

17 August 2021

Dear Shareholder

Demerger and In-specie Distribution

On 30 July 2021 shareholders of Cradle Resources Limited ("Cradle") approved the disposal of its 37.2% interest in Panda Hill Tanzania Ltd ("PHT"), the owner of the Panda Hill Niobium Project, to Panda Hill Mining Limited ("PHM") and the in-specie distribution of 152,748,622 shares it holds in PHM ("In-specie Shares") to Eligible Cradle shareholders (defined below) on a pro-rata basis ("In-specie Distribution").

Cradle has now distributed the In-specie Shares, effected by way of transfer of the beneficial interest to Eligible Cradle Shareholders on a pro-rata basis and the transfer of the legal interest in those shares to Panda Hill Mining Nominees Pty Ltd, a wholly owned subsidiary of PHM.

Eligible Cradle Shareholder means a person registered as the holder of shares in Cradle with a registered address in Australia on the record date of the In-specie Distribution ("Record Date") or an overseas shareholder who resides in a jurisdiction in which Cradle has determined that it is lawful and not unduly onerous or unduly impractical to issue that shareholder with the In-specie Shares.

The In-specie Distribution gives Eligible Cradle Shareholders a beneficial interest in shares in PHM, which owns a 37.2% beneficial interest in PHT. Your shareholding in PHM is set out in the holding statement attached (it's the same number of PHM shares as your Cradle shares on the Record Date).

The Company has received tax advice that the In-specie Distribution should be eligible for demerger roll-over relief. Where demerger rollover relief is applied the tax cost base of your shareholding in Cradle should be apportioned on a reasonable market value basis between Cradle shares and PHM shares. The Company has used Cradle's 5 day volume weighted average share price up to the Record Date versus Cradle's 5 day volume weighted average share price post the Record Date. Based upon the difference between these two values, the indicative allocation of your tax cost base is 54% to the Cradle shares and 46% to the PHM shares. Please pass this on to your tax adviser.

Shareholders should consult their own professional advisors to confirm these implications as they may vary depending on individual circumstances and taxation positions.

Yours sincerely

Grant Davey
Executive Director