

For personal use only



Half Year Report
31 December 2022

Cradle Resources Limited
ABN 60 149 637 016

www.cradleresources.com.au

Contents

Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Half Year Consolidated Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14

Corporate Directory

Directors

Grant Davey – Executive Director
Chris Bath – Non-Executive Director
David Wheeler – Non-Executive Director

Company Secretary

Brian Scott

Registered Office

Level 20
140 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9200 3425

Fax: +61 8 9200 4961

Securities Exchange Listing

Cradle Resources Limited shares are listed on the Australian Securities Exchange

ASX Code

CXX – Fully paid Ordinary Shares

Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000

Telephone: +61 1300 554 474

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Website

www.cradleresources.com.au

The Directors of Cradle Resources Limited ("Cradle" or the "Group") present their report for the half year ended 31 December 2022.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are set out below:

Mr Grant Davey, Executive Director
Mr Chris Bath, Non-Executive Director
Mr David Wheeler, Non-Executive Director

Operating and Financial Review

New Project Opportunities

The Group is focused on assessing and acquiring new business opportunities and assets. ASX will require the Group to seek Shareholder approval pursuant to Listing Rule 11.1.2 and re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect to any future transaction the Group may enter into. Further, ASX Guidance Note 12 states that following a listed entity's disposal of its main undertaking, ASX will generally continue the quotation of the entity's securities for a period of up to 6 months to allow an entity time to identify and announce its intention to acquire a new business. On 13 January 2022 ASX advised that it was suspending the securities of Cradle from quotation.

While the Group is actively pursuing potential new acquisitions, there can be no assurance that a suitable new business or asset will be identified and announced within the timeframe required, or at all, which may have an adverse impact on the Group's future revenues and its ability to remain trading on the ASX.

Financial Results

The net loss of the Consolidated Entity for the half year ended 31 December 2022 was \$179,180 (31 December 2021: (\$1,150,367)).

The net loss comprises corporate and administrative expenses of \$73,495 and director related fees of \$95,000.

Financial Position

At 31 December 2022, the Group had cash reserves of \$27,886 (30 June 2022: \$149,804) no debt and net liabilities of \$38,585 (30 June 2022: (\$140,595)).

The Group has substantially reduced all expenditures, other than external compliance costs necessarily incurred as an ASX listed company including ASIC fees, ASX fees, audit fees and share registry fees. In October 2022 the Directors agreed to defer payment of all Directors' fees and not seek payment to the extent that Cradle does not have the financial resources to pay Directors' fees.

In July 2022, Cradle entered into an agreement with Davey Management (Aus) Pty Ltd ("Davey Management"), a related entity of Mr Grant Davey, whereby Davey Management agreed to provide a loan facility of up to \$500,000 to Cradle. The key terms are:

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

As at the date of this report, Cradle has not drawn down any amounts against this loan facility.

Subsequent to the end of the reporting period, the Parties agreed to amend the repayment date to 31 July 2024.

Events occurring after the balance sheet date

Subsequent to the end of the reporting period, Cradle and Davey Management (Aus) Pty Ltd agreed to amend the repayment date under the Loan Facility to 31 July 2024.

Auditor's independence declaration

The auditor's independence declaration as required pursuant to section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the directors.



Grant Davey
Executive Director

2 March 2023

Perth

For personal use only



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

As lead auditor for the review of the half-year financial report of Cradle Resources Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Pierre Dreyer
Partner
2 March 2023

For personal use only

	Notes	2022 \$	2021 \$
Interest income		51	727
Sundry Income		11,821	-
Corporate and administrative expenses		(73,494)	(212,442)
Employee benefits expenses		(117,558)	(167,896)
Foreign exchange loss		-	(4,634)
Foreign exchange gain on foreign operations reclassified from reserves	9	-	1,534,612
Profit/(loss) before income tax		(179,180)	1,150,367
Income tax expense		-	-
Net profit/(loss) for the period		(179,180)	1,150,367
Net profit/(loss) attributable to members of Cradle Resources Limited		(179,180)	1,150,367
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange gain on foreign operations reclassified to profit & loss	9	-	(1,534,612)
Other comprehensive income/(loss) for the period, net of tax		-	(1,534,612)
Total comprehensive loss for the period		(179,180)	(384,245)
Total comprehensive loss attributable to members of Cradle Resources Limited		(179,180)	(384,245)
Earnings per share			
Basic and diluted profit/(loss) per share (cents per share)		(0.10)	0.56

The interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the interim consolidated financial statements.

	Notes	31 Dec 2022 \$	30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	27,886	149,804
Other receivables	5	33,266	36,046
Other financial assets	6	-	62,018
Total Current Assets		61,152	247,868
TOTAL ASSETS		61,152	247,868
LIABILITIES			
Current Liabilities			
Trade and other payables	7	(99,737)	107,272
Total Current Liabilities		(99,737)	107,272
TOTAL LIABILITIES		(99,737)	107,272
NET (LIABILITIES)/ASSETS		(38,585)	140,595
EQUITY			
Contributed equity	8	11,034,280	11,034,280
Reserves	9	10,921,281	10,921,281
Accumulated losses		(21,994,146)	(21,814,966)
TOTAL (DEFICIENCY)EQUITY		(38,585)	140,595

The interim consolidated statement of financial position should be read in conjunction with the notes to the interim consolidated financial statements.

For personal use only

	Issued Capital \$	Foreign Currency Translation Reserve \$	Consolidation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2022	11,034,280	-	10,921,281	(21,814,966)	140,595
Total comprehensive loss for the year					
Net loss for the period	-	-	-	(179,180)	(179,180)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(179,180)	(179,180)
Balance at 31 December 2022	11,034,280	-	10,921,281	(21,994,146)	(38,585)
Balance at 1 July 2021	28,660,507	1,534,612	10,921,281	(22,690,991)	18,425,409
Net gain for the period	-	-	-	1,150,367	1,150,367
Other comprehensive loss:					
Foreign exchange on foreign operations reclassified to profit & loss	-	(1,534,612)	-	-	(1,534,612)
Total comprehensive income/(loss) for the period	-	(1,534,612)	-	1,150,367	(384,245)
Transactions with owners recorded directly in equity:					
Issue of shares	694,312	-	-	-	694,312
Share issue costs	(47,730)	-	-	-	(47,730)
In specie distribution	(18,272,902)	-	-	-	(18,272,902)
Balance at 31 December 2021	11,034,187	-	10,921,281	(21,540,624)	414,844

The interim consolidated statement of changes in equity should be read in conjunction with the notes to the interim consolidated financial statements.

For personal use only

	2022	2021
	\$	\$
Cash flows used in operating activities		
Payments to suppliers and employees	(184,808)	(438,328)
Business development and marketing	(11,000)	-
Other income	11,821	-
Interest received	51	727
Net cash used in operating activities	(183,936)	(437,601)
Cash flows used in investing activities		
Security bond refunded	62,018	
Payment for share subscription in Panda Hill Mining Limited	-	(200,000)
Net cash from/(used in) investing activities	62,018	(200,000)
Cash flows used in financing activities		
Proceeds from the issue of ordinary shares	-	692,312
Cost of capital raisings	-	(45,731)
Net cash received from financing activities	-	646,581
Net increase/(decrease) in cash and cash equivalents	(121,918)	8,980
Cash and cash equivalents at beginning of period	149,804	486,965
Cash and cash equivalents at end of period	4	27,886

The interim consolidated statement of cash flows should be read in conjunction with the notes to the interim consolidated financial statements.

1. Corporate information

The interim consolidated financial statements of Cradle Resources Limited and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 2 March 2023.

Cradle Resources Limited (the “Company”) is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange. The registered office is located at Level 20, 140 St Georges Terrace Perth, Western Australia.

The nature of the operations and principal activities of the Group are as described in the Directors’ Report.

2. Basis of Preparation

The interim consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. It is intended to provide users with an update on the latest annual financial statements of the Group and as such they do not include full disclosures of the type normally included in the annual report. It is recommended that they be read in conjunction with the 2022 Annual Report and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The interim consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with the accounting policies adopted in the 2022 Annual Report and the comparative interim period and have been consistently applied by the entities in the Group except for those that have arisen as a result of new standards, amendments to standards and interpretations effective from 1 July 2022. The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half-year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Going Concern

The interim consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a net loss for six months ended 31 December 2022 of \$179,180 (31 December 2021: net gain of \$1,150,367). Net cash operating outflows of \$183,936 (31 December 2021: \$437,601) were incurred during the period. The Group has cash on hand at 31 December 2022 of \$27,886 (30 June 2022: \$149,804) and receivables of \$33,266 (30 June 2022: \$36,046). Net liabilities totalled \$38,585 (30 June 2022: Net assets \$140,595).

The interim consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group is currently focussing on assessing and acquiring new business opportunities and assets. The use of funds during the next twelve months will primarily be on administration and corporate costs, together with costs incurred on reviewing new project opportunities. The directors have prepared a cash flow forecast which indicates that the Group will require additional capital to fund ongoing evaluation (and, where applicable, acquisition) of new opportunities and working capital requirements for the 12-month period from the date of signing this financial report.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flows in line with available funds. Davey Management (Aus) Pty Ltd (“Davey Management”), a related entity of Mr Grant Davey, has provided a loan facility of up to \$500,000 to the Company. The Company has not drawn down any amounts against this loan facility.

2. Basis of Preparation (continued)

The key terms of the agreement are:

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

Subsequent to the end of the reporting period, the Parties agreed to amend the repayment date to 31 July 2024.

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

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

3. Critical Accounting Estimates & Judgements

The preparation of the interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2022.

4. Cash and Cash Equivalents

	31 Dec 2022	30 June 2022
	\$	\$
Cash at bank	27,886	149,804

5. Other Receivables

	31 Dec 2022	30 June 2022
	\$	\$
Prepayments	21,668	20,535
GST receivable	11,578	15,511
	<u>33,266</u>	<u>30,046</u>

6. Other financial assets

	31 Dec 2022	30 June 2022
	\$	\$
Security deposit ¹	-	62,018
	-	62,018

¹ Security deposit pursuant to the Shared Services Agreement for the office premises, refunded during the period.

7. Trade and other payables

	31 Dec 2022	30 June 2022
	\$	\$
Trade Creditors	80,737	84,272
Accrued Expenses	19,000	23,000
	99,737	107,272

8. Contributed Equity

	31 Dec 2022	30 June 2022
	\$	\$
Issued capital		
187,464,218 fully paid ordinary shares (30 June 2022: 187,464,218)	(a) 11,034,280	11,034,280

(a) Movement in Issued Capital

		Number	\$
1 July 2021	Opening balance	152,748,622	28,660,507
6 August 2021	In specie distribution ¹	-	(18,272,902)
22 September 2021	Issue of shares ²	16,252,714	325,054
23 September 2021	Issue of shares ²	18,462,882	369,258
24 September 2021	Share issue costs ²	-	(47,637)
30 June 2022	Closing balance	187,464,218	11,034,280
1 July 2022	Opening balance	187,464,218	11,034,280
31 December 2022	Closing balance	187,464,218	11,034,280

¹ On 30 July 2021 shareholders of Cradle approved the demerger of its 37.2% interest in Panda Hill Tanzania Ltd ("PHT") to Panda Hill Mining Pty Ltd ("PHM") and the in-specie distribution of 152,748,622 shares it holds in PHM ("In-specie Shares") to eligible Cradle shareholders on a pro-rata basis.

8. Contributed Equity (continued)

As a result of this transaction, Cradle recognised a dividend payable of \$18,272,902, which comprised the following amounts:

Investment in PHT	\$ 17,974,680
Loan to PHT	102,856
Investment in PHM	200,000
Foreign exchange loss	(4,634)
Total dividend payable	<u>18,272,902</u>

² In September 2021 the Company completed a non-renounceable pro rate fully underwritten entitlement offer to Eligible Shareholders of New Shares each at an issue price of \$0.02 on the basis of 1 New Share for every 4.4 Shares held to raise \$694,312 before costs ("Offer"). The Offer closed on 21 September 2021, with the Company receiving acceptances for 16,252,714 New Shares, resulting in a shortfall of 18,462,882 New Shares. The shortfall was placed via the underwriter, CPS Capital Pty Ltd.

9. Reserves

	31 Dec 2022	30 June 2022
	\$	\$
Foreign currency translation reserve	(a)	-
Consolidation reserve	10,921,281	10,921,281
Total reserves	10,921,281	10,921,281

(a) Movement in foreign currency translation reserve	31 Dec 2022	30 June 2022
	\$	\$
Opening balance	-	1,534,612
Foreign exchange on foreign operations reclassified to profit & loss	-	(1,534,612)
Closing balance	-	-

10. Dividends Paid or Provided for on Ordinary Shares

No dividend has been paid or provided for during the half year (31 December 2021: \$18,272,902 – refer to note 8 for additional information).

11. Events Subsequent to Balance Date

Subsequent to the end of the reporting period, the Company and Davey Management (Aus) Pty Ltd agreed to amend the repayment date under the Loan Facility to 31 July 2024.

As at the date of this report there are no other matters or circumstances which have arisen since 31 December 2022 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2022, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2022, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2022, of the Consolidated Entity.

Directors' Declaration

In accordance with a resolution of the directors of Cradle Resources Limited, I state that in the opinion of the directors:

- (a) the interim financial statements and notes of the Company and its subsidiaries are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- (b) Subject to the matters set out in Note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Grant Davey
Executive Director

2 March 2023

Perth

For personal use only



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

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

Conclusion

We have reviewed the accompanying half-year financial report of Cradle Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2022, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 to the interim consolidated financial report, which describes the events or conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Building a better
working world

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Ernst & Young

A handwritten signature in black ink that reads 'Pierre Dreyer'.

Pierre Dreyer
Partner
Perth
2 March 2023

For personal use only