Cradle Resources Limited and Controlled Entities

ACN 149 637 016

FINANCIAL REPORT
30 JUNE 2015

Contents

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
Principal Place of Business and Registered Office	Level 7, 1008 Hay Street Perth WA 6000 Telephone: +61 8 9389 2000 Facsimile: +61 8 9389 2099
Solicitors	GTP Legal Level 1, 28 Ord Street West Perth WA 6005 Telephone: +61 8 6555 1866
Auditors	Ernst & Young 11 Mounts Bay Road Perth WA 6000 Telephone: +61 8 9429 2222
Share Registry	Link Market Services Limited Ground Floor, 178 St Georges Terrace Perth WA 6000 Australian Telephone: 1300 554 474 International Telephone: +61 1300 554 474 www.linkmarketservices.com.au
Stock Exchange Listing	Australian Securities Exchange Limited ASX Code : CXX
Website	www.cradleresources.com.au

Directors' Report

The Board of Directors of Cradle Resources Limited ("Cradle" or "the Company") submits its report on the Company for the year ended 30 June 2015.

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
Craig Burton	Non-Executive Chairman	16 September 2013
Grant Davey	Managing Director	15 April 2013 (Non-Executive Director) 24 July 2013 (Managing Director)
Didier Murcia	Non-Executive Director	14 August 2013
Evan Cranston	Non-Executive Director	28 June 2011

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 $19,687,367 as at 30 June 2014 to $26,195,712 as at 30 June 2015.

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 $3,964,019 (2014: $3,283,403).

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 $2,351,093 (2014: $2,054,453). 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 November 2014, Tremont Investments Limited exercised its right to acquire a further 12.5% of the Panda Hill Niobium Project ("the Project") for a further, second tranche of US$5 million (A$5.75 million) investment (taking Tremont's interest to 25% in total as at November 2014).

The Annual General Meeting of the Company was held on 28 November 2014, seeking shareholder approval of the following resolutions:

- Adoption of Remuneration Report;
- Re-election of Director – Mr Evan Cranston;
- Authority to Grant Incentive Options to a Director – Mr Evan Cranston;
- Authority to Grant Incentive Options to a Director – Mr Didier Murcia;
- Ratification of Prior Placement;
- Section 195(4) Approval; and
- Approval of 10% Placement Facility.

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

In December 2014, the Company issued 2,000,000 unlisted share options exercisable at $0.25 and expiring on 31 October 2018 to two of the Company's non-executive directors, Mr Evan Cranston and Mr Didier Murcia, by way of incentive.

In March 2015, the Company appointed a niobium offtake sales and marketing expert, Mr Claude Dufresne, to assist the Company in securing offtake agreements for the sale of ferroniobium to be produced by the Panda Hill Niobium Project. The Company also engaged Argonaut Securities with the mandate to provide financial and corporate advisory services to the Company.

In May 2015, Tremont Investments Limited exercised its right to acquire a further 12.5% of the Panda Hill Niobium Project for a further, third tranche of US$5 million (A$6.25 million) investment (taking Tremont's interest to 37.5% in total as at May 2015).

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date:

- 56,250,000 fully paid ordinary shares and 18,750,000 Class B Performance Shares were released from ASX imposed escrow, for which the Company sought quotation for the 56,250,000 fully paid ordinary shares.
- Mining Licences renewed by the Ministry of Energy and Minerals, Tanzania, for a further 10 years to November 2026.
- Environmental and Social Impact Assessment Certificate issued for the Project by the Tanzanian National Environment Management Council.

TECHNICAL ACTIVITY

General Project Update

The 2015 financial year was a significant milestone for the Company with the completion of two major drilling campaigns in the second half of 2014 and the release of the Pre-Feasibility Study ("PFS") in March 2015. The new drilling enabled two Mineral Resource updates to be undertaken (December 2014 and April 2015), with the PFS being based upon the December Mineral Resource update. The April Mineral Resource update will be used for the Definitive Feasibility Study ("DFS") due in the 4th quarter 2015.

Based upon the positive results of the PFS, the Feasibility Study was commenced in 2015 with major activities including a site visit by consultants, commencement of geotechnical and water bore drilling, process selection and the shipment of 75 tonne of bulk sample to SGS Lakefield, Canada.

Pre-Feasibility Study

Cradle announced its PFS for the Panda Hill Niobium Project in south western Tanzania as planned during the March 2015 quarter, with an update in July 2015. The updated PFS was based on a nominal 2 million tonne per annum ("Mtpa") mining operation producing ferroniobium for direct sale to the steel mills. Highlights included an NPV_{10} of US$424M, an IRR of 38% and LoM average EBITDA of US$90M per annum. The PFS announcement (31 March 2015) is available on www.cradleresources.com.au.

ASX/JORC Cautionary note: Cradle advises that the PFS results and production targets reflected in this report are preliminary in nature as conclusions are drawn from partly from Indicated Mineral Resources and partly from Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources or that the production target itself will be realised.

Definitive Feasibility Study

The Company commenced its DFS on the Panda Hill Niobium Project at the beginning of March 2015 with planning and scoping of the key activities. The results from the Phase 2 drill program undertaken in the last quarter of 2014 allowed an early start to the resource work, with the Mineral Resource model being finalised and currently being used by the mining consultants for the Whittle pit optimisation work.

The key consultants for the DFS were selected during the quarter (Table 1 below) and a project kick-off meeting was held in Johannesburg, followed by a project site visit in mid-May 2015. The high level schedule for the DFS is shown in Figure 1 below. The study work is planned for completion in Q4 2015.

Site works recommenced with geotechnical drilling and trenching (Figure 2 below) being undertaken in the region of the process plant to the north of Panda Hill and in the region of the tailings dam to the east of Panda Hill. Set up for hydrological drilling in the region of the proposed tailings facility also took place. A total of 13 diamond geotechnical holes were completed for 318.5m (these holes were drilled to obtain HQ core and SPT Shelby tube samples), along with a number of pits/trenches for collecting undisturbed samples. The shipping of the geotechnical samples to the Johannesburg laboratory has been completed.

A Vertical Electronic Sounding (VES) survey was undertaken in the Panda Hill region to identify areas for potential groundwater extraction. A total of 6 sites have been identified for monitoring wells around the proposed tailings facility and a further 3 holes have been proposed to test for groundwater extraction.

The mini pilot plant test was completed during the period with the results used to optimise the set-up and operation of the integrated pilot test which commenced in late July 2015. The 75 tonne of pilot plant bulk sample arrived at the SGS facilities in Lakefield, Canada in late June and has been prepared for the integrated pilot test work.

In addition to the above activities, the following studies and activities are also ongoing as part of the DFS:

- Open the pit designs based on the updated Mineral Resource Estimate and Whittle shells
- Process plant engineering
- Optimisation and preliminary design of the proposed tailings storage facility ("TSF")
- Site water investigations to finalise water management strategies
- Environmental and Social Impact Assessment ("ESIA") approval process (documents submitted at end of May 2015)
- Project financing

Directors' Report

Area		Consultants
Mineral Resource		Coffey
Geotechnical		SRK
Mining		SRK
Metallurgical testwork		SGS Lakefield
Engineering	Infrastructure	MDM
	Mill-float plant	MDM
	Converter	MDM / Keech Technologies
Tailings		SLR Consulting
Water		SLR Consulting
ESIA		MTL Consulting

Table 1: Key DFS Consultants.

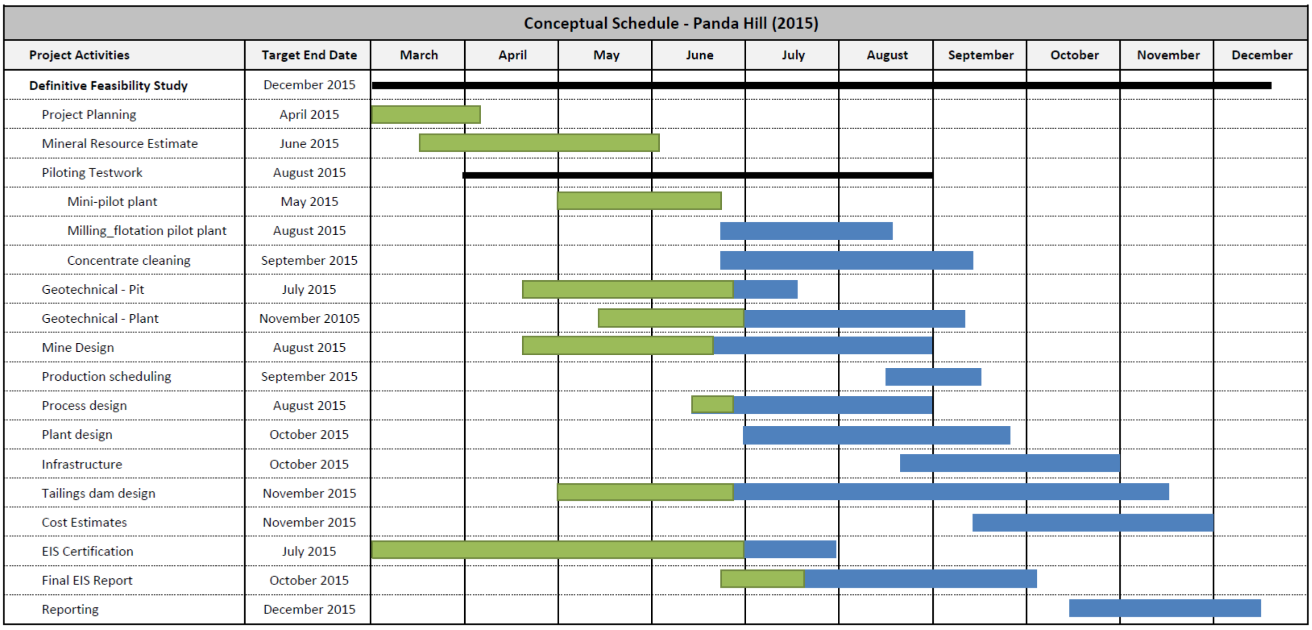

Figure 1: Panda Hill Feasibility Study Schedule.

Directors' Report

Figure 2: Showing hydrological drilling near the base of Panda Hill (top left), drilling for geotechnical samples in the TSF region (top right), geotechnical core samples (bottom left) and carpenters preparing boxes to transport the samples to South Africa (bottom right).

Panda Hill April 2015 Mineral Resource Update

Two Mineral Resource updates were undertaken during the reporting period; the December 2014 Mineral Resource incorporated the results of Cradle drilling up to October 2014 (10,818m) and was used for the PFS ; and the April 2015 Mineral Resource update which included the results of all Cradle drilling on the Project (20,142m). The drilling for the April 2015 Mineral Resource upgrade was finalised in December 2014 and was designed to infill a portion of the deposit to measured category and to define additional Indicated Mineral Resources in the core of the deposit.

The April 2015 Mineral Resource estimate was the first to declare Measured Mineral Resources for the deposit. This update incorporated the results of an additional 9,324m of drilling that was not available for the December 2014 Mineral Resource update. In total 46 diamond and 98 RC holes drilled by Cradle from 2013 to December 2014 with 11,400 samples taken for 20,100m drilled, plus 33 historic diamond holes for 2,389m were used in the estimate.

The 2015 Mineral Resource was undertaken by the independent mining consultants Coffey Mining (Perth) and was estimated using Multiple Indicator Kriging ("MIK") on 2m composites with a 25m x 25m x 5m (X x Y x Z) panel to generate a recoverable estimate emulating an Selective Mining Unit ("SMU") of 6.25m x 12.5m x 5m. The MIK method incorporates increased mining selectivity and internal dilution for a planned SMU. The Mineral Resource was reported in accordance to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2012 Edition ("JORC 2012"). The updated total Mineral Resource contained 178Mt at 0.50% Nb_2O_5 for 891kt of contained Nb_2O_5 reported at a 0.3% Nb_2O_5 cut off

Directors' Report

The updated April 2015 Mineral Resource is summarised below in Table 2 by weathering type and the area of the Mineral Resource is shown in Figure 3 and example sections are in Figures 4 and 5.

Table 2: Panda Hill Niobium Project - April 2015 Mineral Resource (April 30, 2015)
MIK Estimate with an SMU of 6.25m x 12.5m x 5m
Reported Above a 0.3% Nb_2O_5 Lower Cut-off

Classification	Million Tonnes	Nb_2O_5 %	Nb_2O_5 Content (kt)
Combined			
Measured	16	0.63	99
Indicated	53	0.50	263
Inferred	109	0.48	528
Total	**178**	**0.50**	**891**
Primary Carbonatite[1]			
Classification	Million Tonnes	Nb_2O_5 %	Nb_2O_5 Content (kt)
Measured	14	0.62	84
Indicated	50	0.49	247
Inferred	103	0.48	496
Total	**167**	**0.50**	**828**
Weathered Carbonatite[2]			
Classification	Million Tonnes	Nb_2O_5 %	Nb_2O_5 Content (kt)
Measured	2	0.67	15
Indicated	3	0.53	15
Inferred	6	0.52	32
Total	**11**	**0.55**	**63**

Note: Figures have been rounded. [1] Primary Carbonatite is defined as a region of fresh to Moderately Oxidised material dominated by carbonatite lithologies. This material is expected to have a higher metallurgical recovery. [2] Weathered Carbonatite is a region dominated by strongly oxidised material comprising weathered carbonatite with other mixed lithologies. This material is expected to have a lower recovery than the Primary Carbonatite material.

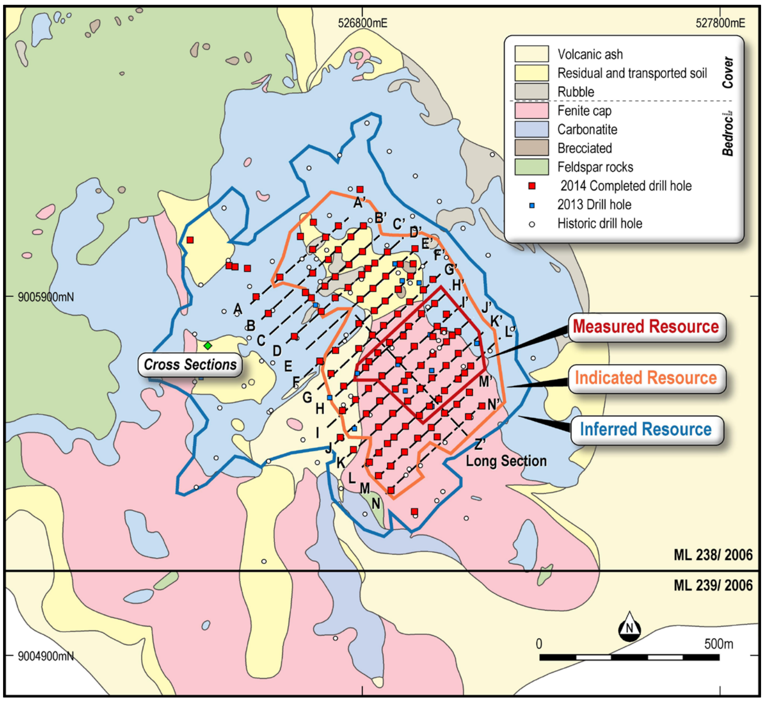

Figure 3: Geology plan showing the 2015 Mineral Resource regions. The regions in blue (carbonatite) and pink (Fenite Cap) are both highly prospective with field mapping showing carbonatite and magnetite-carbonatite outcrop contained with many of these areas.

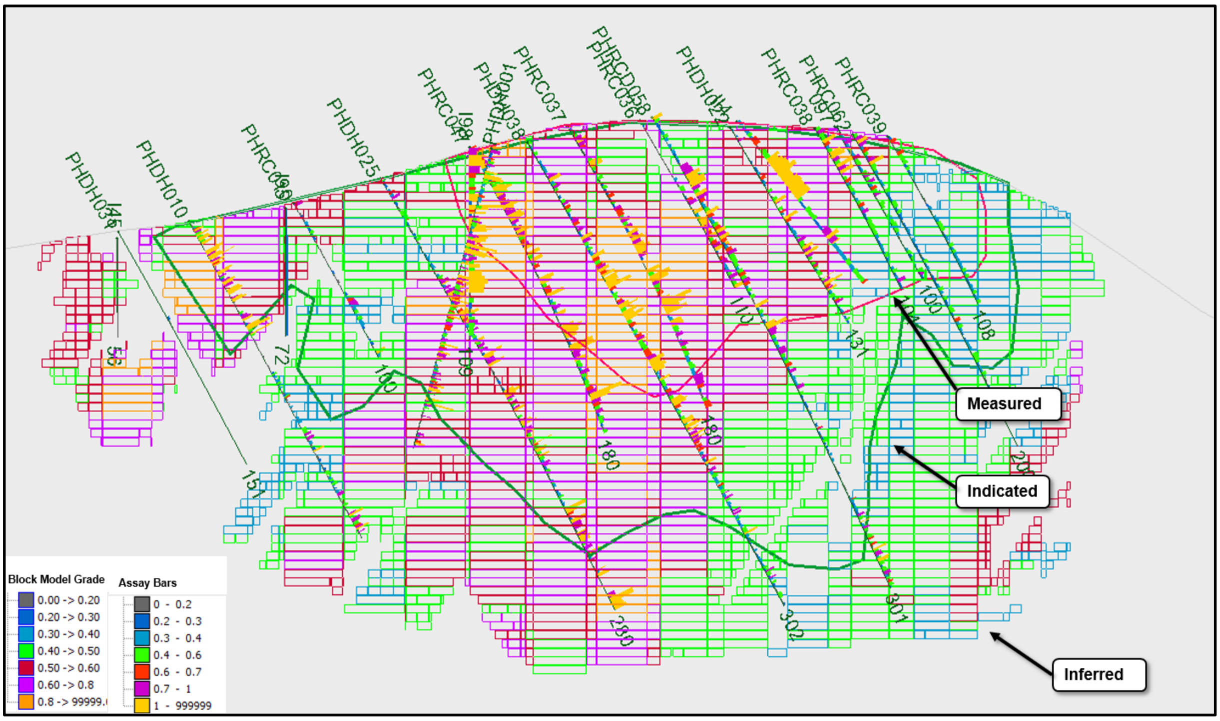

Figure 4: Cross-section (J) showing block model grade (above 0.3% SMU), drill-hole grade bars and resource classification.

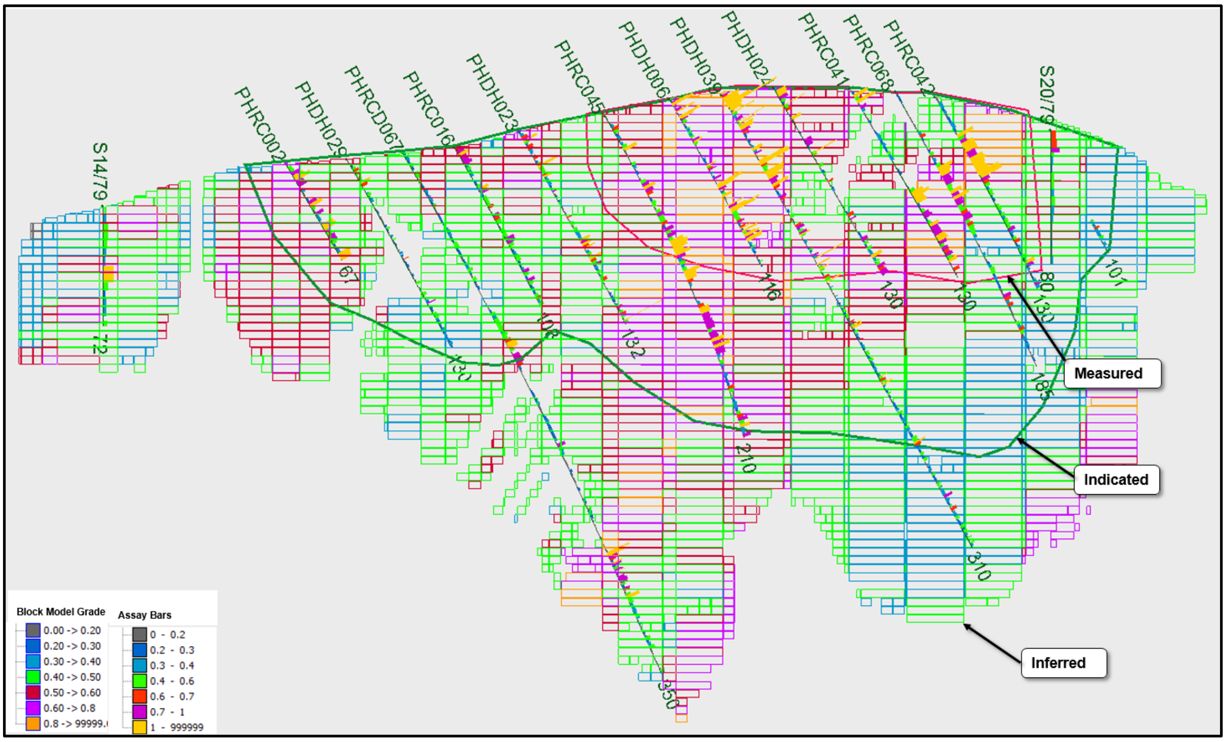

Figure 5: Cross-section (K) showing block model grade (above 0.3% SMU), drill-hole grade bars and resource classification.

Governance Arrangements for Mineral Resources

Cradle ensures that the Mineral Resource and Technical Study estimates are subject to industry standard levels of governance and internal controls. The Mineral Resource Estimates and Technical Studies are currently undertaken by competent and qualified independent external professionals and reviewed by Cradle's technical staff. These reviews have not identified any material issues and are undertaken as part of a standard risk assessment.

Cradle reports its Mineral Resources and Technical Studies on at least an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("the JORC Code") 2012 Edition. Competent Persons named by the Company are Members or Fellows of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or appropriate recognised institutions and qualify as Competent Persons as defined in the JORC Code.

Comparison to 2014 Annual Report Mineral Resources

As a result of drilling activities (20,142m of RC and Diamond drilling) and updated geological understanding of the mineralisation undertaken by Cradle in 2014, a significant increase in Mineral Resources has been achieved. The Mineral Resource update dated 30 April 2015 contains 178Mt at 0.5% Nb_2O_5 for 891kt of contained Nb_2O_5 – which represents a 218% increase in tonnage and 211% increase in contained metal to the Mineral Resource (dated October 2013 – 81.8Mt @ 0.52% Nb_2O_5 for 423kt of contained Nb_2O_5) reported in the 2014 Annual Report. Additionally, the 2015 Mineral Resource contained Measured Mineral Resources for the first time (16Mt @ 0.76% Nb_2O_5).

Table 3 summarises the Mineral Resources reported in the 2014 Annual Report.

Table 3: Panda Hill Niobium Project
Superseded October 2013 Mineral Resource – As reported in the 2014 Annual Report
In Situ Mineral Resource using Preferred Cut-off (0.3%) – Ordinary Kriged

Combined Carbonatite			
Classification	Mt	Nb_2O_5%	Nb_2O_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_2O_5%	Nb_2O_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_2O_5%	Nb_2O_5 Content (kt)
Inferred	67.8	0.47	319
Indicated	3.2	0.52	17
Total	**71.1**	**0.47**	**336**
Note: Figures have been rounded.			

Directors' Report

Exploration Target

In addition to the April 2015 Mineral Resource, exploration work during 2014 and 2015 enabled for an Exploration Target* of between 200Mt to 400Mt at a grade of between 0.4% and 0.6% Nb_2O_5 to be determined in April 2015 (see announcement 23 April 2015). The Exploration Target covers the region outside of the boundary of the current Mineral Resource (Figure 6). Cradle has drill tested only a third of the carbonatite outcrop to date, and the deposit is still sparsely drilled towards the south, the north, and the west, and is open at depth (Figures 3 and 6). Geological mapping undertaken by Cradle in 2014 of the broader carbonatite has shown that many of regions previously mapped as Fenite (pink in Figures 3 and 6) contain outcrops of carbonatite and magnetite-carbonatite which are mineralised at surface. These regions have the potential to allow for lateral expansion of the current Mineral Resource.

**JORC statement: The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve. Work activities including mapping, chip sampling and drilling are expected to be undertaken in 2015 and 2016.*

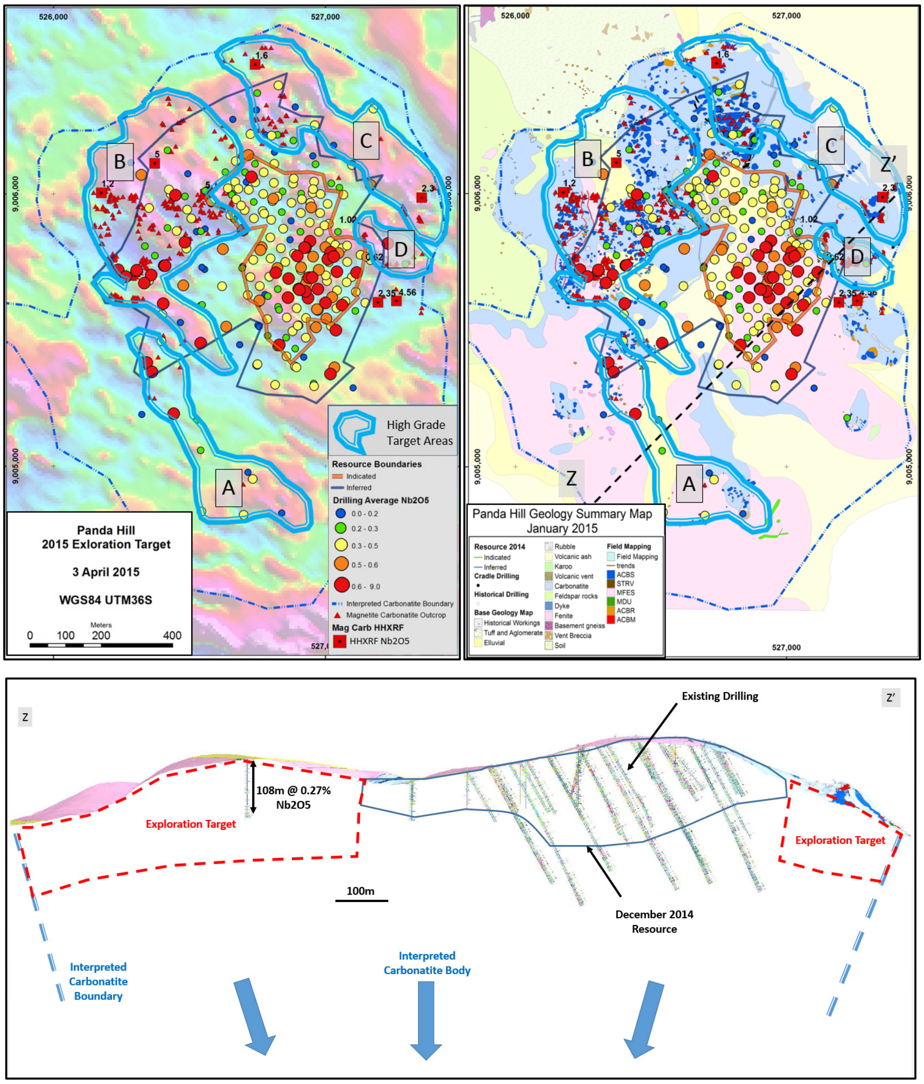

Figure 6: Top: The Exploration Target is contained within the boundary of the carbonatite and outside of the shadow of the current Mineral Resources. Target regions for potential high-grade mineralisation identified from a combination of mapping, drilling and air-borne magnetic data. The first derivative magnetic data (left hand side) shows magnetic trends that have a high correlation to mapped mineralised magnetite-carbonatite outcrop (right hand side). Both images show average drill-hole grade or pitting (circles), mapped magnetite carbonatite exposure (red triangles), magnetite carbonatite handheld XRF samples (HHXRF – red squares - % Nb_2O_5). Bottom: Example cross section (Z-Z') showing the region of the exploration target with a nominal 200m depth.

Directors' Report

Exploration and Mineral Resource Activity

The financial year ended 30 June 2015 saw major field works being undertaken on the Panda Hill Niobium Project. A total of 18,439m of RC and diamond drilling in 131 drill holes was undertaken to expand on the then known resource endowment, and to infill drill to allow for Indicated and Measured Resources to be defined.

The Mineral Resource definition drilling was successful and allowed for the discovery of the high-grade Angel Zone (Figures 7 to 10) in the central portion of the deposit. The Angel Zone is characterised by continuous high-grade niobium mineralisation (>0.6% Nb_2O_5) with widths of up to several hundred metres. The niobium mineralisation within the Angel Zone is characterised by magnetite and maghemite rich carbonatite and fresh to moderate weathering. High-grades of up to 3% Nb_2O_5 are associated with magnetite-rich zones, which are interpreted to be contiguous for hundreds of metres.

Additional field activities undertaken included detailed mapping and sampling of the carbonatite exposure, a geophysical survey over the broader tenement area, survey pickup of drill holes and key infrastructure points, re-establishment of the license boundaries, and a LIDAR topographic survey.

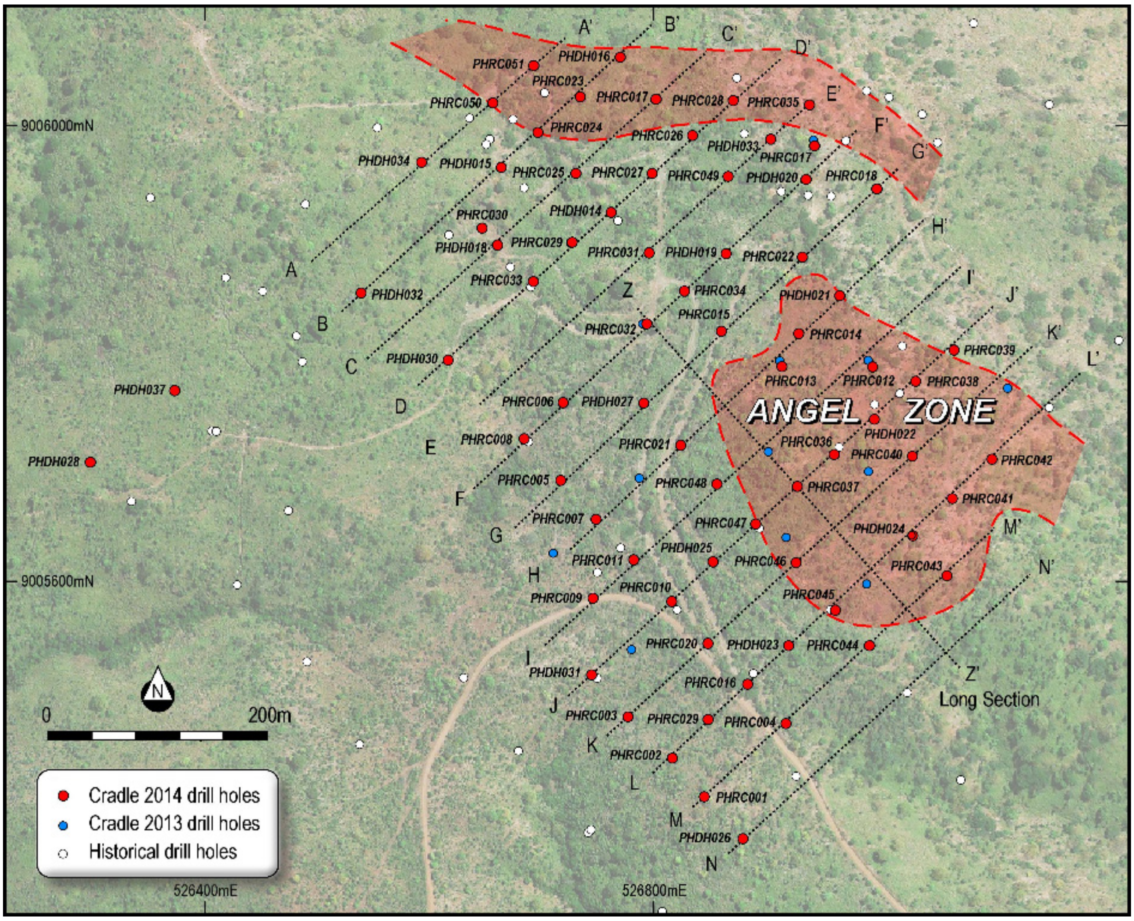

Figure 7: Panda Hill Mineral Resource drilling region showing the location of drill holes used for the December Mineral Resource, 2014 holes are shown in red and 2013 drill holes are shown in blue. Refer to section lines for subsequent figures. The approximate surface projection of the Angel Zone is shown in red to the south. Other mineralised zones inside the resource area are omitted for clarity.

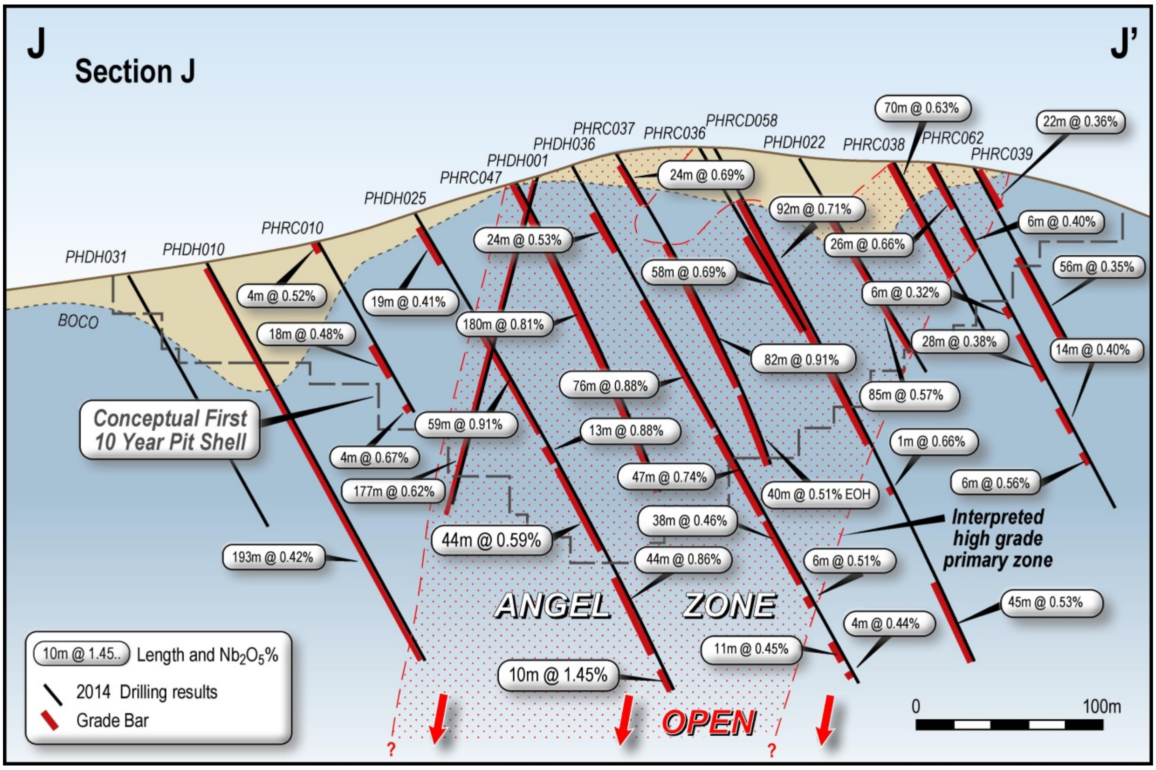

Figure 8: Section J with 2014 drill holes (thick black lines) showing returned results and conceptual 10 yr pit outline.

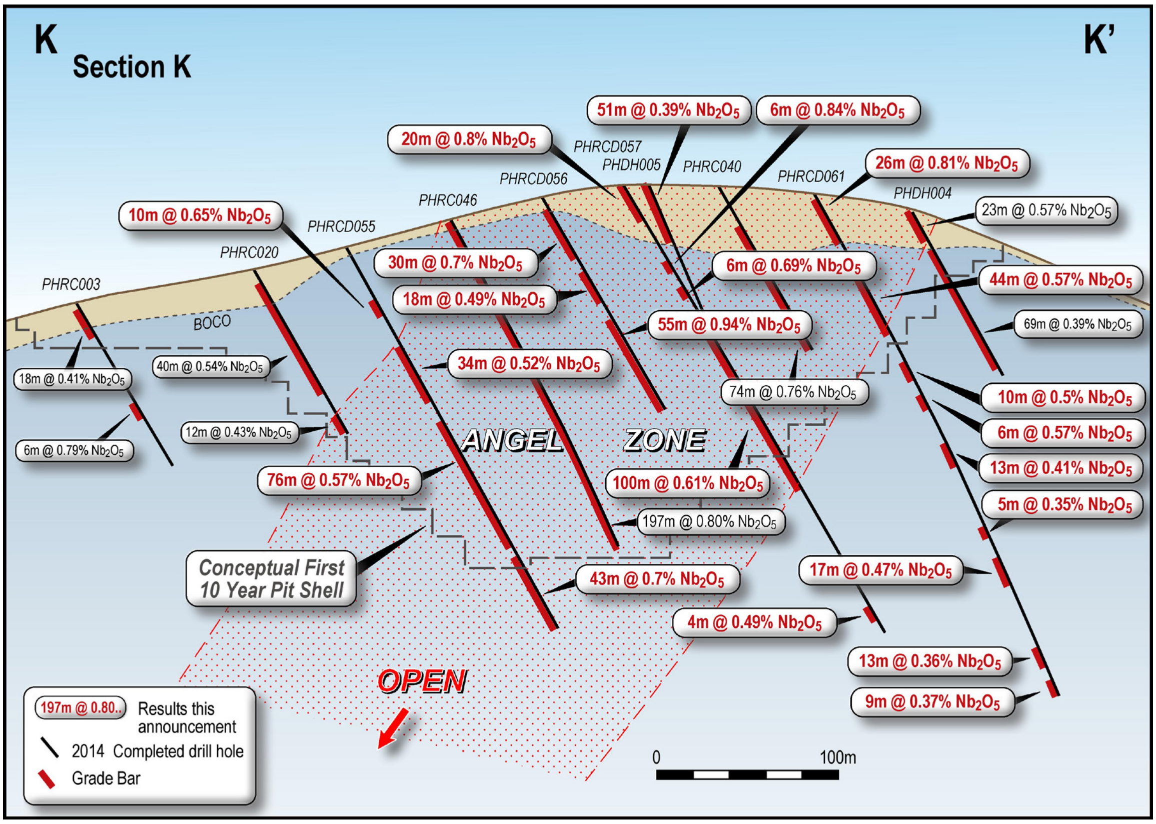

Figure 9: Section K with 2014 drill holes (thick black lines) showing returned results and the interpreted trend of the Angel Zone.

Directors' Report

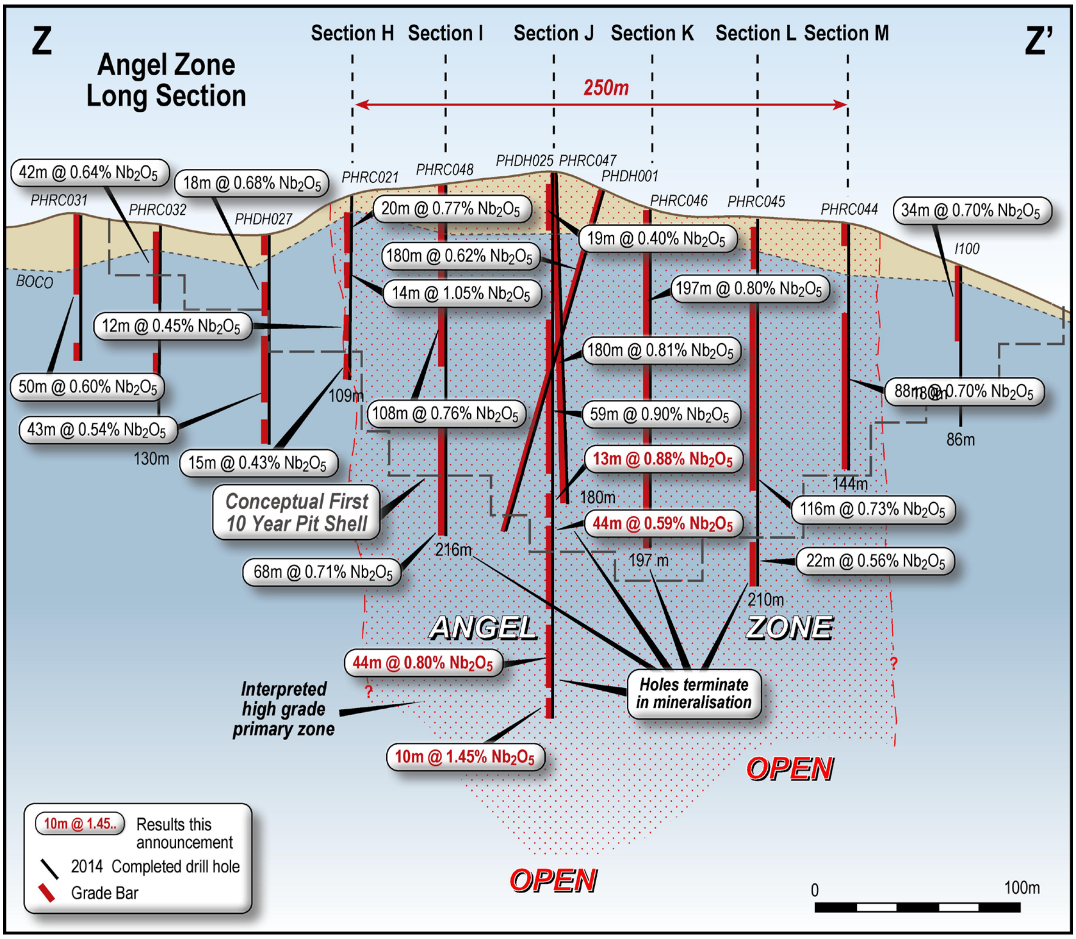

Figure 10: Long-Section showing projection of the Angel Zone.

Mining and Engineering Activity

The main focus for the period was on the PFS activities. This included the metallurgical test work program, the option study to select the preferred go-forward option and preliminary engineering and cost estimates for the selected option, along with the PFS reporting requirements. In the June quarter the DFS activities kicked off, specifically the following activities were undertaken during the financial year ended 30 June 2015:

Metallurgical Test Work - PFS

- The first phase development program consisted of 86 open circuit tests, 8 locked cycle tests, and gravity/magnetic separation tests completed on 8 different material types that make up the 3 mineral zones in the deposit.
- The second phase optimisation program was completed on blends of the 3 mineral zones with the work focused on using the optimised conditions from the test work undertaken on the moderately oxidised material and using this as the base for the optimisation of the fresh and oxidised materials.
- Locked cycle tests were also undertaken one each of the material types using the optimised conditions.
- A total of 56 open circuit tests and 7 locked cycle test were completed as part of this program.
- Reporting of both the first and second phase programs was also completed during the period.
- Collection of a 75 tonne sample was done onsite. This was made up of material representative of the fresh carbonatite, moderately oxidised carbonatite and oxidised carbonatite.

Metallurgical Test Work - DFS

- The variability test work program was completed with 34 individual samples tested. The program consisted of sample characterisation including head assays and mineralogy, a comminution program and open circuit batch flotation test work.
- A mini-pilot plant campaign was undertaken using 5 tonnes of drill samples. The plant was split in that the front end of the circuit (milling through to niobium rougher flotation) and the niobium cleaner flotation circuit were run independently due to equipment size and sample availability constraints. The results and learnings from the work have been used to optimise the set-up and define the operating strategy for the integrated pilot plant.
- The 75 tonne bulk sample has arrived at the SGS facility in Lakefield, Canada and is currently being prepared for processing. The pilot plant equipment is currently being set-up and the pilot campaign commenced in late July with the processing of 35 tonnes of fresh carbonatite. This will be followed by 20 tonnes of moderately oxidised carbonatite and 20 tonnes of oxidised carbonatite.

Mining & Geotechnical - PFS

- Geotechnical logging of the diamond core from the 2014 drilling programs was completed.
- Completion of the geotechnical characterisation of the areas defined for the plant, tailings facility and access roads and the data handed to the tailings and engineering consultants for use in their designs.
- Whittle pit optimisations based on the new Indicated Mineral Resource model.
- Mine design and production scheduling based on the selected pits.
- ROM pad and haul road designs.
- Finalisation of contractor mining cost estimates and capital cost estimates.
- Project reporting for both mining and geotechnical.

Mining & Geotechnical - DFS

- Completion of the geotechnical drilling and pitting/trenching in the area defined for the main plant, waste rock dumps and intermediate stockpiles.
- A preliminary mine schedule was developed for the purpose of going out to prospective mining contractors for proposal and schedules of rates (SoR). These have been received and are currently being reviewed.
- The inputs for the Whittle pit optimisations have been defined and this work will commence in July 2015.

Hydrology & Hydrogeology - PFS

- Geochemical testing on a range of sample types (ore, tailings and waste).
- Ground water modelling for the area and hydrological drilling for piezometer holes.
- Surface water investigations and the development of a site wide water balance are ongoing.
- Site water management plan completed.
- Groundwater extraction potential investigated.
- Reporting.

Hydrology & Hydrogeology - DFS

- Water bore drilling is ongoing with the initial focus on defining the environmental monitoring holes.
- Geochemical testing has started on a new set of waste and stockpile samples.

Engineering (Plant & Infrastructure) - PFS

- Option Study to select the preferred processing route completed with the selection of the direct flotation process the preferred option.
- Input data for operating and capital cost estimates collated.
- Logistic requirements for reagent transportation defined.
- Process flow diagrams ("PFDs") for the go-forward case developed and equipment lists generated.
- A pyrometallurgical study into the ferroniobium converter process has been completed.
- Layouts and designs for the tailings facility have been developed, along with preliminary cost estimates.

- Site layouts have been developed including preferred locations for TSF, plant, waste rock dumps, access roads etc.
- General arrangement drawings (GAs) completed.
- Material take-offs and bill of quantities for plant and onsite infrastructure completed.
- Plant and onsite capital cost estimates prepared.
- Consolidated cost estimate for project completed.
- Pre-feasibility Study Report incorporating all consultant's inputs compiled.

Engineering (Plant & Infrastructure) - DFS

- Preliminary plant layout optimisation has been undertaken to assist in the geotechnical program.
- Process modelling has started using results from the locked cycle tests and the mini-pilot plant.
- Furnace design work has started.
- PFDs being generated.
- Estimating Strategy developed.
- Design Criteria and engineering standards being developed.

Tailings Storage Facility (TSF) – PFS

- Tailings design completed.
- Layout drawings completed.
- Staged construction schedule defined.
- Costs for starter wall and subsequent wall lift costs defined.
- Reporting.

Tailings Storage Facility (TSF) - DFS

- A review of implementing high density tailings disposal as an alternative to the standard slurry disposal system is being investigated.
- Tailings facility layouts and preliminary sizing is ongoing.
- Characterisation of waste rock material for TSF wall construction has started.

The activities for the next period will focus on:

- Completing all field activities for the study (geotechnical and water bores).
- Geotechnical laboratory test work and interpretation.
- Integrated pilot plant.
- Pit optimisation, mine design and preliminary production schedules to be developed.
- Process modelling and PFDs to be completed.
- Equipment sizing and selection.
- Development of enquiry documents to start.
- TSF design to be well advanced.
- Site water requirements to be defined sources identified.

Social and Environmental Activities

During the first half of the financial year, the field activities for the dry season baseline study were completed. The data was collated and reviewed with the reporting of the results well advanced. No critical issues were identified as part of this study. The wet season baseline study started in March 2015 during the Tanzanian wet season and was completed in Q2 2015. The ESIA activities ran concurrently with the baseline studies and the updated ESIA work was submitted to the National Environmental Management Council in July 2015. A site visit is scheduled in July, after which a review period will occur with feedback expected in August.

Running in parallel to this an update to the ESIA document that will comply with the IFC standards is being completed, and this will be completed in conjunction with the DFS.

Directors' Report

Competent Person's Statement

The information in this document that relates to the Exploration Target, 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 2012 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 Company notes that JORC Table 1 has not been included in this report as the Table 1 from the previous announcements is valid and the sampling and assaying techniques have not changed materially from previous announcements.

The information relating to the Mineral Resource is extracted from the report entitled 'Significant Resource Upgrade for Panda Hill Niobium Project' created on 20th January 2015 and is available to view on www.cradleresources.com.au. The information relating to the Pre-Feasibility Study is extracted from the report entitled 'Positive Pre-Feasibility Study results For Panda Hill' created on 31st March 2015 and the update announcement on 14th July 2015 entitled 'Updated Panda Hill Site and Study Progress' and is available to view on www.cradleresources.com.au. The information referring to the Exploration Target is extracted from the report 'Panda Hill Progress Update and Exploration Target' created on 23rd April 2015 and is available to view on www.cradleresources.com.au. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target 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 announcements.

Cautionary Statement concerning Scoping Study Results including Inferred Mineral Resources

Cradle advises that the PFS results and production targets reflected in this announcement are preliminary in nature as conclusions are drawn partly from Indicated Mineral Resources and partly from Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources or that the production target itself will be realised.

Panda Hill 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 26km 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 and has recently completed the construction of a new international airport.

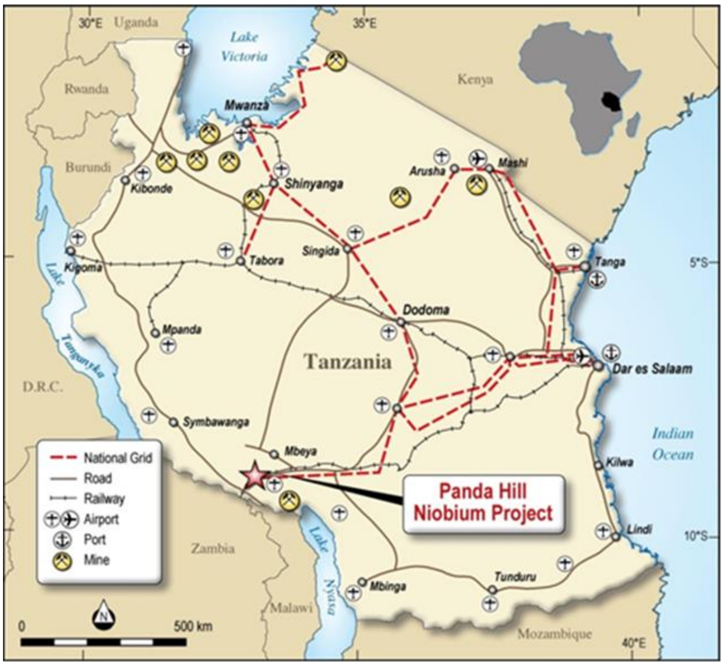

Figure 11: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licences (Figure 12) totalling 22.1km^2, which will enable a quick transition from the study and development phases, through construction and into operation. The area has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity. The three granted Mining Licences were renewed in August 2015 by the Ministry of Energy and Minerals, for a further 10 years to November 2026.

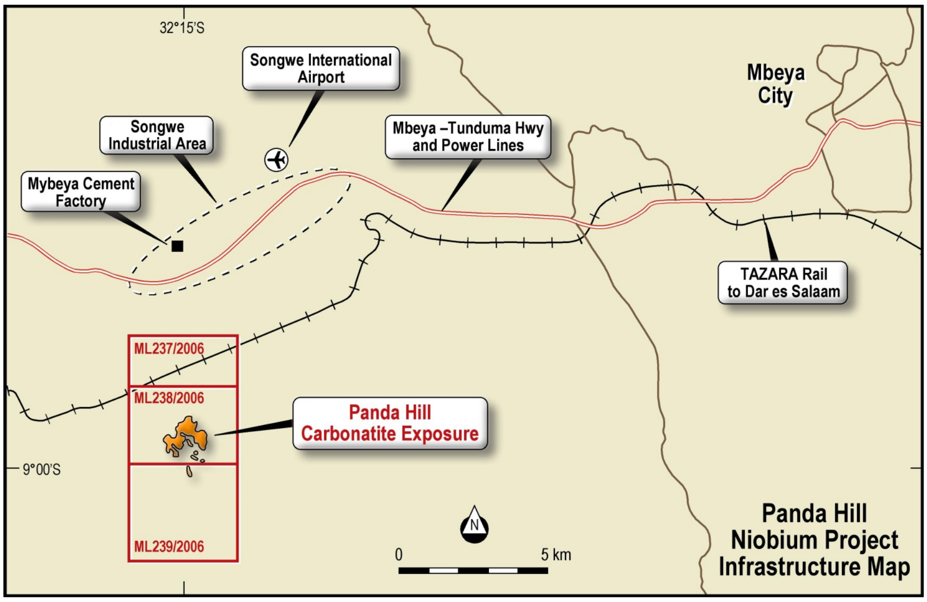

Figure 12: Mining Licences and Local Infrastructure

Historical Work

The Panda Hill carbonatite has been subject to multiple phases of exploration work since the 1950s. 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.

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 potion of the carbonatite evidence supports three stages of carbonatite activity outwards from the centre 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 Nb_2O_5 grades typically ranging from 0.1% to 1%. Higher-grade material is noted within flow-banding (schlieren) within the carbonatite. The fenetised-cap and weathered material is noted to contain elevated grades of up to 2% Nb_2O_5.

SUBSEQUENT TECHNICAL EVENTS

- Mining Licences renewed by the Ministry of Energy and Minerals, Tanzania, for a further 10 years to November 2026.
- Environmental and Social Impact Assessment Certificate issued for the Project by the Tanzanian National Environment Management Council.
- Appointment of General Manager, Operations, in July 2015.

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.

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, Hutton Energy Limited and Panda Hill Tanzania Ltd. 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 Panda Hill Tanzania 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, Clancy Exploration Ltd 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.

SHARE OPTIONS

As at the date of this report, the Company has issued 7,687,500 unlisted options exercisable at $0.2667 and expiring on 31 May 2016, 2,500,000 unlisted options exercisable at $0.25 and expiring on 31 October 2018 and 1,000,000 unlisted options exercisable at $0.25 and expiring on 30 April 2018.

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 Financial 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	4	4
Grant Davey	4	4
Evan Cranston	4	4
Didier Murcia	4	4

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 2015 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 2015
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 Group, directly or indirectly.

Name	Title	Appointment Date
Craig Burton	Non-Executive Chairman	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
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 2015

Remuneration of key management personnel of the Company for the year ended 30 June 2015:

2015	Short-term benefit					Post-employment benefits	
	Cash, salary and fees	Non-monetary benefits	Share based payments	Annual Leave	Termination benefits	Superannuation	Total
Executive Directors							
Grant Davey	300,000	-	-	-	-	-	300,000
Non-Executive Directors							
Craig Burton	80,000	-	-	-	-	-	80,000
Evan Cranston	33,333	-	75,700	-	-	-	109,033
Didier Murcia	31,665	-	75,700	-	-	-	107,365
Other Senior Executives							
Sophie Raven	129,000	-	-	-	-	-	129,000
Total KMP	**573,998**	**-**	**151,400**	**-**	**-**	**-**	**725,398**

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

2014	Short-term benefit					Post-employment benefits	
	Cash, salary and fees	Non-monetary benefits	Share based payments	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

No remuneration is linked to Director's performance; however, unlisted share options were issued during the financial year to two of the Company's non-executive directors as an incentive.

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 2014	Purchased/Issued during the period	Expired during the period	Closing Balance as at 30 June 2015
Grant Davey	-	-	-	-
Evan Cranston[1]	168,750	-	(168,750)*	-
Didier Murcia	-	-	-	-
Craig Burton[2]	1,150,000	-	(1,150,000)*	-
Total	**1,318,750**	**-**	**(1,318,750)**	**-**

[1] Held by Konkera Pty Ltd <Konkera Super Fund A/C>
[2] Held by Alba Capital Pty Ltd and Skye Equity Pty Ltd

* All listed options (CXXO) expired on 24 January 2015.

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 2014	Granted during the period	Resulting from any other change during the period	Consolidated or Exercised or Sold during the period	Vested as at 30 June 2015	Closing Balance as at 30 June 2015 (Vested and exercisable)	Vested and Unexercisable as at 30 June 2015
Grant Davey	-	-	-	-	-	-	-
Evan Cranston[1]	750,000	1,000,000	-	-	1,750,000	1,750,000	-
Didier Murcia	-	1,000,000	-	-	1,000,000	1,000,000	-
Craig Burton	-	-	-	-	-	-	-
Total	**750,000**	**2,000,000**	**-**	**-**	**2,750,000**	**2,750,000**	**-**

[1] Held by Konkera Pty Ltd <Konkera Super Fund A/C>

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 2014	Purchased/Issued during the period	Consolidated or Sold during the period	Closing Balance as at 30 June 2015
Grant Davey[1]	12,960,000	-	-	12,960,000
Evan Cranston[2]	345,000	-	-	345,000
Didier Murcia[3]	187,500	-	-	187,500
Craig Burton[4]	23,600,000	-	-	23,600,000
Total	**37,092,500**	**-**	**-**	**37,092,500**

[1] Held by Davey Management (Aus) Pty Ltd, Davey Holdings (Aus) Pty Ltd and Verona Capital Pty Ltd (beneficial holding)
[2] Held by Konkera Pty Ltd <Konkera Super Fund A/C>
[3] Held by Didier Murcia, Tohei Pty Ltd <Murcia Super A/C> and Digrevni Investments Pty Ltd
[4] Held by Aviemore Capital Pty Ltd, Alba Capital Pty Ltd and Verona Capital Pty Ltd (beneficial holding)

5 - SUMMARY OF EXECUTIVE CONTRACTUAL ARRANGEMENTS

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

Managing Director

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.

During the financial year, Mr Davey received a fixed remuneration of $300,000 per annum.

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 2015:

Director	Annual Fee	Date of Letter of Appointment	Date Salary Effective
Evan Cranston	$35,000	28 June 2011	16 September 2011 – date of this report
Didier Murcia	$35,000	25 September 2013	13 August 2013 – date of this report
Craig Burton	$80,000	20 February 2014	16 September 2013 – date of this report

As at the date of this Financial 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.

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	30 June 2015
Closing Share Price	NA	$0.10	$0.15	$0.20	$0.235
EPS (cents per share)	(0.80)	(2.14)	(2.09)	(3.71)	(3.06)

6 - COMPENSATION OPTIONS

Two of the Company's Non-Executive Directors, Mr Evan Cranston and Mr Didier Murcia, received compensation options (unlisted) as follows during the financial year ended 30 June 2015:

Name of Grantee	Grant Date	Number of Unlisted Options	Exercise Terms	Vesting Terms	Fair Value
Evan Cranston	28 November 2014	1,000,000	Exercisable at $0.25 on or before 31 October 2018	Vested from grant date	$0.0757
Didier Murcia	28 November 2014	1,000,000	Exercisable at $0.25 on or before 31 October 2018	Vested from grant date	$0.0757

This element of remuneration payable to the Company's Non-Executive Directors is not dependent on the satisfaction of any performance condition, as the Board of Directors determined that it was reasonable to provide the Non-Executive Directors with additional incentivisation on the basis of such factors as the level of director fees currently paid by the Company to Non-Executive Directors.

7 - SHARE BASED COMPENSATION

There was no Share Based Payment compensation, other than the compensation options described above, given to the key management personnel during the financial year ended 30 June 2015.

8 - RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

			Transactions		Balances (owing to) / owed by	
Entity	Relationship	Nature of transactions	Full year 30-Jun-15 $	Full year 30-Jun-14 $	Full year 30-Jun-15 $	Full year 30-Jun-14 $
Elgra Consultancy Pty Ltd	(i)	Reimbursement to Elgra for corporate administration costs.	239	5,422	518	-
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	-	-
Saval Consulting Pty Ltd	(iv)	Reimbursement to Saval for interest in joint venture cost.	12,212	28,691	-	25,347
Skye Equity Pty Ltd	(v)	Reimbursement to Skye Equity for corporate administration costs.	23,491	38,117	(66,000)	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.	38,946	650,047	8,462	(423)

(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.

(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

Directors' 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:

	2015 $	2014 $
Ernst & Young – Tax	27,402	18,136

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the period ended 30 June 2015 has been received and can be found on page 28 of the Financial Report.

Made and signed in accordance with a resolution of Directors.

Grant Davey
Managing Director

Signed at Perth this 21 September 2015

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2015, 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

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
21 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Notes	30 June 2015 $	30 June 2014 $
Revenue	4	11,076	12,862
Expenses			
Administration	5	(514,858)	(550,991)
Professional fees	5	(435,496)	(640,825)
Director fees		(169,999)	(110,098)
Exploration and evaluation expenditure		(6,389)	(6,236)
Employee benefits expense	5	(130,289)	(140,683)
Share based payment expense	15(c)(ii)	(492,393)	(287,367)
Net foreign exchange gains/(losses)		703,372	(29,520)
Exploration and evaluation expenditure written off		(224,100)	-
Share of interest in joint venture losses	10	(169,344)	(77,420)
Loss on dilution of interest in PHT	10(b)	(2,109,036)	-
Loss on re-measurement of financial liability	14	(426,563)	(1,453,125)
Loss before income tax expense		**(3,964,019)**	(3,283,403)
Income tax benefit	6	-	-
Loss after income tax expense		**(3,964,019)**	(3,283,403)
Loss after income tax benefit for the period attributable to:			
Member of the parent entity		(3,935,764)	(3,283,440)
Non-controlling interest		(28,255)	37
		(3,964,019)	(3,283,403)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on the translation of foreign operations		1,417,000	-
Other comprehensive income for the period, net of tax		**1,417,000**	**-**
Total comprehensive income for the period		**(2,547,019)**	(3,283,403)
Total comprehensive income for the period attributable to:			
Member of the parent entity		(2,518,764)	(3,283,440)
Non-controlling interest		(28,255)	37
		(2,547,019)	(3,283,403)
Loss per share			
Basic earnings / (loss) per share (cents)	26	(3.06)	(3.71)
Diluted earnings / (loss) per share (cents)	26	(3.06)	(3.71)

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

As at 30 June 2015

	Notes	30 June 2015 $	30 June 2014 $
Assets			
Current Assets			
Cash and cash equivalents	7	2,351,093	2,054,453
Trade and other receivables	8(a)	1,087,486	657,355
Prepayments		-	6,721
Total Current Assets		**3,438,579**	2,718,529
Non-Current Assets			
Exploration and evaluation	9	1,898,656	2,743,827
Interest in joint ventures	10	24,227,531	17,411,803
Other receivables	8(b)	53,868	53,868
Total Non-Current Assets		**26,180,055**	20,209,498
Total Assets		**29,618,634**	22,928,027
Liabilities			
Current Liabilities			
Trade and other payables	12	351,843	700,004
Accrued expenses	13	95,022	57,083
Contingent consideration payable	14	2,864,063	2,437,500
Provisions		111,994	46,073
Total Current Liabilities		**3,422,922**	3,240,660
Total Liabilities		**3,422,922**	3,240,660
Net Assets		**26,195,712**	19,687,367
Contributed Equity			
Issued share capital	15(a)	19,005,683	19,005,683
Issued share options	15(b)	287,491	287,391
Share based payment reserve	15(c)(i)	606,510	114,117
Consolidation reserve	11(b)	8,682,016	2,619,709
Foreign currency translation reserve	15(d)	1,417,000	-
Accumulated losses	16	(8,428,145)	(4,492,381)
Equity attributable to equity holders of the Parent		**21,570,555**	17,534,519
Non-controlling interest	11(b)	4,625,157	2,152,848
Total Equity		**26,195,712**	19,687,367

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

2015	Issued share capital $	Issued share options $	Performance shares 'A' class $	Share based payment reserve $	Consolidation reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total Equity $
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**
Other comprehensive income for the year, net of tax	-	-	-	-	-	1,417,000	-	-	1,417,000
Loss after income tax expense for the year	-	-	-	-	-	-	(3,935,764)	(28,255)	(3,964,019)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**1,417,000**	**(3,935,764)**	**(28,255)**	**(2,547,019)**
Issue of options, net of transaction costs	-	100	-	-	-	-	-	-	100
Share based payment	-	-	-	492,393	-	-	-	-	492,393
Recognition of non-controlling interest	-	-	-	-	6,062,307	-	-	2,500,564	8,562,871
Balance as at 30 June 2015	**19,005,683**	**287,491**	**-**	**606,510**	**8,682,016**	**1,417,000**	**(8,428,145)**	**4,625,157**	**26,195,712**

2014	Issued share capital $	Issued share options $	Performance shares 'A' class $	Share based payment reserve $	Consolidation reserve $	Foreign currency translation 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

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 2015

	Notes	30 June 2015 $	30 June 2014 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(1,565,812)	(1,484,647)
Interest received		11,077	55,087
Interest and other finance costs paid		-	(13,520)
Net cash used in operating activities	25	**(1,554,735)**	(1,443,080)
Cash flows from investing activities			
Acquisition of cash in subsidiary acquired		18,674	92,475
Research and development tax rebate	8(a)	120,907	-
Cash calls to joint venture partner		9,941,243	-
Parent entity's share of investor funding		920,037	-
Payments for exploration and evaluation, net		(9,828,768)	(2,508,531)
Net cash from/(used in) investing activities		**1,172,093**	(2,416,056)
Cash flows from financing activities			
Gross proceeds from issue of shares and options	15	200,100	5,764,021
Share issue costs	15	-	(247,367)
Proceeds from borrowings		-	536,000
Repayment of borrowings		-	(536,000)
Net cash from financing activities		**200,100**	5,516,654
Net (decrease)/increase in cash and cash equivalents		**(182,542)**	1,657,518
Cash and cash equivalents at the beginning of the financial year		**2,054,453**	412,002
Effects of exchange rate changes on the balances held in foreign currencies		479,182	(15,067)
Cash and cash equivalents at the end of the financial period	7	**2,351,093**	2,054,453

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

Notes to the Financial Statements

The financial statements of Cradle Resources Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors dated 18 September 2015. Cradle Resources Limited ("Cradle or "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 is, Level 7, 1008 Hay Street, Perth WA 6000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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 presentational currency.

b) Going Concern

At the end of the financial year, 30 June 2015, the Company had cash and cash equivalents of $2,351,093.

Following the execution of the Investment and Shareholders Agreement with Tremont Investments Limited ("Tremont"), Panda Hill Mining Pty Ltd ("PHM") and Panda Hill Tanzania Ltd ("PHT") (note 10(b)), Tremont has contributed to date a total of US$15 million towards the funding of the Panda Hill Niobium Project, and US$1.125 million to Cradle; this has resulted in Cradle's interest in PHT decreasing to 62.5%, and Tremont's increasing to 37.5%. A further US$5 million contribution is expected, in line with the agreement to reach the agreed total of US$20 million.

The Company's cash flow forecasts for the twelve months ending 30 September 2016 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 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. Should Tremont not continue to fund the Project, and the Directors are not able to raise additional funds or significantly curtail the Company's planned activities on the Project, then the Group may not be able to continue as a going concern.

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.

Notes to the Financial Statements

c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Cradle and its subsidiaries as at 30 June 2015 ("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; and
- The Group's voting rights and potential voting rights.

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

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

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

- De-recognises the 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; and
- 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.

d) 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.

e) 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.

f) 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.

g) Foreign Currency Translation

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

Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

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

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

h) 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.

i) 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.

j) 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.

k) Mineral Exploration and Evaluation Expenditure

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 2012 compliant Mineral Resource, where:

Notes to the Financial Statements

- 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 2012 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) Share Based Payments

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

Equity-settled transactions

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

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

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

Cash-settled transactions

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

q) 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through the statement of profit or loss. Fair value movements are recognised in the profit or loss.

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.

r) 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.

s) 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.

t) 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.

Notes to the Financial Statements

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.

u) 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.

v) 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.

w) Segment Reporting

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

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

x) 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.

y) 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.

z) Employee benefits

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

aa) Parent Entity information

The financial information for the parent entity, Cradle Resources Limited, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below:

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.

a) 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.

b) 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.

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.

c) Joint Control

During the prior year ended 30 June 2014 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 unanimous consent, the Group assessed their classification of these arrangements to be interests in joint ventures.

d) 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.

e) 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. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

a) Changes in Accounting Policy, Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective from 1 July 2014, including:

AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively.

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Annual Improvements 2010-2012 has made a number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 2: (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. It was assessed that the application of the amendment has no material impact on the disclosures or amounts recognised in the consolidated financial statements.
- The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. The Group assesses the fair value of its contingent considerations at each reporting period, with any changes being recognised in the profit and loss (refer note 14).

b) Accounting Standards and Interpretations Issued but not yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2015 are set out below:

Notes to the Financial Statements

Reference	Title	Summary	Application date of Standard	Application date for Company
AASB 9, AASB 2014-7, AASB 2014-8 Amendments arising to Australian Accounting Standards arising from AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. *Classification and measurement* AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. *Financial assets* a. 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. b. 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. c. 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. *Financial liabilities* Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. 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 or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. *Impairment* The final version of AASB 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. The directors of the Company anticipate that the application of AASB 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities; however, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Group undertakes a detailed review.	1 January 2018	1 July 2018
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programs*, IFRIC 15 *Agreements for the Construction* *of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). 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: (a)Step 1: Identify the contract(s) with a customer	1 January 2017	1 July 2017

Reference	Title	Summary	Application date of Standard	Application date for Company
		(b)Step 2: Identify the performance obligations in the contract (c)Step 3: Determine the transaction price (d)Step 4: Allocate the transaction price to the performance obligations in the contract (e)Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation The AASB issued the Australian equivalent of IFRS 15, being AASB 15, in December 2014. Currently, these standards are effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Group have yet to assess the impact of AASB 15 on its consolidated financial statements.		

The following new or amended standards, applicable for annual reporting periods beginning after 1 January 2016 (unless otherwise stated) are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-1 Amendments to Australian Accounting Standards – Part D Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts and Part E Financial Instruments (Part E applicable: 1 January 2018)
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for acquisitions of interests in joint operations
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of acceptable methods of depreciation and amortisation (Amendments to AASB 116 and AASB 138)
- AASB 2014-9 Amendments to Australian Accounting Standard – Equity Method in Separate Financial Statements
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality (applicable: 1 July 2015)

4. REVENUE

	30 June 2015 $	30 June 2014 $
Revenue		
Interest	11,076	12,862
Total revenue	**11,076**	12,862

5. PROFIT/(LOSS) BEFORE INCOME TAX

	30 June 2015 $	30 June 2014 $
Profit before income tax includes the following specific expenses:		
Administration		
- corporate cost	37,505	42,533
- rent expenses	72,820	105,702
- other administration expenses	404,533	402,756
Total administration expenses	**514,858**	550,991

Professional expense		
- legal fees	99	129,291
- auditor remuneration (Ernst & Young)	36,144	45,780
- other professional expenses	399,253	465,754
Total professional expenses	**435,496**	640,825
Employee benefits expense		
- wages and salaries	130,073	137,200
- other employment expenses	216	3,483
Total employee benefits	**130,289**	140,683

6. INCOME TAX BENEFIT

	30 June 2015 $	30 June 2014 $
Profit/(Loss) from continuing operations before income tax expense	(3,964,019)	(3,283,403)
Tax at the Australian tax rate of 30% (2014: 30%)	1,189,206	985,021
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	(986,635)	(549,768)
Deferred tax assets not brought to account	(202,571)	(435,253)
Income tax expense	-	-
Deferred tax assets at 30% (2014: 30%)		
Accruals	6,750	10,500
Carry forward tax losses	1,003,871	805,740
Capital raising costs	28,916	19,163
Provision for employee benefits	-	13,822
Unrealised FX losses	33,598	4,520
	1,077,575	853,745
Deferred tax asset not brought into account	(1,058,074)	(762,022)
	19,501	91,723
Deferred tax asset offset against deferred tax liabilities	(19,501)	(91,723)
	-	-
Deferred tax liability at 30% (2014: 30%)		
Capital raising costs	-	24,493
Deductible exploration expenses	-	67,230
Unrealised FX gain	19,501	-
	19,501	91,723
Deferred tax liability offset against deferred tax assets	(19,501)	(91,723)
	-	-

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

a) 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;

b) The Company has complied with the conditions imposed by Australian tax legislation in order for the expenditure to be deductible for Australian income tax purposes;

c) No changes in the Australian tax legislation adversely affects the entity realising the benefit from these deductions; and

d) The Company satisfies Australia's tax loss integrity rules in respect of its carried forward tax losses.

Notes to the Financial Statements

No franking credits are available.

7. CASH AND CASH EQUIVALENTS

	30 June 2015 $	30 June 2014 $
Cash at bank	2,351,093	2,054,453
Short term deposits	-	-
Total cash and cash equivalents	**2,351,093**	2,054,453

8. TRADE AND OTHER RECEIVABLES

a) Current

	30 June 2015 $	30 June 2014 $
GST receivable	66,462	86,553
Other receivables	399,953	443,134
Accrued income[1]	621,071	120,907
Loan to Songwe Hill Limited	-	6,761
Total current receivables	**1,087,486**	657,355

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

[1] During the year a Research and Development ('R&D) claim was made in relation to exploration and evaluation spend on the Panda Hill Niobium Project for the year ended 30 June 2014, resulting in a total rebate of $621,071, received on 20 July 2015. During the prior financial year, a R&D claim was completed on the same Project for the 2013 financial year resulting in a full rebate of $120,907 being received on 4 August 2014.

b) Non-Current

	30 June 2015 $	30 June 2014 $
Sub-lease deposit	53,868	53,868
Total non-current receivables	**53,868**	53,868

9. EXPLORATION AND EVALUATION COSTS

	30 June 2015 $	30 June 2014 $
Exploration and evaluation - at cost	**1,898,656**	**224,100**
Opening balance at the beginning of the year	2,743,827	224,100
Additions	-	2,640,634
Write off	(224,100)	-
Research and development rebate (note 8(a))	(621,071)	(120,907)
Total exploration and evaluation costs	**1,898,656**	2,743,827

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.

During the financial year the Wyloo tenement was relinquished and its carrying value was written off.

10. INTEREST IN JOINT VENTURES

	30 June 2015 $	30 June 2014 $
RECB Limited (refer 10(a))	12,953,659	13,036,992
Panda Hill Tanzania Ltd (refer 10(b))	11,273,872	4,374,811
Interest in joint ventures	**24,227,531**	17,411,803

a) RECB Limited

RECB Limited ("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.

30 June 2015

On 29 October 2014 the Group, through its subsidiary Panda Hill Mining Pty Ltd ("PHM"), exercised its option to acquire an additional 1% in RECB, and increased its interest to 50%.

Following the execution of the Investment and Shareholders Agreement with Tremont Investments ("Tremont") during the prior financial year (note 10(b)), PHM assigned all the rights and obligations under the Option Agreement held with RECB, and the data and information in the possession or control of PHM in relation to the Project, to its jointly controlled entity, PHT (note 10(b)).

Reconciliation of interest in joint venture - RECB	30 June 2015 $	30 June 2014 $
Opening balance	13,036,992	13,114,412
Value of interest in joint venture acquired	34,380	-
Share of joint venture losses	(117,713)	(77,420)
Interest in joint venture	**12,953,659**	13,036,992

Below is summarised financial information for RECB Limited:

Summarised Statement of Financial Position	30 June 2015 $	30 June 2014 $
Current assets		
Cash and cash equivalents	312	342
Total current assets	**312**	342
Non-current assets		
Exploration and evaluation expenditure*	29,605,653	29,474,557
Total non-current assets	**29,605,653**	29,474,557
Current liabilities		
Current financial liabilities	(50,768)	(2,703)
Total current liabilities	**(50,768)**	(2,703)
Non-current liabilities		
Other non-current financial liabilities	(3,647,879)	(2,866,090)
Total non-current liabilities	**(3,647,879)**	(2,866,090)
Net assets/(liabilities)	**25,907,318**	26,606,106
Reconciliation of net assets to equity accounted amounts		
Closing net assets/(liabilities)	25,907,318	26,606,106
Group's share (2015: 50%; 2014: 49%)	**12,953,659**	13,036,992
Carrying amount	12,953,659	13,036,992

Summarised Statement of Profit or Loss and Other Comprehensive Income	30 June 2015	30 June 2014
	$	$
Interest and finance charges	83,762	158,000
Other expenses	151,660	-
Losses before tax	**235,422**	158,000
Income tax	-	-
Losses for the year from continuing operations	**235,422**	158,000
Total comprehensive income	**235,422**	158,000

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

30 June 2014

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

PHM holds:

- A 49% shareholding in RECB which it acquired for US$3,340,000. RECB owns 100% of the Panda Hill Niobium Project, which comprises the Panda Hill Licences and related data. RECB had no other material assets or liabilities.
- An option to acquire a further 1% shareholding in RECB which was granted for a fee of US$30,000 and was exercisable for an additional US$30,000, subject to certain regulatory approvals. The option was subsequently exercised on 29 October 2014.
- 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, PHM will sole fund the Panda Hill Niobium Project expenditure for up to four years. PHM 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 US$2.5 million per annum on the BFS. The balance of 50% of the Panda Hill Niobium Project can be acquired by PHM at any time during this four year period for US$17.1 million less 25% of Panda Hill Niobium Project expenditure funded by PHM (capped at a US$5 million reduction). PHM can elect to pay US$5 million 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, PHM 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 PHM'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 were as follows:

(i) 37,500,000 shares;
(ii) 18,750,000 Class A Performance Shares; and
(iii) 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 2014 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 US$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 US$300 million and US$400 million.

Loan to PHM

The Company provided a loan facility to PHM 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.

b) Panda Hill Tanzania Ltd

On 6 June 2014 the Company executed an Investment and Shareholders Agreement with Tremont, PHM and Panda Hill Tanzania Ltd ("PHT") to fund the Project beyond Definitive Feasibility Studies, pursuant to which Tremont may earn up to a 50% interest in the Project for up to US$20 million. PHT will then pay the Company 7.5% of the funds subscribed by Tremont.

The Board of PHT is two representatives of each Party, and a Technical Committee which also comprises 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 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 subscribed for 20 million shares in PHT; and
- PHM and PHT executed and sent a Deed of Accession to RECB in relation to the Option Agreement.

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

PHT is a company incorporated in Mauritius where its principal place of business is also located. Its carrying value is measured using the equity method of accounting.

30 June 2015

During the year a further two tranches of US$5 million were contributed, on 28 November 2014 and 22 May 2015 respectively, with a total of US$750,000 being paid to the Company on 2 December 2014 (US$375,000) and 26 May 2015 (US$375,000). As a result the group's interest reduced to 62.5%, and Tremont's interest increased to 37.5%.

30 June 2014

The initial subscription of US$5 million was contributed on 27 June 2014, and the Company received its share of US$375,000 on 27 June 2014. This resulted in the group gaining an 87.5% interest in PHT.

Reconciliation of interest in joint venture - PHT	**30 June 2015 $**	**30 June 2014 $**
Opening balance 1 July	4,374,811	-
Loss on dilution of interest in PHT (Tranches 2 and 3)	(2,109,036)	-
Acquisition of interest/contribution	7,642,601	4,374,811
Share of foreign currency translation reserve	1,417,127	-
	11,325,503	4,374,811
Share of joint venture losses for the year	(51,631)	-
Interest in joint venture	**11,273,872**	4,374,811

Notes to the Financial Statements

Below is summarised financial information for Panda Hill Tanzania Ltd as at 30 June 2015:

Summarised Statement of Financial Position	**30 June 2015 $**	**30 June 2014 $**
Current assets		
Cash and cash equivalents	5,269,667	4,904,741
Total current assets	**5,269,667**	4,904,741
Non-current assets	**14,106,846**	337,915
Total current liabilities	**1,338,318**	242,872
Net assets	**18,038,195**	4,999,784
Reconciliation of net assets to equity accounted amounts		
Closing net assets	18,038,195	4,999,784
Group's share (2015: 62.5%; 2014: 87.5%)	**11,273,872**	4,374,811
Carrying amount	11,273,872	4,374,811

11. CONTROLLED ENTITIES

	Note	**Country of incorporation**	**Percentage Owned (%)* 2015**	**2014**
Parent Entity:				
Cradle Resources Limited		Australia	-	-
Subsidiaries of Cradle Resources Limited:				
Panda Hill Mining Pty Ltd[1]	11(b)	Australia	62.5%	87.5%
Songwe Hill Limited	11(c)	Tanzania	100%	-

** Percentage of voting power in proportion to ownership*

a) Material Partly-Owned Subsidiaries

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

Proportion of equity interest held by non-controlling interests:

	Country of incorporation	**Percentage Owned by NCI (%)* 2015**	**2014**
Panda Hill Mining Pty Ltd (note 11(b))	Australia	37.5%	12.5%

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	**30 June 2015 $**	**30 June 2014 $**
Income	1,676	877
Administrative expenses	(6,640)	(1,580)
Corporate expenses	-	(18,347)
Professional and consultancy costs	(27,976)	(55,708)
Net foreign exchange gains/losses	(42,407)	4,647
Losses before tax	**(75,347)**	70,111
Income tax	-	-
Losses for the year from continuing operations	**(75,347)**	70,111
Total comprehensive income	**(75,347)**	70,111
Attributable to non-controlling interests*	(28,255)	37

Notes to the Financial Statements

Summarised Statement of Financial Position	30 June 2015 $	30 June 2014 $
Cash and cash equivalents	5,618	16,052
Trade and other receivables	1,058,382	388,781
Exploration expenditure and other non-current assets	14,827,580	16,919,847
Trade creditors and other payables	(3,482,580)	(102,193)
Total equity	**12,409,000**	17,222,487
Attributable to equity holders of parent	7,755,625	15,069,676
Non-controlling interest*	4,653,375	2,152,811
	12,409,000	17,222,487

Summarised Cash Flow information	30 June 2015 $	30 June 2014 $
Operating	411,488	(141,455)
Investing	(162,797)	-
Financing	(259,125)	(326,483)
Net increase/(decrease) in cash and cash equivalents	**(10,434)**	(467,938)

*For the year ended 30 June 2014, 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.

b) 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 (note 10(b)) in which Tremont Investments are given the right to take up an interest in PHM, equal to its interest in PHT for nil consideration; Tremont are therefore deemed to have present ownership interest in PHM. However, the Group still control PHM and retain their 62.5% of the ownership interests.

The transaction is accounted for as an equity transaction with NCI, and subsequent to Tremont's further subscription of shares in PHT, resulted in the following:

	30 June 2015 $	30 June 2014 $
Deemed consideration received	8,534,616	4,772,557
Increase in net assets attributable to NCI	(2,472,309)	(2,152,848)
Increase in equity attributable to Parent	6,062,307	2,619,709
Represented by:		
Increase in Consolidated Reserve	6,062,307	2,619,709
Consolidation Reserve		
Opening balance at 1 July	2,619,709	-
Deemed consideration received	8,534,616	4,772,557
Increase in net assets attributable to NCI	(2,472,309)	(2,152,848)
Closing balance at 30 June	**8,682,016**	2,619,709

c) Songwe Hill Limited

On 6 October 2014 the Group, through the Parent entity and its subsidiary PHM, gained a 100% ownership interest in Songwe Hill Limited, an entity incorporated in Tanzania, setup primarily for the purposes of having access to a local Tanzanian bank for on-site project spend. The financial transactions of the entity have been consolidated.

Notes to the Financial Statements

12. TRADE AND OTHER PAYABLES

	30 June 2015 $	30 June 2014 $
Trade payables	346,455	699,845
GST payables	16	159
Loan payable to PHT	5,372	-
	351,843	700,004

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

13. ACCRUED EXPENSES

	30 June 2015 $	30 June 2014 $
Audit fees	22,500	35,000
Tax consultants fees	12,000	10,000
Director fees	2,917	2,083
Company Secretary fees	-	10,000
FBT provision	21,073	-
Exploration and evaluation expenditure	36,532	-
	95,022	57,083

14. CONTINGENT CONSIDERATION

	30 June 2015 $	30 June 2014 $
18,750,000 Class B Performance Shares	2,864,063	2,437,500
Total contingent consideration	**2,864,063**	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 Net Present Value (“NPV”) produced by the Definitive Feasibility Study is less than US$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 US$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 PHM, 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 during the financial year to 30 June 2015 be increased to 65%; with the value of the share price at year-end of $0.235, the increase in value was determined as $426,563, and 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

	30 June 2015 $	30 June 2014 $
Ordinary shares - fully paid	19,005,683	19,005,683
Share options issued	287,491	287,391
	19,293,174	19,293,074

Notes to the Financial Statements

a) Movements in Ordinary Share Capital

Details	No. of shares	Issue price	30 June 2015 $
30 June 2015			
Opening balance at 1 July 2014	128,727,617	-	19,005,683
Closing balance at 30 June 2015	**128,727,617**		**19,005,683**
30 June 2014			
Opening balance at 1 July 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)
Closing balance at 30 June 2014	128,727,617		19,005,683

b) Movements in Listed & Unlisted Options

Details	No. of options	Issue price	30 June 2015 $
30 June 2015			
Opening balance at 1 July 2014	25,650,006	-	287,391
Options issued – 24 December 2014	2,000,000	-	-
Options issued – 11 March 2014	500,000	-	-
Options expired – 24 January 2015	(17,947,506)	-	-
Options issued – 30 April 2015	1,000,000	0.0001	100
Closing balance at 30 June 2015	**11,202,500**		**287,491**
30 June 2014			
Opening balance at 1 July 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
Closing balance at 30 June 2014	25,650,006		287,391
Total contributed equity at 30 June 2015			**19,293,174**

[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 2015 $	30 June 2014 $
Opening balance at 1 July	114,117	-
Share based payment movement during the period	492,393	114,117
Closing balance at 30 June	**606,510**	114,117

Notes to the Financial Statements

Performance Rights

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 issued/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 >US$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 (note 15(a)).

Unlisted Options

The fair value of the share options, as described below, are determined using a binomial option pricing method at their grant date that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The expected life of the options is based on historical data, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

- On 24 December 2014, a total of 2 million unlisted share options were issued to Non-Executive Directors. The options are exercisable at $0.25 each on or before 31 October 2018.

The following table lists the inputs to the model used for valuation of options:

Valuation date	28 November 2014
Dividend yield (%)	Nil
Expected volatility (%)	80%
Risk-free interest rate (%)	2.45%
Expected life of option (years)	3.92
Option exercise price ($)	$0.250
Share price at grant date ($)	$0.155
Expiry date	31 October 2018

- On 11 March 2015, 500,000 unlisted share options were issued to a third party consultant, Camet Metallurgy Inc. The options are exercisable at $0.25 each on or before 31 October 2018.
-

Valuation date	11 March 2015
Dividend yield (%)	Nil
Expected volatility (%)	80%
Risk-free interest rate (%)	1.91%
Expected life of option (years)	3.64
Option exercise price ($)	$0.250
Share price at grant date ($)	$0.19
Expiry date	31 October 2018

- On 30 April 2015, 1,000,000 unlisted share options were issued to a third party consultant, Argonaut Securities. The options are exercisable at $0.25 each on or before 30 April 2018.

Valuation date	30 April 2015
Dividend yield (%)	Nil
Expected volatility (%)	80%
Risk-free interest rate (%)	1.94%
Expected life of option (years)	3.00
Option exercise price ($)	$0.250
Share price at grant date ($)	$0.22
Expiry date	31 October 2018

ii) Share based payments expense

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

Tranche of Performance Rights and Options issued	Issue Date	Fair value	Vesting Date	Share based payments expense 30 June 2015 $	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	123,268	76,662
Tranche 3	15/11/2013	$0.22	30/09/2016	60,225	37,455
Unlisted options	24/12/2014	$0.0757	28/11/2014	151,400	-
Unlisted options	11/03/2015	$0.10	28/11/2014	48,500	-
Unlisted options	30/04/2015	$0.11	28/11/2014	109,000	-
Total share based payment expense				**492,393**	287,367

d) Foreign Currency Translation Reserve

	30 June 2015 $	30 June 2014 $
Opening balance at 1 July	-	-
Currency translation differences arising during the year	1,417,000	-
Closing balance at 30 June	**1,417,000**	-

Exchange differences arising on translation of the foreign controlled operations are taken to the foreign currency translation reserve as describe in note 1(g). The reserve is recognized in profit and loss when the net investment is disposed of.

e) 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(b) on Going Concern position of Company.

16. ACCUMULATED LOSSES

	30 June 2015 $	30 June 2014 $
Opening balance at 1 July	(4,492,381)	(1,208,941)
Loss after income tax expense for the period	(3,935,764)	(3,283,440)
Closing balance at 30 June	**(8,428,145)**	(4,492,381)

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:

	30 June 2015 $	30 June 2014 $
Financial assets		
Cash and cash equivalents	2,351,093	2,054,453
Trade and other receivables	1,141,354	717,944
	3,492,447	**2,772,397**
Financial liabilities		
Trade and other payables	351,844	700,004
Accrued expense	95,022	57,083
Contingent consideration	2,864,063	2,437,500
	3,310,929	**3,194,587**

a) 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 Bankwest (2014: National Australia Bank).

b) 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 2015	Less than 6 months $	6-12 months $	Between 1-5 years $	Total $	Carrying Amount $
Financial liabilities					
Trade and other payables	351,843	-	-	351,843	351,843
Accrued expenses	95,022	-	-	95,022	95,022
	446,865	**-**	**-**	**446,865**	**446,865**

Notes to the Financial Statements

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
	757,087	-	-	757,087	757,087

c) Interest Rate Risk

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

30 June 2015	Floating interest rate $	Non-interest bearing $	1 Year or less $	Over 1 to 5 years $	Total $
Financial assets					
Cash and cash equivalents	2,351,093	-	2,351,093	-	2,351,093
	2,351,093	**-**	**2,351,093**	**-**	**2,351,093**

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

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 $23,510 (2014: $20,544).

d) Foreign Currency Risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Tanzanian Shilling (TZS) and United States 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 2015 $	30 June 2014 $
Trade receivable in denomination currency		
Trade receivable - USD	391,101	242,978
Trade payables in denomination currency		
Trade payables - USD	-	144,773
Trade payables - CHF	552	-
Cash and cash equivalent held in denomination currency		
Cash and cash equivalent - USD	2,068,498	1,745,552
Cash and cash equivalent - TZS	1,756	17,167

Consolidated entity sensitivity	30 June 2015	30 June 2014
Spot rates per AUD as at 30 June	$	$
USD	0.7657	0.9429
TZS	1,603	1,559
CHF	0.72	-

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 2015 $		30 June 2014 $	
	Profit/(loss) 10% increase	**Profit/(loss)** 10% decrease	**Profit/(loss)** 10% increase	**Profit/(loss)** 10% decrease
United States Dollars (USD)	(245,960)	246,960	(184,376)	184,376
Tanzanian Shillings (TZS)	(176)	176	(1,717)	1,717
Swiss Francs (CHF)	(55)	55	-	-
Total	**(246,191)**	**246,191**	(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(t).

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

30 June 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities	**$**	**$**	**$**	**$**
Financial liabilities designated at fair value through profit or loss:				
Contingent consideration				
Opening balance at 1 July	-	-	2,437,500	2,437,500
Fair value measurement during the year	-	-	426,563	426,563
Closing balance at 30 June	**-**	**-**	**2,864,063**	**2,864,063**

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
Closing balance at 30 June	-	-	2,437,500	2,437,500

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, and is reviewed on a six monthly basis.

Notes to the Financial Statements

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

	30 June 2015 $		30 June 2014 $	
	Profit/(loss) 10% increase	Profit/(loss) 10% decrease	Profit/(loss) 10% increase	Profit/(loss) 10% decrease
Contingent consideration	**286,406**	**(286,406)**	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

Commitments

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

a) Rental Commitments

	30 June 2015 $	30 June 2014 $
< 1 year	54,487	70,585
1 – 5 years	20,544	97,465
Total rental commitments	**75,031**	168,050

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

b) Panda Hill Niobium Project - Definitive Feasibility Studies

It has been estimated by management that US$3.7 million will be committed to for the completion of the definitive feasibility studies on the Panda Hill Niobium Project for the period to the end of the fourth quarter of 2015.

c) Other Exploration Expenditure Commitments

	30 June 2015 $	30 June 2014 $
No later than one year	-	20,000
Later than one year and not later than five years	-	-
Total exploration expenditure commitments	**-**	20,000

Other exploration expenditure commitments relate to the Ilmenite Wyloo tenement; however, during the year no further spend was budgeted for the Wyloo tenement and as it was not considered a core activity of the Company, it was subsequently relinquished and fully impaired to nil (refer note 9).

There were no contingent assets or contingent liabilities as at the date of this report.

21. RELATED PARTY TRANSACTIONS

a) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Notes to the Financial Statements

Entity	Relationship	Nature of transactions	Transactions Full year 30-Jun-15 $	Transactions Full year 30-Jun-14 $	Balances (owing to) / owed by Full year 30-Jun-15 $	Balances (owing to) / owed by Full year 30-Jun-14 $
Elgra Consultancy Pty Ltd	(i)	Reimbursement to Elgra for corporate administration costs.	239	5,422	518	-
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	-	-
Saval Consulting Pty Ltd	(iv)	Reimbursement to Saval for interest in joint venture cost.	12,212	28,691	-	25,347
Skye Equity Pty Ltd	(v)	Reimbursement to Skye Equity for corporate administration costs.	23,491	38,117	(66,000)	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.	38,946	650,047	8,462	(423)
Panda Hill Tanzania Ltd	(vii)	Reimbursement from Panda Hill Tanzania for corporate administration costs.	920,037	-	-	-
	(vii)	Invoices issued from PHM for Project costs	10,039,083	-	391,101	-

(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) Panda Hill Tanzania Ltd ('PHT') is a company in which the Group have joint control.

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. DIRECTORS AND KEY MANAGEMENT PERSONNEL

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	30 June 2015 $	30 June 2014 $
Short term employee benefits	573,998	529,105
Non-monetary benefits	-	-
Termination benefits	-	12,000
Post-employment benefits	-	1,927
Share based payments	151,400	-
	725,398	**543,032**

23. PARENT ENTITY INFORMATION

a) Summary of Financial Information

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

	30 June 2015 $	30 June 2014 $
Current assets	2,369,206	2,313,696
Non-current assets	27,128,044	17,067,701
Total Assets	**29,497,250**	19,381,397
Current liabilities	3,156,011	4,396,440
Short term financial liabilities	-	-
Non-current liabilities	-	-
Total Liabilities	**3,156,011**	4,396,440
Contributed equity	19,005,683	19,005,683
Issued options	287,491	287,391
Share based payment reserve	606,510	114,117
Accumulated losses	(8,310,732)	(4,422,234)
Total Equity	**11,588,952**	14,984,957
Loss for the year	**(3,888,498)**	(3,213,292)
Total comprehensive loss for the year	**(3,888,498)**	(3,213,292)

b) Commitments and Contingent Liabilities of the Parent

The parent entity did not have any contingent liabilities or commitments, as at 30 June 2015 (30 June 2014: nil).

c) Guarantees Entered into the Parent Entity

There were no guarantees entered into by the parent entity.

24. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the balance date:

- 56,250,000 fully paid ordinary shares and 18,750,000 Class B Performance Shares were released from ASX imposed escrow, for which the Company sought quotation for the 56,250,000 fully paid ordinary shares.
- Mining Licences renewed by the Ministry of Energy and Minerals, Tanzania, for a further 10 years to November 2026.
- Environmental and Social Impact Assessment Certificate issued for the Project by the Tanzanian National Environment Management Council.

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

	30 June 2015 $	30 June 2014 $
Loss after income tax	(3,964,019)	(3,283,403)
Adjustments for non-cash movements:		
Foreign currency movement	(323,413)	-
Broker fees – options issued	-	60,000
Share based payment expense	492,393	287,367
Exploration and evaluation expenditure written off	224,100	-
Loss on dilution of interest in PHT	2,109,036	-
Loss on re-measurement of financial liability	426,563	1,453,125
Provision for annual leave	44,893	12,210
Share of joint venture losses	169,344	77,420
Change in operating assets and liabilities		
Decrease/(Increase) in trade and other debtors	(423,410)	(648,622)
(Decrease)/Increase in trade and other creditors	(310,222)	598,823
Net cash used in operating activities	**(1,554,735)**	(1,443,080)

26. EARNINGS PER SHARE

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

	30 June 2015 $	30 June 2014 $
Reconciliation of earnings to net loss		
Loss attributable to ordinary equity holders of the parent member	(3,935,764)	(3,283,440)
Loss attributable to non-controlling interest	(28,255)	37
	(3,964,019)	(3,283,403)
Loss used in calculating basis and diluted EPS	(3,964,019)	(3,283,403)
Basic and dilutive EPS (cents per share)	**(3.06)**	(3.71)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS	**128,727,617**	88,518,425

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 2015).

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

Financial Report for the year ended 30 June 2015

Directors' Declaration

The Directors of the Company declare that in their opinion:

1. The financial statements and notes, as set out in pages 29 to 63, 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(a) to the financial statements; and

   c) give a true and fair view of the Company's financial position as at 30 June 2015, 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 2015.

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(b) 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 21 day of September 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2015, 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(a), 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.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

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 2015 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(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report, which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions 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 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
21 September 2015

Statement on Corporate Governance

This statement reports on Cradle Resources Limited's ("the Company") key governance framework, principles and practices as at 30 June 2015 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") 3rd Edition released by the ASX Corporate Governance Council on 27 March 2014, which take effect for the Company from 1 July 2014. 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.

Compliance with ASX Principles of Corporate Governance

The Company's corporate governance practices were in place throughout the year ended 30 June 2015 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: A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

1.1 A listed entity should disclose:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

The Board has established functions that are reserved for the Board (as separate from those functions discharged by the Managing Director), which are summarised in the Company's corporate governance policy entitled "Matters Reserved for Approval by the Board of Directors", 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 of 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.

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 Managing Director (and the management team comprising the Project Director, Geology Manager, Company Secretary and Financial Controller) include:

- Assuming responsibility for the overall management and supervision of the activities, operations and affairs of the Group, subject to the overall control and direction of the Board;
- Assuming and exercising all powers and performing all duties from time to time vested in or assigned to the Managing Director by the Board;
- Achieving any key performance indicators set by the Board;
- Promoting the interests and welfare of the Company;
- Providing the Board with information and reports:
  - as to the business and affairs of the Company and the Group as the Board may reasonably request from time to time; and
  - generally, so as to keep the Company fully informed of all material developments in or relevant to the Company's and the Group's affairs within the scope of the Managing Director's duties.

1.2 A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Going forward, the Company will ensure that appropriate checks as to character, experience, education, criminal record and bankruptcy history are undertaken before it appoints a person, or puts forward to security holders a new candidate for election, as a Director. In addition, the Company will provide the following information to security holders in relation to all candidates standing for election or re-election as a Director: biographical details, including qualifications, experience and skills, details of any other material directorships held by the candidate, any material adverse information revealed by the relevant checks, and details of any factors that may influence the candidate's capacity to bring an independent judgement to bear on issues before the Board.

In addition, security holders are provided with the following information in the case of all candidates standing for re-election: the term of office currently served by the director, a statement as to whether the Board considers the candidate to be an independent director, and whether the Board supports the re-election of the candidate.

1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company ensures that a letter of appointment is in place for each Non-Executive Director, the Managing Director and each senior Executive of the Company, which set out the roles and responsibilities of each director or executive.

1.4 The company secretary of a listed company should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary of the Company is accountable to the Board, through the chair, and is responsible for advising the Board on governance matters, monitoring that Board policy and procedures are followed, coordinating the timely completion and despatch of Board papers, ensuring that the business at Board meetings is accurately captured in the minutes, and helping to organise and facilitate the induction and professional development of directors.

1.5 A listed entity should:

- **(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;**
- **(b) disclose that policy or a summary of it; and**
- **(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either:**
  - **(1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**
  - **(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The Company has adopted a Diversity Policy, available on the Company's website, which includes a requirement that the Board set measurable objectives for achieving gender diversity that are appropriate for the Company. The Board has set measurable objectives for the Company's Diversity Policy, which are reviewed and assessed on an annual basis at a board level. The measurable objectives for the financial period ending 30 June 2015 are available on the Company's website.

As at the balance date the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are as follows:

	Board	Senior Executives	Whole Organisation
Men	4	2	6
Women	0	1	5

The Company is not a "relevant employer" under the Workplace Gender Equality Act, as it is not a non-public sector employer with 100 or more employees in Australia.

1.6 A listed entity should:

- **(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and**
- **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Company has adopted a Board and Senior Executives Evaluation Policy which sets out the process of annual evaluation of the Board.

Evaluation of the Board is carried out on a continuing and informal basis.

A performance evaluation of the Board will be carried out annually in accordance with the process set out in the abovementioned policy.

1.7 A listed entity should:

- **(a) have and disclose a process for periodically evaluating the performance of its senior executives; and**
- **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Company has adopted a Board and Senior Executives Evaluation Policy which sets out the process of annual evaluation of the Company's senior executives.

An informal assessment of progress is undertaken during each reporting period, and all senior executives are subject to an annual performance evaluation.

Principle 2: Structure the Board to Add Value: A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

2.1 The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Given the Company's current size and stage of development, 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.

2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership

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, however, the Board does not consider it necessary to maintain a Board "skills matrix" at this stage of the Company's development.

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

2.3 A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in the ASX Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Board considers Mr Evan Cranston and Mr Didier Murcia to be independent Directors of the Company.

The length of service of each director is as follows:

Director	Title	Appointment Date	Length of Service
Craig Burton	Non-Executive Chairman	16 September 2013	1 year, 11 months
Grant Davey	Managing Director	24 July 2013	2 years, 2 months
Didier Murcia	Non-Executive Director	14 August 2013	2 years, 1 month
Evan Cranston	Non-Executive Director	28 June 2011	4 years, 3 months

2.4 A majority of the board of a listed entity should be independent directors.

The Board consists of two independent Directors, a Non-Executive Chairman (not independent) and a Managing Director (not independent). Given the scope and size of the Company's current operations and the skills matrix of the existing Board members, the Board considers that the composition of the existing Board is appropriate.

The Company's non-executive directors meet periodically without executive directors or other senior executives present.

2.5 The Chair should be an independent Director

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairman, Mr Craig Burton, is not an independent Director, given that he is a substantial shareholder of the Company, however the Board considers that this is appropriate given the stage of development of the Company. The role of Managing Director is filled by Mr Grant Davey.

2.5 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board regularly and informally reviews whether the Directors as a group have the skills, knowledge and familiarity with the Company and its operating environment requirement to fulfil their role on the Board effectively. If any gaps are identified, the Board will consider what training or development could be undertaken to fill those gaps.

Where necessary, the Company will provide resources to help develop and maintain the Directors' skills and knowledge.

Principal 3: Act ethically and responsibly: A listed entity should act ethically and responsibly.

3.1 A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The Company has established a formal code of conduct to guide the Directors, the Managing Director (or equivalent), management 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.

Principal 4: Safeguard integrity in corporate reporting: A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

4.1 The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board considers that due to the current size and scope of operations of the Company, it does not merit the establishment of a separate audit committee. Until the situation changes the Board of 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.

The Company's Non-Executive Directors meet with the independent auditors at least bi-annually, separately from any executive directors or management.

The appointment and removal of the Company's external auditor is subject to approval of the Board and the security holders, and the Company's current external auditors rotate the relevant audit engagement partner every five (5) years.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company ensures that a declaration is issued by the Managing Director and the Financial Controller in accordance with the abovementioned requirement.

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company ensures that its external auditor is notified in advance of each AGM and that a representative of the external auditor attends the AGM and is available to answer questions from security holders.

Principle 5: Make timely and balanced disclosure: A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

5.1 A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Company has adopted a Continuous Disclosure Policy, which is available on the Company's website, to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at Board and senior executive level for that compliance.

Principle 6: Respect the rights of security holders: A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

6.1 A listed entity should provide information about itself and its governance to investors via its website.

The Company has established and regularly maintains and updates a website at www.cradleresources.com.au, which provides information to security holders and members of the public regarding the Company's project, profile, Board, management, corporate governance, ASX releases and reports and analyst reports.

6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has adopted a Shareholder Communication Policy, which sets out the Company's communications strategy with its stakeholders including the effective use of an electronic distribution list.

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

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.

Notices of Meeting are released to ASX and mailed out or emailed to all security holders in advance of all General or Annual General Meetings.

6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company and its security registry provide all security holders with the option to receive communications from, and send communications to, the Company and the security registry.

Principle 7: Recognise and manage risk: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

7.1 The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

And disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Board considers that due to the current size and scope of operations of the Company, it does not merit the establishment of a separate risk management committee. Until such time as determined by the Board, 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 Board meets on a regular basis and discusses matters normally captured under the terms of reference of a risk management committee, including recognition and management of company risk, implementation and review of risk management practices, and management of risk that may impact the Company, its security holders and other stakeholders such as employees, suppliers, creditors and the broader community in which the Company operates.

The objectives of the Company's risk management program are contained in the Risk Management Policy which is available on the Company's website.

7.2 The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The Board requires 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. Management reports to the Board, and the Board reviews, on at least an annual basis, regarding the Company's risk management framework and as to the effectiveness of the Company's management of its material business risks.

7.3 A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company does not have an internal audit function, however it 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, to whom the Company's Financial Controller reports. 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.

7.4 A listing entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Any exposure to economic, environmental, social sustainability and any other risks are disclosed periodically, and as otherwise required, by the Company in its Quarterly, Half-Yearly and Annual Reports to ASX and regular ASX announcements regarding the Company's project.

Principle 8: Remunerate fairly and responsibly: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

8.1 The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for overseeing for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board considers that due to the current size of the Company and its operations, 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.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other 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.

8.3 A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

The Company does not currently have an equity-based remuneration scheme, however certain non-executive directors and senior executives have been issued with equity-based remuneration for incentive purposes, as outlined in the Company's Remuneration Report.