



ACN 149 637 016

PROSPECTUS

For the Offer of up to 100 Shares each at an issue price of \$0.20

This Prospectus is a compliance prospectus to facilitate secondary trading of the Placement Shares issued or to be issued by the Company

THIS OFFER CLOSSES AT 5.00PM WST ON 25 JUNE 2014

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Application Form prior to applying for Securities under the Offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 24 June 2014 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 7, 1008 Hay Street, Perth, Western Australia, during normal business hours. The Company will also provide copies of other documents on request (see Section 4.4).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for Securities will only be accepted on an Application Form which is attached to, or provided by the Company with, a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 3.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

CORPORATE DIRECTORY

Current Directors

Craig Burton	Chairman
Grant Davey	Managing Director
Evan Cranston	Non-Executive Director
Didier Murcia	Non-Executive Director

Company Secretary

Sophie Raven

Registered Office

Level 7
1008 Hay Street
PERTH WA 6000

ASX Code: CXX, CXXO

Website: www.cradleresources.com.au

Lawyers

GTP Legal
Level 1, 28 Ord Street
PERTH WA 6000

Share Registry*

Link Market Services Limited
Ground Floor
178 St Georges Terrace
PERTH WA 6000

Auditor*

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

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1. Details of the Offer

1.1 The Offer

The Company is offering 100 Shares (**Shares**) each at an issue price of \$0.20 (**Share Offer** or **Offer**).

Further details on the rights and liabilities attaching to the Shares are in Section 4.1.

1.2 Purpose of the Offer

The Company recently announced that it would make a placement of 18,000,000 Shares each at \$0.20 (**Placement Shares**) to raise up to \$3,600,000 (before costs) (**Placement**). The Placement Shares were offered to institutional and sophisticated private investors by brokers in Australia and the United Kingdom.

This Prospectus has been issued to facilitate secondary trading of the Placement Shares as they will be issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued Placement Shares to on-sell those shares within 12 months of their issue. The Company will not issue the Placement Shares with the purpose of the persons to whom they were issued selling or transferring their Shares, or granting, issuing or transferring interests in those Shares within 12 months of the issue but this Prospectus provides them the ability to do so should they wish.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of the Placement Shares does not breach Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in Section 708A(11) of the Corporations Act.

1.3 Opening and Closing Dates

The Company will accept Application Forms until 5.00pm WST on 25 June 2014 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Closing Date**).

1.4 Risks of the Offer

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are in Section 3.

1.5 No minimum subscription

There is no minimum amount sought to be raised by the Share Offer. If the Share Offer is fully subscribed, the Share Offer will raise approximately \$20 (before costs of the Share Offer). The Company will proceed to allot the Shares if a lesser amount is raised and irrespective of the amount raised. The Company intends to allot the Shares progressively

as Applications are received and in any event, will allot all Shares as soon as possible after the Closing Date.

There is no provision for oversubscriptions.

1.6 Application Forms

If you wish to subscribe for Shares pursuant to the Share Offer, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Board's discretion, in accordance with the instructions in the Application Form. Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm WST on the Closing Date. Cheques must be made payable to "Cradle Resources Limited - Subscription Account" and crossed "Not Negotiable". All cheques must be in Australian currency. Application Forms should be delivered to Cradle Resources Limited, Level 7, 1008 Hay Street, Perth WA 6000 or mailed to PO Box 7209, Cloisters Square WA 6850.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding Acceptance of Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Acceptance as valid and how to construe, amend or complete the Application Form is final.

1.7 Issue date and dispatch

The Company may issue the Securities progressively as Applications are received.

Security holder statements will be dispatched, as soon as possible after the issue of the Securities.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements do so at their own risk.

1.8 Application Monies held on trust

All Application Monies received for the Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.9 ASX quotation of Shares under the Share Offer

Application will be made to ASX no later than 7 days after the date of this Prospectus for official quotation of the Shares issued under the Share Offer. If permission is not granted by ASX for the official quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to the Share Offer under this Prospectus.

1.10 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Link Market Services Limited and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.11 Residents Outside Australia

This Prospectus, and an accompanying Application Form, do not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.12 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.13 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2013 is in the Annual Report lodged with ASX, which is available on the Company's website at www.cradleresources.com.au.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2013 is in the Interim Financial Report lodged with ASX on 14 March 2014.

A summary of activities relating to the Company for the quarter ended 31 March 2014 is in the Quarterly Report, lodged with ASX on 30 April 2014.

The Company's continuous disclosure notices (i.e. ASX announcements) since lodgement of Annual Report are listed in Section 4.4.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.14 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.15 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9389 2000.

2. Effect of the Offer

2.1 Capital structure on completion of the Offer

	Number of Shares	Number of Class A Performance Shares	Number of Class B Performance Shares	Number of Performance Rights	Number of Unlisted Options ¹	Number of Listed Options ²
Balance at the date of this Prospectus	110,727,517 ³	-	18,750,000	2,175,000	7,687,500	17,947,506
To be issued under the Share Offer	100	-	-	-	-	-
To be issued pursuant to the Placement	18,000,000	-	-	-	-	-
Balance after the Share Offer and issue of the Placement Shares	128,727,617	-	18,750,000	2,175,000	7,687,500	17,947,506

¹ Exercisable at \$0.2667 and expiring on 31 May 2016

² Exercisable at \$0.2667 and expiring on 24 January 2015

³ Includes 18,750,000 Class A Performance Shares and 787,500 Performance Rights converted into ordinary shares following satisfaction of the performance condition thereof.

2.2 Pro forma statement of financial position

	As at 31 May 2014 (Unaudited) \$	Pro-forma adjustments \$	Pro-forma statement of financial position \$
Current Assets			
Cash and cash equivalents	2,652	3,420,000 ⁴	3,422,652
Trade and other receivables	76,894	399,188 ⁵	476,082
Prepayments	4,513	-	4,513
Total Current Assets	84,059	3,819,188	3,903,247
Non-Current Assets			
Exploration and evaluation	227,977	-	227,977
Interest in joint venture	13,727,283	-	13,727,283
Total Non-Current Assets	13,955,260	-	13,955,260
TOTAL ASSETS	14,039,319	3,819,188	17,858,507
Current Liabilities			
Trade and other payables	894,441	-	894,441
Accrued expenses	442,166	-	442,166
Borrowings	446,810	-	446,810
Provisions	10,266	-	10,266
Contingent consideration (Performance B shares) ¹	1,687,500	-	1,687,500
Total Current Liabilities	3,481,183	-	3,289,074

	As at 31 May 2014 (Unaudited)	Pro-forma adjustments	Pro-forma statement of financial position
TOTAL LIABILITIES	3,481,183	-	3,481,183
NET ASSETS	10,558,136	3,819,188	14,377,324
EQUITY			
Issued capital	15,435,116 ²	3,420,000 ⁴	18,855,116
Issued options	287,391	-	287,391
Share based payment reserve	184,023 ³	-	184,023
Accumulated losses	(5,348,394) ³	399,188 ⁵	(4,949,206)
TOTAL EQUITY	10,558,136	3,819,188	14,377,324

¹ Performance B shares:

This liability will be eliminated by either:

- (a) equivalent issued capital, if the Performance B shares convert; or
- (b) a reversal of the liability if the Performance B shares do not convert.

² Includes conversion of 18,750,000 Class A Performance Shares into ordinary shares.

³ Includes conversion of 787,500 Performance Rights into ordinary shares.

⁴ Placement of 18,000,000 shares at \$0.20 (net of 5% raising costs).

⁵ Share of USD \$375,000 funding from Tremont, converted at an exchange rate of USD 1 = AUD 1.0645.

Basis of Preparation

The above financial statement has been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001.

It has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The pro forma statement of financial position is based on the unaudited statement of financial position as at 30 April 2014 and has then been adjusted to reflect any material transactions, namely, provision of a third party loan and associated interest.

Effect of the Share Offer under this Prospectus

The impact of the issue of 100 Shares under the Share Offer pursuant to this Prospectus to raise \$20, if completed, will be to increase issued capital by \$20 with a corresponding increase in cash. As these amounts are immaterial, the impact of the Share Offer has not been reflected in the above pro-forma.

2.3 Market price of Shares

The Company went into a voluntary trading halt on 28 February 2014 and, subsequently, voluntary suspension on 4 March 2014 until 24 June 2014.

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of commencement of the Company's voluntary trading halt on 28 February 2014 and the respective dates of those sales were:

Highest: \$0.22 per Share on 18 February 2014

Lowest: \$0.16 per Share on 16 January 2014

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.20 per Share on 24 June 2014.

2.4 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

3. Risk factors

Any investment in the Company should be considered speculative.

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which prospective investors need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Prospective investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Risks Specific to the Company

(a) Risks Associated with Operating in Tanzania

The Company's principal assets are located in Tanzania. Any potential future Tanzanian operations of the Company are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting rights and interest in assets;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(b) Exploration and Development Risks

The business of niobium exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to interests;

- (v) obtaining consents and approvals necessary for the conduct of niobium exploration, development and production; and
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs and commodity prices affect successful project development and operations.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of niobium. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(c) **Niobium Price Volatility**

The demand for, and price of, niobium is highly dependent on a variety of factors, including international supply and demand, weather conditions, the price and availability of alternative metals, actions taken by governments, and global economic and political developments.

A material decline in the price of niobium may have a material adverse effect on the Company's business, financial condition and results of operations.

(d) **Reserves and Resource Estimates**

Reserve and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's operations.

(e) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(f) **Relocation of Songwe Prison**

A low security prison farm is located on two of the Panda Hill Licences. Negotiation of the relocation and resettlement of the Songwe Prison, and the terms and conditions of any compensation payable, will need to commence with the Tanzanian authorities as required under the relevant legislation prior to commencement of the construction of the mine.

(g) **Tenement Title and Renewal**

Interests in tenements in Tanzania are governed by the mining legislation and regulations in that country. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. The Company needs to comply with these license conditions in order to retain title to, or renew, the tenements.

(h) **General Economic and Political Risks**

Changes in the general economic and political climate in Tanzania, Australia and on a global basis that could impact on economic growth, niobium prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any niobium activity that may be conducted by the Company.

(i) **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to niobium production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for niobium, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian and Tanzanian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and Tanzanian shilling as determined in international markets.

(j) **Environmental risks**

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most exploration and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

(k) **Competition**

The Company will compete with other companies, including major niobium companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(l) **Regulatory**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(m) **Insurance**

Insurance against all risks associated with niobium production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(n) **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(o) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(p) **Reliance on Key Personnel**

The Company is reliant on a number of key personnel and consultants, including members of the Board. The loss of one or more of these key contributors could have an adverse impact on the business of the Company.

It may be particularly difficult for the Company to attract and retain suitably qualified and experienced people given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

3.2 General Risks

(a) Share Investments

Applicants should be aware that there are risks associated with any investment in securities. The prices at which the Securities trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained. These factors may materially affect the market price of the Securities, regardless of the Company's operational performance.

(b) Share Market Conditions

The market price of the Securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

(d) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Securities trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

3.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to

the payment of dividends, returns of capital or the market value of those Securities. Prospective investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

4. Additional information

4.1 Rights attaching to Shares

The rights attaching to the Shares are set out in the Constitution, and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law. A full copy of the Constitution is available from the Company on request free of charge.

The following is a summary of the principal rights of the holders of Shares. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion of the dividend paid to the holder of a fully paid Share that the amount paid up on the Share bears to the total issue price of the Share (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits

of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) Winding-Up

The assets of the Company must on a winding up be applied in repayment to the members equally to the amounts paid in respect of each share. Any surplus will be divided between the members equally in proportion to their respective holdings.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) ASX Listing Rules Prevail

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

4.2 Directors' interests in Company Securities and Contracts

Directors' (or their nominees') relevant interests in Securities of the Company at the date of this Prospectus are as follows:

Director	Shares	Class A Performance Shares	Class B Performance Shares	Listed Options	Unlisted Options
Craig Burton	23,600,000 ¹	Nil	7,200,000	1,150,000	Nil
Grant Davey	12,960,000 ¹	Nil	4,320,000	Nil	Nil
Evan Cranston	345,000	Nil	Nil	168,750	750,000
Didier Murcia	250,000	Nil	Nil	Nil	Nil

¹ Includes conversion of Class A Performance Shares.

4.3 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Securities.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.4 below).

4.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report of the Company for the year ended 30 June 2013, being the last financial year for which an annual financial report was lodged with the ASIC in relation to the Company before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report

for the year ended 30 June 2013 and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
24/06/2014	Reinstatement to Official Quotation
24/06/2014	Completion of Placement and Lifting of Voluntary Suspension
11/06/2014	Clarification on March 2014 Quarterly Activity Report
11/06/2014	Cradle Secures US\$20m to Fund Panda Hill Niobium Project
30/04/2014	March 2014 Quarterly Activity Report and Appendix 3B
14/03/2014	Half Yearly Financial Report to 31 December 2013
04/03/2014	Suspension from Official Quotation
28/02/2014	Trading Halt
25/02/2014	GMP Securities Research Note
10/02/2014	Research Note – Scoping Study Confirms Robust Niobium Project
10/02/2014	Financing Update
03/02/2014	Appendix 3B – Issue of Shares on Exercise of Options
31/01/2014	December 2013 Quarterly Activity Report and Appendix 5B
30/01/2014	Indaba Presentation
30/01/2014	Corporate Presentation January 2014
30/01/2014	Highly Positive Scoping Study Results
16/01/2014	Positive Metallurgy Results on Weathered Material
15/01/2014	Corporate Presentation
14/01/2014	Project Update – Panda Hill Niobium Project
29/11/2013	Results of Annual General Meeting 2013
28/11/2013	Positive Flotation Results
28/11/2013	Patersons Updated Research Note
19/11/2013	Panda Hill Niobium Project Presentation
08/11/2013	Substantial Upgrade to Panda Hill Resource
07/11/2013	Trading Halt
31/10/2013	September 2013 Quarterly Activity Report and Appendix 5B
30/10/2013	Annual Report 2013
29/10/2013	Notice of Annual General Meeting 2013
29/10/2013	Panda Hill Study – Progress Update
24/10/2013	Positive Mineralogy and Comminution Results
22/10/2013	New Resource Model Is Well Advanced
09/10/2013	Final Assay Results Received at Panda Hill
03/10/2013	Final Director's Interest Notice – Appendix 3Z
01/10/2013	Financial Report 2013
25/09/2013	Cradle Hits Further High Grade Mineralisation at Panda Hill
23/09/2013	Cradle Hits High Grade Mineralisation
20/09/2013	Trading Halt
19/09/2013	Appendix 3B – Release of Escrowed Shares
17/09/2013	Initial Director's Interest Notice – Appendix 3X
16/09/2013	Change of Share Registry
16/09/2013	Change of Registered Office and Principal Place of Business
16/09/2013	Appointment of New Chairman of the Board
04/09/2013	Initial Assay Results – Panda Hill Niobium Project
02/09/2013	Project Update – Panda Hill Niobium Project
30/08/2013	Forthcoming Release of Escrowed Securities
28/08/2013	Africa Down Under Conference Presentation
27/08/2013	Notice of Ceasing to be a Substantial Holder
14/08/2013	Final Director's Interest Notice – Appendix 3Z

Date Lodged	Subject of Announcement
14/08/2013	Initial Director's Interest Notice – Appendix 3X
14/08/2013	Appointment and Resignation of Non-Executive Directors
06/08/2013	Patersons Research Note
02/08/2013	Commencement of Drilling Program on Panda Hill Project
31/07/2013	Change of Director's Interest Notice – Appendix 3Y
31/07/2013	June 2013 Quarterly Activity Report and Appendix 5B
30/07/2013	Form 605 – Notice of Ceasing to be a Substantial Holder
30/07/2013	Confirmations
30/07/2013	Material Terms of Subscription Agreement
30/07/2013	Updated Use of Funds
30/07/2013	Securities Trading Policy
30/07/2013	Updated Statement of Financial Position
30/07/2013	Restricted Securities
30/07/2013	Terms and Conditions of Performance Shares
30/07/2013	Terms and Conditions of Options
30/07/2013	Panda Hill Share Sale Agreement
30/07/2013	Capital Structure
30/07/2013	Top 20 Lists
30/07/2013	Options Distribution Schedule
30/07/2013	Shares Distribution Schedule
30/07/2013	Constitution
30/07/2013	Appendix 1A
30/07/2013	Pre-Reinstatement Disclosure
30/07/2013	ASX Circular – Reinstatement
30/07/2013	Reinstatement to Official Quotation – 1/08/13
30/07/2013	Initial Substantial Shareholder Notices x 3
26/07/2013	Appendix 3B – Revised
25/07/2013	Appendix 3B – Issue of Shares and Options
25/07/2013	Completion of Acquisition of Panda Hill Mining Pty Ltd

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at Level 7, 1008 Hay Street, Perth, Western Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.11 and the consents provided by the Directors to the issue of this Prospectus.

4.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

4.6 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 708A of the Corporations Act in issuing the Shares under this Prospectus.

4.7 Directors' interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

4.8 Directors' remuneration

The Company's Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors.

The Constitution of the Company provides that the Non-Executive Directors may collectively be paid as remuneration for their services at a fixed sum not exceeding the aggregate maximum of \$500,000 per annum which has been determined by the Company in general meeting. It is currently resolved that the Chairman will receive directors' fees of \$80,000 per annum and Non-Executive Directors will each receive directors' fees of \$25,000 per annum.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

It is currently resolved that the Managing Director, Mr Grant Davey, will receive a consulting fee of \$300,000 per annum.

Current and former Directors received the following remuneration for the period ending 30 April 2014:

Director	Salary and Fees	Superannuation	Share-Based Payments	Total
Grant Davey ¹	\$220,833	-	-	\$220,833
Craig Burton ²	\$50,000	-	-	\$50,000
Didier Murcia ³	\$17,941	-	-	\$17,941
Brendan Cummin ⁴	\$8,194	-	-	\$8,194
Michael Ashforth ⁵	\$10,925	-	-	\$10,925
Evan Cranston	\$25,231	-	-	\$25,231

¹ Grant Davey was appointed as Non-Executive Director on 15 April 2013 and Managing Director on 24 July 2013

² Craig Burton was appointed as Non-Executive Chairman on 16 September 2013

³ Didier Murcia was appointed as Non-Executive Director on 13 August 2013

⁴ Brendan Cummin resigned as Non-Executive Director on 13 August 2013

⁵ Michael Ashforth resigned as Non-Executive Chairman on 16 September 2013

Grant Davey, Craig Burton and Evan Cranston were not paid any directors' fees during the period ending 30 April 2014, however such fees have been accrued by the Company.

4.9 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, and has not had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Securities or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

GTP Legal will be paid approximately \$500 (plus GST) in fees for legal services as at the date of this Prospectus in connection with the Offer. In addition, GTP Legal has been paid or is entitled to be paid approximately \$9,000 for legal services provided to the Company in the period of two years prior to the date of this Prospectus.

4.10 Expenses of Offer

The estimated expenses of the Offer are as follows:

	\$
ASIC Lodgement fee	2,225
Legal and preparation expenses	500
Printing, mailing and other expenses	500
Total	<u>3,225</u>

4.11 Consent

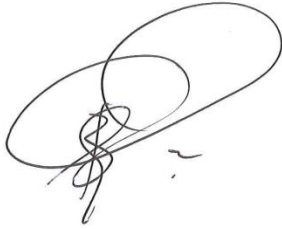
The following consent has been given in accordance with the Corporations Act and has not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

- (a) GTP Legal has given, and has not withdrawn, its written consent to being named in this Prospectus as solicitors to the Company. GTP Legal has had no involvement in the preparation of any part of this Prospectus other than being named as solicitors of the Company. GTP Legal has not authorised or caused the issue of this Prospectus or the making of the Offer. GTP Legal has no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

5. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, consisting of several overlapping loops and a vertical line, positioned above the name Grant Davey.

Grant Davey
Managing Director

Dated: 24 June 2014

6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid acceptance of Shares made pursuant to this Prospectus on an Application Form.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2013 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2013, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2013.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares under this Prospectus.

Application Form means the application form sent with this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.

CHES means ASX Clearing House Electronic Subregistry System.

Closing Date has the meaning given to it in Section 1.2.

Company or the **Company** means Cradle Resources Limited ACN 149 637 016.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act (Cth) 2001.

Directors mean the directors of the Company at the date of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the Listing Rules of ASX.

Offer has the meaning given to it in Section 1.1.

Panda Hill Licences means Mining Licences ML237/2006, ML238/2006 and ML239/2006.

Panda Hill Project means the niobium project located in Tanzania and contained within the Panda Hill Licences.

Placement has the meaning given to it in Section 1.2.

Placement Shares has the meaning given to it in Section 1.2.

Prospectus means this prospectus dated 24 June 2014.

Section means a section of this Prospectus.

Securities mean a Share.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time, being the time in Perth, Western Australia.