

10 November 2015

ASX Release

ASX Code: CXX

CRADLE/TREMONT JV ACQUIRES 100% OF PANDA HILL LICENCES

Cradle Resources Limited is pleased to announce that Panda Hill Tanzania Ltd (PHT), the joint venture entity owned 50% by Cradle and 50% by Tremont Investments Limited, has exercised its option to acquire 100% of the Panda Hill Mining Licences. As a result, PHT entered into an amended purchase agreement with the vendor RECB Limited. Following approval by the Tanzanian Government of the transfer of the Mining Licences, completion under this amended agreement was achieved late yesterday.

Under the amended purchase agreement, PHT has paid or is to pay RECB the following purchase consideration:

- US\$1.5 million, paid at completion;
- 6.2 million shares in Cradle (valued at US\$1.09 million), issued at completion, with half tradeable and half escrowed until the commencement of commercial production;
- US\$3 million, payable five days after project financing drawdown or 30 September 2016, whichever is earlier; and
- US\$5 million, payable out of production as a capped 5% net smelter return, with a time limit of four years from the commencement of commercial production.

This represents a saving of approximately US\$2.5 million from previous option arrangements, which PHT was able to negotiate due to the time benefit and certainty to RECB of the early option exercise.

Also, the structured nature of the purchase is of benefit to PHT.

Tremont recently contributed its last tranche of US\$5 million to PHT, thereby moving to 50% ownership. The Panda Hill Definitive Feasibility Study, which is due to be completed by PHT in Q1 2016, is mostly funded by the previous US\$15 million contributed by Tremont. This further contribution of US\$5 million has funded monies paid to RECB at completion, leaving a cash balance in PHT to cover other pre-financing and preliminary project costs. As described above, RECB is not due any further payments until after expected project financing.

Accordingly, PHT is expected to be funded through to financing of the Panda Hill project (including this acquisition of 100% of the Mining Licences) without any cash calls upon either Cradle or Tremont.

The issue by Cradle of the 6.2 million shares will create a credit in favour of Cradle with PHT of US\$1.09 million (being A\$0.25 per share). Accordingly, Tremont will be liable to contribute a further US\$1.09 million to PHT prior to Cradle having to make any further contributions.

This purchase, combined with Tremont's contribution of its final tranche of US\$5 million, results in a simple, final ownership structure of the Panda Hill Project. Cradle and Tremont each own 50% of PHT, which in turn directly owns 100% of the Mining Licences and the Project. PHT is funded to expected completion of Project financing mid next year and Cradle has a US\$1.09 million credit if and when further funding is required.

In addition, the simplified ownership structure will facilitate debt financing discussions for the Project, which are currently being advanced by Tremont on behalf of PHT.

Attached is the Appendix 3B in relation to the shares issued to RECB Limited.

By Order of the Board

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Project Background

An update to the Preliminary Feasibility Study results was announced on 14 July 2015, indicating that a staged approach to the Project allowed reduced upfront capital without significantly impacting the overall economics. The indicative Project capex was US\$123 million initial capital with US\$32 million working capital based upon mining scenario of 1.3Mtpa for the initial years ramping up to 2.6Mtpa in Year 5.

Subsequent to the PFS announcement, Cradle also announced a significant Mineral Resource upgrade for the Project in April 2015, with a total Mineral Resource of 178Mt at 0.5% Nb₂O₅ for 891Kt of contained Nb₂O₅. Additionally the Project has an Exploration Target* of 200Mt to 400Mt at between 0.4% and 0.6% Nb₂O₅ for regions outside of the current Mineral Resource (see announcement 23 April 2015). The April 2015 updated Mineral Resource will be used for the final Definitive Feasibility Study.

***Note on Exploration Target**

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.

The Project (Figure 1 below) is located in the Mbeya region in south western Tanzania approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya (pop. 280,000) is situated only 26km from the project area and will be a significant service and logistics centre for the Project. The Project is unique in that it is located close to highly developed surrounding infrastructure including the new Songwe international airport (8 km away), the TAZARA Rail line (2km away), the Dar es Salaam - Tunduma Highway (5km away) and major power infrastructure (26km away).

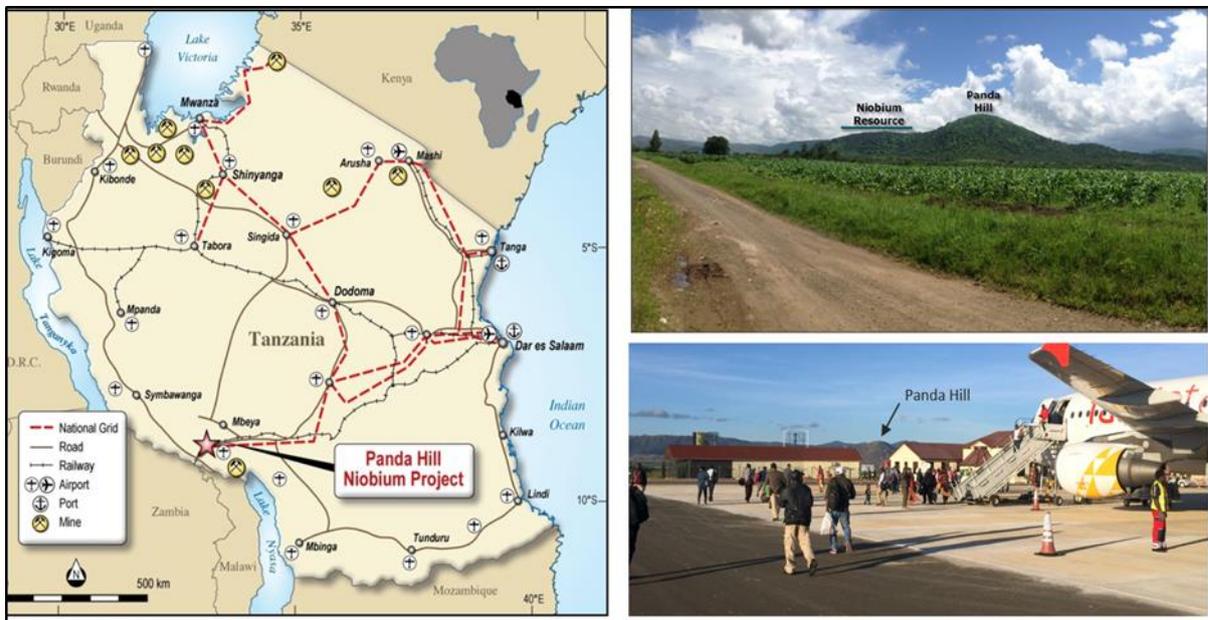


Figure 1: Showing location of Panda Hill and the nearby Songwe international airport

The Project is located on three Mining Licences (ML237/2006, 238/2006 and 239/2006) granted to Panda Hill Mines Ltd on 16 November 2006 and covering a total area of approximately 22.1 km².

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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 announcement 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.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Cradle Resources Limited

ABN

60 149 637 016

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 6,200,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

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New issue announcement

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes (although 3,100,000 of the Ordinary Shares will be escrowed and unquoted until commencement of commercial production)</p>
5	<p>Issue price or consideration</p>	<p>Nil issue price; consideration – see section 6 below</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>6,200,000 fully paid ordinary shares issued by the Company pursuant to the Sale of Mineral Rights Agreement dated 5 October 2015 entered into between Panda Hill Tanzania Ltd (PHT) and RECB Limited (RECB) as part consideration for the sale of the Panda Hill mining licences by RECB to PHT</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	<p>28 November 2014</p>
6c	<p>Number of +securities issued without security holder approval under rule 7.1</p>	<p>6,200,000 fully paid ordinary shares</p>

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6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable	
6f	Number of +securities issued under an exception in rule 7.2	Not applicable	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1	
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	6 November 2015	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		131,827,617	Ordinary Shares

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	3,100,000	Ordinary Shares (escrowed until commencement of commercial production)
	18,750,000	Class B Performance Shares
	1,837,500	Performance Rights
	7,687,500	Options ex \$0.2667, exp 31/05/16
	1,000,000	Options ex \$0.25, exp 30/04/18
	2,500,000	Options ex \$0.25, exp 31/10/18
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 - Pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not applicable
15 +Record date to determine entitlements	Not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable

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17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable

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- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000

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- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought Not applicable

39 +Class of +securities for which quotation is sought Not applicable

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now Not applicable

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

Number	+Class
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42 Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	Not applicable	
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Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 10 November 2015
Company Secretary

Print name: SOPHIE RAVEN
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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	128,727,617 Ordinary Shares
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	128,727,617

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	19,309,142
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>500,000 Unlisted Options exercisable at 25 cents each on or before 31 October 2018 (issued on 11 March 2015)</p> <p>1,000,000 Unlisted Options exercisable at 25 cents each on or before 30 April 2018 (issued on 30 April 2015)</p> <p>6,200,000 Ordinary Shares (issued on 6 November 2015), with 3,100,000 Ordinary Shares escrowed until the commencement of commercial production of the Panda Hill mine</p>
“C”	7,700,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	19,309,142
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	7,700,000
Total [“A” x 0.15] – “C”	11,609,142

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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	128,727,617
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	12,872,761
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	
“E”	0
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	12,872,761
Subtract “E” <i>Note: number must be same as shown in</i>	0

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Step 3	
Total ["A" x 0.10] – "E"	12,872,761 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>

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