

Issue of cleansing notice under Section 708AA(2)(f) of the Corporations Act 2001 (Cth)

Cradle Resources Limited (ASX:CXX) (Company) has today announced that it is undertaking a 1 for 4.4 pro-rata, non-renounceable entitlement offer of new fully paid ordinary shares in the Company (New Shares) to raise approximately \$694,312 (before costs) (Entitlement Offer).

The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd. Funds raised from the Offer will be used by the Company to assess and acquire new business opportunities and assets following the Company's recent disposal of its interests in the Panda Hill Niobium Project.

The offer price under the Entitlement Offer is \$0.02 per New Share (Offer Price).

Under the Entitlement Offer, Eligible Shareholders of the Company will be able to subscribe for 1 New Share for every 4.4 existing fully paid ordinary Shares in the Company held at 5:00 pm (AWST) on 30 August 2021 (Record Date) at the Offer Price.

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (Act).

Further details of the Entitlement Offer will be set out in the Entitlement Offer Document that the Company lodged today with ASX and which will be dispatched to Eligible Shareholders shortly.

Details of the New Shares expected to be issued under the Entitlement Offer are set out below.

Class of securities	Ordinary shares
ASX code of the securities	CXX
Date of expected issue	22 September 2021
Total number of securities expected to be issued	34,715,595 New Shares subject to rounding of fractional entitlements

Information required under Section 708AA(7) of the Corporations Act 2001 (Cth)

The Company hereby confirms, as per the requirements set out in section 708AA(7) of the Act, as follows:

- (a) The Company will offer the New Shares pursuant to the Entitlement Offer for issue without disclosure to investors under Part 6D.2 of the Act.
- (b) The Company is providing this notice under paragraph 2(f) of section 708AA of the Act.
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act.
- (d) As at the date of this notice, there is no information:

- (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (B) the rights and liabilities attaching to the New Shares pursuant to the Entitlement Offer.
- (e) The issue of Shares pursuant to the Entitlement Offer is not expected to have any material effect or consequence on the control of the Company, but is dependent on a number of factors including investor demand. However, given the structure of the Entitlement Offer as a pro rata offer the potential effect of the issue of the New Shares will have on the control of the Company is as follows:
 - (i) If all Eligible Shareholders take up their entitlement for New Shares under the Entitlement Offer, the ownership interest (and voting power) in the Company of each eligible shareholder will remain largely unchanged and the effect of the change of control of the Company will be negligible.
 - (ii) To the extent that any Eligible Shareholder chooses not to take up their entitlement to New Shares under the Entitlement Offer, that Eligible Shareholder's percentage holding in the Company will be diluted by the New Shares issued under the Entitlement Offer;
 - (iii) The voting power of Ineligible Shareholders resident outside of Australia and New Zealand will be diluted by the New Shares issued under the Entitlement Offer; and
 - (iv) If no Eligible Shareholders take up their entitlement to New Shares under the Entitlement Offer (which the Directors of the Company consider unlikely) then the CPS Capital Group Pty Ltd as Underwriter will be required to subscribe, or procure subscriptions from others, for the shortfall. In these circumstances, the maximum theoretical increase in voting power of the underwriter (or a sub-underwriter) will be approximately 18.5%. However, as the Underwriter's obligations will be at least partially sub-underwritten, the Directors of the Company consider there will be no material effect of the control of the Company even if a substantial shortfall arose.

Authorised for release by the Board of Cradle Resources Limited.

Chris Bath

Director and Company Secretary