

10 June 2016

ASX Release

ASX Code: CXX

CAPITAL RAISING FUNDS CRADLE TO EXPECTED PROJECT FINANCING

Cradle Resources (ASX: CXX) is pleased to advise that it has secured commitments to raise \$2.16 million via the placement to sophisticated investors of 8 million ordinary shares at 27 cents each. These shares will be issued early next week following cleared placement funds being received by the Company.

This raising ensures Cradle is sufficiently funded to meet its likely working capital requirements until the Panda Hill Project secures expected debt and equity funding and a decision to mine. The working capital requirements include the final instalment of consideration owed to the Project vendor due to be paid in September 2016 (the Company's 50% share is US\$1.5m).

A financing mandate has recently been executed by Panda Hill Tanzania Ltd (the project joint venture company, owned 50% by CXX) with a leading European bank and discussions concerning debt financing and offtake agreements for the Project are ongoing and advanced.

The recent Definitive Feasibility Study for the Project (see ASX release dated April 20, 2016) demonstrated that the Project is highly economic, with an internal rate of return of 32 per cent (pre-tax). The Project is estimated to generate EBITDA averaging US\$112m per annum over its 30 year mine life, at a cash margin of 49%, and with an initial capital outlay of US\$196 million.*

**All material assumptions underpinning the production target or the forecast financial information derived from the production target in the announcement dated 20 April 2016 continue to apply and have not materially changed.*

JORC required Cautionary Statement concerning Production Target Results including Inferred Resources

Cradle advises that the production targets after the first 10 years and related results reflected in this announcement and the announcement dated 20 April 2016 are preliminary in nature as conclusions are drawn partly from Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated or Measured Mineral Resources or that the production target itself will be realised.

For and on behalf of the Board