

29 July 2021

ASX Release

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## Quarterly Report

### Quarter Ended 30 June 2021

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#### Summary

- The Company continues to review project opportunities in the resources sector.
- A General Meeting will be held on 30 July 2021 seeking shareholder approval for the transfer of Cradle's interest in the Panda Hill Niobium Project in Tanzania to Panda Hill Mining Limited (**PHM**) and the in-specie distribution of PHM shares to Cradle shareholders.

#### Disposal of interest in the Assets and In-specie Distribution

A General Meeting will be held on 30 July 2021 seeking shareholder approval for the transfer of Cradle's interest in the Panda Hill Niobium Project in Tanzania to Panda Hill Mining Limited (**PHM**) and the in-specie distribution of PHM shares to Cradle shareholders.

The Board is proposing to transfer Cradle's interest in the Project to PHM (**Demerger**), a wholly owned subsidiary of Cradle. Cradle will then distribute its 152,748,622 PHM Shares (**In-specie Distribution Shares**), effected by way of transfer of the beneficial interest to Eligible Shareholders on a pro-rata basis on the Record Date (**In-Specie Distribution**) and the transfer of the legal interest to PHM Nominees Pty Ltd (**PHM Nominees**). The proposed Demerger and In-specie Distribution will give Shareholders 100% beneficial interest in the issued capital of PHM, which will own the beneficial interest in PHT.

Cradle is transferring its beneficial interest in the Project (i.e. the PHT Shares) to PHM, rather than the legal interest, as a transfer of the legal interest of the PHT Shares requires the approval of the Tanzanian Fair Competition Commission (**FCC Transfer Approval**). Upon FCC Transfer Approval, Cradle will transfer the legal interest in the PHT Shares to PHM.

Subject to Shareholder approval, to effect the Demerger and In-specie Distribution:

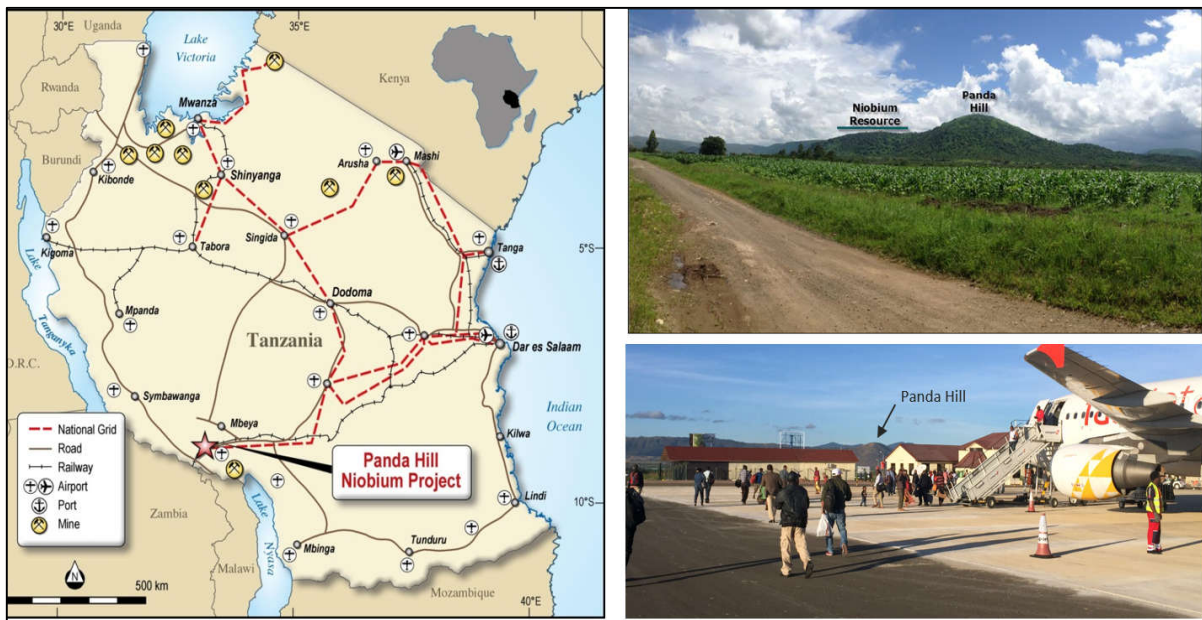
1. **Cradle Subscription:** Cradle will subscribe for 1,000,000 PHM Shares for \$200,000 (Subscription Shares), which will be used by PHM to fund corporate overhead costs.
2. **Transfer of Project:** The transfer of the Project will occur in two stages. Cradle will transfer the beneficial interest in the PHT Shares to PHM and PHM will issue 151,648,622 PHM Shares to Cradle (Consideration Shares) pursuant to a share sale agreement. Cradle and PHM have entered into a trust arrangement in respect of the PHT Shares. Cradle will then transfer the legal interest in the PHT Shares once it receives transfer approval from the Tanzanian Fair Competition Commission.

- In-Specie Distribution: Cradle will transfer its interest in the In-specie Distribution Shares, effected by way of transfer of the beneficial interest to Eligible Shareholders on a pro-rata basis on the Record Date and the transfer of the legal interest to PHM Nominees. PHM Nominees will hold the In-specie Distribution Shares on trust for Beneficiaries.

### Panda Hill Niobium Project (“Project”)

The Project is located in the Mbeya region in south western Tanzania, approximately 680km west of the capital Dar es Salaam (Figure 1). The industrial city of Mbeya is situated only 26km from the project area and has a population of approximately 280,000 people. The Project is located near the main highway to the capital Dar es Salaam and in close proximity to the Songwe Airport which has regular domestic flights from Dar es Salaam and plans for regional expansion.

Cradle owns 37% of PHT, which owns 100% of the Project. Cradle and Tremont have entered into an agreement in relation to PHT (“Shareholders Agreement”).



**Figure 1: Location of the Panda Hill Niobium Project**

The Project is covered by three granted Mining Licences (Figure 2) totalling 22.1km<sup>2</sup>. The area has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity. The three granted Mining Licenses were all renewed during the December 2015 quarter for a further 10-year period (valid until November 2026).

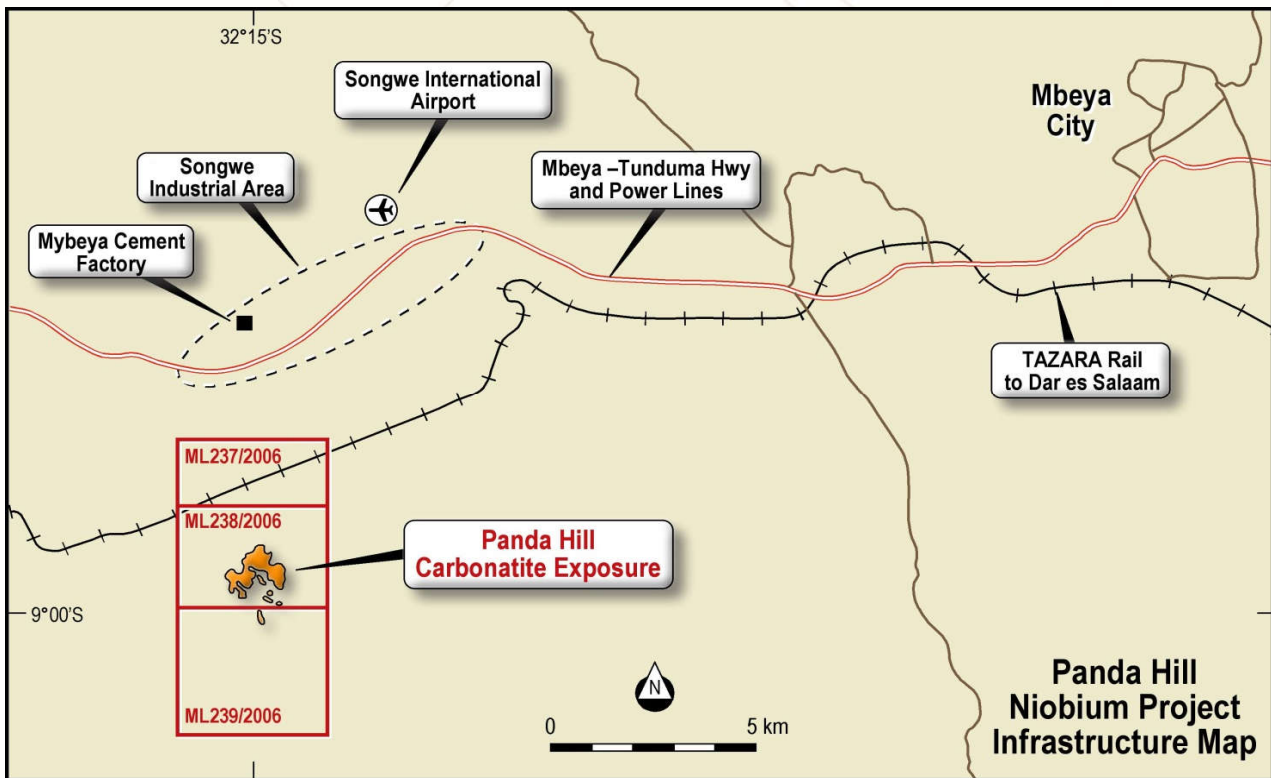


Figure 2: Mining Licences and Local Infrastructure

### Tenement summary

As at quarter end, PHT held the following interests in tenements:

Project	Tenement Number	Percentage Interest
Panda Hill Niobium, Tanzania	ML237/2006	100%
Panda Hill Niobium, Tanzania	ML238/2006	100%
Panda Hill Niobium, Tanzania	ML239/2006	100%

### Payments to related parties of the entity and their associates

Amounts included in section 6.1 of the attached Appendix 5B are as follows:

- Payment of \$45,000 for executive, non-executive and company secretarial fees to entities nominated by relevant directors;
- Payment of \$20,000 to an entity associated with Mr Craig Burton, for administration services, banking and accounts payable management, office space and IT hardware & infrastructure up to 31 May 2021. The provision of these services ceased on 20 May 2021.
- Payment of \$11,899 to an entity associated with Mr Grant Davey, for provision of office space, general office services, bookkeeping services and IT hardware & infrastructure.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Cradle Resources Limited

ABN

60 149 637 016

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	(91)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(45)	(205)
	(e) administration and corporate costs	(64)	(340)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Independent Expert Report)	-	(62)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(109)</b>	<b>(695)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	596	1,182
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(109)	(695)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>487</b>	<b>596</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	487	596
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>487</b>	<b>596</b>

**6. *Payments to related parties of the entity and their associates***

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
77
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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

**8. Estimated cash available for future operating activities**

**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)	(109)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(109)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	487
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	487
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>4</b>

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: Board of Cradle Resources Limited  
(Name of body or officer authorising release – see note 4)

## **Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.