

8 July 2014

ASX Release

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DRILLING PROGRAM AND PRE-FEASIBILITY UNDERWAY FOR THE PANDA HILL NIOBIUM PROJECT

Highlights

- Drilling activities have commenced at the Panda Hill site
- Metallurgical testwork program has started at SGS Canada
- Pre-Feasibility Study initiated with completion scheduled for first quarter 2015
- Major consultants and contractors selected for the key activities

Prefeasibility Study Activities

Resource

Cradle Resources Limited (ASX: CXX,CXXO) (Cradle or Company) is pleased to announce that drilling activities have commenced at its Panda Hill Niobium Project, located in the Mbeya region in south western Tanzania (Figure 1).

The first phase of the drilling program comprises diamond drill holes and RC drill holes for a total of 78 holes with 8100m being drilled. This first phase of drilling will be completed by the end of September, with assay results expected between mid-August and early November. The drill pattern is based upon a staggered 50m x 100m spacing with an average depth of 100m and is centred around the resource area defined during the 2013 drilling program (Figure 2). The program has been designed to achieve the following:

- Improve delineation of the different ore types;
- Increase the confidence of the current model resource;
- Obtain representative samples for metallurgical test work; and
- Collect geotechnical information.

The program commences with diamond drilling which will initially be concentrated in the northern portion of the deposit. Diamond drill holes will be HQ and NQ diameter core. RC drilling will commence in the southern part of the resource in mid-July.

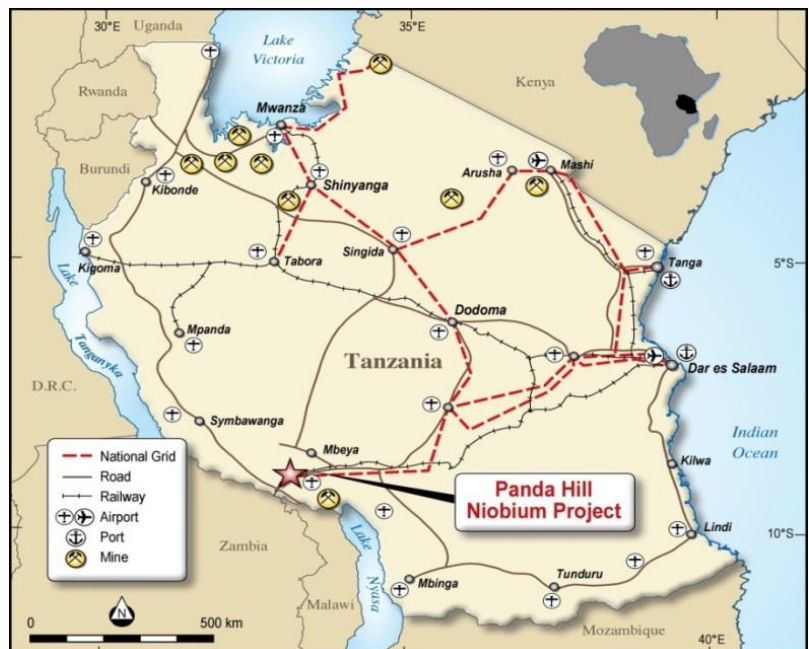


Figure 1: Panda Hill Location Map

The first batch of samples for assay will be sent to the SGS laboratory in Mwanza, Tanzania where the samples will be prepared prior to final analysis at the SGS laboratory in Johannesburg. First assay results are expected in mid-August.

A second phase of drilling is also planned for 2014. This program will consist of further in-fill drilling (25m x 25m) so as to be able to meet the requirements of a JORC compliant measured resource. The drilling program will commence in early November, when the majority of the previous program results are available, and is expected to be completed within 6 weeks.

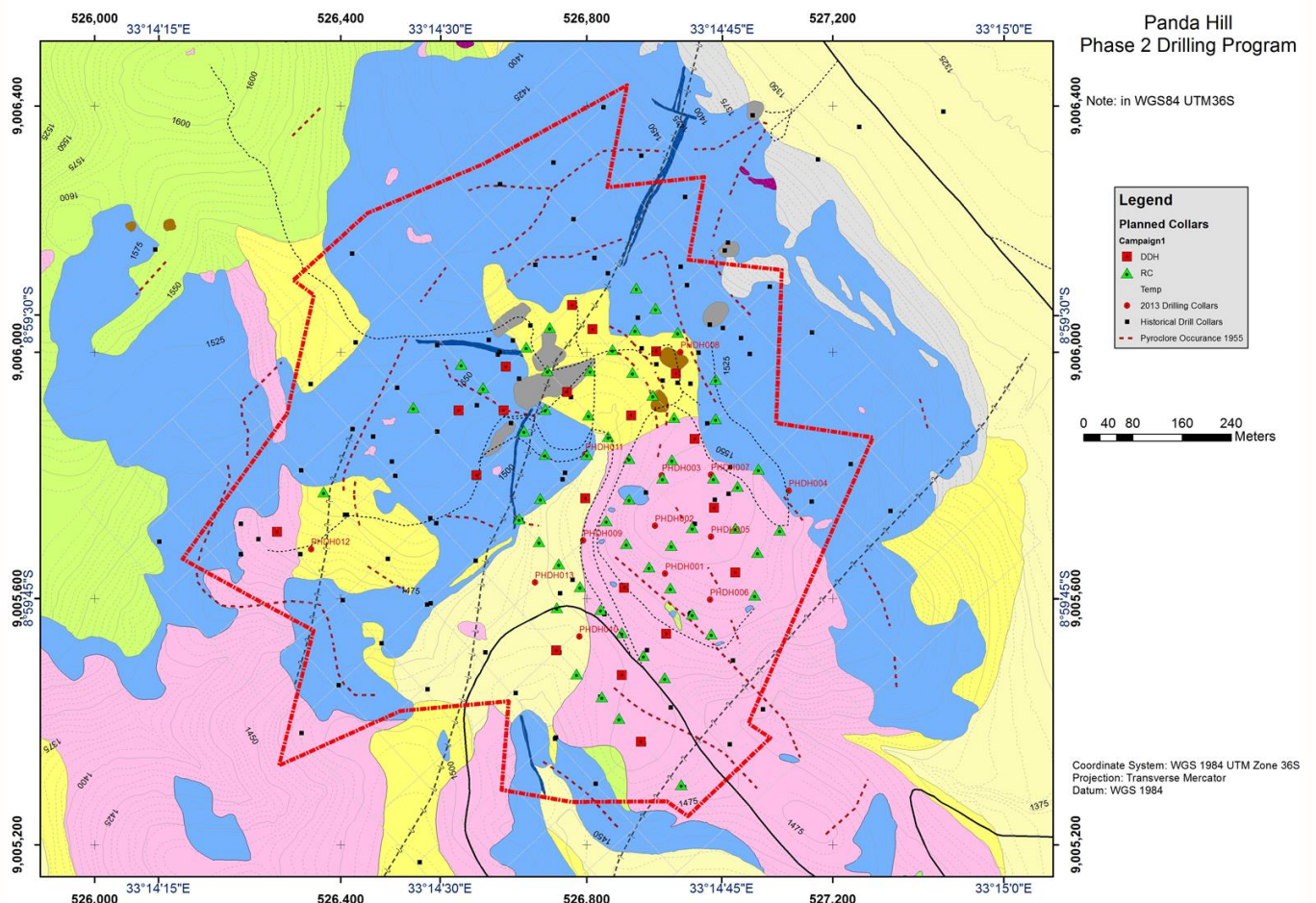


Figure 2: Local Geology of Panda Hill showing approximate boundary of primary mineralization and the location of the planned 2014 drill holes (DD holes – red, RC holes- green).

Metallurgical

The first phase of the metallurgical test work program at SGS Lakefield, Canada will focus on investigating processing options for the weathered and fresh ore types. All of this initial floatation will be carried out as bench scale open circuit tests, with a closed circuit test planned once the optimal conditions have been defined. Detailed mineralogy and standard comminution tests will also be carried out on the ore types not previously tested.

The new samples required to complete this program have been dispatched from site (using 2013 drill core) and should arrive at SGS's laboratory by mid-July. Based on this, the results of the first batch of tests are expected by the end of August.

Towards the end of this development program, a second phase of optimisation work is planned in which blending strategies for the various material types along with reagent optimization will be the main focus. Both phases of work will be completed by the end of November.

Project Management

An extensive tendering process was carried out prior to the start of the Pre-feasibility Study. Based on the results of this process, the following key consultants were selected to undertake the various packages of work associated with the study (Table 1).

Table 1: Nominated Consultants for Pre-Feasibility Study

Consultants for Panda Hill Niobium Project		
Activity	Consultant	Scope
Drilling	Capital Drilling	2 700m DD, 12 700m RC
Assaying	SGS Mwanza / Johannesburg	Drill core assaying
Metallurgical Testwork	SGS Canada	Flowsheet development with grade-recovery curves for each mill feed material type
Geology	Coffey	Geological models and Mineral Resource Estimate
Mining & Geotechnical	SRK Consulting	Pit optimisation and mine design with geotechnical studies for mine, plant & TSF
Plant & Infrastructure	MDM Engineering	Design, layout and cost estimates
Tailings & Water	SLR Consulting	TSF location, design and costs
Environmental	MTL Consulting	Baseline studies, with EIA & EMP to follow

The Pre-Feasibility is scheduled to be completed in the first quarter of 2015. The timeline for the Pre-Feasibility Study is shown in Table 2.

Table 2: Pre-feasibility Study Timeline

Proposed PFS Schedule - Panda Hill Niobium Project								
Project Activities	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Prefeasibility Study								
Project Planning / Contracting								
Drilling Phase 1(indicated)								
Drilling Phase 2 (measured)								
Mineral Resource Estimate								
Metallurgical Testwork								
Option Study								
Preliminary Mining Study								
Preliminary Engineering								
Environmental & Social Impact Assessment								
Reporting								
Definitive Feasibility Study								

The Company's Managing Director, Grant Davey, commented: "The next few months will be an exciting time for the Cradle team as we focus on increasing the confidence of our world class niobium project economics through resources drilling and development metallurgical test work. These results will culminate in an independent Pre-Feasibility Study which will be completed in the first quarter of 2015."



Figure 3: The Panda Hill 2014 drill program

By order of the Board

Competent Person's Statement

The information in this document that relates to Exploration Results is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona. Mr Inwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The competent person for the JORC Resource estimate and classification is Ms Ellen Maidens who is a Member of the Australian Institute of Geoscientists. Ms Maidens is a full time employee of Coffey Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Maidens consents to the inclusion in this document of the matters based on her information in the form and context in which it appears.

For further information, please visit www.cradleresources.com.au or contact:

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