

31 July 2015

ASX Release

ASX Code: CXX

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## JUNE 2015 QUARTERLY ACTIVITY REPORT

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### Highlights

- **Definitive Feasibility Study on track for completion in 4<sup>th</sup> Quarter 2015**
- **Integrated pilot plant test commenced late July 2015**
- **Mineral Resource Estimate updated signifies a world class niobium resource**
- **Off take discussions advancing as planned**
- **Negotiations underway to acquire remaining 50% of the Panda Hill Niobium Project**
- **Tremont acquired a further 12.5% of the Panda Hill Niobium Project for A\$6.25 million**

### Definitive Feasibility Study

Cradle Resources Limited (“Cradle” or “Company”) commenced its Definitive Feasibility Study (“DFS”) on the Panda Hill Niobium Project at the beginning of March 2015 with planning and scoping of the key activities. The results from the Phase 2 drill program undertaken in the last quarter of 2014 allowed an early start to the resource work, with the Mineral Resource model being finalised and currently being used for the Whittle pit optimisation shells.

The key consultants for the DFS were selected during the quarter (Table 1 below) and a project kick-off meeting was held in Johannesburg, followed by a project site visit in mid-May. The high level schedule for the DFS is shown below in Figure 1 below. The study work is planned for completion in the 4<sup>th</sup> quarter 2015.

Site works recommenced with geotechnical drilling and trenching (Figure 2 below) being undertaken in the region of the process plant to the north of Panda Hill, and set up for hydrological drilling in the region of the proposed tailings facility. A total of 13 diamond geotechnical holes were completed for 318.5m (these holes were drilled to obtain HQ core and SPT Shelby tube samples), along with a number of pits/trenches for collecting undisturbed samples. The shipping of the geotechnical samples to the Johannesburg laboratory has been completed.

A Vertical Electronic Sounding (VES) survey was undertaken in the Panda Hill region to identify areas for potential groundwater extraction. A total of 6 sites have been planned to drill monitoring wells around the proposed tailings facility and a further 3 holes have been proposed to test for groundwater extraction.

The mini pilot plant test was completed during the period with the results used to optimise the set-up and operation of the integrated pilot test which commenced in late July 2015. The 75 tonne of pilot plant bulk sample arrived at the SGS facilities in Lakefield, Canada in late June and has been prepared for the integrated pilot test work.

In addition to the new Mineral Resource estimate and pilot plant work, the following studies and activities are also ongoing as part of the DFS:

- Optimisation of the pit designs based on the updated Mineral Resource estimate
- Geotechnical studies for the pit, plant and tailings storage facility areas
- Process plant engineering
- Optimisation and preliminary design of the proposed tailings storage facility (“TSF”)
- Site water investigations to finalise water management strategies
- Environmental and Social Impact Assessment (“ESIA”) approval process (documents submitted at end of May 2015)
- Project financing

| Area                   |                  | Consultants              |
|------------------------|------------------|--------------------------|
| Resource               |                  | Coffey                   |
| Geotechnical           |                  | SRK                      |
| Mining                 |                  | SRK                      |
| Metallurgical testwork |                  | SGS Lakefield            |
| Engineering            | Infrastructure   | MDM                      |
|                        | Mill-float plant | MDM                      |
|                        | Converter        | MDM / Keech Technologies |
| Tailings               |                  | SLR Consulting           |
| Water                  |                  | SLR Consulting           |
| ESIA                   |                  | MTL Consulting           |

Table 1: Key DFS Consultants.

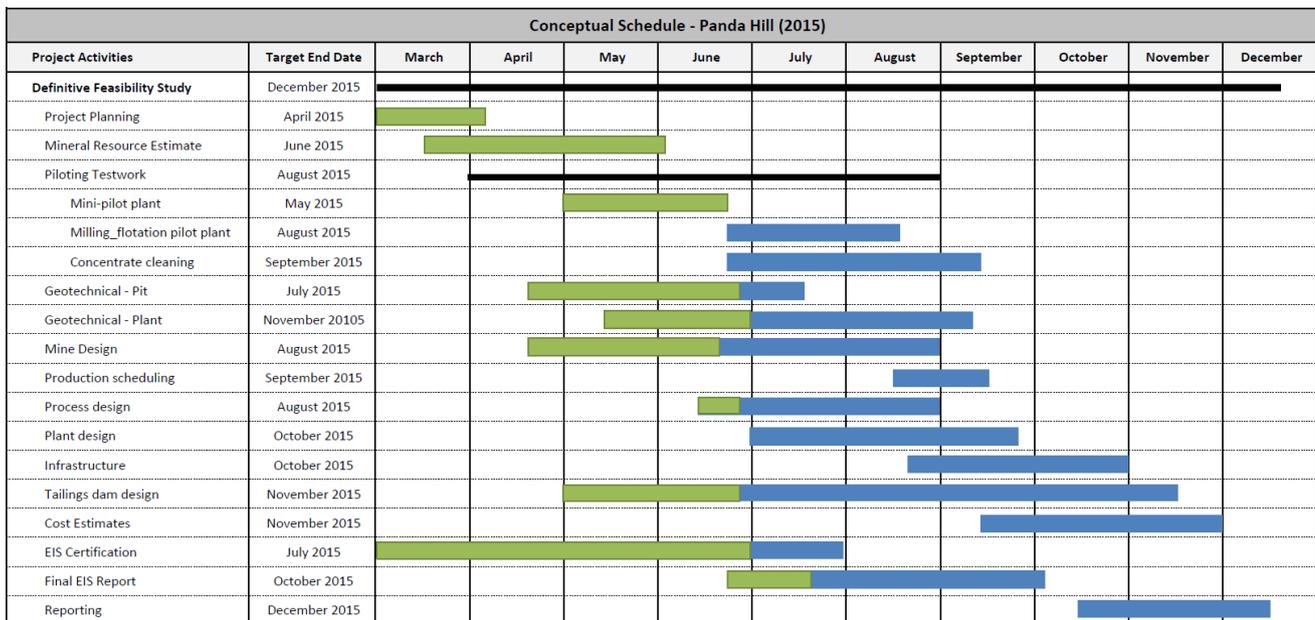


Figure 1: Panda Hill Feasibility Study Schedule.



Figure 2: Showing hydrological drilling near the base of Panda Hill (top left), drilling for geotechnical samples in the TSF region (top right), geotechnical core samples (bottom left) and carpenters preparing boxes to transport the samples to South Africa (bottom right).

## Other Technical Activity

### *Panda Hill April 2015 Mineral Resource Update*

On 30 April 2015, an updated Mineral Resource was announced for the Project. The 2015 estimate was the first to declare Measured Resources for the deposit. The 2015 Mineral Resource update incorporates the results of an additional 9,700m of drilling that was not available for the 2014 Mineral Resource update. In total 46 diamond and 98 RC holes drilled by Cradle from 2013 to December 2014 with 11,400 samples taken for the 20,100m drilled were used in the estimate.

The 2015 Mineral Resource was undertaken by the independent mining consultants Coffey Mining (Perth) and was estimated using Multiple Indicator Kriging (“MIK”) on 2m composites with a 25m x 25m x 5m (X Y x Z) panel to generate a recoverable estimate emulating an Selective Mining Unit (“SMU”) of 6.25m x 12.5m x 5m. The Mineral Resource was reported in accordance to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2012 Edition (JORC).

The updated total Mineral Resource contained **178Mt at 0.50% Nb<sub>2</sub>O<sub>5</sub>** for 891kt of contained Nb<sub>2</sub>O<sub>5</sub> reported at a 0.3% Nb<sub>2</sub>O<sub>5</sub> cut off, and is based predominantly on new drilling undertaken in 2013 and 2014. The MIK method was used to estimate the Mineral Resource. This method incorporates increased mining selectivity and internal dilution for a planned SMU.

The additional drilling (9,700m) allowed for a Measured Resource to be estimated and also allowed for tighter definition in the core of the deposit, which will be the target for the first 10-15 years of mining.

The updated 2015 Mineral Resource is summarised below in Table 2 by weathering type and the area of the Mineral Resource is shown in Figures 3 and example sections are in Figures 4 and 5.

| Table 2<br>Panda Hill 2015 Mineral Resource<br>Reported Above a 0.3% Nb <sub>2</sub> O <sub>5</sub> Lower Cut-off |                |                                  |   |
|---|----------------|----------------------------------|---|
| Combined  |                |                                  |   |
| Classification  | Million Tonnes | Nb <sub>2</sub> O <sub>5</sub> % | Nb <sub>2</sub> O <sub>5</sub> Content (kt) |
| Measured  | 16             | 0.63                             | 99  |
| Indicated   | 53             | 0.50                             | 263   |
| Inferred  | 109            | 0.48                             | 528   |
| <b>Total</b>  | <b>178</b>     | <b>0.50</b>                      | <b>891</b>                                  |
| Primary Carbonatite <sup>1</sup>  |                |                                  |   |
| Classification  | Million Tonnes | Nb <sub>2</sub> O <sub>5</sub> % | Nb <sub>2</sub> O <sub>5</sub> Content (kt) |
| Measured  | 14             | 0.62                             | 84  |
| Indicated   | 50             | 0.49                             | 247   |
| Inferred  | 103            | 0.48                             | 496   |
| <b>Total</b>  | <b>167</b>     | <b>0.50</b>                      | <b>828</b>                                  |
| Weathered Carbonatite <sup>2</sup>  |                |                                  |   |
| Classification  | Million Tonnes | Nb <sub>2</sub> O <sub>5</sub> % | Nb <sub>2</sub> O <sub>5</sub> Content (kt) |
| Measured  | 2              | 0.67                             | 15  |
| Indicated   | 3              | 0.53                             | 15  |
| Inferred  | 6              | 0.52                             | 32  |
| <b>Total</b>  | <b>11</b>      | <b>0.55</b>                      | <b>63</b>                                   |

Note: Figures have been rounded. <sup>1</sup> Primary Carbonatite is defined as a region of fresh to Moderately Oxidised material dominated by carbonatite lithologies. This material is expected to have a higher metallurgical recovery. <sup>2</sup> Weathered Carbonatite is a region dominated by strongly oxidised material comprising weathered carbonatite with other mixed lithologies. This material is expected to have a lower recovery than the Primary Carbonatite material.

Table 2: In Situ Mineral Resource (30 April 2015) using Preferred Cut-off (0.3% Nb<sub>2</sub>O<sub>5</sub>).

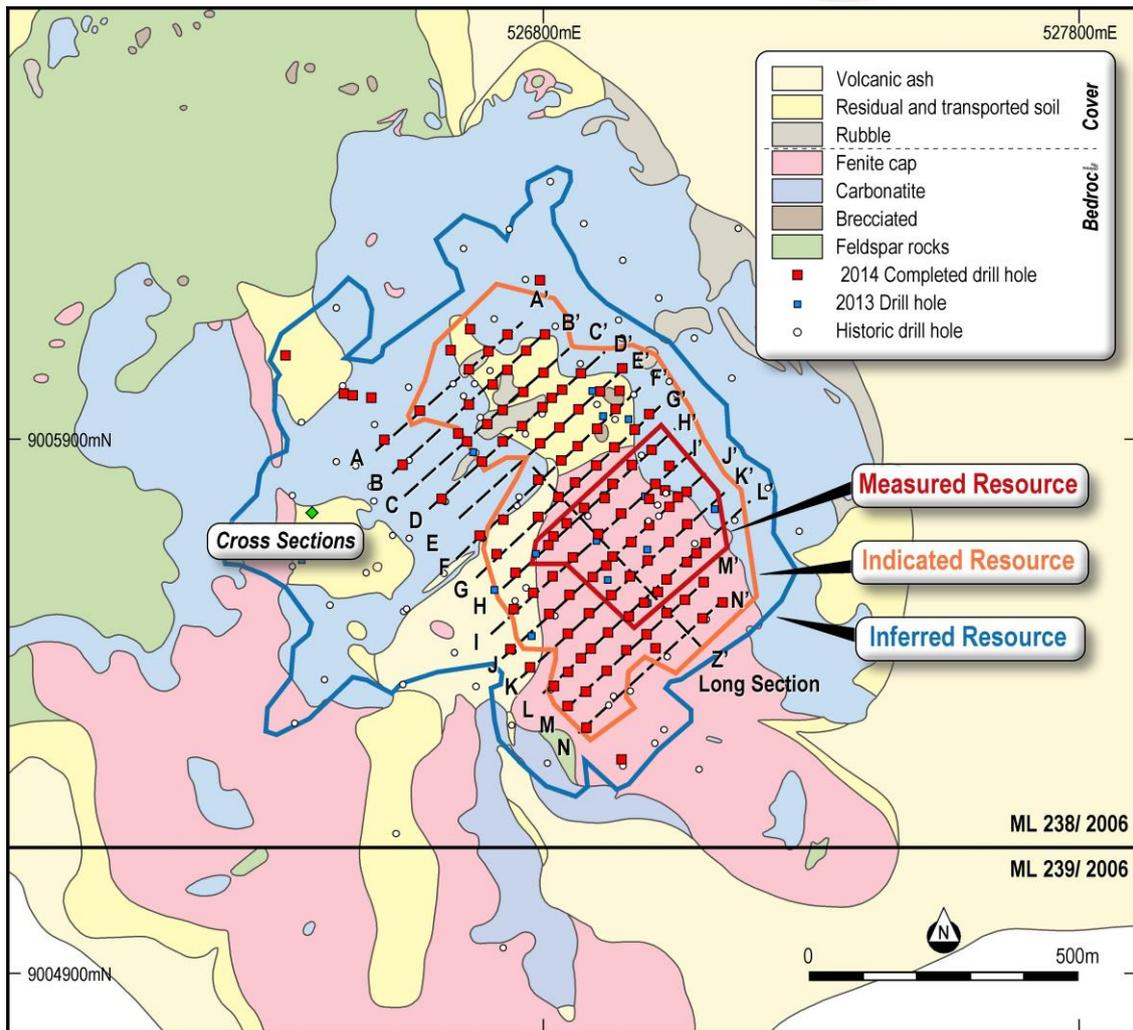


Figure 3: Geology plan showing the 2015 Mineral Resource regions. The regions in blue (carbonatite) and pink (Fenite Cap) are both highly prospective with field mapping showing carbonatite and magnetite-carbonatite outcrop contained with many of these areas.

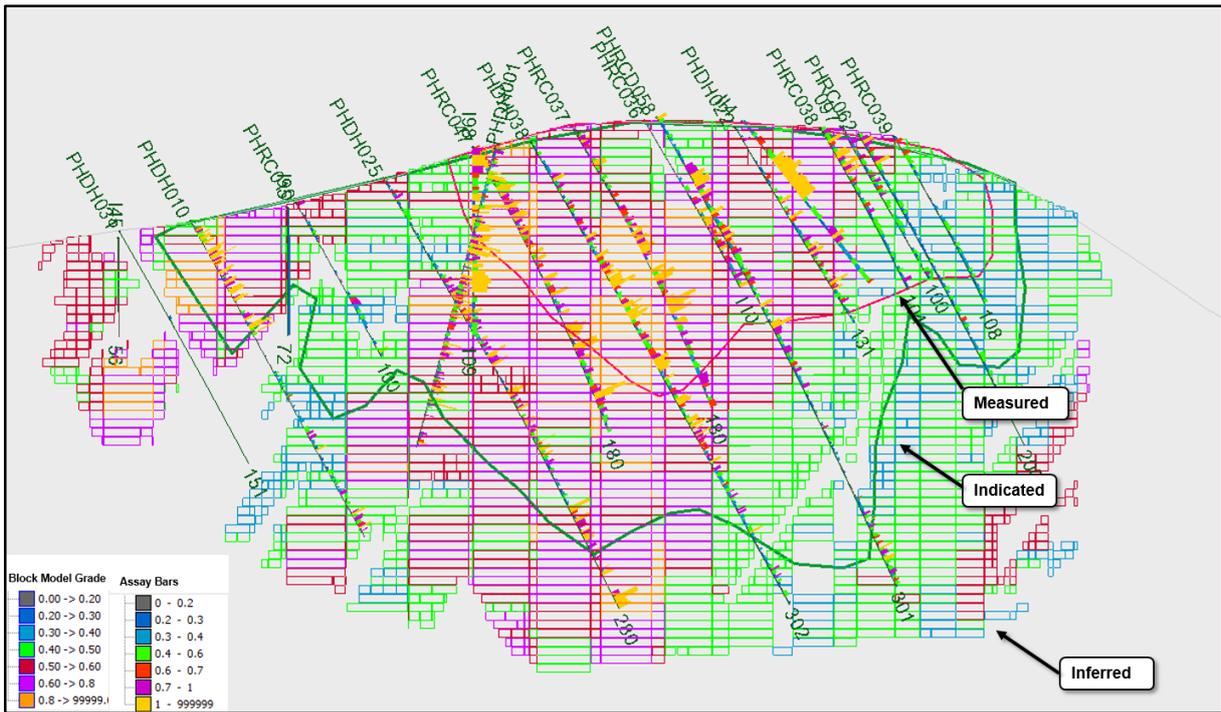


Figure 4: Cross-section (J) showing block model grade (above 0.3% SMU), drill-hole grade bars and resource classification.

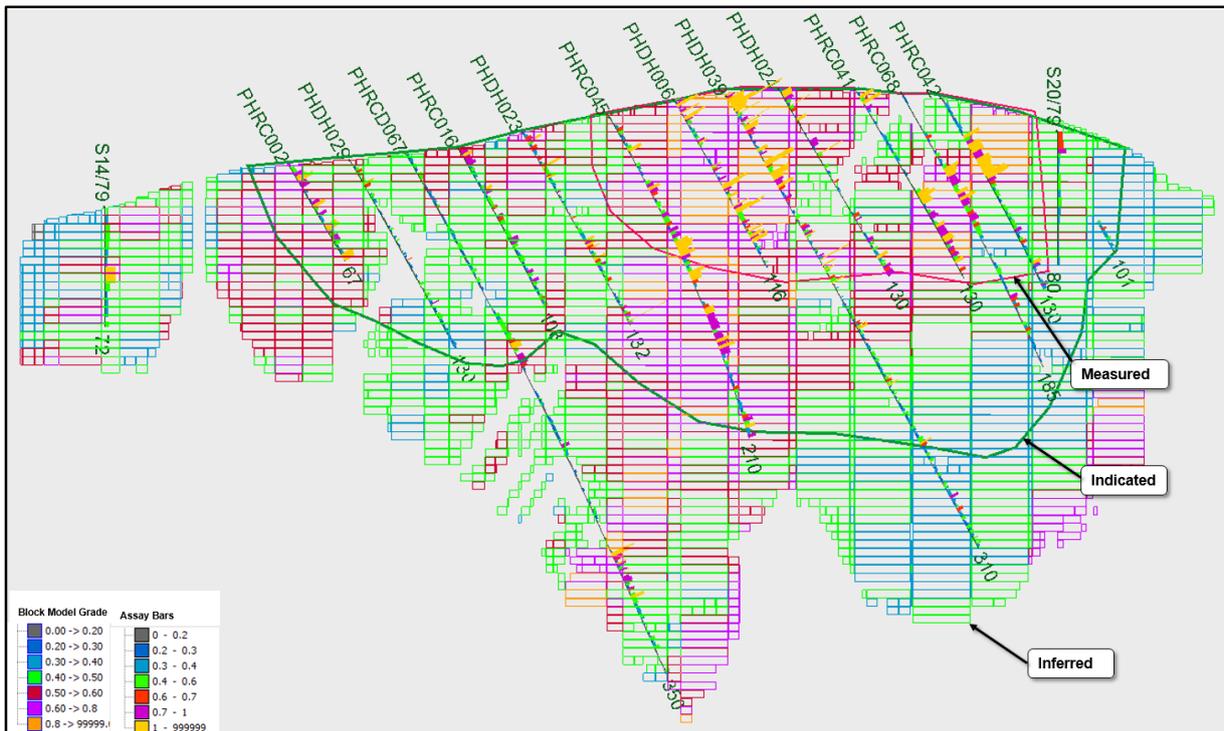
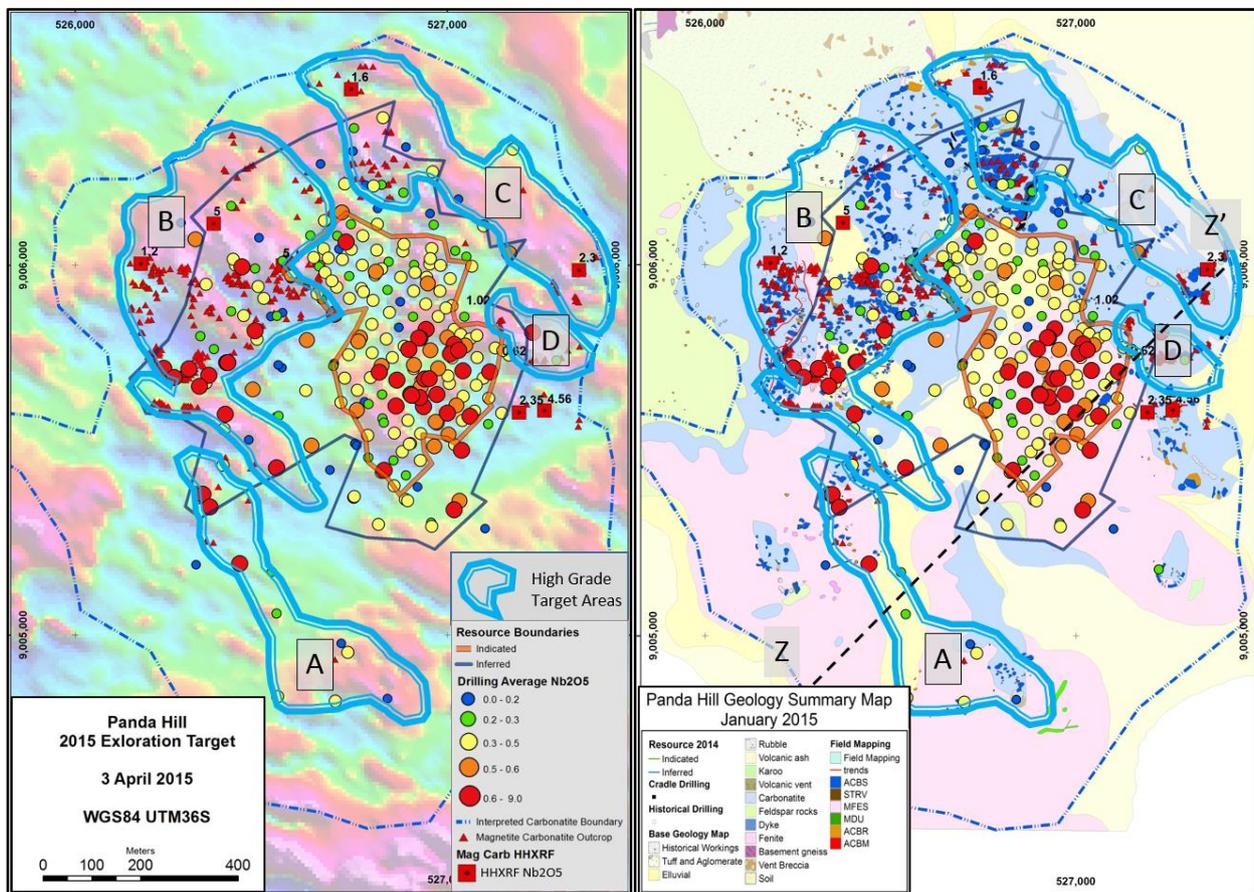


Figure 5: Cross-section (K) showing block model grade (above 0.3% SMU), drill-hole grade bars and resource classification.

### Exploration Target

Cradle has drill tested only a third of the carbonatite outcrop to date, and the deposit is still sparsely drilled towards the south, the north, and the west, and is open at depth (Figures 3 and 6). Geological mapping undertaken by Cradle in 2014 of the broader carbonatite has shown that many of regions previously mapped as Fenite (pink in Figures 3 and 6) contain outcrops of carbonatite and magnetite-carbonatite which are mineralised at surface. These regions have the potential to allow for lateral expansion of the current Mineral Resource. An Exploration Target\* of between 200Mt to 400Mt at a grade of between 0.4% and 0.6% Nb<sub>2</sub>O<sub>5</sub> was determined in April 2015 (see announcement 23 April 2015) that covers the region outside of the boundary of the current Mineral Resource (Figure 6).

*\*JORC statement: 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.*



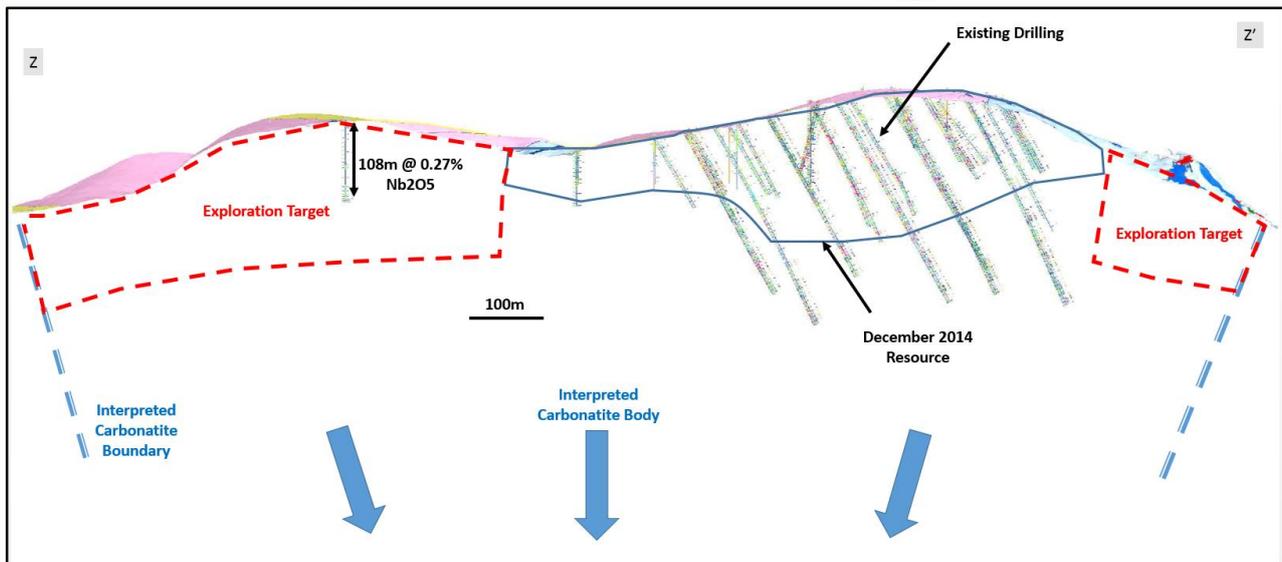


Figure 6: **Top:** The Exploration Target is contained within the boundary of the carbonatite and outside of the shadow of the current Mineral Resources. Target regions for potential high-grade mineralisation identified from a combination of mapping, drilling and airborne magnetic data. The first derivative magnetic data (left hand side) shows magnetic trends that have a high correlation to mapped mineralised magnetite-carbonatite outcrop (right hand side). Both images show average drill-hole grade or pitting (circles), mapped magnetite carbonatite exposure (red triangles), magnetite carbonatite handheld XRF samples (HHXRF – red squares - % Nb<sub>2</sub>O<sub>5</sub>). **Bottom:** Example cross section (Z-Z') showing the region of the exploration target with a nominal 200m depth.

### ***Mining and Engineering Activity***

The work carried out in this quarter focused on ramping up the key activities associated with the DFS. Specifically the following was completed or initiated during the period:

#### Metallurgical Test Work

- The variability test work program was completed with 34 individual samples tested. The program consisted of sample characterisation including head assays and mineralogy, a comminution program and open circuit batch flotation test work.
- A mini-pilot plant campaign was undertaken using 5 tonnes of drill samples. The plant was split in that the front end of the circuit (milling through to niobium rougher flotation) and the niobium cleaner flotation circuit were run independently due to equipment size and sample availability constraints. The results and learnings from the work have been used to optimise the set-up and define the operating strategy for the integrated pilot plant
- The 75 tonne bulk sample has arrived at the SGS facility in Lakefield, Canada and is currently being prepared for processing. The pilot plant equipment is currently being set-up and the pilot campaign has commenced in late July with the processing of 35 tonnes of fresh carbonatite, followed by 20 tonnes of moderately oxidised carbonatite and 20 tonnes of oxidised carbonatite.

#### Mining & Geotechnical

- Completion of the geotechnical drilling and pitting/trenching in the area defined for the main plant, waste rock dumps and intermediate stockpiles.
- Logging and interpretation of all resource drill holes and the open pit wall stability work has started.
- A preliminary mine schedule was developed for the purpose of going out to prospective mining contractors for proposal and schedules of rates (SoR). These have been received and are currently being reviewed.
- The inputs for the Whittle pit optimisations have been defined and this work will commence in July.

### Hydrology & Hydrogeology

- Water bore drilling is ongoing with the initial focus on defining the environmental monitoring holes.
- Geochemical testing has started on a new set of waste and stockpile samples.

### Tailings Storage Facility (TSF)

- A review of implementing high density tailings disposal as an alternative to the standard slurry disposal system is being investigated.
- Tailings facility layouts and preliminary sizing is ongoing.
- Characterisation of waste rock material for TSF wall construction has started.

### Engineering (Plant & Infrastructure)

- Preliminary plant layout optimisation has been undertaken to assist in the geotechnical program.
- Process modelling has started using results from the locked cycle tests and the mini-pilot plant.
- Furnace design work has started.
- Process Flow Diagrams (PFDs) being generated.
- Estimating Strategy developed.
- Design Criteria and engineering standards being developed.

The activities for the 3<sup>rd</sup> quarter will focus on:

- Completing all field activities for the study (geotechnical and water bores).
- Geotechnical laboratory test work and interpretation.
- Integrated pilot plant.
- Pit optimisation, mine design and preliminary production schedules to be developed.
- Process modelling and PFDs to be completed.
- Equipment sizing and selection.
- Development of enquiry documents to start.
- TSF design to be well advanced.
- Site water requirements to be defined sources identified.

### ***Social and Environmental Activities***

The field activities associated with the wet season baseline study have been completed and the data is being interpreted and the reports in progress. The ESIA documentation compliant with the Tanzanian Standards has been compiled and submitted to the NEMC to start of the environmental certification process. A site visit is scheduled in July, after which a review period will occur with feedback expected in August.

Running in parallel to this an update to the ESIA document that will comply with the IFC standards is being completed and this will be completed in conjunction with the DFS.

### **Corporate Activity**

During the quarter, Tremont Investments Limited ("Tremont") exercised its right to acquire a further 12.5% of the Panda Hill Niobium Project for a further USD\$5 million (AUD\$6.25M) investment (taking Tremont to 37.5% in total). To date Tremont has now invested USD\$15 million in three separate tranches of USD\$5 million each. This investment has been used to de-risk the Project through an in-fill and extensional drilling program, extensive metallurgical work and a Preliminary Feasibility Study.

Under its agreement with Cradle, Tremont has the right to contribute a fourth tranche of USD\$5 million to acquire a further 12.5% interest in the Panda Hill Niobium Project (taking Tremont to 50% in total).

## Marketing and Financing

Following the appointment during the March quarter of Mr Claude Dufresne to assist the Company in securing offtake positions, the Company has advanced discussions during the quarter with potential off takers in the U.S.A, Europe and Asia for the sale of ferroniobium.

Project financing continues and is being coordinated by the Denham-backed Pangea team out of South Africa. A set of presentations and the distribution of a detailed information memorandum have been presented to a number of banks and financial institutions during the quarter.

## Tenement Summary

As at 30 June 2015, the Company and its joint venture partner, Tremont Investments Limited, together hold the following interests in tenements, together with an option to acquire the remaining 50% interest in the tenements:

| Project                      | Tenement Number | Percentage Interest |
|------------------------------|-----------------|---------------------|
| Panda Hill Niobium, Tanzania | ML237/2006      | 50%                 |
| Panda Hill Niobium, Tanzania | ML238/2006      | 50%                 |
| Panda Hill Niobium, Tanzania | ML239/2006      | 50%                 |

Initial negotiations have been entered into with Israel Weinstock on acquiring the remaining 50% of the Panda Hill Niobium Project in Tanzania. Further to this the Company has also submitted early renewal applications for the 3 Mining Licences which expire in November 2016. The Mining Licences renewals will be granted for a further 10 years by the Tanzanian government.

## Panda Hill Niobium Project Overview

The Panda Hill Niobium Project (Figure 7) is located in the Mbeya region in south western Tanzania, near the borders with Zambia and Malawi, and approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya is situated only 26km 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 has recently completed the construction of a new international airport.

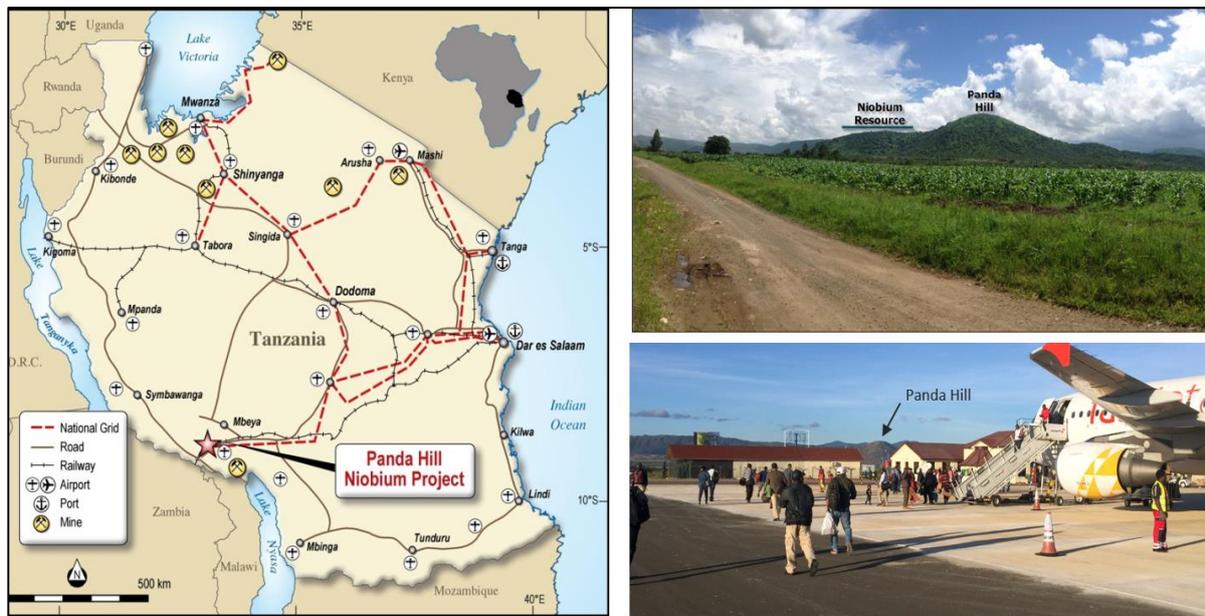


Figure 7: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licences (Figure 8) totalling 22.1km<sup>2</sup>, which will enable a quick transition from the study and development phases, through construction and into operation. The area has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity. The three granted Mining Licences are due for renewal in November 2016, and under Tanzanian mining legislation can be renewed for further 10 year periods on completion of the approved work programs on the Project.

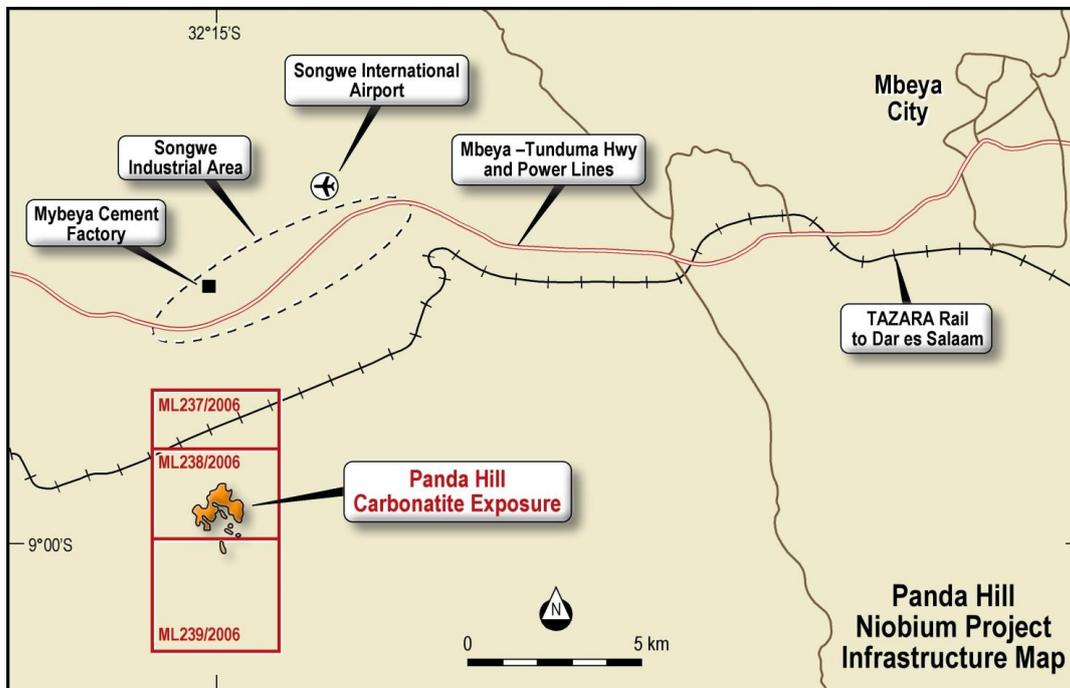


Figure 8: Mining Licences and Local Infrastructure

#### 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](http://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](http://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](http://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.

By order of the Board

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

CRADLE RESOURCES LIMITED

ABN

60 149 637 016

Quarter Ended ("Current Quarter")

30 JUNE 2015

#### Consolidated statement of cash flows

|   |  | Current Quarter<br>\$A'000 | Year to Date<br>(12 months)<br>\$A'000 |
|---|--|----------------------------|--|
| <b>Cash flows related to operating activities</b> |  |                            |  |
| 1.1   | Receipts from product sales and related debtors            | -                          | -                                      |
| 1.2   | Payments for (a) exploration & evaluation                  | (703)                      | (9,829)                                |
|   | (b) development  | -                          | -                                      |
| -   | (c) production   | -                          | -                                      |
|   | (d) administration   | (185)                      | (1,565)                                |
| 1.3   | Dividends received   | -                          | -                                      |
| 1.4   | Interest and other items of a similar nature received      | 1                          | 11                                     |
| 1.5   | Interest and other costs of finance paid                   | -                          | -                                      |
| 1.6   | Income taxes paid  | -                          | -                                      |
| 1.7   | Other :  |                            |  |
|   | (a) reclaim of exploration and evaluation costs            | 1,370                      | 10,861                                 |
|   | (b) refund of research and development rebate              | -                          | 121                                    |
| <b>Net Operating Cash Flows</b>                   |  | <b>483</b>                 | <b>(401)</b>                           |
| <b>Cash flows related to investing activities</b> |  |                            |  |
| 1.8   | Payment for purchases of: (a) prospects                    | -                          | -                                      |
|   | (b) equity investments                                     | -                          | -                                      |
|   | (c) other fixed assets                                     | -                          | -                                      |
| 1.9   | Proceeds from sale of: (a) prospects                       | -                          | -                                      |
|   | (b) equity investments                                     | -                          | -                                      |
|   | (c) other fixed assets                                     | -                          | -                                      |
| 1.10  | Loans to other entities                                    | -                          | -                                      |
| 1.11  | Loans repaid by other entities                             | -                          | -                                      |
| 1.12  | Other (cash acquired through business combination)         | 19                         | 19                                     |
| <b>Net investing cash flows</b>                   |  | <b>19</b>                  | <b>19</b>                              |
| 1.13  | Total operating and investing cash flows (carried forward) | <b>502</b>                 | <b>(382)</b>                           |

|      |  |   |              |              |
|------|--|---|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) |   | <b>502</b>   | <b>(382)</b> |
|      | <b>Cash flows related to financing activities</b>          |   |              |              |
| 1.14 | Proceeds from issues of shares, options, etc.              | - |              | 200          |
| 1.15 | Proceeds from sale of forfeited shares                     | - |              | -            |
| 1.16 | Proceeds from borrowings                                   | - |              | -            |
| 1.17 | Repayment of borrowings                                    | - |              | -            |
| 1.18 | Dividends paid   | - |              | -            |
| 1.19 | Other (capital raising cost)                               | - |              | -            |
|      | <b>Net financing cash flows</b>                            |   | <b>-</b>     | <b>200</b>   |
|      | <b>Net increase (decrease) in cash held</b>                |   | <b>502</b>   | <b>(182)</b> |
| 1.20 | Cash at beginning of quarter/year                          |   | 1,827        | 2,054        |
| 1.21 | Exchange rate adjustments to item 1.20                     |   | 22           | 479          |
| 1.22 | <b>Cash at end of quarter</b>                              |   | <b>2,351</b> | <b>2,351</b> |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current Quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 111                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions.

Amounts include Directors fees and reimbursements relating to travel, corporate and administrative costs incurred during the period.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

|  |
|--|
|  |
|--|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Following the contribution of the third tranche of funding of USD\$5 million from Tremont Investments Limited ('Tremont') to Panda Hill Tanzania Limited ('PHT'), the Company's interest in PHT reduced to 62.5%, and Tremont's interest increased to 37.5%.

### Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount Available<br>\$A'000 | Amount Used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |
| 3.3 Convertible note            | -                           | -                      |

### Estimated cash outflows for next quarter

|  | \$A'000      |
|--|--------------|
| 4.1 Exploration and Evaluation (funded by Tremont Investments) | 3,189        |
| 4.2 Development  | -            |
| 4.3 Production   | -            |
| 4.4 Administration   | 209          |
| <b>Total</b>   | <b>3,398</b> |

### Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current Quarter<br>\$A'000 | Previous Quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 2,351                      | 1,827                       |
| 5.2 Deposits at call  | -                          | -                           |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other (provide details)   | -                          | -                           |
| <b>Cash at end of quarter (item 1.22)</b>   | <b>2,351</b>               | <b>1,827</b>                |

**Changes in interests in mining tenements**

|     |  | Tenement Reference and Location                                      | Nature of Interest (note (2))   | Interest at beginning of quarter | Interest at end of Quarter |
|-----|--|--|---|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements held at the end of the quarter and their location  | ML237/2006, Tanzania<br>ML238/2006, Tanzania<br>ML239/2006, Tanzania | N/A   | 37.5%<br>37.5%<br>37.5%          | 31.25%<br>31.25%<br>31.25% |
| 6.2 | Interests in mining tenements relinquished, reduced or lapsed and their location | ML237/2006, Tanzania<br>ML238/2006, Tanzania<br>ML239/2006, Tanzania | Reflects acquisition by Tremont Investments Limited of 37.5% of Panda Hill Tanzania Ltd (which holds a 50% interest in the Mining Licences, with an option to acquire the remaining 50% interest), with 62.5% of Panda Hill Tanzania Ltd held by Cradle Resources Limited | 37.5%<br>37.5%<br>37.5%          | 31.25%<br>31.25%<br>31.25% |
| 6.3 | Interests in mining tenements acquired or increased and their location           |  |   |                                  |                            |
| 6.4 | Beneficial percentage interests held in farm-in or farm-out agreements           | N/A  | N/A   | N/A                              | N/A                        |

|     |   |     |     |     |     |
|-----|---|-----|-----|-----|-----|
| 6.5 | Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of | N/A | N/A | N/A | N/A |
|-----|---|-----|-----|-----|-----|

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|     |   | Total Number | Number Quoted   | Issue Price per Security (see note 3) (cents) | Amount Paid Up per Security (see note 3) (cents) |
|-----|---|--------------|---|---|--|
| 7.1 | <b>Preference *securities</b><br><i>(description)</i>   |              |   |   |  |
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions                        |              |   |   |  |
| 7.3 | <b>*Ordinary securities</b>   | 128,727,617  | 72,477,617<br><br>(56,250,000 shares unquoted and escrowed until 31/7/15) |   |  |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br><br><br><br><br><br><br><br><br><br>(b) Decreases through returns of capital, buy-backs |              |   |   |  |
| 7.5 | <b>*Convertible debt securities</b><br><i>(description)</i>   |              |   |   |  |
| 7.6 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted                                     |              |   |   |  |

| 7.7  | <b>Options</b> (description and conversion factor)  |                                       |     | <b>Exercise Price</b>   | <b>Expiry Date</b>                                     |
|------|---|---------------------------------------|-----|---|--|
|      |   | 7,687,500 Unlisted Options            | Nil | \$0.2667  | 31 May 2016  |
|      |   | 2,500,000 Unlisted Options            | Nil | \$0.25  | 31 October 2018  |
| 7.8  | Issued during quarter                               | 1,000,000 Unlisted Options            | Nil | \$0.25  | 30 April 2018  |
| 7.9  | Exercised during quarter                            |                                       |     |   |  |
| 7.10 | Expired during quarter                              |                                       |     |   |  |
| 7.11 | <b>Debentures</b> (totals only)                     |                                       |     |   |  |
| 7.12 | <b>Unsecured notes</b> (totals only)                |                                       |     |   |  |
| 7.13 | <b>Performance Shares</b>                           |                                       |     |   |  |
|      |   | 18,750,000 Class B Performance Shares | Nil | Issued as part consideration for the acquisition of the issued share capital of Panda Hill Mining Pty Ltd. Escrowed until 31/7/15 | Nil  |
| 7.14 | <b>Performance Rights</b>                           | 1,837,500 Performance Rights          | Nil | Nil exercise price  | 1,050,000 expire 30/9/16<br><br>787,500 expire 30/9/17 |
|      | (a) Converted to ordinary shares during the quarter |                                       |     |   |  |

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

*Sophie Raven*

Sign here: .....

Date: 31 July 2015

**SOPHIE RAVEN, COMPANY SECRETARY**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows applies to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.