

22 October 2013

ASX Release

ASX Code: CXX, CXXO

New Resource Model is Well Advanced

Highlights

- **The recent drilling program at Panda Hill exceeded expectations**
- **An updated JORC Resource by Coffey Mining is well advanced**
- **A new weathered carbonatite zone is expected to add materially to overall grade and tonnes**
- **Significant zones of mineralisation were not even assayed in historical drilling**
- **The updated resource model is expected within a month**

Cradle Resources Limited (ASX: CXX, CXXO) is pleased to announce that Coffey Mining is updating the JORC Resource estimate for the Panda Hill Niobium deposit, incorporating the results of the recent 13 hole diamond drilling program. The updated Resource modelling is now well advanced and is expected to be finalised within a month.

The results of the recent program exceeded expectations, particularly in showing a high-grade weathered carbonatite cap that can now be included in the updated Resource. Overall, the historical drilling information was either verified or improved upon.

The primary carbonatite zone is expected to remain broadly in line with expectations. This means the high-grade weathered cap is expected to be a net gain to the overall Resource, materially improving the combined grade and tonnes.

The 13 hole program was designed to verify previous drilling, rather than test the boundaries. However, the program identified both depth increases and mineralisation in regions not adequately tested by the historical drilling (e.g. PHD001, PHDH009, PHDH010 and PHDH013). There appears to have been a policy in much of the previous drilling not to assay intersections with perceived lower-grade (based on visual assessment) or in weathered material. The new drilling identified significant mineralisation in some zones not previously assayed.

Looking forward, we believe there is potential at Panda Hill for mineralisation over a much larger extent than previously understood, due to inadequate depth and assaying in previous drill holes. Much of the reconnaissance drilling was only about 40m deep and assaying was not comprehensive. As illustrated in Figure 1, the existing resource boundary forms only part of the area of the total carbonatite intrusion.

The next round of exploration will target:

- Infill drilling of a conceptual 10 year mine life pit shell to a spacing suitable for Indicated classification
- Strike extensions to the high-grade weathered carbonatite cap and to a zone of high-grade magnetite carbonatite mineralisation identified within the primary carbonatite
- Expansion drilling of the lateral and depth extents of the deposit

Grant Davey, the Managing Director of Cradle, commented: *"We are very pleased with the results of our first drilling program, which will enable us to deliver a verified drill database and geological model. Our technical team believes that we can improve both grade and tonnes on the 2012 Resource and we now have a better understanding of the carbonatite mineralisation, the high-grade weathered cap, and the niobium-rich magnetite carbonatite unit. I am confident that this project is on track to become a world class niobium development."*

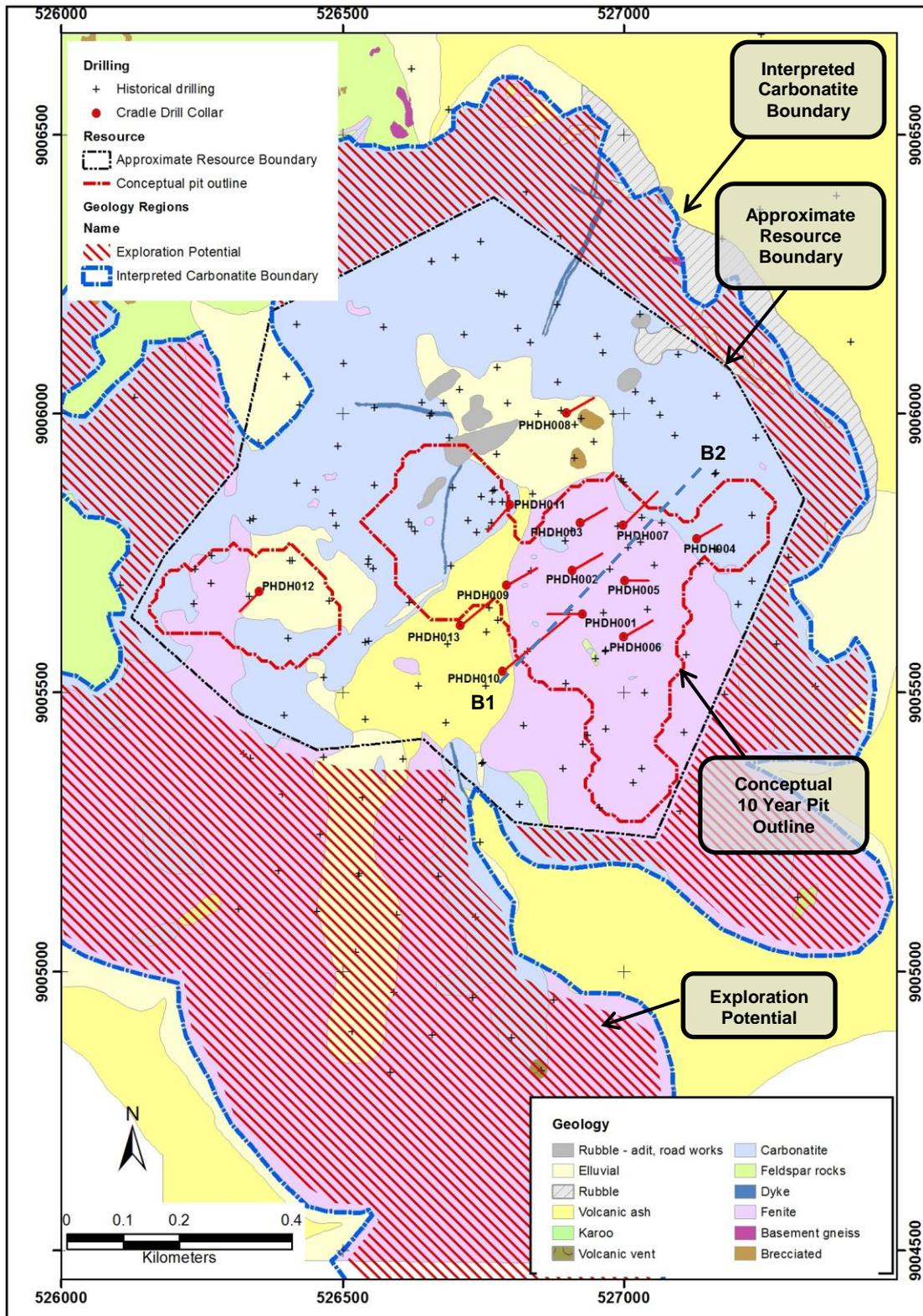


Figure 1: Local geology of Panda Hill showing the location of the 2013 drill holes (red).

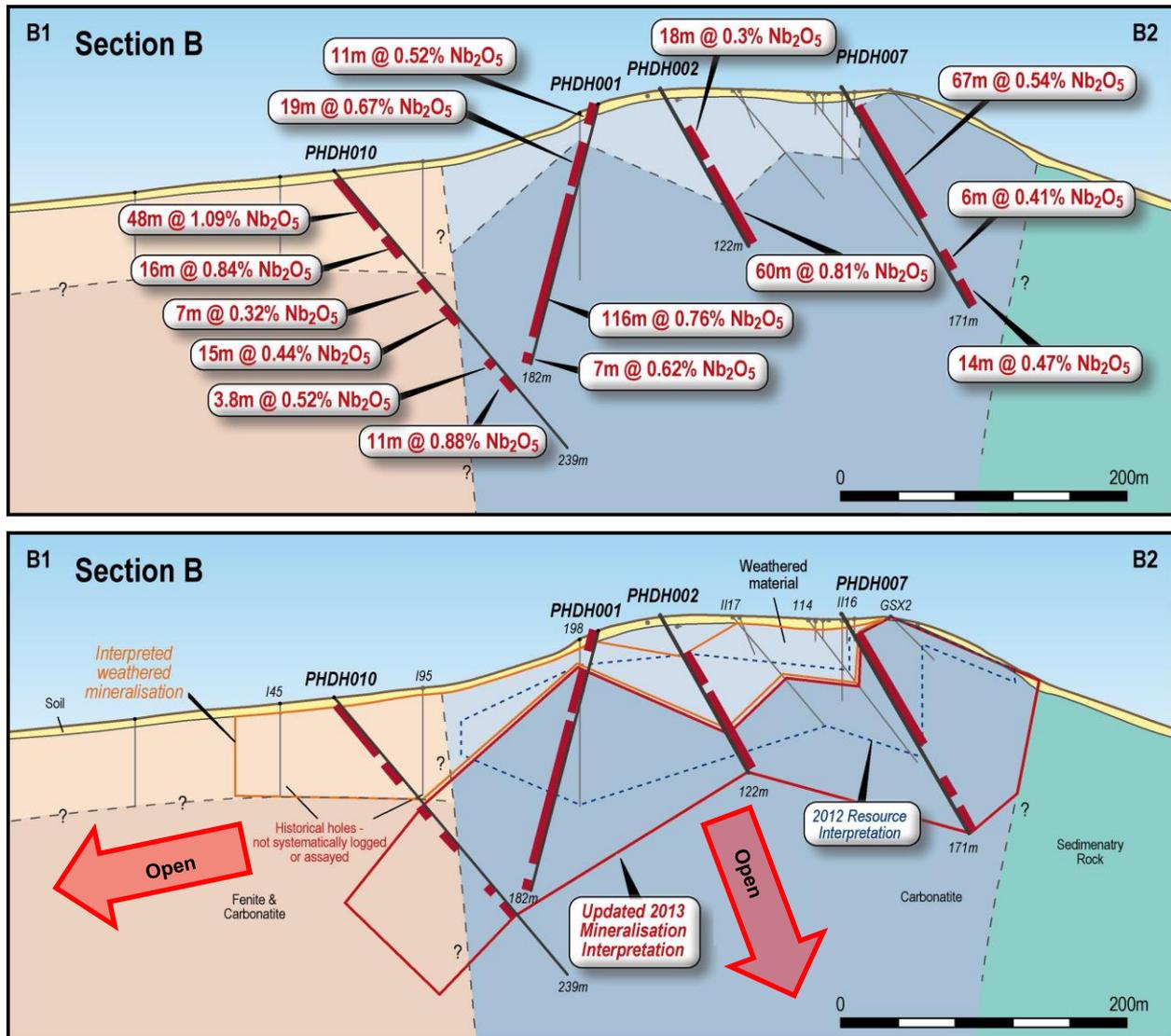


Figure B: Section B showing depth and trend extents identified in the 2013 drilling program.

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