

CRADLE RESOURCES LIMITED
ACN 149 637 016

NON-RENOUNCEABLE RIGHTS ISSUE
OFFER DOCUMENT

A non-renounceable pro rata fully underwritten entitlement offer to Eligible Shareholders of New Shares each at an issue price of \$0.02 on the basis of 1 New Share for every 4.4 Shares held on the Record Date to raise approximately \$694,000.

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

THE OFFER IS CURRENTLY SCHEDULED TO CLOSE AT 5.00PM AWST ON 16 SEPTEMBER 2021

VALID APPLICATION FORMS MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Offer Document and on the Entitlement and Acceptance Form regarding the acceptance of Shares under the Offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL FINANCIAL ADVISER BEFORE DECIDING TO ACCEPT OR DECLINE THE OFFER.

THE SHARES OFFERED BY THIS OFFER DOCUMENT SHOULD BE CONSIDERED SPECULATIVE IN NATURE.

IMPORTANT INFORMATION

This Offer Document is dated 25 August 2021. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by Cradle Resources in connection with the Offer.

Eligibility

Applications for New Shares by Eligible Shareholders can only be made on the original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Privacy

The Company and its share registry collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to its share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities. If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Overseas Shareholders

No Offer will be made to registered Shareholders resident outside the Eligible Jurisdictions being Australia, New Zealand, Jersey (Channel Islands) and Switzerland.

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. The distribution of this Offer Document in jurisdictions outside the Eligible Jurisdictions may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shareholders resident in the Eligible Jurisdictions holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Jersey, Channel Islands

No offer or invitation to subscribe for shares may be made to the public in Jersey. The New Shares will be offered in Jersey only to existing Shareholders of the Company and to the extent they constitute less than 50 persons.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the New Shares have been or will be filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document may be distributed in Switzerland only to existing shareholders of the Company and is not for general circulation in Switzerland.

Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Offer Document or any Entitlement and Acceptance Form in any country outside Australia and New Zealand, except in such other country as the Company may determine it is lawful and practical to make the Offer. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

This document is not a prospectus.

It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

This document has been prepared in accordance with section 708AA of the Corporations Act and applicable *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* which in general terms, permits certain companies to undertake entitlement offers without being required to use or provide to shareholders a prospectus or other disclosure document.

1. Details of Offer

1.1 Offer

The Company is making a non-renounceable pro-rata offer of New Shares to Eligible Shareholders on the basis of one 1 New Share for every 4.4 Shares (equivalent to 5 New Shares for every 22 Shares) held at the Record Date, each at an issue price of \$0.02 (**Offer**).

The Offer is fully underwritten by CPS Capital Group Pty Ltd (**Underwriter**).

As at the Record Date, the Company will have on issue 152,748,622 Shares. The Company expects that approximately 34,715,595 New Shares will be issued under the Offer to raise approximately \$694,312 (before costs of the Offer).

The Company will accept Entitlement and Acceptance Forms until 5.00pm AWST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Where the determination of the entitlement of Eligible Shareholders results in a fraction of a New Share, such fraction will be rounded down to the nearest whole Share.

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document. You may accept the Offer only by applying for Shares on the Entitlement and Acceptance Form.

Acceptances must not exceed your entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus will be deemed to be an application for Shortfall Shares.

The Underwriter has the right to allocate any New Shares not subscribed for by Eligible Shareholders under the Offer at their discretion pursuant to the Underwriting Agreement. Details regarding the Underwriting Agreement are set out in Section 4.1. Eligible Shareholders are not being offered an opportunity to apply for Shortfall under the Offer.

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted or deemed to be accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed by the Applicant to be legally binding. The Offer and contract formed on acceptance are governed by the laws of Western Australia.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

New Shares offered by this Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the indicative timetable in Section 1.2.

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.2 Indicative Timetable

Announcement of Offer and lodgment of Appendix 3B, Offer Document and s708AA notice	25 August 2021
Existing Shares quoted on an "ex" basis	27 August 2021
Record Date (5pm AWST)	30 August 2021
Offer opens Offer Document and Entitlement & Acceptance Form sent to Eligible Shareholders and notices sent to Ineligible Shareholders	2 September 2021
Closing Date (5pm AWST)	16 September 2021
Securities quoted on a deferred settlement basis	17 September 2021
Company to notify ASX of under subscriptions (if any)	21 September 2021
Anticipated date for the issue of the New Shares and lodgment of Appendix 2A	22 September 2021
Despatch of holding statements and commencement of trading in New Shares	23 September 2021

* The timetable above is indicative only and may change. The Company may change any of the dates and times without notice, subject to the Corporations Act 2001 (Cth), ASX Listing Rules and applicable laws. In particular, the Company reserves the right to extend the Closing Date, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

1.3 Use of Funds

It is proposed that the proceeds raised from the Offer be allocated as follows:

Funds raised from the Offer	\$694,312
Total funds available	\$694,312
Due diligence on new projects	\$235,000
Costs of the Offer	\$74,659
Administration and corporate costs	\$382,497
Working capital	\$2,156
Total funds applied	\$694,312

1.4 No Rights trading

The rights to New Shares under the Offer are non-renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their Entitlement to subscribe for New Shares under the Offer. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse. The New Shares in your Entitlement that are not taken up by you will form part of the Shortfall.

1.5 ASX quotation

Application will be made to ASX for the Official Quotation of the New Shares to be issued under the Offer. If permission is not granted by ASX for the Official Quotation of the New Shares to be issued under the Offer, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

1.6 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

1.7 Underwriting

The Offer is fully underwritten by the Underwriter on the terms of the Underwriting Agreement. Details regarding the Underwriting Agreement are set out in Section 4.1. Directors, Chris Bath and Grant Davey have entered into sub-underwriting arrangements with the Underwriter for a portion of the Shortfall Shares, details of the Directors' proposed sub-underwriting commitments are set out in Section 5.

1.8 Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will revert to the Underwriter.

The Offer is fully underwritten. To the extent any New Shares under the Offer are not subscribed for by Eligible Shareholders, the Underwriter will (subject to the terms of the Underwriting Agreement) be required to subscribe for those New Shares or procure sub-underwriters to do so on the Underwriter's behalf. Details of the underwriting of the Offer including fees payable to the Underwriter are set out in Section 4.1. Details of the Directors' proposed sub-underwriting commitments are set out in Section 5.

Shortfall Shares will only be available where there is a Shortfall between Entitlement and Acceptance Form applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Offer. Shortfall Shares will be issued at the issue price of \$0.02 per Shortfall Share.

All decisions regarding the allocation of Shortfall Shares will be made by the Underwriter in consultation with the Company and will be final and binding.

In the event the Underwriting Agreement is terminated and there is a Shortfall, the Directors reserve the right to place the Shortfall Shares at their discretion.

1.9 Effect of the Offer on control of the Company

The issue of New Shares under the 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 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:

- (a) If all Eligible Shareholders take up their entitlement for New Shares under the 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.

- (b) To the extent that any Eligible Shareholder chooses not to take up their entitlement to New Shares under the Offer, that Eligible Shareholder's percentage holding in the Company will be diluted by the New Shares issued under the Offer;
- (c) The voting power of Ineligible Shareholders will be diluted by the New Shares issued under the Offer; and
- (d) If no Eligible Shareholders take up their entitlement to New Shares under the Offer (which the Directors of the Company consider unlikely) then the 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.

It is not expected that the issue of the New Shares under the Offer will have any material impact on the control of the Company. In particular, no Shareholder will acquire an interest in 20% or more of the issued capital of the Company as a result of the Offer.

1.10 Effect on capital structure

Below is a table showing the Company's current capital structure and the capital structure upon completion of the Offer.

	Shares
Balance at the date of this Offer Document	152,748,622
To be issued under the Offer	34,715,595*
Balance following completion of the Offer	187,464,217*

**Subject to rounding of fractional Entitlements.*

1.11 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale price of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document is as follows:

	\$	Date
Highest	0.088	3 August 2021
Lowest	0.034	23 August 2021
Last	0.034	24 August 2021

1.12 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such

taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

1.13 Overseas Shareholders

No Offer will be made to Shareholders resident outside the Eligible Jurisdictions being Australia, New Zealand, Jersey (Channel Islands) and Switzerland.

In compliance with ASX Listing Rule 7.7.1(a) and section 708AA of the Corporations Act, the Company has determined it is unreasonable to make the Offer to Shareholders outside the Eligible Jurisdictions having regard to the small number of Shareholders with addresses in other jurisdictions, the small number and value of the Shares they hold and the cost of complying with the legal requirements and the requirements of regulatory authorities in those other jurisdictions and the amount to be raised under the Offer.

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. The distribution of this Offer Document in jurisdictions outside the Eligible Jurisdictions may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. See "Important Information" on pages 2 and 3 of this Offer Document.

In particular, this Offer Document may not be distributed in the United States and the New Shares may not be offered or sold to persons in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or applicable US state securities laws.

Shareholders resident in the Eligible Jurisdictions holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions may not forward this Offer Document nor take up New Shares on behalf of such persons without the consent of the Company. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation you have complied with this restriction and that there has been no breach of those applicable laws.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Offer to certain Shareholders who have registered addresses outside the Eligible Jurisdictions in accordance with applicable law. To the maximum extent permitted by law, the Company disclaims all liability to Shareholders in respect of such determination.

1.14 CHES and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHES. All trading on ASX in Shares will be settled through CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the ASX Settlement Rules.

The Company's share registry operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. Both these sub-registers constitute the Company's principal register of Shareholders.

Holders of Shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored or other participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Offer Document, provide details of your holder identification number, and provide the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's Registry and will contain the number of Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.15 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.cradleresources.com.au or the ASX www2.asx.com.au using ASX code (ASX:CXX).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the nonexclusive jurisdiction of the courts of Western Australia.

1.16 Withdrawal of Offer

The Company reserves the right to withdraw all or part of the Offer at any time, subject to applicable laws, in which case the Company will refund application monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. To the fullest extent permitted by law, you agree that any application monies paid by

you to the Company will not entitle you to receive any interest and any interest earned in respect of application monies will belong to the Company.

1.17 Cleansing Notice

The Company has lodged with ASX a notice in accordance with section 708AA of the Corporations Act which sets out, amongst other information, the effect of the Offer on the control of the Company. This notice may be reviewed on the websites of the Company and ASX.

1.18 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting the Company's share registry, Link Market Services Limited, by telephone on 1300 554 474.

The addresses for the Company and its share registry are:

Mailing Address:

Cradle Resources
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery Address:

(please do not use for mailing purposes)
Cradle Resources
'Emerald House', 1202 Hay Street
West Perth WA 6005

General enquires in relation to the Company can be made to the company secretary by telephone on (08) 9200 3425 or by email at info@cradleresources.com.au.

2. Action Required

2.1 If you wish to take up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY® or EFT payment, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque, in Australian dollars, for the Application Monies indicated on the Entitlement and Acceptance Form, crossed "Not Negotiable" and made payable to "Cradle Resources Limited" and lodged and received at any time after the issue of this Offer Document and no later than 5.00pm (AWST) on the Closing Date at the Company's share registry (by post) at:

Cradle Resources
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

If you wish to pay via BPAY® or EFT you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your Entitlement upon receipt of the BPAY® or EFT payment by the Company. Eligible Shareholders who elect to pay via BPAY® or EFT do not need to return their completed Entitlement and Acceptance Form. If you elect to

pay via BPAY® or EFT then your payment must be received by 5.00pm (AWST) on the Closing Date. Please read the instructions carefully.

If paying by EFT, you must quote the unique reference number on your personalised Entitlement and Acceptance Form as your payment reference/ description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and New Shares subsequently not issued to you.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of your BPAY® or EFT payment.

2.2 If you wish to take up part of your Entitlement

Should you wish to only take up part of your Entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY® or EFT payment in respect of the portion of your Entitlement you wish to take up, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the Application Monies (calculated at \$0.02 per New Share accepted). Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Cradle Resources Limited" and lodged and received at any time after the issue of this Offer Document and no later than 5.00pm (AWST) on the Closing Date at the Company's share registry (by post) at the address listed in Section **Error! Reference source not found.**

If you wish to pay via BPAY® or EFT you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your Entitlement upon receipt of the BPAY® or EFT payment by the Company. Eligible Shareholders who elect to pay via BPAY® or EFT do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® or EFT then your payment must be received by 5.00pm (AWST) on the Closing Date. Please read the instructions carefully.

If paying by EFT, you must quote the unique reference number on your personalised Entitlement and Acceptance Form as your payment reference/ description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and New Shares subsequently not issued to you.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of your BPAY® or EFT payment.

2.3 If you do not wish to take up your Entitlement

If you do not wish to accept any of your Entitlement, you are not obliged to do anything and your Entitlement will automatically lapse. In that case, New Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

The number of Shares you hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement, however your percentage holding in the capital of the Company will be diluted.

3. Risk Factors

This Section discusses some of the key risks associated with an investment in Shares. A number of risks and uncertainties, which are both specific to the Company and of a more general nature, may adversely affect the operating and financial performance or position of the Company, which in turn may affect the value of Shares and the value of an investment in the Company.

The risks and uncertainties described below are not an exhaustive list of the risks facing the Company or associated with an investment in the Company. Additional risks and uncertainties may also become important factors that adversely affect the Company's operating and financial performance or position.

Before investing in the Company, you should consider whether an investment in the Company is suitable for you. Potential investors should consider publicly available information on the Company (such as that available on the websites of the Company and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

3.1 Specific Risks associated with the Company

(a) **Recompliance risk**

The Company has recently completed the process of transferring of all of its interests in the Panda Hill Niobium Project in Tanzania to Panda Hill Mining Ltd (**Demerger**) which was approved by Shareholders at a meeting held on 30 July 2021. In consideration for the Demerger, shares in Panda Hill Mining Ltd were issued to the Company and distributed in specie to Shareholders in proportion to their shareholdings in the Company. Details of Demerger are set out in the Company's Notice of Meeting dated 28 June 2021.

Following the Demerger, the Company is focussing on assessing and acquiring new business opportunities and assets. ASX will require the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2 and re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect to any future transaction the Company may enter into. Further, ASX Guidance Note 12 states that following a listed entity's disposal of its main undertaking, ASX will generally continue the quotation of the entity's securities for a period of up to 6 months to allow an entity time to identify and announce its intention to acquire a new business. While the Company is actively pursuing potential new acquisitions, there can be no assurance that a suitable new business or asset will be identified and announced within the timeframe required, or at all, which may have an adverse impact on the Company's future revenues and its ability to remain trading on the ASX. ASX will allow the Company a period of 6 months from 28 June 2021 to demonstrate its operations are sufficient to warrant its continued listing otherwise ASX will suspend trading in the Company's securities on 28 December 2021.

(b) **New projects risk**

The Company is actively pursuing and assessing new business opportunities currently. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence.

There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to new projects, which may result in the Company reallocating funds or raising additional capital (if available).

Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain and there is no guarantee that any future acquisition will be successful.

(c) **Dilution risk**

A Shareholder's voting power in the Company will be diluted if the Shareholder does not take up the Shareholder's full Entitlement under the Offer.

(d) **Underwriting risk**

The Offer is being underwritten by the Underwriter. Shareholders should be aware of the terms of the Underwriting Agreement as outlined in Section 4.1, which includes certain termination events that may not be within the Company's control, including changes in the political, economic and regulatory environment. Investors should be aware that if the Underwriter terminates the Underwriting Agreement the Directors will be required determine whether the Offer can or should continue.

3.2 General Risks

(a) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and

(v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) **Litigation**

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by former joint venture partners, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

(d) **Investment risk**

The Shares to be issued pursuant to this Offer Document should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. While the Directors commend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

3.3 **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document. Therefore, the Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Offer Document.

4. **Underwriting**

4.1 **Underwriting agreement**

The Company and the Underwriter have entered into an underwriting agreement (**Underwriting Agreement**) pursuant to which the Underwriter agreed to fully underwrite all New Shares offered under the Offer (**Underwritten Shares**).

The Company must pay to the Underwriter an underwriting fee of 6% of the full amount underwritten (with all fees and commissions due to sub-underwriters to be paid by the Underwriter). Additionally, the Company will reimburse and indemnify the Underwriter for all reasonable costs and expenses of and incidental to the Offer provided such expenses do not exceed \$5,000 in aggregate without the Company's prior written consent.

The Company has agreed, subject to certain carve-outs, to indemnify and hold harmless the Underwriter and its related parties from losses incurred as a result of certain matters in connection with the Offer and breach of the Underwriting Agreement. The Company has also agreed it will not undertake certain corporate activities including altering its capital structure in the 2 months following execution of the Underwriting Agreement without the prior written consent of the Underwriter.

The Underwriting Agreement contains termination clauses that relieve the Underwriter of its obligations if certain events occur. These include:

- any of the agreed major indexes closing 10% or more below its respective level;
- the Company does not lodge the Offer Document before the agreed date; the Offer Document or the Offer is withdrawn by the Company;
- the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares;
- the Company is prevented from issuing the Underwritten Shares within the required time; or
- any authorisation material to anything referred to in the Offer Document is terminated or expires or is modified in a manner unacceptable to the Underwriter acting reasonably.

The Underwriter may also terminate the Underwriting Agreement if certain events occur which lead to the Underwriter having reasonable grounds to believe the event is likely to (i) have a materially adverse effect on Company, the Offer or the market for the Underwritten Shares; or (ii) give rise to a liability of the Underwriter under the Corporations Act.

The Underwriting Agreement also contains covenants, warranties, representations and other terms usual for an agreement of this nature.

5. Directors' interests in Company securities

Set out in the table below are details of the Directors' relevant interests in Securities of the Company at the date of this Offer Document and their proposed participation in the Offer.

Director	No. of Shares Held ⁽¹⁾	Entitlement to New Shares under Offer ⁽²⁾	Intended take-up of Entitlement	Maximum sub-underwriting commitment ⁽³⁾
Craig Burton	30,800,000	7,000,000	3,500,000	0
Grant Davey	3,240,414	736,457	736,457	7,000,000
Chris Bath	1,000,000	227,272	227,272	3,400,000

- (1) Held directly or indirectly by the Director or a related party of the Director as at the date of this Offer Document.
- (2) Entitlement under the Offer to subscribe for New Shares that will be held directly or indirectly by the Director or a related party of the Director.
- (3) Grant Davey and Chris Bath have each entered into sub-underwriting arrangements with the Underwriter pursuant to which they will commit to sub-underwrite up to the maximum amount of Shortfall Shares noted in the table.

6. Glossary of terms

\$ means Australian dollars.

Applicant means a person who submits an Entitlement and Acceptance Form.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

AWST means Australian Western Standard Time.

Business Day has the same meaning as in the Listing Rules.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date identified as such in the indicative timetable in Section 1.2, or such other date as announced to ASX by the Company.

Company or **Cradle Resources** means Cradle Resources Limited ACN 149 637 016.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors mean the directors of the Company as at the date of this Offer Document.

Eligible Jurisdictions mean Australia, New Zealand, Jersey (Channel Islands) and Switzerland.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in an Eligible Jurisdiction.

Entitlement means an Eligible Shareholder's entitlement to New Shares under the Offer.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Ineligible Shareholder means a Shareholders who is not an Eligible Shareholder.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

New Share means a Share proposed to be issued pursuant to the Offer.

Offer is as defined in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of New Shares on the Official List.

Opening Date means the date identified as such in the indicative timetable in Section 1.2, or such other date as announced to ASX by the Company.

Option means an unlisted option to acquire a Share.

Record Date means 5:00pm (AWST) on the date identified as such in the indicative timetable in Section 1.2, or such other date as announced to ASX by the Company.

Rights means the right to an Entitlement.

Offer Document means this document.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means the Company's share registry, Link Market Services Limited ACN 083 214 537.

Shortfall or **Shortfall Shares** means those New Shares under the Offer for which valid Applications have not been received by the Closing Date.

Underwriter means CPS Capital Group Pty Ltd ACN 088 055 636.

Underwriting Agreement is as defined in Section 4.1.

Underwritten Shares is as defined in Section 4.1.