



ACN 149 637 016

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## **NOTICE OF ANNUAL GENERAL MEETING**

**For the Annual General Meeting of the Company to be held at  
1:00 pm (WST) on Friday, 29 November 2013 at  
Level 7, 1008 Hay Street,  
Perth, Western Australia**

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by  
telephone on +61 8 9389 2000***

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# CRADLE RESOURCES LIMITED

ACN 149 637 016

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Cradle Resources Limited (**Company**) will be held at Level 7, 1008 Hay Street, Perth, Western Australia on Friday, 29 November 2013 at 1:00 pm (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 27 November 2013 at 5.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### 1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2013, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### 2. Resolution 1 – Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

#### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

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### **3. Resolution 2 – Re-election of Director – Mr Craig Burton**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, Mr Craig Burton who retires in accordance with article 6.3(j) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### **4. Resolution 3 – Re-election of Director – Mr Didier Murcia**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, Mr Didier Murcia who retires in accordance with article 6.3(j) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### **5. Resolution 4 – Approval of 10% Placement Facility**

To consider, and if thought fit, to pass the following resolution as a special resolution:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associate of such a person) who may participate in the 10% Placement Facility and a person (and any associate of such a person) who might obtain a benefit, except a benefit solely in their capacity as holder of Shares, if the Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 25 October 2013

**BY ORDER OF THE BOARD**



**Sophie Raven**

Company Secretary

# CRADLE RESOURCES LIMITED

ACN 149 637 016

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Level 7, 1008 Hay Street, Perth, Western Australia on Friday, 29 November 2013 at 1:00 pm (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## 2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

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## 3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2013.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at [www.cradleresources.com.au](http://www.cradleresources.com.au);
- (b) ask questions about, or comment on, the management of the Company;
- (c) ask questions about, or comment on, the Remuneration Report; and
- (d) ask the auditor questions about:
  - (i) the conduct of the audit;
  - (ii) the preparation and content of the Auditor's Report;
  - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## 4. Resolution 1 – Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors or the Company. Failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2012 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2014 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

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## 5. Resolution 2 – Re-election of Director – Mr Craig Burton

Mr. Craig Burton was appointed as the Non-Executive Chairman of the Company on 16 September 2013 in accordance with Article 6.2(b) of the Constitution, which provides that the Directors may appoint any person as a Director.

Article 6.3(j) provides that, unless a Director appointed under Article 6.2(b) has retired under Article 6.3(i), such Director must retire at the next annual general meeting, and is eligible for re-election at that meeting.

In accordance with Articles 6.3(i) and (j) of the Constitution, Mr. Burton retires from office and, being eligible for re-election, submits himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr. Burton are set out in the Company's Annual Report.

The Board believes that Mr. Burton has performed the duties and responsibilities of a Non-Executive Chairman of the Company diligently and professionally since his appointment, in the best interests of all Shareholders.

The Board (excluding Mr. Burton) unanimously supports the re-election of Mr. Burton.

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## **6. Resolution 3 – Re-election of Director – Mr Didier Murcia**

Mr. Didier Murcia was appointed as a Non-Executive Director of the Company on 13 August 2013 in accordance with Article 6.2(b) of the Constitution, which provides that the Directors may appoint any person as a Director.

Article 6.3(j) provides that, unless a Director appointed under Article 6.2(b) has retired under Article 6.3(i), such Director must retire at the next annual general meeting, and is eligible for re-election at that meeting.

In accordance with Articles 6.3(i) and (j) of the Constitution, Mr. Murcia retires from office and, being eligible for re-election, submits himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr. Murcia are set out in the Company's Annual Report.

The Board believes that Mr. Murcia has performed the duties and responsibilities of a Non-Executive Director of the Company diligently and professionally since his appointment, in the best interests of all Shareholders.

The Board (excluding Mr. Murcia) unanimously supports the re-election of Mr. Murcia.

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## **7. Resolution 4 – Approval of 10% Placement Facility**

### **7.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 7.2(c) below).

As disclosed in the Company's announcements to the ASX, the Company continues to actively seek funding for its existing resource assets and investments. The Company may



use the 10% Placement Facility to fund its existing resource assets and investments, acquire new resource assets or investments and for general working capital.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

## 7.2 Description of Listing Rule 7.1 A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two (2) classes of quoted Equity Securities, being Shares and Listed Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

### **7.3 Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **7.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (iii) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iv) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.1025 50% decrease in Issue Price	\$0.205 Issue Price	\$0.41 100% increase in Issue Price
Current Variable A 91,175,017	10% voting Dilution	9,117,501	9,117,501	9,117,501
	Funds Raised	\$934,543	\$1,869,087	\$3,738,175
50% increase in current Variable A 136,762,525	10% voting Dilution	13,676,252	13,676,252	13,676,252
	Funds Raised	\$1,401,815	\$2,803,631	\$5,607,263

<b>100% increase in current Variable A</b>	<b>10% voting Dilution</b>	18,235,003	18,235,003	18,235,003
182,350,034	<b>Funds Raised</b>	\$1,869,087	\$3,738,175	\$7,476,351

**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No options, performance shares or performance rights are exercised into shares before the date of the issue of Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based in that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
  - (vii) The issue price is \$0.205, being the closing price of the Shares on the ASX on 22 October 2013.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company may use the funds raised towards an acquisition of resources assets or investments (which may include costs associated with due diligence and engagement of advisors in assessing new resource assets) and/or continued exploration on the Company's existing niobium assets in Tanzania.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its 2012 annual general meeting held on 31 August 2012. The total number of Equity Securities issued by the Company in the 12 months preceding the date of this meeting is:

- (i) 20,000,000 Shares issued on 30 November 2012;
- (ii) 4,000,000 Shares issued on 7 December 2012;
- (iii) 52,550,000 Shares issued on 19 July 2013;
- (iv) 5,650,000 Listed Options issued on 19 July 2013;
- (v) 18,750,000 Class A Performance Shares issued on 19 July 2013;
- (vi) 18,750,000 Class B Performance Shares issued on 19 July 2013; and
- (vii) 3,750,000 Shares issued on 25 July 2013,

(together, **12 Month Equity Securities**).

The percentage that the 12 Month Equity Securities represent of the total number of Equity Securities (including Shares, Listed Options, unlisted options and performance shares) on issue at the commencement of that 12 month period is approximately 167%. The table at Schedule 2 details all issues of Equity Securities by the Company during the 12 months preceding the date of this Meeting as required by Listing Rule 7.3A.

(f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the notice.

## Schedule 1 - Definitions

In this Notice and the Explanatory Memorandum:

**\$** means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 9.1.

**10% Placement Period** has the meaning given in Section 9.2(f).

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2013.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Business Day** means:

- (c) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (d) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

**Chair** or **Chairman** means the person appointed to chair the Meeting convened by this Notice.

**Closely Related Party** means:

- (e) a spouse or child of the member; or
- (f) has the meaning given in section 9 of the Corporations Act.

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Cradle** and **Company** means Cradle Resources Limited ABN 60 149 637 016 and ACN 149 637 016.

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listed Options** means the listed options (CXXO) exercisable at \$0.2667 and expiring on 24 January 2015.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

**SCHEDULE 2**

**ISSUES OF EQUITY SECURITIES BY THE COMPANY OVER THE LAST 12 MONTHS**

Date of Issue	Number of Equity Securities Issued	Class of Equity Securities Issued and Summary of Terms of that Class	Names of Allottees or Basis on which Allottees Determined	Price at which Equity Securities Issued and Discount to Market Price	Total Cash Consideration	Amount of Cash Spent and Use of Cash	Intending Use of Remaining Cash	Non-Cash Consideration	Current Value of Non-Cash Consideration
30 November 2012	20,000,000	Fully paid ordinary shares	Sophisticated and professional investors	Issue Price - \$0.10 Market Price - \$0.29 Discount to Market Price – 34%	\$2,000,000	\$2,000,000  Use of cash – see Note 1 below	n/a	n/a	n/a
7 December 2012	4,000,000	Fully paid ordinary shares	Sophisticated and professional investors	Issue Price - \$0.10 Market Price - \$0.27 Discount to Market Price – 37%	\$400,000	\$400,000  Use of cash – see Note 1 below	n/a	n/a	n/a
19 July 2013	11,300,000	Fully paid ordinary shares	Sophisticated and professional investors	Issue Price - \$0.20 Market Price - \$0.15 (reconstructed) Discount to Market Price – n/a	\$2,260,000	\$2,260,000  Use of cash – see Note 1 below	n/a	n/a	n/a
19 July 2013	5,650,000	Listed Options (CXXO) ex \$0.2667 expiring on 24 January 2015. The full terms and conditions of the	Sophisticated and professional investors	Free-attaching options to the 11,300,000 fully paid ordinary shares issued on 19 July 2013	n/a	n/a	n/a	Free-attaching options	\$NIL



19 July 2013	37,500,000	Listed Options are specified in the Replacement Prospectus lodged with the ASX on 20 June 2013	Shareholders of Panda Hill Mining Pty Ltd	n/a	n/a	n/a	n/a	n/a	n/a	Part consideration for the acquisition of the issued share capital of Panda Hill Mining Pty Ltd	\$5,625,000
19 July 2013	18,750,000	Class A Performance Shares	Shareholders of Panda Hill Mining Pty Ltd	n/a	n/a	n/a	n/a	n/a	n/a	Part consideration for the acquisition of the issued share capital of Panda Hill Mining Pty Ltd	\$2,109,375
19 July 2013	18,750,000	Class B Performance Shares	Shareholders of Panda Hill Mining Pty Ltd	n/a	n/a	n/a	n/a	n/a	n/a	Part consideration for the acquisition of the issued share capital of Panda Hill Mining Pty Ltd	\$984,375
25 July 2013	3,750,000	Fully paid ordinary shares	Panda Hill lenders (as specified in the Replacement Prospectus lodged with the ASX on 20 June 2013)	Issue Price - \$0.15 Market Price - \$0.15 Discount to Market - n/a	Conversion of \$600,000 loan to fully paid ordinary shares	n/a	n/a	n/a	n/a	Conversion of \$600,000 loan to fully paid ordinary shares	\$562,500

**Note 1 – Use of Cash:**

<b>Opening Balance</b>	1,900,000
<b>Cash Inflows</b>	
Capital raising placement / underwritten	4,660,000
Borrowing	-
Research and development @ HIP Franchising	-
Cash acquired through business combination	-
Interest received	105,474
GST Refund	8,986
Tenements security bond refund	-
<b>Total Cash Inflows</b>	<b>4,774,460</b>
<b>Cash Outflows</b>	
Directors' fees	(88,862)
Exploration Expenditure (Panda Hill Mining Project)	(4,851,273)
Capital raising cost	(214,542)
Professional and other consultants fees	(101,673)
Administration and other corporate cost	(459,895)
<b>Total Cash Outflows</b>	<b>(5,716,245)</b>
	<b>958,215</b>
<b>Cash and cash equivalents as at 22 October 2013</b>	

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# CRADLE RESOURCES LIMITED

## ACN 149 637 016

### PROXY FORM

The Company Secretary  
Cradle Resources Limited

**By delivery:**  
Level 7  
1008 Hay Street  
Perth WA 6000

**By post:**  
P.O. Box 7209  
Cloisters Square WA 6805

**By facsimile:**  
+61 8 9389 2099

**Name of Shareholder:**

**Address of Shareholder:**

**Number of Shares entitled to vote:**

Please mark  to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

#### Step 1 - Appoint a Proxy to Vote on Your Behalf

The Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 1:00 pm (WST time) on Friday, 29 November 2013, at Level 7, 1008 Hay Street, Perth, Western Australia and at any adjournment or postponement of that Meeting.

#### Important – If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolution 1, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 even if Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

#### Step 2 - Instructions as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Craig Burton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – MrDidier Murcia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

**Authorised signature/s**

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:                    where the holding is in more than one name all of the holders must sign.

Power of Attorney:            if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies:                      a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the office of the Company at Level 7, 1008 Hay Street, Perth, Western Australia, or by post to P.O. Box 7209, Cloisters Square Perth WA 6805, or facsimile (08) 9389 2099 if faxed from within Australia or +61 8 9389 2099 if faxed from outside Australia), not less than 48 hours prior to the time of commencement of the Meeting (WST).