**31 October 2013**

**ASX Release** **ASX Code: CXX,CXXO**

# SEPTEMBER 2013 QUARTERLY ACTIVITY REPORT

## Highlights

- **Preliminary Economic Assessment study is on track for completion in the first quarter of 2014**
- **Drilling program completed with excellent results**
- **Metallurgy is well advanced with positive results to date**
- **Appointment of Craig Burton and Didier Murcia to the Board**

## Summary of Main Activities

***Resource Drilling Programme***

A total of 13 NQ and HQ diamond holes for 1703m were drilled for an average of 131 metres per hole. The drilling results exceeded expectations, particularly in identifying a high-grade weathered cap which will be added to the Resource, and is likely to increase both grade and tonnes in the overall Resource. An updated Resource model is expected to be completed by Coffey Consultants shortly.

***Metallurgy Testwork Programme***

During the month of September 2013, Cradle commenced comminution (grinding), mineralogy and flotation testwork at SGS Lakefield in Canada.

The comminution testwork was positive indicating relatively soft material that is easy to grind. The mineralogy analysis shows excellent liberation of niobium minerals from primary carbonatite samples and the flotation testwork is expected to be complete by SGS Lakefield during November 2013.

***Preliminary Economic Assessment***

The study is on track for completion in first quarter 2014. All major activities are in progress or have been completed, with no critical issues identified. It is noteworthy that most areas of the study, including metallurgy and capital and operating cost estimates, will be to a level required for a pre-feasibility study.

| Maturity Matrix - Panda Hill Niobium Project | | |
|---|---|---|
| **General Project Data** | **Classification** | **Effective Study Level** |
| Project Scope Definition | Preliminary | Scoping Study |
| Facility Capacity | Defined | Pre-feasibility Study |
| Plant / TSF Location | Preliminary | Pre-feasibility Study |
| Master Schedule | Preliminary | Pre-feasibility Study |
| Contracting Strategy | Assumed | Scoping Study |
| | | |
| **Geology, Resource & Mining** | **Classification** | **Effective Study Level** |
| Mineral Resource Estimate | 90:10 Inferred : Indicated | Scoping Study |
| Mining | Preliminary | Scoping Study |
| **Engineering** | **Classification** | **Effective Study Level** |
| Metallurgical Testwork | Preliminary | Pre-feasibility Study |
| Block Flow Diagrams | Defined | Pre-feasibility Study |
| Process Design Criteria | Preliminary | Pre-feasibility Study |
| Equipment List | Preliminary | Scoping Study |
| Infrastructure | Preliminary | Pre-feasibility Study |
| General Arrangement Drawings | Preliminary | Scoping Study |
| Capital & Operating Cost Estimate | +35% -20% | Pre-feasibility Study |
| Environmental (ESIA) | In Progress | Pre-feasibility Study |

Meets the generally accepted standards for a Scoping Study
Meets the generally accepted standards for a Pre-feasibility Study

## Technical Activity

### *General Project Update*

The study progress at the end of the September quarter shows that the activities are on schedule and that the final study document is still on target for completion during the first quarter of 2014. All major activities are either in progress or have been completed, with no critical issues identified. The project is almost 60% complete (earned value basis) with a total of 8,990 hours having been worked on the project and no major incidents to report. A high level tracking schedule is shown in Figure 1.

Study costs are being well managed and are in line with budget forecasts.

| Panda Hill Niobium Project. | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Study Activities** | **Target End Date** | **July** | **Aug** | **Sept** | **Oct** | **Nov** | **Dec** | **Jan** | **Feb** | **March** |
| Study Kick-off | 01/07/2013 | | | | | | | | | |
| Resource Drilling Program | 04/09/2013 | | | | | | | | | |
| Core sampling & assaying | 04/10/2013 | | | | | | | | | |
| Metallurgical Testwork | 30/11/2013 | | | | | | | | | |
| Engineering | 30/01/2014 | | | | | | | | | |
| Reporting | 14/03/2014 | | | | | | | | | |
| Study Complete | 14/03/2014 | | | | | | | | | |

*Figure 1: Panda Hill Preliminary Economic Assessment Schedule*

As part of the ongoing community building exercise, extensive engagement with local parties was undertaken as part of the drilling campaign. This included:

- Meetings with the Prison Governor and senior staff
- Meetings with the local government officials
- Meetings with village council and elders
- And at the end of the field work a number of close-out meetings with the villages and government official to provide a project update and information concerning subsequent activities

As part of the Company's ongoing support to the local communities, a number of social initiatives were also undertaken (as shown in Figure 2 photographs below). These included:

- Donation of building materials to local school and prison
- Donation of sporting equipment to local school
- Installation of a solar lighting system at the local clinic
- Donation of medical equipment, including beds, wheelchairs and general supplies to the local hospital and clinic in collaboration with the Rafiki Surgical Missions.

Handing over the donated cement bags to the Songwe Primary School

Donation of sporting equipment to the Songwe Primary School

Solar lighting donated to the Songwe Medical Clinic

Cradle staff running a soccer clinic

*Figure 2: Community Activities*

***Exploration Activity***

During the September quarter the first-phase diamond drilling program was completed at the Panda Hill Niobium Deposit (Figure 3). This program was designed to confirm the tenor of the historical drilling in the area, provide an approximate 100m x 100m spacing in the higher-grade south-central portion of the deposit, and to provide material for metallurgical test work.

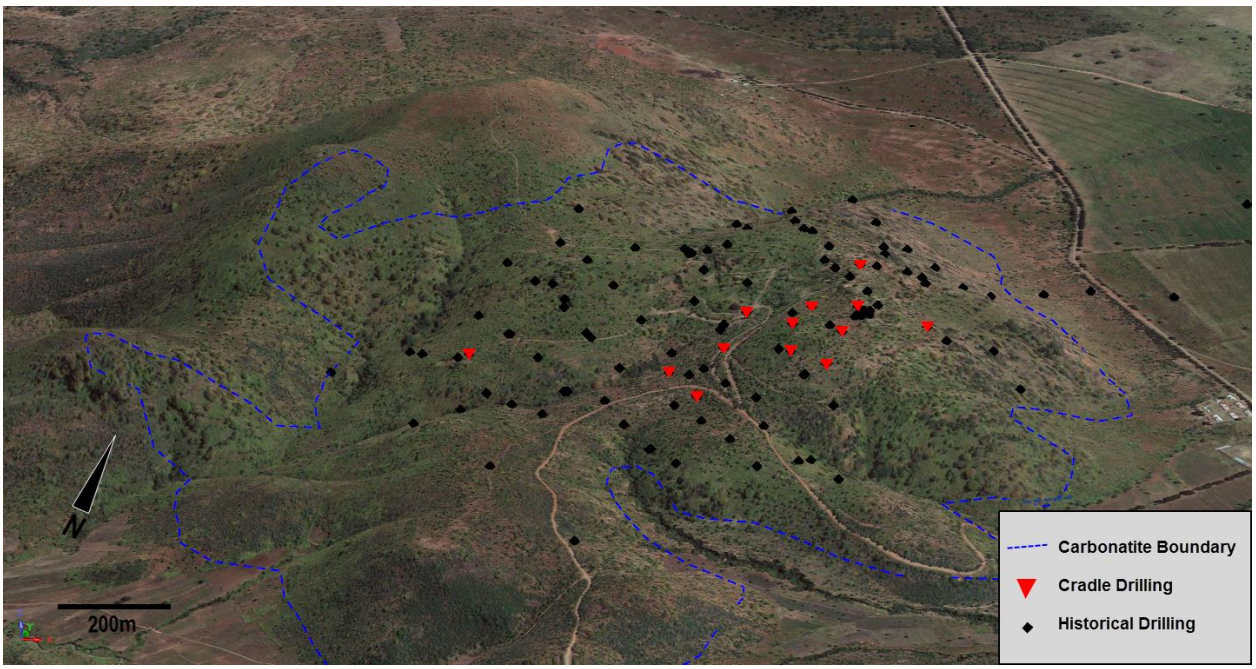


*Figure 3: Panda Hill 2013 Drill Locations*

A total of 13 NQ and HQ diamond holes for 1,703m were drilled for an average of 131m per hole. The deepest hole (PHDH001) was drilled to 239m. Due to the identification for more laterally and vertically extensive mineralisation, the program was extended to 1,703m from the initially budgeted 1,500m. Field mapping and sampling was also undertaken over the deposit area.

The field season commenced on 1 July, with the setup of accommodation and office facilities at the Songwe region. Staffing averaged 7 technical staff and up to 9 field support staff over the program. Site preparation commenced from early July with a bulldozer used to clear access tracks and a combination of local labour and the bulldozer used to prepare pad positions.

Drilling was undertaken using a track mounted Atlas Copco CS14 rig operated by Bamboo Rock Drilling of Tanzania. Mobilisation occurred in the first week of July and drilling commenced on the 15th July. The last of the 13 holes was completed on the 27th of August.

The drill core was processed on-site with two diamonds saws operating to cut the HQ and NQ core. Due to the requirement to obtain metallurgical samples the HQ holes were typically ¼ sampled and the NQ holes were sampled by ½ or ¼ core. The sample length ranged from 0.3m to 2.8m, with an average length of 1.1m. A total of 1,445 core samples weighing 1,400kg were submitted to the primary assay laboratory (versus a budgeted 1,500). QAQC samples (standards and blanks) were routinely inserted at a rate of 1:20.

Site drilling


Pyrochlore Crystals in PHDH008


Core logging

Field team

*Figure 4: Panda Hill Field Activities*

Additionally, a bulk-density station was set up to allow for some 1,000 density determination to be made of all material types. Determinations were made using both the calliper and water immersion method. Based upon the density readings taken, the average density for the carbonatite mineralisation was determined to be 2.67t/$m^3$ and the average density of the weathered mineralisation was determined to be 2.16t/$m^3$.

Samples were initially bagged on site, and then stored at the Cradle office which was both locked and located within a guarded compound. Sample dispatch occurred in 11 separate batches by both air and ground transport companies. The samples were initially sent to SGS in Mwanza for crushing and pulverisation. The pulps were subsequently sent to SGS Johannesburg for analysis of niobium by XRF borate fusion. Multi element and REE analysis were also undertaken by ICP-MS.

By the end of September, assay results were received for 10 of 13 drill holes drilled. The assay results for the last three holes (PHDH008, 12 and 13) were received in the first week of October and have been reported for succinctness. Figure 5 shows the drilling and local geology, and Table 1 summarises the significant intercepts from the program.

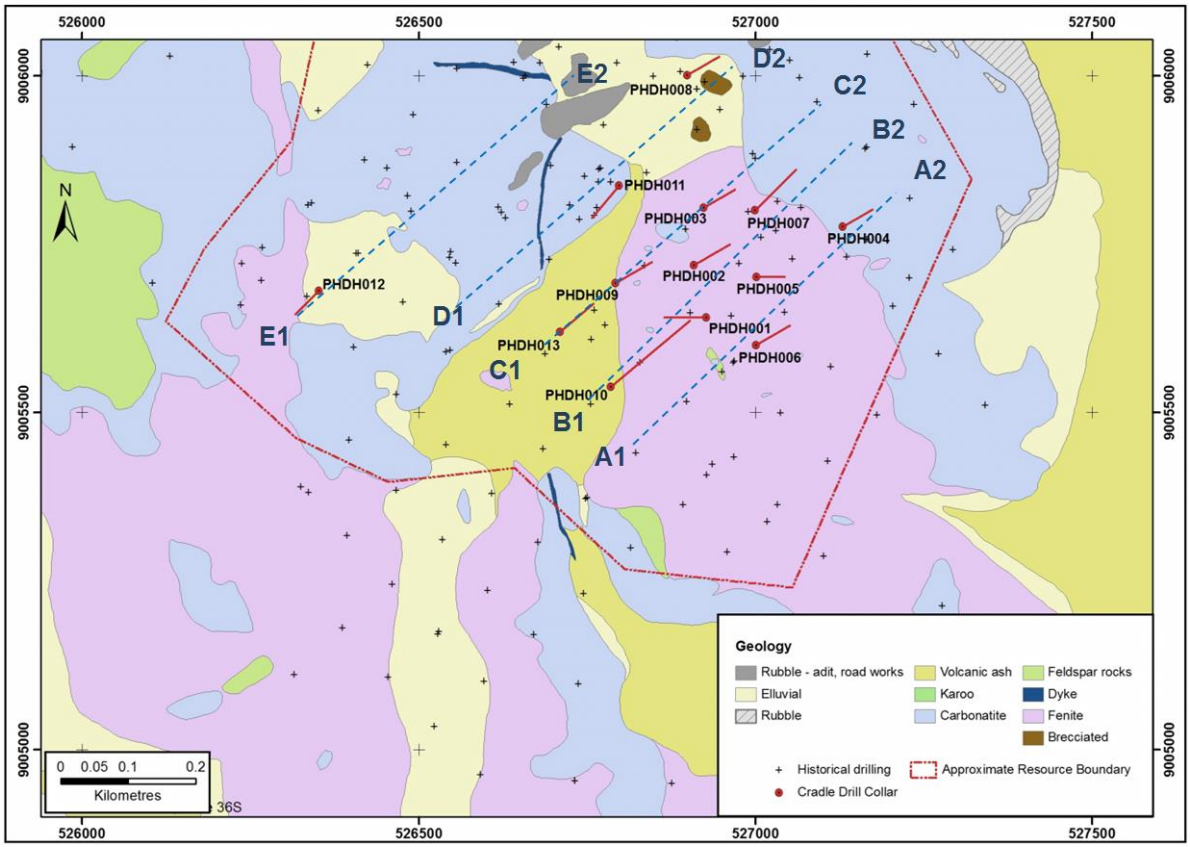


*Figure 5: Local geology of Panda Hill showing the location of the 2013 drill holes (red)*

The program was highly successful in both demonstrating that the historical assay results could be overall reproduced and in identifying broader zones of mineralisation than the historical drilling. Additionally a niobium-rich (up to 3.3% $Nb_2O_5$) magnetite carbonatite unit was intersected in many of the holes and a zone of coarse-pyrochlore crystals was identified in the Museum Zone.

| Table 1 - Panda Hill Niobium Project<br>Detailed Significant Intercepts as of 7 October 2013 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Hole ID | Easting | Northing | RL | EOH Depth | Dip | Azimuth | From | To | Length | $Nb_2O_5$ (%) |
| **PHDH001** | 526927 | 9005641 | 1540 | 182.8 | -70 | 270 | 0 | 10.7 | 10.7 | 0.52 |
| | | | | | | | 12.8 | 32.0 | 19.2 | 0.67 |
| | | | | | | | 41.6 | 158.0 | 116.4 | 0.76 |
| | | | | | | | 172.7 | 180.0 | 7.3 | 0.62 |
| **PHDH002** | 526911 | 9005718 | 1559 | 122.5 | -60 | 060 | 37.0 | 48.0 | 11.0 | 0.36 |
| | | | | | | | 60.0 | 119.5 | 59.5 | 0.81 |
| | | | | | | *Including* | 62.0 | 74.0 | 12.0 | 1.03 |
| | | | | | | *Including* | 91.5 | 96.5 | 5.0 | 1.2 |
| | | | | | | *Including* | 105.5 | 119.5 | 14.0 | 0.93 |
| **PHDH003** | 526922 | 9005800 | 1555 | 107.4 | -60 | 060 | 2.45 | 100.8 | 103.25 | 0.76 |
| | | | | | | *Including* | 2.45 | 23.7 | 21.25 | 1.18 |
| | | | | | | *Including* | 63.0 | 77.85 | 14.85 | 1.4 |
| | | | | | | *Including* | 82.8 | 86.05 | 3.25 | 0.82 |
| **PHDH004** | 527129 | 9005775 | 1540 | 101.1 | -60 | 060 | 0 | 40.0 | 40.0 | 0.51 |
| | | | | | | *Including* | 12.0 | 23.05 | 11.05 | 0.76 |
| | | | | | | *Including* | 32.6 | 40.0 | 7.4 | 0.59 |
| **PHDH005** | 527002 | 9005701 | 1557 | 84.3 | -60 | 090 | 46.9 | 96.3 | 49.4 | 0.40 |
| | | | | | | *Including* | 46.9 | 51.6 | 4.7 | 1.07 |
| | | | | | | | 5.4 | 10.3 | 4.9 | 1.15 |
| | | | | | | | 24.7 | 39.5 | 14.8 | 0.43 |
| | | | | | | | 49.6 | 57.6 | 8.0 | 0.56 |
| **PHDH006** | 527001 | 9005598 | 1542 | 116.2 | -60 | 060 | 0 | 17.0 | 17.0 | 1.03 |
| | | | | | | *Including* | 2.0 | 14.85 | 12.85 | 1.27 |
| | | | | | | | 20.35 | 32.0 | 11.65 | 0.49 |
| | | | | | | | 46.1 | 105.0 | 58.9 | 0.77 |
| | | | | | | *Including* | 59.1 | 98.75 | 39.65 | 0.97 |
| **PHDH007** | 527000 | 9005800 | 1559 | 170.9 | -60 | 045 | 9.9 | 77.0 | 67.1 | 0.54 |
| | | | | | | | 95.5 | 101.4 | 5.9 | 0.41 |
| | | | | | | | 156.7 | 170.9 | 14.2 | 0.47 |
| **PHDH008** | 526953 | 9006001 | 1545 | 110.3 | -60 | 060 | 8.0 | 17.15 | 9.15 | 0.55 |
| | | | | | | *including* | 13.0 | 17.15 | 4.15 | 0.84 |
| | | | | | | | 28.0 | 41.0 | 13.0 | 0.38 |
| | | | | | | | 54.5 | 100.0 | 45.5 | 0.56 |
| | | | | | | *including* | 73.5 | 80.15 | 6.65 | 0.71 |
| **PHDH009** | 526795 | 9005694 | 1553 | 125.3 | -60 | 060 | 0 | 19.0 | 19.0 | 0.47 |
| | | | | | | | 36.4 | 58.0 | 21.6 | 0.6 |
| | | | | | | *including* | 36.4 | 45.0 | 8.6 | 0.87 |
| | | | | | | | 95.0 | 108 | 13.0 | 0.56 |
| | | | | | | *including* | 99.0 | 108.0 | 9.0 | 0.65 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **PHDH010** | 526788 | 9005538 | 1501 | 239.2 | -60 | 060 | 5.4 | 53.0 | 47.6 | 1.09 |
| | | | | | | | 59.85 | 75.4 | 15.55 | 0.84 |
| | | | | | | | 100.0 | 106.95 | 6.95 | 0.32 |
| | | | | | | | 128.6 | 143.2 | 14.6 | 0.44 |
| | | | | | | | 176.2 | 180.0 | 3.8 | 0.52 |
| | | | | | | | 191.35 | 202.1 | 10.75 | 0.88 |
| **PHDH011** | 526797 | 9005837 | 1526 | 121.8 | -50 | 220 | 0 | 3.7 | 3.7 | 0.51 |
| | | | | | | | 21.0 | 60.3 | 39.3 | 0.41 |
| | | | | | | *Including* | 21.0 | 29.0 | 8.0 | 0.6 |
| | | | | | | | 78.15 | 102.2 | 24.05 | 0.45 |
| **PHDH012** | 526351 | 9005681 | 1497 | 100 | -60 | 225 | 1.5 | 14.2 | 12.7 | 0.74 |
| | | | | | | | 19.0 | 53.85 | 34.85 | 0.53 |
| | | | | | | *Including* | 19.0 | 23.8 | 4.8 | 0.74 |
| | | | | | | | 61.35 | 75.0 | 13.65 | 0.69 |
| **PHDH013** | 526710 | 9005620 | 1508 | 121.2 | -60 | 050 | 2.0 | 63.6 | 61.6 | 0.5 |
| | | | | | | *including* | 5.3 | 20.0 | 14.7 | 0.77 |
| | | | | | | | 69.0 | 75.4 | 6.4 | 0.38 |
| | | | | | | *including* | 56.1 | 60.0 | 3.9 | 0.7 |
| | | | | | | | 91.7 | 95.2 | 3.5 | 0.37 |

*Note: The major intercepts have been tabulated above a nominal 0.35% Nb2O5 lower cut-off and not less than 4m internal dilution*

***Engineering Activity***

During the September quarter, representative samples of the five main carbonatite materials were collected from the drill core generated from the first 9 holes. These samples were delivered to SGS Lakefield in Canada on 9th September. The head assays and material classification of these samples are shown in Table 2 below.

*Table 2: Metallurgical Sample Descriptions*

| Description | Composite A | Composite B | Composite C | Composite D | Composite E |
|---|---|---|---|---|---|
| **$Nb_2O_5$ Grade (%)** | 0.84 | 0.52 | 1.00 | 0.66 | 0.52 |
| **Material Type*** | Fresh Magnetite Carbonatite | Fresh Carbonatite | Oxidised Magnetite Carbonatite | Oxidised Carbonatite | Sovite Carbonatite |

** The broad definition of the magnetite carbonatite is a carbonatite material containing ~20-30% magnetite. Oxidised material considers the oxidation profile of the material and includes material that trend from weakly to strongly oxidised.*

Detailed mineralogy work (QEMSCAN) has started on the five samples and the results of this analysis will be used to guide the testwork program. Some initial results on Composite B show well liberated niobium at a relatively coarse grind indicating potential for a high grade concentrate.

Grindability tests, including SMC and Bond Work Index (BWi), are ongoing with early indications showing that the milling characteristics of the materials will be medium to moderately soft.

Five flotation tests have also been completed on the fresh carbonatite material (Composite B) and preliminary results indicate good niobium grades in the final concentrate, with open circuit recoveries in line with those achieved historically on similar material. Further optimisation testwork is ongoing with this sample before confirming results in a final locked cycle test in mid-October. The optimised circuit will then be used to test the response of the other material types with an allowance made for some further optimisation work on each sample.

Concentrate cleaning, via a leaching step, along with the bench scale production of a ferroniobium sample are also planned for the next quarter.

Some preliminary process engineering activities were started during the quarter with the development of a preliminary flowsheet and mass balance for the envisaged plant based on the preliminary metallurgical test results and historical data.

A review of the ferroniobium process was undertaken, with the basic design of this circuit currently ongoing.

Current engineering activities include:

- preliminary location studies for the tailings storage facility and process plant
- design work on the tailings storage facility
- comminution circuit design

With respect to the Environmental & Social Impact Assessment (ESIA), the project registration with the Tanzanian National Environmental Management Council (NEMC) has been completed and the approval has been received to start the scoping study and generate the Terms of Reference (ToR) required for the full ESIA. ESIA Scoping Study activities are well progressed with

- stakeholder mapping completed
- scoping notices for local radio and newspapers issued
- field data collection (environmental and social) almost complete
- water and soils samples collected

The focus for the next period will be the analysis of all the information collected, the generation of the ESIA Scoping Study Report and ESIA ToR for submission to the NEMC. Subject to the approval of these documents the baseline studies for the full ESIA can start in line with the next phase of the project.

## Corporate Activity

During the September quarter, and as part of the restructuring of the Company on completion of the acquisition of the share capital of Panda Hill Mining Pty Ltd, Mr Michael Ashforth and Mr Brendan Cummins resigned from their positions as Non-Executive Chairman and Non-Executive Director, respectively, following which Mr Craig Burton was appointed as the new Non-Executive Chairman and Mr Didier Murcia was appointed as a Non-Executive Director of the Company.

The Company has moved its registered office and principal place of business, and has appointed a new share registrar, as follows:

| **Registered Office and Principal Place of Business** | **Share Registry** |
|---|---|
| Level 7<br>1008 Hay Street<br>Perth WA 6000 | Link Market Services Limited<br>Ground Floor<br>178 St Georges Terrace<br>Perth WA 6000 |

During the September quarter, 9,862,500 fully paid ordinary shares were released from escrow following completion of the ASX's 24-month restriction period on 16 September 2013, bringing the total number of tradeable, fully paid ordinary shares in the Company to 53,675,017. In addition, 7,687,500 unlisted options (exercisable at $0.2667 expiring on 31/05/2016) were also released from escrow.

Subsequent to the September quarter end, the Company agreed to issue 2,625,000 performance rights to certain employees and consultants. The principal terms and conditions of the performance rights include continuous employment with or provision of services to the Company, and the fulfilment of specific project-related milestones.

The Company has also agreed to issue 2,000,000 listed options (CXXO) at an issue price of 5 cents each ($100,000). These are to be issued to third party consultants, partly by way of incentive. Attached is a copy of the Appendix 3B in relation to the performance rights and listed options. The issued share capital of the Company is now as follows:

| Class of Security | Code | Number of Issued | Tradeable or Restricted | Period of Restriction |
|---|---|---|---|---|
| **Shares, Performance Shares and Performance Rights** | | | | |
| Ordinary Shares | CXX | 53,675,017 | Tradeable | n/a |
| Escrowed Ordinary Shares | CXX | 37,500,000 | Restricted | Ends 31 July 2015 |
| Class A Performance Rights | n/a | 18,750,000 | Restricted | Ends 31 July 2015 |
| Class B Performance Rights | n/a | 18,750,000 | Restricted | Ends 31 July 2015 |
| Performance Rights | n/a | 2,625,000 | n/a | n/a |
| | **Total** | **131,300,017** | | |
| **Options** | | | | |
| Listed Options (ex $0.2667 exp 24/1/15) | CXXO | 17,962,506 | Tradeable | n/a |
| Unlisted Options (ex $0.2667 exp 31/5/16) | n/a | 7,687,500 | Unlisted | n/a |
| | **Total** | **25,650,006** | | |

**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 securities will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

1. the Company issued the securities without disclosure to investors under Part 6D.2 of the Act;
2. as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
3. as at the date of this notice, there is no information that is excluded information under section 708A(7) and (8) of the Act that has not already been disclosed to investors generally.

At the end of the September quarter, the Company had a closing cash balance of $1,705,000.

## Panda Hill Niobium Project Overview

The Panda Hill Niobium Project (Figure 6) 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 centre for the Project. Mbeya has a population of approximately 280,000 people, located on the main highway to the capital Dar es Salaam, and has recently completed the construction of a new international airport.

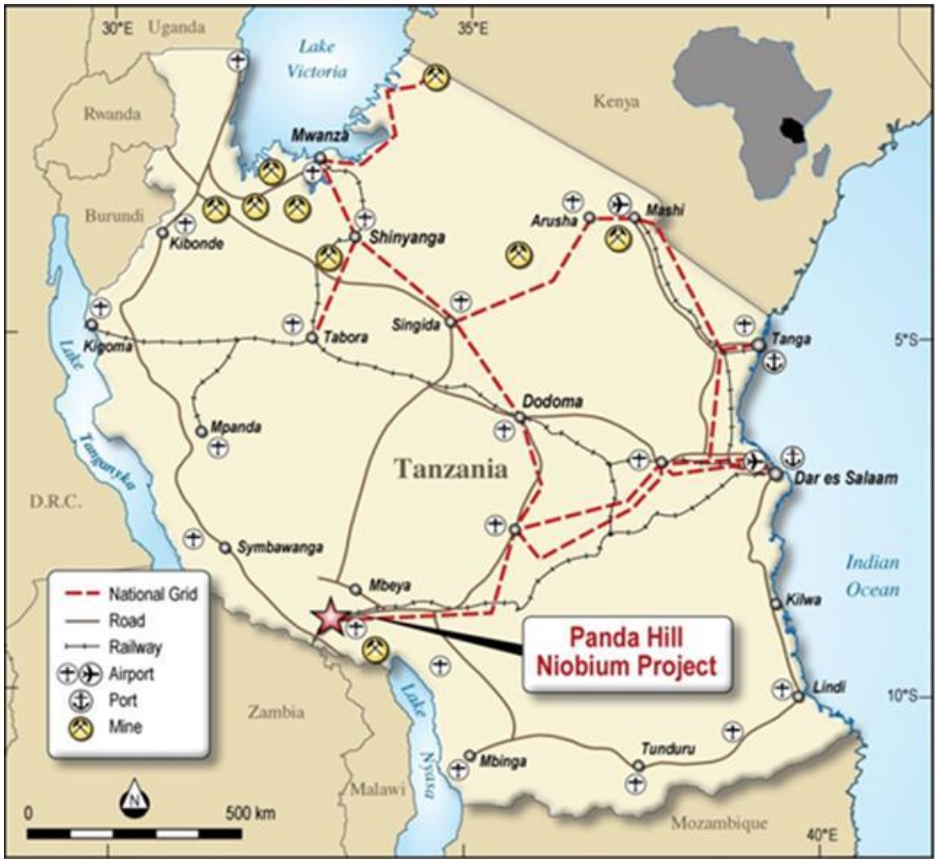


*Figure 6: Location of the Panda Hill Niobium Project*

The Project is covered by three granted Mining Licenses (Figure 7) totalling 22.1km$^2$, which will enable a quick transition to the study and development phases, and has excellent access to infrastructure, with existing roads, rail, airports and 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 was acquired by Panda Hill, 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.

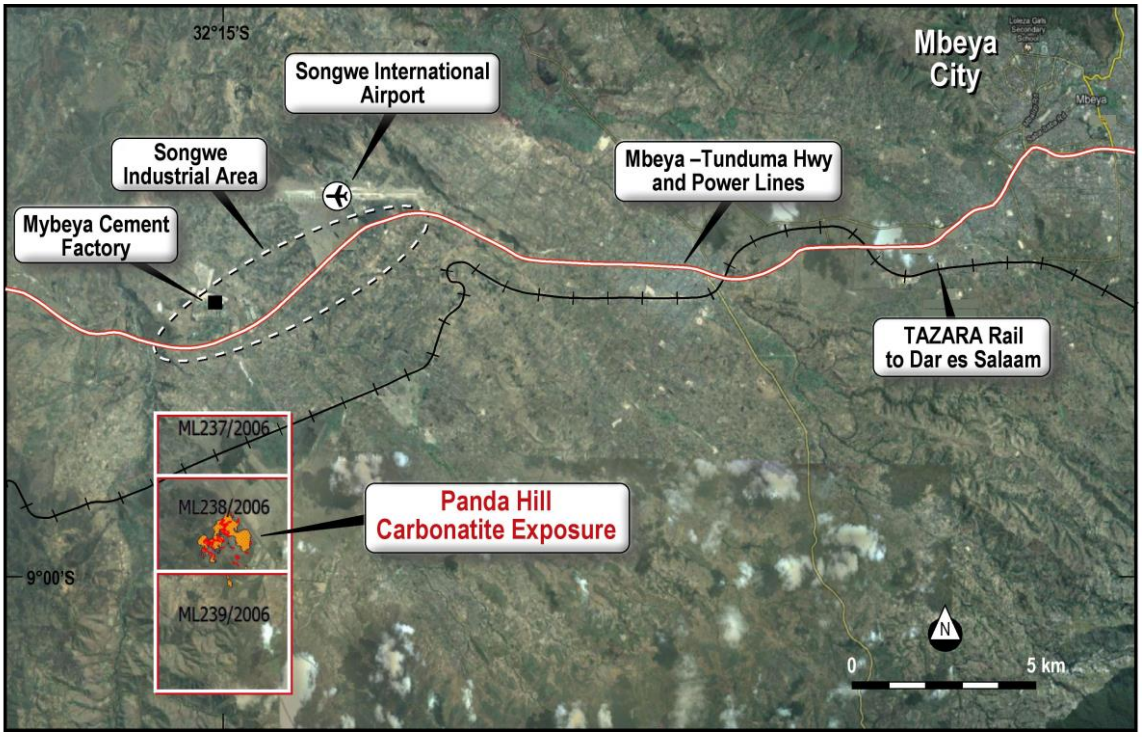


Figure 7: Mining Licenses and Local Infrastructure

**Historical Work**

The Panda Hill carbonatite has been subject to multiple phases of exploration work since the 1950's. This work has targeted the Niobium and Phosphate endowment of the deposit. From 1953 to 1965, the Geological Survey of Tanzania (GST) undertook mapping, diamond drilling and trenching (17 diamond holes for 1,405m) to assess the Niobium and Phosphate potential of the deposit.

From 1954 to 1963, the MBEXCO joint venture was formed between N. V. Billiton Maatschapij (Billiton) and Colonial Development Corporation, London. MBEXCO drilled 66 diamond holes for 3,708m, excavated numerous pits, sunk two shafts and undertook trial mining and constructed a trial gravity and flotation plant on site. Concentrate from site was sent to Holland for further processing, with positive early metallurgical test-work results noted.

From 1978 to 1980 a Yugoslavian State Enterprise (RUDIS) undertook a joint study in collaboration with the Tanzanian Mining Industrial Association and State Mining Corporation (STAMICO). This work included mapping, diamond drilling and pitting (13 diamond holes for 1,306m) to test the Niobium endowment of the deposit. Detailed reports have been secured from this program.

**Panda Hill Niobium Resource**

The 2012 resource was undertaken by Coffey Mining in Perth in July 2012 (Table 3). The Coffey Inferred Resource targeted carbonatite mineralisation and the mineralised fenite and surficial weathered material was not directly targeted. The resource estimate was based upon grade and lithological information derived from 96 historical diamond holes which was initially reviewed and validated by Verona Capital in 2012. The resource was constrained within a 3D wireframe based upon a nominal 0.2% $Nb_2O_5$ lower cutoff. Ordinary Kriging was used to estimate $Nb_2O_5$ using 2m down-hole composites with a 2.5% $Nb_2O_5$ upper cut applied.

*Table 3 - Panda Hill Inferred Mineral Resource, 03 July 2012[*] (Preferred cut-off 0.3% $Nb_2O_5$)*

| Lower Cut-off ($Nb_2O_5$ %) | Tonnage (Mt) | Grade ($Nb_2O_5$ %) | Contained Mineral ($Nb_2O_5$ 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/$m^3$ and a 2.5% $Nb_2O_5$ top cut. Ordinary Kriged Estimate with a 25mX by 25mY by 5mZ block size* | | | |

*[*]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.*

**Geology of Panda Hill Complex**

The Panda Hill carbonatite is a mid-Cretaceous volcanic intrusion which has intruded into gneisses and amphibolites of the NE-SE trending mobile belt. It forms a steeply dipping, near-circular plug of approximately 1.5 km diameter and is partly covered by fenitised and weathered country rocks and residual soil material. The Fenite and weathered material forms a "cap" or roof over the south of the carbonatite complex, and is partially overlain by residual and transported soils. Volcanic ash over part of the complex suggests a later stage of volcanic activity. It is apparent that portions of fenite, ash and soil cover are underlain by carbonatite and these areas are only lightly explored.

In the main exposed potion of the carbonatite historical workers suggested three stages of carbonatite activity outwards from the center of the plug. An early-stage calcite carbonatite forms the core, while intermediate and late-stage carbonatites, composed of more magnesian-rich and iron-rich carbonates, form the outer parts of the plug. Later stage apatite-magnetite rich rocks and ferro-carbonatite dykes are also found in the complex. Fenitisation of the pre-existing gneisses led to the development of potassium-rich rocks containing K-feldspar and phlogopite.

**Mineralogy**

The Sovite carbonatite from Panda Hill is composed mainly of calcite, which forms an average of 60-75% by volume. The fresh Sovite carbonatite may contain up to 5% Apatite, with pyrochlore, magnetite, phlogopite and quartz. Dolomite-rich carbonate (Rauhaugite) and ankerite/siderite-rich carbonatites (Beforesite) are also present and can be mineralised.

**Mineralisation**

The bulk of the Panda Hill niobium mineralisation is found within pyrochlore and lesser columbite. The bulk of the known mineralisation is within carbonatite, with $Nb_2O_5$ grades typically ranging from 0.1% to 1%. Higher-grade material is noted within flow-banding (schlieren) within the carbonatite. The weathered cap material is noted to contain elevated grades of up to 2% $Nb_2O_5$.

***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.

*By order of the Board*

*Rule 2.7, 3.10.3, 3.10.4, 3.10.5*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Cradle Resources Limited

ABN

60 149 637 016

We (the entity) give ASX the following information.

## Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

| | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | (a) Listed Options<br><br>(b) Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 2,000,000 Listed Options<br><br>(b) 2,625,000 Performance Rights |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) Listed Options ex $0.2667 and expiring on 24 January 2015<br><br>(b) Performance Rights – the principal terms of the Performance Rights are:<br><br>• An entitlement to one fully paid ordinary share for each Performance Right that vests.<br>• Vesting will occur in tranches on the achievement of specified performance conditions and a continuous service condition.<br>• The Performance Rights shall have a Milestone Date pursuant to which the performance condition must be satisfied.<br>• The Performance Rights shall have an Expiry Date, and any Performance Rights that do not vest by the Expiry Date will lapse.<br>• The Performance Rights will automatically vest in the event of a takeover, scheme of arrangement or change in control.<br>• The service condition is that the holder of the Performance Right is still employed by the Company at the relevant vesting date of each tranche of Performance Rights.<br>• Each Performance Right shall be granted to the holder for no consideration. |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | (a) Listed Options – Yes, rank equally with existing class of listed options (CXXO)<br><br>(b) Performance Rights – No, prior to vesting the Performance Rights do not carry a right to vote, receive dividends, or generally participate in other corporate actions. Where the Performance Rights have vested, fully paid ordinary shares of the Company will be allotted or transferred to the holder (with one fully paid ordinary share acquired for each Performance Right that has vested). |

| | | |
|---|---|---|
| 5 | Issue price or consideration | (a) 2,000,000 Listed Options - $0.05 each<br><br>(b) 2,625,000 Performance Rights – no cash consideration |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets) | (a) Listed Options – issued by the Company to third party consultants, partly by way of incentive.<br><br>(b) Performance Rights – issued by the Company to certain employees and consultants. |
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?<br><br>If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 31 August 2012 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | 2,000,000 Listed Options<br><br>2,625,000 Performance Rights |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil |
| 6f | Number of securities issued under an exception in rule 7.2 | Not applicable |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | Not applicable |
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | Not applicable |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | See Annexure 1 |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 15 November 2013 |

8 Number and +class of all +securities quoted on ASX (*including* the securities in section 2 if applicable)

| Number | +Class |
|---|---|
| 91,175,017 | Ordinary Shares |
| 17,962,506 | Options ex $0.2667, exp 24/1/15 |

9 Number and +class of all +securities not quoted on ASX (*including* the securities in section 2 if applicable)

| Number | +Class |
|---|---|
| 18,750,000 | Class A Performance Shares |
| 18,750,000 | Class B Performance Shares |
| 7,687,500 | Options ex $0.2667, exp 31/5/16 |
| 2,625,000 | Performance Rights |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | The Company does not have a dividend policy |

## Part 2 - Bonus issue or pro rata issue

| | | |
|---|---|---|
| 11 | Is security holder approval required? | Not applicable |
| 12 | Is the issue renounceable or non-renounceable? | Not applicable |
| 13 | Ratio in which the +securities will be offered | Not applicable |
| 14 | +Class of +securities to which the offer relates | Not applicable |
| 15 | +Record date to determine entitlements | Not applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not applicable |
| 17 | Policy for deciding entitlements in relation to fractions | Not applicable |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br>Note: Security holders must be told how their entitlements are to be dealt with.<br>Cross reference: rule 7.7. | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | Not applicable |
| 20 | Names of any underwriters | Not applicable |
| 21 | Amount of any underwriting fee or commission | Not applicable |
| 22 | Names of any brokers to the issue | Not applicable |
| 23 | Fee or commission payable to the broker to the issue | Not applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | Not applicable |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 25 | If the issue is contingent on [+]security holders' approval, the date of the meeting | Not applicable |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | Not applicable |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | Not applicable |
| 28 | Date rights trading will begin (if applicable) | Not applicable |
| 29 | Date rights trading will end (if applicable) | Not applicable |
| 30 | How do [+]security holders sell their entitlements *in full* through a broker? | Not applicable |
| 31 | How do [+]security holders sell *part* of their entitlements through a broker and accept for the balance? | Not applicable |
| 32 | How do [+]security holders dispose of their entitlements (except by sale through a broker)? | Not applicable |
| 33 | [+]Despatch date | Not applicable |

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid,

employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

## Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

### 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.

+ See chapter 19 for defined terms.

- 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.

4 We give ASX the information and documents required by this form. If any information or document not available now, 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: 31 October 2013
Company Secretary

Print name: SOPHIE RAVEN

== == == == ==

# 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 | 27,500,000 Ordinary Shares |
| ***Add*** the following:<br><br>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2<br><br>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval<br><br>• Number of partly paid ordinary securities that became fully paid in that 12 month period<br><br>*Note:*<br>• *Include only ordinary securities here – other classes of equity securities cannot be added*<br>• *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 20,000,000 Ordinary Shares (issued on 30 November 2012)<br><br>4,000,000 Ordinary Shares (issued on 7 December 2012)<br><br>11,050,000 Ordinary Shares (issued on 19 July 2013)<br><br>37,750,000 Ordinary Shares (issued on 23 July 2013, with 37,500,000 Ordinary Shares restricted for 24 months from date of quotation)<br><br>3,750,000 Ordinary Shares (issued on 25 July 2013) |
| ***Subtract*** the number of fully paid ordinary securities cancelled during that 12 month period | 12,874,983 (reconstruction of share capital on 8 July 2013) |
| **"A"** | 91,175,017 |

| ***Step 2: Calculate 15% of "A"*** | |
|---|---|
| **"B"** | 0.15 |

+ See chapter 19 for defined terms.

| | |
|---|---|
| | *[Note: this value cannot be changed]* |
| ***Multiply*** "A" by 0.15 | 13,676,252 |
| ***Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used*** | |
| ***Insert*** number of equity securities issued or agreed to be issued in that 12 month period *not counting* those issued:<br>• Under an exception in rule 7.2<br>• Under rule 7.1A<br>• With security holder approval under rule 7.1 or rule 7.4<br>*Note:*<br>• *This applies to equity securities, unless specifically excluded – not just ordinary securities*<br>• *Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 2,000,000 Listed Options (issued on 15 November 2013)<br><br>2,625,000 Performance Rights (issued on 15 November 2013) |
| **"C"** | 4,625,000 |
| ***Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1*** | |
| "A" x 0.15<br><br>*Note: number must be same as shown in Step 2* | 13,676,252 |
| ***Subtract*** "C"<br><br>*Note: number must be same as shown in Step 3* | 4,625,000 |
| ***Total*** ["A" x 0.15] – "C" | 9,051,252 |

# 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"**<br><br>*Note: number must be same as shown in* | 91,175,017 |

| | |
|---|---|
| *Step 1 of Part 1* | |
| ***Step 2: Calculate 10% of "A"*** | |
| **"D"** | 0.10<br><br>*Note: this value cannot be changed* |
| ***Multiply*** "A" by 0.10 | 9,117,501 |
| ***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<br><br>*Notes:*<br>• *This applies to equity securities – not just ordinary securities*<br>• *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed*<br>• *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*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | Nil |
| **"E"** | 0 |
| ***Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A*** | |
| "A" x 0.10<br><br>*Note: number must be same as shown in Step 2* | 9,117,501 |
| ***Subtract*** "E"<br><br>*Note: number must be same as shown in Step 3* | 0 |
| ***Total*** ["A" x 0.10] – "E" | 9,117,501<br><br>*[Note: this is the remaining placement capacity under rule 7.1A]* |

+ See chapter 19 for defined terms.

# 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 | Quarter Ended ("Current Quarter") |
|---|---|
| 60 149 637 016 | 30 SEPTEMBER 2013 |

**Consolidated statement of cash flows**

| | **Cash flows related to operating activities** | Current Quarter $A'000 | Year to Date (3 months) $A'000 |
|---|---|---|---|
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration & evaluation | (632) | (632) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (266) | (266) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 47 | 47 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | - | - |
| | **Net Operating Cash Flows** | **(851)** | **(851)** |
| | **Cash flows related to investing activities** | | |
| 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) | 92 | 92 |
| | **Net investing cash flows** | **92** | **92** |
| 1.13 | Total operating and investing cash flows (carried forward) | **(759)** | **(759)** |

| | | | |
|---|---|---|---|
| 1.13 | Total operating and investing cash flows (brought forward) | **(759)** | **(759)** |
| | **Cash flows related to financing activities** | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 2,260 | 2,260 |
| 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) | (206) | (206) |
| | **Net financing cash flows** | **2,054** | **2,054** |
| | **Net increase (decrease) in cash held** | **1,295** | **1,295** |
| 1.20 | Cash at beginning of quarter/year | 412 | 412 |
| 1.21 | Exchange rate adjustments to item 1.20 | (2) | (2) |
| 1.22 | **Cash at end of quarter** | **1,705** | **1,705** |

**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 $A'000 |
|---|---|---|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 77 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions.

Directors salaries and fees.

**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

During the quarter, the Company completed the acquisition of Panda Hill Pty Ltd. The transaction was settled by the issue of securities. The securities issued as consideration for the acquisition are as follows:
(i) 37,500,000 Shares;
(ii) 18,750,000 Class A Performance Shares; and
(iii) 18,750,000 Class B Performance Shares,

In addition to the above, the Company also acquired a loan amounting to $600,000 owed by Panda Hill to a group of lenders. The loan was also settled during the quarter through its conversion to 3,750,000 shares in the Company

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

Nil

**Financing facilities available**
*Add notes as necessary for an understanding of the position.*

| | | Amount Available $A'000 | Amount Used $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 | 866 |
| 4.2 | Development | - |
| 4.3 | Production | - |
| 4.4 | Administration | 111 |
| | **Total** | **977** |

**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 $A'000 | Previous Quarter $A'000 |
|---|---|---|---|
| 5.1 | Cash on hand and at bank | 1,705 | 1 |
| 5.2 | Deposits at call | - | 411 |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other (provide details) | - | - |
| | **Total: cash at end of quarter** (item 1.22) | **1,705** | **412** |

**Changes in interests in mining tenements**

| | | Tenement Reference | Nature of Interest (note (2)) | Interest at beginning of quarter | Interest at end of Quarter |
|---|---|---|---|---|---|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | N/A | N/A | N/A | N/A |
| 6.2 | Interests in mining tenements acquired or increased | 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 | **Preference +securities** *(description)* | | | | |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | **+Ordinary securities** | 91,175,017 | 53,675,017 (including 9,862,500 released from escrow on 16/9/13) | | |
| 7.4 | Changes during quarter (a) Increases through issues | 52,300,000 ordinary fully paid shares issued on 19 July 2013 | 14,800,000 | 11,050,000 ordinary shares: $0.20 per share | $0.20 per share |
| | | | | 3,750,000 ordinary shares: deemed issue price of $0.16 per share, following acquisition of the Panda Hill loans | Nil |
| | | | | 37,500,000 ordinary shares: Nil cash consideration; issued as part consideration for the acquisition of the issued share capital of Panda Hill Mining Pty Ltd. Escrowed until 31/7/15 | Nil |
| | | 250,000 ordinary fully paid shares issued on 23 July 2013 | 250,000 | $0.20 per share | $0.20 per share |
| | (b) Decreases through returns of capital, buy-backs | 12,874,983 | 12,874,983 | Nil | Nil |

| | | | | | |
|---|---|---|---|---|---|
| 7.5 | +**Convertible debt securities** (*description)* | | | | |
| 7.6 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | | | | |
| 7.7 | **Options** *(description and conversion factor)* | 15,962,506 CXXO<br><br>7,687,500 (released from escrow on 16/9/13) | 15,962,506 CXXO<br><br>Nil | **Exercise Price**<br>$0.2667<br><br>$0.2667 | **Expiry Date**<br>24 Jan 2015<br><br>31 May 2016 |
| 7.8 | Issued during quarter | 5,650,000 CXXO issued on 19 July 2013 | 5,650,000 | $0.2667 | 24 Jan 2015 |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | **Debentures** *(totals only)* | | | | |
| 7.12 | **Unsecured notes** *(totals only)* | | | | |
| 7.13 | **Performance Shares** | 18,750,000 Class A 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 |
| | | 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 |

## 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.

Sign here: ..... Date: 31 October 2013

Print name: 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.