

MARCH 2013 QUARTERLY REPORT

Highlights

- **Announcement of the proposed acquisition of a 50% interest in the Panda Hill Niobium Project, Tanzania, with the right to acquire 100%**
- **Part of the vendor consideration is conditional upon an NPV₁₀ project valuation of >US\$400M**
- **Inferred JORC resource of 56Mt @ 0.50% Nb₂O₅, open along strike and at depth**
- **Fully permitted mining licences allowing near term pathway to production**
- **Potential for open pit operation with simple metallurgy**
- **Scoping study to commence immediately**
- **Project holds favorable technical and economic comparisons with existing niobium producers**
- **Experienced project development team assembled, Grant Davey appointed to the Board of Cradle**
- **Forecast continued growth in niobium demand with current ferroniobium price at ~US\$40,000/tonne**

Corporate Activities

In conjunction with Cradle's African growth strategy, during the quarter the Company executed agreements for the acquisition of an equity interest in the Panda Hill Niobium Project. The Acquisition provides a rare opportunity to bring an attractive new asset into a profitable niche market. The Project is highly prospective and warrants immediate commencement of feasibility work.

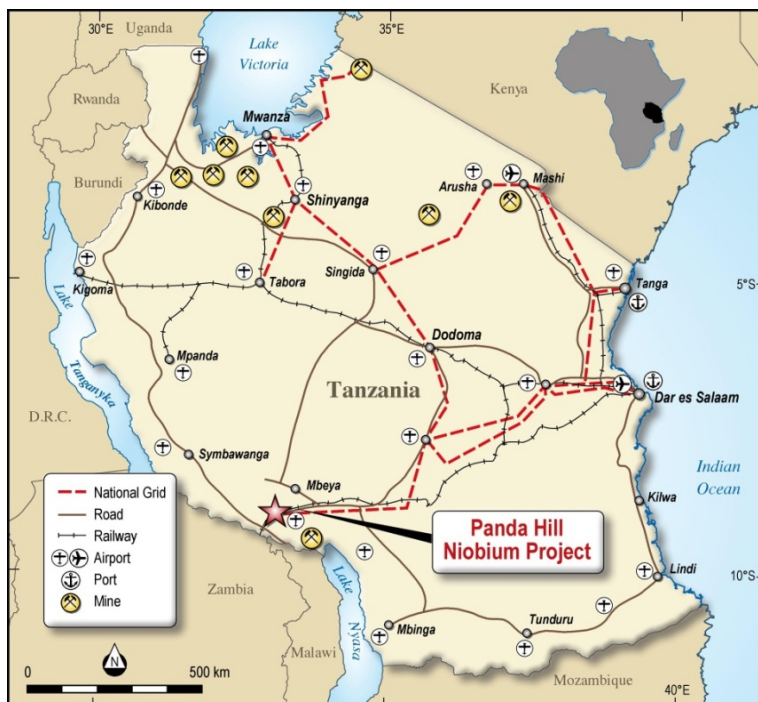


Figure 1: Location of the Panda Hill Niobium Project

Cradle Overview

ASX Code	CXX, CXXO
Issued Shares (CXX)	51.50M
Listed Options (CXXO)	13.75M
Unlisted Options	10.25M
Market Capitalisation	\$9.50M
(@ \$0.185 per share)	

Directors & Management

Michael Ashforth:	Chairman
Evan Cranston:	Director
Brendan Cummins:	Director
Grant Davey:	Director
Patrick Walta:	CEO

Current Projects

Panda Hill Niobium Project:
Mbeya Region, Tanzania

Wyloo Iron Ore & Gold Project:
Pilbara Region, Australia

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The Acquisition:

Cradle has entered into agreements to acquire an interest in the Panda Hill Niobium Project (the Project) through the acquisition of 100% of shares in Panda Hill Pty Ltd (Panda Hill). Panda Hill holds:

- a 49% shareholding in RECB Limited, a special purpose vehicle that owns 100% of the Project;
- an option to acquire a further 1% shareholding in RECB subject to certain regulatory approvals; and
- the right to acquire the remaining 50% of RECB (or to acquire 100% of the Project assets directly) under an Earn-In/Option Agreement.

Consideration for the Acquisition is:

- 50M ordinary shares in Cradle; and
- 50M performance shares in Cradle, conditional upon:
 - a. completion of a scoping study demonstrating Project economic viability, as evidenced by a decision to proceed with continued development (25M share allotment); and
 - b. completion of a definitive feasibility study demonstrating an NPV₁₀ of >US\$400M (25M share allotment), with a pro-rata allotment for valuations between US\$300M and US\$400M applicable.

The Acquisition is subject to the approval of Cradle shareholders and compliance with ASX Listing Rules.

Cradle's Post Acquisition Structure:

Following the Acquisition, Cradle's position will be as follows:

- Ownership of a 50% interest in the Panda Hill Project with full management control¹.
- A 4 year option to acquire the balance 50% interest in the Project for approximately US\$14M, of which US\$9M is payable in cash and US\$5M in shares or a capped royalty².
- Net cash of approximately A\$2.6M³.
- Issued share capital of 115M ordinary shares³ and 50M performance shares.

Notes: ¹ Assumes the 1% option is exercised (US\$30,000 exercise fee)

² Assumes predicted expenditure of US\$12.4M on Project development prior to exercise of the option

³ Assumes a further A\$2M is raised as part of the announced capital raising

The Management Team:

On 15 April 2013, Cradle announced the addition of Grant Davey to the Board as non-executive director. Mr. Davey has been instrumental in the development of the Project previous to the Cradle acquisition. It is intended that Mr. Davey will be appointed as Managing Director of Cradle following completion of the Acquisition.

Panda Hill have assembled a strong team to manage development of the Project, comprised of:

- Grant Davey Managing Director
- Craig Burton Corporate and Strategy
- Brett Mitchell Commercial and Finance

- Keith Bowes Project Manager
- Russell Bradford Project Study Consultant
- Neil Inwood Resource Geologist
- Nick Castleden Exploration Geologist

Exploration Activities

Panda Hill Niobium Project

Project Overview

The Panda Hill Niobium Project (Figure 1, Page 1) 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 35km from the Project area and will be a significant service and logistics center for the Project.

Mbeya has a population of approximately 280,000 people, is located on the main highway to the capital Dar es Salaam and is completing the construction of a new international airport.

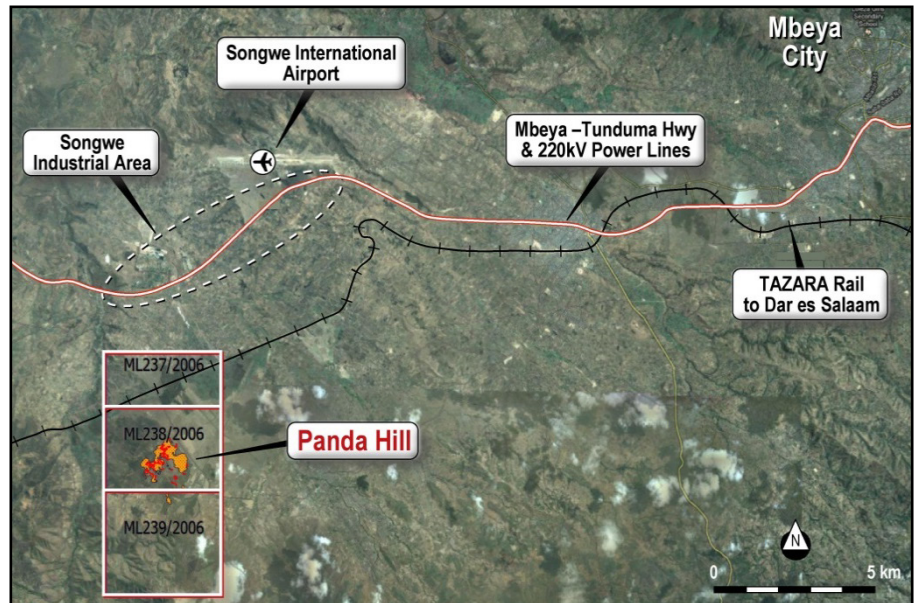


Figure 2: Local infrastructure surrounding the Panda Hill Project

The Project is covered by three granted Mining Licenses (Figure 2) totaling 22.1km², which will enable a quick transition to the study and development phases, and has excellent access to infrastructure, with existing roads, rail, airports and 220kV power available in close proximity to the Project area. 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 work programs on the Project.

A significant historical technical database on the Project has been acquired, including drill core, mapping and assay data from campaigns undertaken in the 1950-1980s. This work has contributed to the resource information for an initial JORC Inferred resource estimate.



Figure 3: Niobium bearing carbonatite outcrop



Figure 4: Niobium bearing carbonatite drill core

Panda Hill Niobium Resource

A JORC resource update was undertaken by Coffey Mining in Perth in July 2012 (Table 1) based upon grade and lithological information derived from 96 historical diamond holes. The Coffey Inferred Resource only includes fresh carbonatite mineralization, with mineralized fenite material has not yet been included in any resource studies.

The resource was constrained within a 3D wireframe based upon a nominal 0.2% Nb₂O₅ lower cutoff. Ordinary Kriging was used to estimate Nb₂O₅ using 2m down-hole composites with a 2.5% Nb₂O₅ upper cut applied.

Table 1 - Panda Hill Inferred Mineral Resource, 03 July 2012⁴ (Preferred cut-off 0.3% Nb₂O₅)

Lower Cut-off (Nb ₂ O ₅ %)	Tonnage (Mt)	Grade (Nb ₂ O ₅ %)	Contained Mineral (Nb ₂ O ₅ tonnes)
0.2	72	0.45	322,000
0.3	56	0.50	280,000
0.4	38	0.58	220,000

Note: Figures have been rounded.
Reported using a Dry Bulk density of 2.75t/m³ and a 2.5% Nb₂O₅ top cut. Ordinary Kriged Estimate, 25mX by 25mY by 5mZ block size

⁴ The Competent Person for the resource estimation and classification is Ms Ellen Maidens who is a full time employee of Coffey Mining. The Competent person for the resource database is Mr Neil Inwood, who is a full time employee of Verona Capital. Both Ms Maidens and Mr Inwood are members of the AIG and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which was undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The detailed JORC Competent Persons statement is located below.

Exploration Upside

The Project retains significant upside for its exploration resource potential. The current resource is limited to drilling to an average depth of only 100m. This style of deposit is expected to have vertical depths in excess of 300m. The depth potential is supported by the deepest historical drillhole which finished in carbonatite at 253m from surface.

Figure 5 provides a conceptual cross section of the Panda Hill Niobium deposit based on the current geological understanding. The shallow resource provides an excellent opportunity for open pit operations to occur.

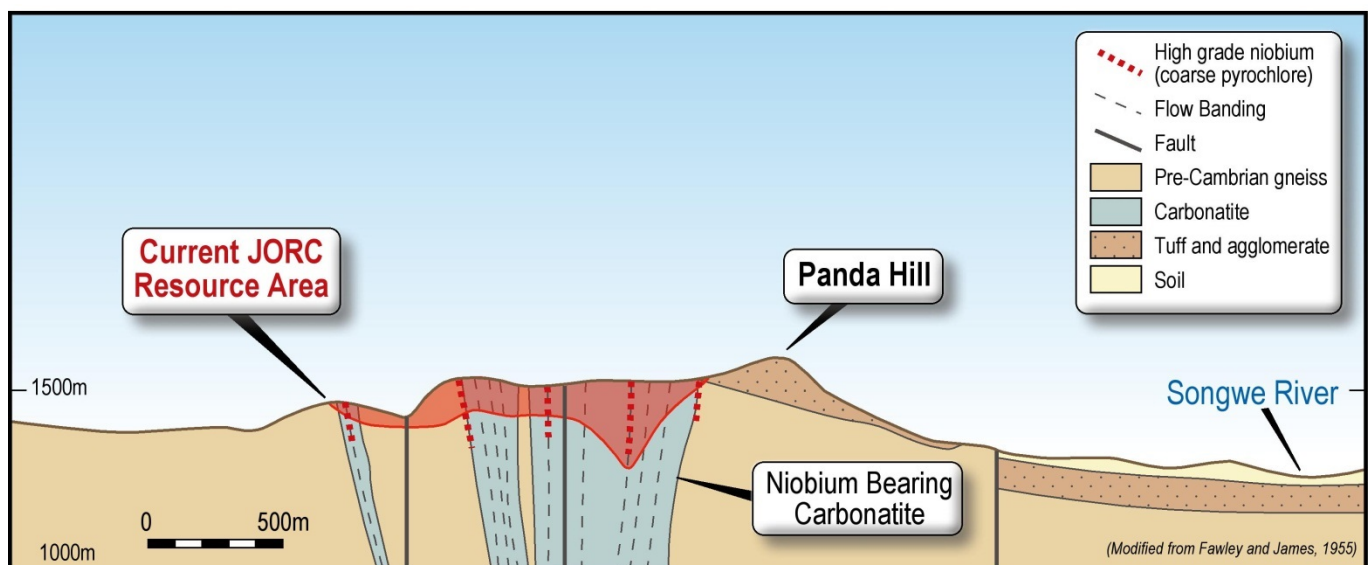


Figure 5: Conceptual cross section of the Panda Hill Niobium deposit

Additionally, previous drilling has concentrated on the northern and central portions of the carbonatite intrusion on ML 238/2006, with the southern extents poorly explored.

Carbonatite and fenite hosted mineralisation that has been mapped on ML239/2006 (Figure 6) has only been tested by one drillhole which terminated in mineralized carbonatite at 87m.

This allows for possible trend extension to the south of the current resource and shows strong potential for future resource upgrades.

Processing Testwork

Initial processing testwork by SGS Lakefield in 2002 has also been encouraging. This work indicated metallurgical recoveries of between 61.5% and 79.4% for the carbonatite mineralization. These recoveries compare favorably to existing niobium producers.

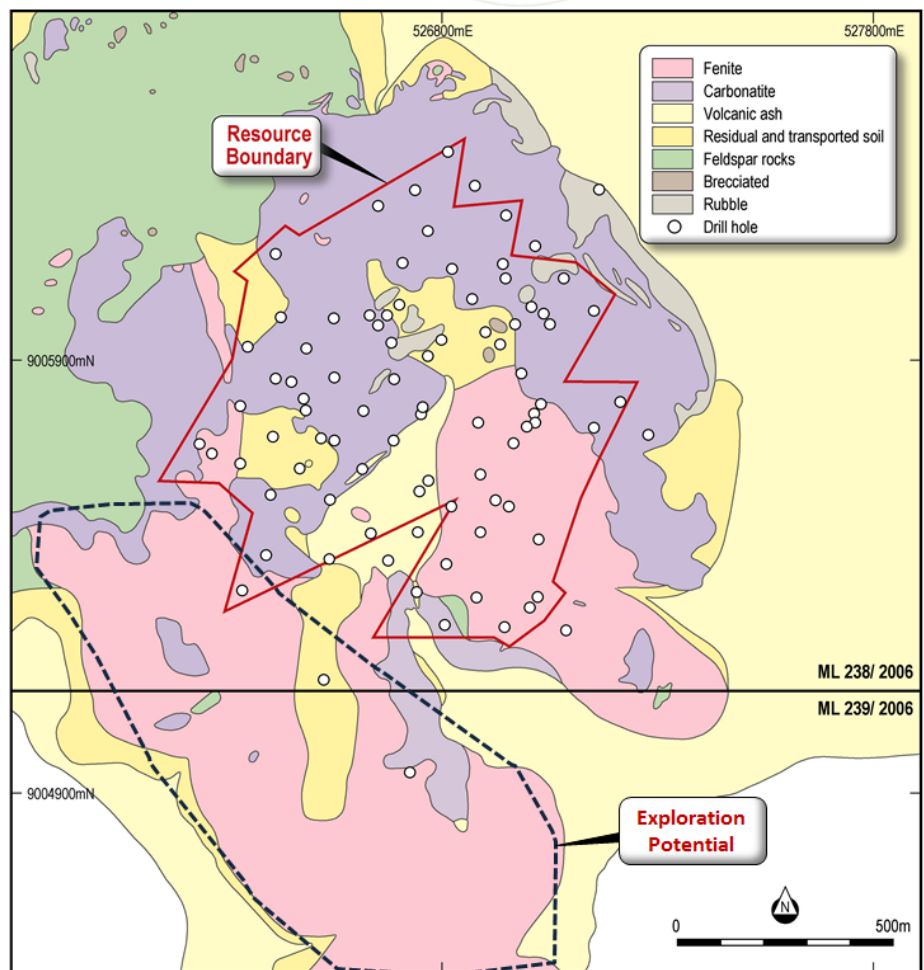


Figure 6: Local geology and exploration potential showing drill collars and resources outline

Further detailed metallurgical test work has been planned for the next phase of the Panda Hill Project development.

Planned Development Activities at Panda Hill

A preliminary investigation into other undeveloped niobium resources world-wide has been completed. The investigation confirmed there are no other known undeveloped niobium resources with Panda Hill's combination of grade, open-cut operation and simple metallurgy. No new niobium projects have entered production since 1976, notwithstanding the favourable niobium price and demand outlook. Outside the existing producers, there are no new niobium projects currently financed or under construction, and none appear close.

There are only three niobium producers world-wide, all highly profitable. The third largest producer is Niobec (owned by Canadian listed IAMGOLD Limited), a 2Mtpa operation producing FeNb. Niobec has similar grade to Panda Hill, however, Niobec is an underground operation whereas Panda Hill is open-cut with a low strip ratio. It is therefore apparent that Panda Hill has the potential to be competitive against existing producers.

Panda Hill represents a rare opportunity to bring on an attractive new project into a profitable niche market. The Project is highly prospective and warrants immediate commencement of feasibility work. Cradle is currently planning to commence a scoping study for a 2Mtpa operation at Panda Hill.

Wyloo Iron Ore & Gold Project

The Wyloo Project is approximately 150km west of Paraburdoo, straddling the geologic boundary between the Hamersley and Ashburton Basins in the Pilbara Region of Western Australia. The Wyloo Project is associated with an area of the emerging West Pilbara which has seen successful exploration activity and delineation of both iron and gold resources in recent years.

During the quarter, no significant exploration activities were completed at Wyloo. Recent activities have been focused on the assessment of gold prospectivity, with Cradle previously completing a desktop study over the tenement, identifying six gold target zones.

The Company plans to continue mineral exploration and development of Wyloo in line with tenement expenditure commitments.

For further information please contact:

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Competent Person's Statement

The information in this document that relates to Exploration Results 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. 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 2004 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 competent person for the JORC Resource estimate and classification is Ms Ellen Maidens who is a Member of the Australian Institute of Geoscientists. Ms Maidens is a full time employee of Coffey Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Maidens consents to the inclusion in this document of the matters based on her information in the form and context in which it appears.

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