,000	1.55%
13	AFM PERSEUS FUND LIMITED	1,600,000	1.24%
14	CITICORP NOMINEES PTY LIMITED	1,456,185	1.13%
15	CARJAY INVESTMENTS PTY LTD	1,250,000	0.97%
16	ANTHONY WAYNE LINDSAY TUCKER	1,200,000	0.93%
17	IVORYROSE HOLDINGS PTY LTD <ASHFORTH SUPER FUND A/C>	1,125,000	0.87%
18	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,064,117	0.83%
19	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,000,000	0.78%
20	CAPITAL DRILLING (MAURITIUS) LTD	1,000,000	0.78%
	Total	91,642,882	71.19%

DISTRIBUTION OF SHAREHOLDERS

Spread of Holdings	Number of Ordinary Shareholders
1 - 1,000	11
1,001 - 5,000	72
5,001 - 10,000	169
10,001 - 100,000	312
100,001 and over	104
Total	668

LISTING OF 20 LARGEST LISTED OPTION HOLDERS AS AT 30 SEPTEMBER 2014

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

	Option Holders	Options Held	% of Options
1	KINGSLANE PTY LTD	1,175,625	6.55%
2	ALBA CAPITAL PTY LTD	1,000,000	5.57%
3	COLBERN FIDUCIARY NOMINEES PTY LTD	1,000,000	5.57%
4	TIGER WYNNE PTY LTD	808,000	4.50%
5	ZENIX NOMINEES PTY LTD	562,500	3.13%
6	IVORYROSE HOLDINGS PTY LTD	562,500	3.13%
7	KINGSLANE PTY LTD	548,550	3.06%
8	MR NICHOLAS SIMON DRAPER & MRS MELINDA JANE DRAPER	511,250	2.85%
9	GRID INVESTMENTS PTY LTD	500,000	2.79%
10	NEFCO NOMINEES PTY LTD	500,000	2.79%
11	MR PETER JAMES AVERY	500,000	2.79%
12	MR JOHN TOLL	455,000	2.54%
13	MR JEREMY TOBIAS	408,180	2.27%
14	MR DANIEL JOHN BAHEN	405,000	2.26%
15	JOMOT PTY LTD	400,000	2.23%
16	THIRD REEF PTY LTD	399,375	2.23%
17	MR THOMAS CLEMENT BAHEN	378,750	2.11%
18	INVICTUS CAPITAL PTY LTD	330,007	1.84%
19	MR CRAIG STUART DEW & MRS TIFFANY LOUISE DEW	300,000	1.67%
20	MR GRAHAM ROGERS & MRS MEREDITH COOK	299,625	1.67%
	Total	11,044,362	61.54%

DISTRIBUTION OF OPTION HOLDERS

Spread of Holdings	Number Listed Option Holders
1 - 1,000	2
1,001 - 5,000	97
5,001 - 10,000	79
10,001 - 100,000	75
100,001 and over	36
Total	289

TENEMENT SCHEDULE

Panda Hill Tenement Schedule

Tenement	Area (km ²)	Status	Expiry
ML237/2006	4.96	Granted	15 Nov 2016
ML238/2006	7.704	Granted	15 Nov 2016
ML239/2006	9.498	Granted	15 Nov 2016

Wyloo Iron & Gold Project Tenement Schedule

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



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