

16 June 2016

ASX Release

ASX Code: CXX

COMPLETION OF CAPITAL RAISING

Cradle Resources Limited is pleased to confirm that, following its announcement on 10 June 2016, the Company has completed its capital raising of \$2,160,000 through the issue of 8,000,000 ordinary shares (Shares) at 27 cents each to sophisticated investors.

In addition, the Company has agreed to issue a further 2,000,000 Shares at a price of 30 cents each (raising an additional \$600,000) to a strategic investor who will assist the Company with its future international marketing and development capital raising endeavors. As part of the placement terms, the strategic investor will also be issued (at no additional cost) 2,000,000 options to subscribe for Shares exercisable at 30 cents each on or before 30 June 2018.

These raisings ensure that Cradle is sufficiently funded to meet its likely working capital requirements until the Panda Hill Project secures expected debt and equity funding and a decision to mine, including the final instalment of consideration owed to the Project vendor due to be paid in September 2016 (the Company's 50% share is US\$1.5m).

An Appendix 3B is attached.

NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

The Company advises that the Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the Company giving this notice, a sale of the Shares will fall within the exemption in section 708A(5) of the Act.

As required by section 708A(6) of the *Corporations Act 2001* (Cth) (**Act**), the Company notifies ASX that:

1. the Shares were issued without disclosure to investors under Part 6D.2 of the Act;
2. this notice is being given under section 708A(5)(e) of the Act;
3. as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act;
4. As at the date of this notice, there is no information that:
 - (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - i. The assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - ii. The rights and liabilities attaching to the Shares.

For and on behalf of the Board

Appendix 3B
New issue announcement

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|---|-----------------------|
| <p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p> | <p>Not applicable</p> |
|---|-----------------------|

| | Number | +Class |
|---|-----------------------|--------|
| <p>42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p> | <p>Not applicable</p> | |

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

+ See chapter 19 for defined terms.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 16 June 2016
Company Secretary

Print name: SOPHIE RAVEN
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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue | 128,727,617 Ordinary Shares |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 18,750,000 Ordinary Shares (issued 22 April 2016) |
| Subtract the number of fully paid ordinary securities cancelled during that 12 month period | |
| “A” | 147,477,617 |

+ See chapter 19 for defined terms.

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|---|---|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 22,121,642 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>6,200,000 Ordinary Shares (issued on 6 November 2015), with 3,100,000 Ordinary Shares subject to voluntary escrow until the commencement of commercial production of the Panda Hill mine</p> <p>1,050,000 Ordinary Shares (issued on 21 April 2016)</p> <p>750,000 Unlisted Options exercisable at 25 cents each on or before 31 October 2018 (issued on 6 May 2016)</p> <p>10,000,000 Ordinary Shares (issued on 16 June 2016)</p> <p>2,000,000 Unlisted Options (issued on 16 June 2016)</p> |
| “C” | 20,000,000 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 22,121,642 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 20,000,000 |
| Total [“A” x 0.15] – “C” | 2,121,642 |

+ See chapter 19 for defined terms.

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|---|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 147,477,617 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 14,747,761 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “E” | 0 |
| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 14,747,761 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | 0 |

+ See chapter 19 for defined terms.

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| Total ["A" x 0.10] – "E" | 14,747,761 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i> |
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+ See chapter 19 for defined terms.