

11 June 2014

ASX Release

ASX Code: CXX, CXXO

CRADLE SECURES US\$20M TO FUND PANDA HILL NIOBIUM PROJECT

Highlights

- **Agreement reached with Tremont to fund the Panda Hill Niobium Project beyond DFS**
- **Tremont will earn up to a 50% interest in the Panda Hill Project subsidiary company for up to US\$20 million (A\$21.5m)**
- **Tremont management has an excellent track record of developing mining projects in Eastern and Southern Africa that spans over 25 years**

Cradle Resources Ltd (ASX: CXX, CXXO) is pleased to announce that it has executed a binding agreement with Tremont Investments Limited (Tremont) to provide up to US\$20 million (A\$21.5 million) to earn up to 50% of the Panda Hill Niobium Project in Tanzania.

Tremont is an African focussed mining platform backed by Denham Capital, a leading energy and resources global private equity firm. Pangea Exploration, advisors to Tremont, is based in South Africa and led by Rob Still. Over the last 25 years Pangea's team of technical and commercial experts have developed in excess of 16 projects in Southern and Eastern Africa at various stages of project de-risking from exploration through to development and operations, in a variety of commodities including gold, vanadium, copper, titanium and coal.

In November 2011 Tremont raised US\$200 million from Denham Capital to establish an African Mining Platform to target a wide range of opportunities in Africa. Denham has over US\$7.9 billion of invested and committed capital in the metals and mining, oil and gas, and power sectors.

Under the Agreement, Tremont has the right to contribute US\$20 million to acquire a 50% interest in the Panda Hill Project, by sole funding of the development expenditure in four stages. The Tremont interest will be acquired by subscribing for shares in a newly incorporated company, Panda Hill Tanzania Limited ("PHT"), into which all of Cradle's interest in the Panda Hill Project will be transferred.

Tremont will subscribe the first US\$5 million within the next 15 business days and may elect to make subsequent subscriptions in tranches of US\$5 million each. It is anticipated that the Definitive Feasibility Study for Panda Hill will be completed upon expenditure of about US\$15 million, with any additional subscription going towards project development. PHT will pay Cradle 7.5% of the funds subscribed by Tremont (US\$1.5 million in aggregate) as partial reimbursement of previous development expenditure. Further key terms of the transaction are set out in the attached Schedule.

Cradle's Managing Director, Grant Davey said in respect of the transaction:

"Cradle is very excited to introduce an investor of the calibre of Tremont to assist in the development of the world class Panda Hill Niobium Project. Having spent the last 4 months conducting extensive due diligence, Tremont's US\$20 million commitment is a positive reinforcement of the quality of the Project. Cradle is now in the enviable

position of having an experienced partner with the financial, commercial and technical strength to help drive the Panda Hill project into production.”

Tremont Director, Rob Still, says:

“We believe that the Panda Hill Project could in time become an important supplier of niobium to the global steel industry thereby providing the required supply diversity to further deepen the growing use of and demand for this important alloy metal. We look forward to working closely with Cradle’s experienced and capable executive team to achieve this objective.”

Cradle is in the process of finalising an additional smaller funding at the parent company level to pay existing creditors and provide a parent company working capital buffer. This raising is likely to be completed contemporaneously with receipt of Tremont's initial US\$5 million subscription. Cradle's shares will remain in suspension until this capital raising is finalised. Cradle thanks its shareholders for their patience and continued support.

By Order of the Board

For further information, please visit www.cradleresources.com.au or contact:

Grant Davey

Managing Director

Tel: +61 8 9389 2000

Schedule

Principal Terms of the Tremont Funding Agreement

1. Tremont has the right to subscribe up to US\$20 million to acquire a 50% interest in the Panda Hill project, by sole funding development expenditure in four stages. The Tremont interest will be acquired by subscribing for shares in a newly incorporated company, Panda Hill Tanzania Limited ("PHT") that will be transferred all of Cradle's interest in the Panda Hill project.
2. The first US\$5 million will be subscribed within the next 15 business days. Tremont may elect to make subsequent subscriptions in tranches of US\$5 million each, payable shortly after expenditure of previous funding, or may at any time accelerate the subscriptions by paying the balance of the US\$20 million not already subscribed. PHT will pay Cradle 7.5% of the funds subscribed by Tremont (US\$1.5 million in aggregate) as partial reimbursement of previous development expenditure.
3. The Board of PHT will be 2 representatives of each Party and an agreed independent Director. There will be a Technical Committee to supervise implementation of budgets and work programs with 2 representatives of each Party. Certain significant decisions concerning the operation of PHT will require unanimous approval.
4. After Tremont ceases sole funding, the Parties will contribute pro-rata to cash calls by PHT (in accordance with their equity interests) or dilute. Any shortfall in pro-rata contribution can be taken up by the funding party or placed to third parties at the best price achievable.
5. Each Party will have a pre-emptive right to market its share of production from the Project (based on percentage shareholding calculated each quarter).
6. After sole funding, Tremont may elect to roll up its shareholding in PHT to an equivalent shareholding in Cradle (adjusted to take into account the value of any other assets or liabilities of Cradle, as determined by an independent expert if required). Any roll up will be subject to relevant regulatory approvals (at the time) including Cradle shareholder approval. If there is a successful takeover of Cradle, Tremont may implement the roll up or require Cradle to purchase its shareholding in PHT for an amount that places Tremont in the same economic position as if it had been able to implement the roll up.
7. The Parties will have pre-emptive rights over the sale of other shares in PHT. A shareholder holding greater than 75% of PHT can drag along the minority shareholders. If a shareholder holding 25% or more of the shares in PHT sells prior to completion of funding of development of the Project, the remaining shareholders can tag along in the sale.