

21 December 2011

Dear Shareholder

**Notice to Eligible Shareholders of Entitlements Offer**

We write to you as the registered holder of shares in Cradle Resources Limited (**Cradle** or **Company**) as at today's date.

As announced on 19 December 2011, the Company is undertaking a non-renounceable pro-rata entitlements offer on the basis of 1 listed option (**Listed Option**) for every 2 shares held at 5pm (WST) on 30 December 2011 (**Record Date**) at an issue price of \$0.01 each (**Entitlements Offer**).

The exercise price of the Listed Options is \$0.20. The expiry date of the Listed Options is the third anniversary of the date of issue.

The Entitlements Offer is available to all Cradle shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia or New Zealand (**Eligible Shareholders**). The Entitlements Offer is not being extended to any Shareholders whose address is outside Australia or New Zealand.

**Purpose of the Entitlements Offer**

Completion of the issue of the Listed Options will result in an increase in the cash on hand of up to approximately \$137,500 (before payment of associated costs).

The funds raised pursuant to the Entitlements Offer will be used to identify and assess new projects for acquisition, pay the cost of the Offer and provide general working capital.

**Indicative Timetable**

The Listed Options will be offered in accordance with the following timetable:

<b>Event</b>	<b>Date</b>
Lodgement of Prospectus with ASIC and provision of copies to ASX Appendix 3B given to ASX	19 December 2011
Existing Shares quoted on an "ex" basis	22 December 2011
Record Date	30 December 2011
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	4 January 2012
Closing Date	19 January 2012
Listed Options quoted on a deferred settlement basis	20 January 2012
Notify ASX of under subscription	23 January 2012

Anticipated date for allotment and issue of the Listed Options	24 January 2012
Anticipated date for dispatch of holding statements	24 January 2012
Deferred settlement trading ends	24 January 2012
Anticipated date of commencement of Listed Options trading	25 January 2012

All dates are indicative only. The Company reserves the right, subject to the *Corporations Act* 2001 (Cth) (**Corporations Act**) and the ASX Listing Rules (**Listing Rules**), to amend the indicative timetable without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the Listed Options.

### Shortfall Offer

In addition to the Entitlements Offer, there may be a separate and independent shortfall offer under the Prospectus to Eligible Shareholders and other eligible investors for Listed Options not otherwise taken up in the Entitlements Offer at a price of \$0.01 each (**Shortfall Listed Options**).

The directors reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules to issue the Shortfall Listed Options at their sole discretion.

### Capital Structure of the Company

The table below details the capital structure of the Company on completion of the Offer.

	Balance at Date of the Prospectus	To be issued under the Entitlements Offer	Balance After the Entitlements Offer
<b>Shares</b>	27,500,000 <sup>(1)</sup>	-	27,500,000
<b>Unlisted Options</b>	10,250,000	-	10,250,000
<b>Listed Options</b>	-	13,750,000 <sup>(1)</sup>	13,750,000

(1) Assuming no unlisted options are exercised prior to the Record Date.

### Prospectus

Details of the Entitlements Offer are contained in the Prospectus which was lodged with ASIC and ASX on 19 December 2011. The Prospectus is available on both the ASX website ([www.asx.com.au](http://www.asx.com.au)) and the Company's website ([www.cradleresources.com.au](http://www.cradleresources.com.au)).

A copy of the Prospectus will be sent to Eligible Shareholders on 4 January 2012.

The directors encourage you to read the Prospectus carefully and seek advice from your professional adviser if you have any queries. This notice is to inform you of the Entitlements Offer. You are not required to do anything in respect to this letter.

Yours faithfully



**Evan Cranston**  
Director