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ASX Release

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PANDA HILL STUDY - PROGRESS UPDATE

Highlights

- **Preliminary Economic Assessment study on schedule for Quarter 1 2014**
- **Geological model and Mineral Resource Estimate are well advanced**
- **Metallurgical testwork progressing well**
- **Process engineering and flow-sheet development on track**
- **A large portion of study is at pre-feasibility level**

Cradle Resources Limited (ASX: CXX) (**Cradle** or **Company**) is pleased to announce that the Preliminary Economic Assessment of the Panda Hill Niobium Project is running to schedule. The drilling program, including the assaying, was completed ahead of schedule and all information delivered to Coffey for the development of the updated geology model and a Mineral Resource Estimate.

Metallurgical testwork focused on the various ore types is being performed at SGS Lakefield in Canada and is well advanced, with the initial results confirming the outcomes seen in the previous metallurgical test work. These results have been used in preliminary flow-sheet development and a process design criteria is being built up by Lycopodium.

The Environmental and Social Impact Assessment (ESIA) process is underway and the environmental team has completed their preliminary field activities. The data collected is now being compiled and Terms of Reference documentation for the full ESIA is on track for completion in December 2013.

The Cradle team is now focused on concluding the resource model and mine planning, along with the infrastructure and process engineering, so that the operating and capital cost estimates for the project can be prepared by Lycopodium. No critical issues have been flagged in the study to date which is scheduled to be completed in Q1 2014.

Panda Hill Niobium Project.										
Study Activities	Target End Date	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Study Kick-off	01/07/2013	◆								
Resource Drilling Program	04/09/2013	■								
Core sampling & assaying	04/10/2013		■							
Geology & Mine Planning	30/11/2013			■		■				
Metallurgical Testwork	30/11/2013			■		■				
Engineering	30/01/2014				■		■			
Reporting	14/03/2014						■			
Study Complete	14/03/2014									◆

Table 1: Preliminary Economic Assessment (PEA) Timeline (progress shown in green)

The level of detail/maturity for each of the major areas associated with the study is shown below in Table 2. Most items in the study, including metallurgy and capital and operating cost estimates, will meet the level of a Pre-Feasibility Study rather than a Scoping Study.

Table 2: Maturity Matrix for Preliminary Economic Assessment (PEA)

Maturity Matrix - Panda Hill Niobium Project		
General Project Data	Classification	Effective Study Level
Project Scope Definition	Preliminary	Scoping Study
Facility Capacity	Defined	Pre-feasibility Study
Plant / TSF Location	Preliminary	Pre-feasibility Study
Master Schedule	Preliminary	Pre-feasibility Study
Contracting Strategy	Assumed	Scoping Study
Geology, Resource & Mining	Classification	Effective Study Level
Mineral Resource Estimate	90:10 Inferred : Indicated	Scoping Study
Mining	Preliminary	Scoping Study
Engineering	Classification	Effective Study Level
Metallurgical Testwork	Preliminary	Pre-feasibility Study
Block Flow Diagrams	Defined	Pre-feasibility Study
Process Design Criteria	Preliminary	Pre-feasibility Study
Equipment List	Preliminary	Scoping Study
Infrastructure	Preliminary	Pre-feasibility Study
General Arrangement Drawings	Preliminary	Scoping Study
Capital & Operating Cost Estimate	+35% -20%	Pre-feasibility Study
Environmental (ESIA)	In Progress	Pre-feasibility Study



 Meets the generally accepted standards for a Scoping Study
 Meets the generally accepted standards for a Pre-feasibility Study

Table 3: Preliminary Economic Assessment Consultants

Consultants for Panda Hill Niobium Project		
Activity	Consultant	Location
Drilling	Bamboo Rock Drilling	Tanzania
Assaying	SGS	Tanzania / South Africa
Geology & Mining	Coffey	Australia
Metallurgical Testwork	SGS Lakefield	Canada
Engineering	Lycopodium	Canada / Australia
Tailings Storage Facility	Knight Piesold	Australia
Environmental	MTL Consulting	Tanzania

Grant Davey, Managing Director of Cradle, said *“The study is progressing well, on time and on budget, with excellent results to date. It is worth noting that a lot of the work being done on this study is at Pre-Feasibility Study level and we are working with world-class consultants. We will have a clear, credible picture of this exciting project when the study is completed early next year.”*

By order of the Board

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Background

The Panda Hill Project is located in the Mbeya region in south western Tanzania, approximately 650km west of the capital Dar es Salam. The industrial city of Mbeya is situated only 35km from the Project area and will be a significant service and logistics centre for the Project. Mbeya has a population of approximately 280,000 people and is located on the main highway to Dar es Salam. A recently completed international airport is located close by.

The Project is covered by three granted Mining Licenses totaling 22.1km². This, along with the existing roads, rail, airport and power which are all available in close proximity to the Project area, will enable a quick transition from the study and development phases to an operating plant. The three granted Mining Licenses are due for renewal in November 2016 and under Tanzanian mining legislation can be renewed for a further 10 year period on completion of the approved programs of work within the Project.