

31 July 2013

ASX Release

ASX Code: CXX

June 2013 Quarterly Activity Report

Highlights

- **Completion of acquisition of Panda Hill Mining Pty Ltd**
- **Successful placement of shares and listed options to raise \$2,260,000**
- **In-principle approval from ASX for reinstatement of securities to official quotation**
- **Appointment of new Managing Director**

Corporate Activity

During the June quarter, the Company issued a Prospectus pursuant to which it offered up to 12,500,000 fully paid ordinary shares (**Shares**) at an issue price of \$0.20 each to raise up to \$2,500,000, together with up to 6,250,000 free attaching listed options (**Listed Options**) (issued on the basis of one (1) Listed Option for every two (2) shares issued).

A General Meeting of the Company was held on 26 June 2013, seeking shareholder approval of the following resolutions:

- Change of Scale of Activities of the Company;
- Consolidation of Capital;
- Issue of Shares to the Panda Hill shareholders (**Vendors**);
- Approval of Performance Shares;
- Issue of Performance Shares to Vendors;
- Issue of Shares to Loan Investors;
- Re-election of Mr Grant Davey as a non-executive Director;
- Capital Raising; and
- Ratification of Issue of Placement Shares (carried out in December 2012).

All of the resolutions were passed by the Company's shareholders.

As from the date of the General Meeting of the Company, the ASX suspended the Company's securities from official quotation pending compliance with Chapters 1 and 2 of the ASX Listing Rules.

As part of the restructuring of the Company on completion of the acquisition of the share capital of Panda Hill, Mr Patrick Walta resigned from his position as Chief Executive Officer and Ms Oonagh Malone resigned from her position as Company Secretary, following which Ms Sophie Raven was appointed as the new Company Secretary.

During July 2013 and following shareholder approval at the Company's General Meeting held on 26 June 2013, the Company undertook a consolidation of its shares and options on issue, on a 3:4 basis in order to ensure that the Company's capital structure was appropriate for it to be able to re-comply with the admission requirements of the ASX.

The offer pursuant to the Prospectus closed in July 2013 after having raised \$2,260,000, with valid applications for 11,300,000 Shares, together with 5,650,000 Listed Options, having been received. The Shares and Listed Options offered pursuant to the Prospectus were allotted and issued in July 2013.

Following satisfaction of all the conditions precedent under the Share Sale Agreement, as varied by the Variation of Share Sale Agreement (**Share Sale Agreement**) entered into among the Company, Panda Hill Mining Pty Ltd (**Panda Hill**) and the Panda Hill shareholders (**Vendors**), the transaction to acquire 100% of the issued capital of Panda Hill, an unlisted proprietary company limited by shares with niobium assets in Tanzania, East Africa, was completed in July 2013.

As detailed in the Company's Prospectus, in exchange for the Company acquiring 100% of the issued capital of Panda Hill, the Company has issued, by way of consideration, 37,500,000 ordinary shares (**Shares**), 18,750,000 Class A Performance Shares and 18,750,000 Class B Performance Shares to the Vendors (in proportion to their existing holdings in Panda Hill), all of which will be escrowed for a period of 24 months from the date of re-admission of the Company's securities on the ASX.

In consideration for the provision of the Panda Hill loans by the Panda Hill lenders to the Company (as announced in the Prospectus), the Company has also issued 3,750,000 Shares to the Panda Hill lenders in July 2013.

Having received in-principle approval of ASX on 16 July 2013 to reinstate the Company's shares to official quotation, the Company has now completed its application with ASX in order to comply with Chapters 1 and 2 of the ASX Listing Rules for such reinstatement and awaits reinstatement by ASX of the Company's shares for official quotation.

Following completion of the Panda Hill acquisition, the Company has appointed Mr Grant Davey as Managing Director and has changed the Company's registered office and principal place of business to:

Level 21, Allendale Square
77 St Georges Terrace
Perth WA 6000

At the end of the June 2013 quarter, the Company had a closing cash balance of \$412,000.

Technical Activity

Exploration Activities

Since the announcement of the proposed acquisition of 49% (plus an option for a further 1%) of the Panda Hill Niobium Project, Cradle has been organising site and field logistics to support the first phase exploration program over the core regions on the deposit.

A first-phase exploration program has been planned which will cover confirmatory field mapping and sampling, drilling and collection of metallurgical samples. Up to 15 NQ and HQ diamond holes totalling 1,500m of drilling have been planned over the core of the resource region (Figure 1 below). These holes have been planned to twin historical holes, establish a region with a 100m x 100m pattern to 100m down-hole depth, and to obtain metallurgical samples for the main rock types.

Panda Hill Niobium Project Overview

The Panda Hill Niobium Project (Figure 1) is located in the Mbeya region in south western Tanzania, near the borders with Zambia and Malawi, and approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya is situated only 35km from the Project area and will be a significant service and logistics center for the Project. Mbeya has a

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

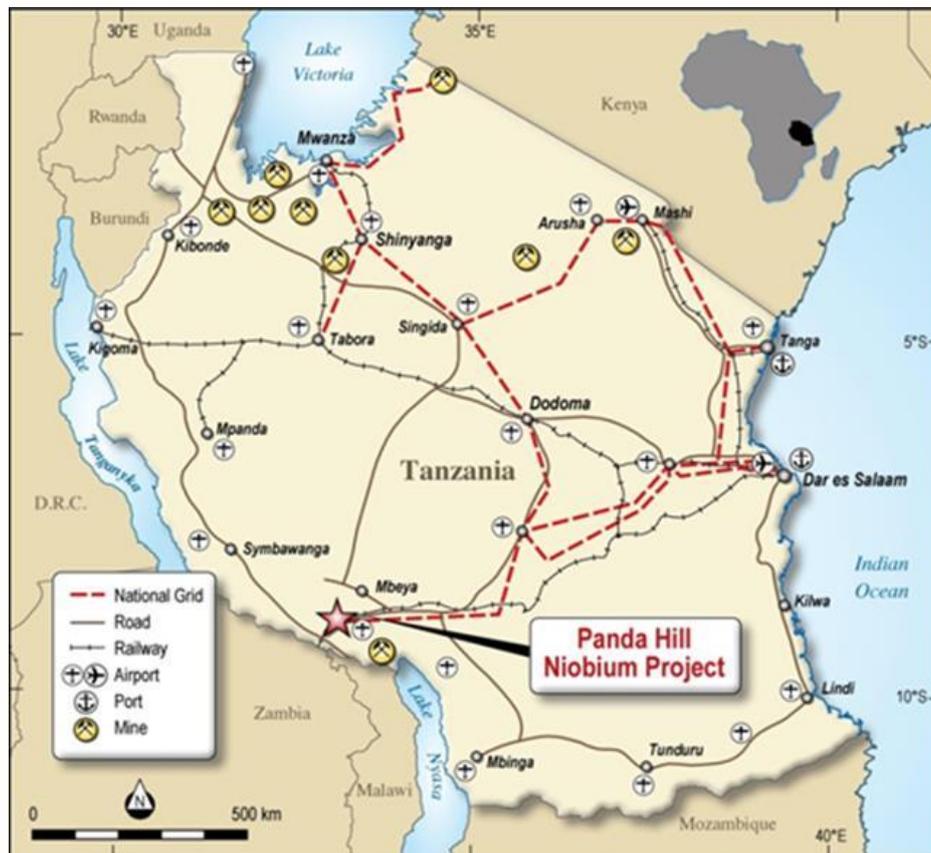


Figure 1: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licenses (Figure 2) totalling 22.1km², which will enable a quick transition to the study and development phases, and has excellent access to infrastructure, with existing roads, rail, airports and 220KV power available in close proximity to the Project area. The three granted Mining Licenses are due for renewal in November 2016, and under Tanzanian mining legislation can be renewed for a further 10 year period on completion of the approved work programs on the Project.

A significant historical technical database on the Project has been acquired 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.

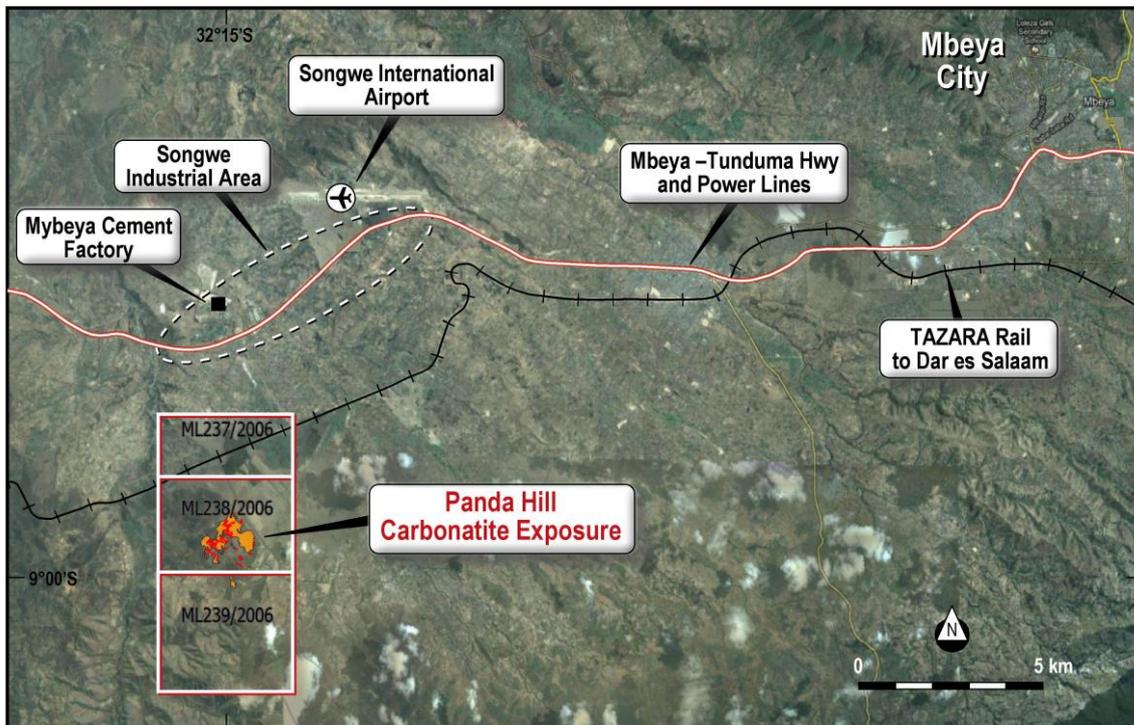


Figure 2: Mining Licenses and Local Infrastructure

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 Maatschappij (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 resource update was undertaken by Coffey Mining in Perth in July 2012 (Table 1). The Coffey Inferred Resource targeted fresh carbonatite mineralisation and the mineralized fenite material has not yet been included in any resource studies. 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% Nb₂O₅ lower cutoff. Ordinary Kriging was used to estimate Nb₂O₅ using 2m down-hole composites with a 2.5% Nb₂O₅ upper cut applied.

Table 1 - Panda Hill Inferred Mineral Resource, 03 July 2012* (Preferred cut-off 0.3% Nb₂O₅)

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

Note: Figures have been rounded. Reported using a Dry Bulk density of 2.75t/m³ and a 2.5% Nb₂O₅ top cut. Ordinary Kriged Estimate 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 country rocks and residual soil material. The Fenite forms a "cap" or roof over the south of the carbonatite complex, and is in turn 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 portion of the carbonatite evidence supports 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 fresh, un-weathered carbonatite, with Nb₂O₅ grades typically ranging from 0.1% to 1%. Higher-grade material is noted within flow-banding (schlieren) within the carbonatite. The fenitised-cap material is noted to contain elevated grades of up to 2% Nb₂O₅.

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CRADLE RESOURCES LIMITED

ABN

60 149 637 016

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(67)	(225)
(b) development	-	-
(c) production	-	-
(d) administration	(157)	(421)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	84
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	(223)	(562)
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	(226)	(3,465)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(226)	(3,465)
1.13 Total operating and investing cash flows (carried forward)	(449)	(4,027)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(449)	(4,027)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,400
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 (provide details if material)	-	(9)
	Net financing cash flows	-	2,391
	Net increase (decrease) in cash held	(449)	(1,636)
1.20	Cash at beginning of quarter/year to date	861	2,048
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	412	412

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	73
1.24	Aggregate amount of loans to the parties included in item 1.10	226

1.25 Explanation necessary for an understanding of the transactions

Directors wages, fees and payments to related entity for office lease.

Additional funds lent to Panda Hill Mining Pty Ltd

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

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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

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+ See chapter 19 for defined terms.

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		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	
4.3 Production	
4.4 Administration	90
Total	340

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	165
5.2 Deposits at call	411	696
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	412	861

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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased			
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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				
7.2				
7.3	51,500,000	38,350,000		
7.4				
7.5				
7.6				
7.7	10,250,000		<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 May 2016
	13,750,000	13,750,000	20 cents	24 January 2015
7.8				

+ See chapter 19 for defined terms.

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 5).
- 2 This statement does ~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sophie Raven

31 July 2013

Sign here: Date:
(Company secretary)

Print name: Sophie Raven
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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.

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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