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NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at 102 Forrest Street, Cottesloe Western Australia on Friday, 18 September 2020 at 11:00am (WST).

The Independent Expert has concluded that the Transactions are fair and reasonable.

DUE TO THE ONGOING COVID-19 PANDEMIC, SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

Shareholders are urged to vote by lodging the Proxy Form that has been separately sent to you.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matters prior to the Meeting please contact the Company Secretary by telephone on +61 8 9320 4700.

Shareholders are urged to attend remotely or vote by lodging the Proxy Form attached to the Notice.

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Cradle Resources Limited (**Company**) will be held at 102 Forrest Street, Cottesloe Western Australia on Friday, 18 September 2020 commencing at 11:00am (WST) (**Meeting**).

Due to the ongoing COVID-19 pandemic, Shareholders will only be able to attend and participate in the Meeting via teleconference and all voting will be conducted by poll using proxy instructions received in advance of the Meeting. Please refer to the Explanatory Memorandum attached to the Notice for further details.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders Wednesday, 16 September 2020 at 5:00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Approval of Buy-Back Agreement

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That, subject to the approval of Resolution 2, pursuant to and in accordance with section 257D of the Corporations Act and for all other purposes, the Shareholders approve the terms of the Buy-Back Agreement for the selective buy-back of 36,933,161 Shares from Tremont on the terms and conditions in the Buy-Back Agreement, as detailed in the Explanatory Memorandum."

Voting Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Tremont and any of its associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval of disposal of the Consideration Shares

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

"That, subject to the approval of Resolution 1, for the purpose of Listing Rule 10.1 and for all other purposes, the Shareholders approve the transfer of 4,607,389 PHT Shares from Cradle's wholly owned subsidiary PHM to Tremont on the terms and conditions in the Implementation Deed, as detailed in the Explanatory Memorandum".

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Tremont and any of its associates or any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of Shares in Cradle).

However, this does not apply to a vote cast in favour of Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with directions given to the proxy or attorney to vote on Resolution 2 in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with a direction given to the chair to vote on Resolution 2 as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 2; and
 - ii. the holder votes on Resolution 2 in accordance with directions given by the beneficiary to the holder to vote in that way.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

BY ORDER OF THE BOARD

Grant Davey
Executive Director

Dated: 28 July 2020

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 102 Forrest Street, Cottesloe Western Australia on Friday, 18 September 2020 at 11:00am (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Inter-Conditional Resolutions
Section 4:	Overview
Section 5:	Resolution 1 – Approval of Buy-Back Agreement
Section 6:	Resolution 2 – Approval of disposal of the Consideration Shares
Schedule 1:	Definitions
Schedule 2:	Independent Expert's Report

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice (including this Explanatory Memorandum) carefully before deciding how to vote on the Resolutions.

2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting and for Shareholders to be able to attend the Meeting virtually by teleconference.

2.2 No attendance in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company is not able to allow Shareholders to physically attend the Meeting. Please refer to the information below on how Shareholders can participate in the Meeting.

2.3 Proxies

All voting will be conducted by poll using proxy instructions received in advance of the Meeting).

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. Due to the COVID-19 situation, in order to facilitate a meeting that is safe, inclusive and cost effective, the Company strongly encourages all Shareholders to vote by directed proxy in lieu of attending by signing and returning the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 11:00am (WST) on Wednesday, 16 September 2020, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.4 Remote attendance via teleconference

The Meeting will be accessible to all Shareholders via teleconference, which will allow Shareholders to listen to and observe the Meeting. If you wish to attend the virtual Meeting, please contact the Company Secretary via info@cradleresources.com.au by no later than Wednesday, 16 September 2020 to complete the registration process and obtain access details. Shareholders should note that the teleconference will not provide for a voting mechanism during the Meeting.

2.5 Questions to be submitted in advance only

Shareholders are asked to submit questions that relate to the formal items of business in the Notice in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at info@cradleresources.com.au by no later than Wednesday, 16 September 2020. The Chairperson will attempt to respond to the questions during the Meeting. Shareholders are limited to a maximum of two questions each per Resolution.

3. Inter-Conditional Resolutions

Resolutions 1 and 2 are inter-conditional. Consequently, if any of the Resolutions is not approved by Shareholders, the Transactions (including the Buy-Back) will not be completed.

For information relating to the Company's intentions if the Transactions do not proceed, refer to Section 4.15.

4. Overview

4.1 Background

The Company and Tremont currently own 50% each of Panda Hill Tanzania Ltd (**PHT**), which owns the Panda Hill project in Tanzania (**Project**).

Tremont and PHT are party to a loan agreement, pursuant to which Tremont has advanced US\$4,060,630 to PHT (**Tremont Loan**).

Tremont has also advanced US\$637,587 to PHT pursuant to a loan account (**Loan Account**).

The Company and PHT are party to a loan agreement, pursuant to which Cradle has advanced US\$72,596 to PHT (**Cradle Loan**).

There is currently a dispute as to whether Tremont has the unilateral right to declare a decision to mine the Project and there are arbitration proceedings between the parties in respect of this dispute (**Arbitration**).

On 9 June 2020, the Company announced it had entered into an implementation deed (**Implementation Deed**) with, PHM, PHT and Tremont pursuant to which:

- (a) the Company and Tremont have agreed to dismiss the Arbitration and release each other from all associated claims, thereby bringing an end to the long running dispute;
- (b) the Company will restructure its shareholding in PHT such that all ordinary shares in PHT (**PHT Shares**) will be held by its wholly-owned subsidiary Panda Hill Mining Pty Ltd (**PHM**);
- (c) the parties will enter into a new shareholders agreement for PHT (refer to the Company's announcement of 9 June 2020 for a summary of the material terms of the new shareholder's agreement);
- (d) Tremont will be issued 4,060,630 PHT Shares at US\$1.00 each which will be set-off against the amount outstanding under the Tremont Loan;
- (e) Tremont will be issued 637,587 PHT Shares at US\$1.00 each which will be set-off against the amount outstanding under the Loan Account;
- (f) Cradle will be issued 72,596 PHT Shares at US\$1.00 each which will be set-off against the amount outstanding under the Cradle Loan;
- (g) Cradle will be issued 377,217 PHT Shares at US\$0.0001; and
- (h) the Company and Tremont have entered into a selective buy-back agreement (**Buy-Back Agreement**) in respect to the 36,933,161 Cradle Shares held by Tremont (representing 19.47% of the Company) (**Buy-Back Shares**) (refer to Section 4.4 for further details),

(the **Transactions**).

Following execution of the Implementation Deed and Buy-Back Agreement, Cradle and Tremont provided additional funding to PHT for operating expenses during 3Q20. Accordingly, on 28 July 2020, Cradle, Tremont, PHT and PHM entered into amending deeds in respect of both the Implementation Deed and the Buy-Back Agreement to update the number of PHT Shares on issue and the outstanding loan amounts following the 3Q20 cash call (**Amending Deeds**).

4.2 Conditions to the Transactions

Completion of the Transactions is conditional of the satisfaction of the following:

- (a) all necessary filings with ASIC in relation to the Buy-Back Agreement within the required timeframes are made;
- (b) Shareholders approving the Resolutions; and
- (c) all necessary regulatory approvals being obtained, including the Tanzanian Fair Competition Commission providing a "no objections" letter under the *Fair Competition Act 2003* (Tanzania),

(**Conditions**).

4.3 Rationale for the Transactions

The Directors believe the Transactions are in the best interests of the Company and those Shareholders entitled to vote on the Resolutions for the following reasons:

- (a) **Settlement of the Arbitration:** upon completion of the Transactions, the dispute and Arbitration between the Company and Tremont will be dismissed. Accordingly, PHT will be able to continue to progress development of the Project;
- (b) **Future of PHT:** the Transactions will enable PHT to become debt free and no longer be subject to the Arbitration. Accordingly, PHT will be able to continue to focus on the development of the Project;
- (c) **Future of Cradle:** the Transactions (including the Buy-Back) will enable the settlement of the Arbitration. As a result, Cradle will have no further financial exposure to PHT or the Project whilst retaining significant upside upon the Project achieving development funding and Cradle will be able to continue to explore potential new project opportunities;
- (d) **Independent Expert:** the Independent Expert has concluded that the Transactions are fair and reasonable to the other Shareholders and that the position of the Shareholders, on completion of the Transactions, is more advantageous than if the Transactions did not proceed;
- (e) **Other alternatives:** the Company determined that a capital reduction would not be appropriate in connection with the Transactions.

4.4 Buy-Back Agreement

Pursuant to the Buy-Back Agreement the Company will buy-back the Buy-Back Shares held by Tremont (**Buy-Back**).

The Buy-Back is subject to Shareholders approving the Resolutions. Accordingly, Resolution 1 seeks Shareholders approval pursuant to section 257D of the Corporations Act for the Company to undertake the Buy-Back.

The terms of the Buy-Back are contained in the Buy-Back Agreement. The principal terms are as follows:

- (a) the Company shall convene a meeting of Shareholders to consider the approval of the Buy-Back;
- (b) the Buy-Back will, subject to the satisfaction of the Conditions (outlined in Section 4.1), take place on the same day that completion under the Implementation Deed occurs; and
- (c) as consideration for the Buy-Back, the Company will transfer 4,607,389 PHT Shares (representing approximately 9.7% of PHT on a pre-Transactions undiluted basis) to Tremont (**Consideration Shares**).

4.5 Rationale for the Buy-Back

The Directors believe the Buy-Back is in the best interests of the Company and those Shareholders entitled to vote on Resolution 1 for the following reasons:

- (a) **Part of the Transactions:** as detailed in Section 4.1, the Buy-Back is an integral part of the Transactions. Upon completion, the dispute and Arbitration between the Company and Tremont will be dismissed, PHT will be debt-free and the Buy-Back Shares held by Tremont will be cancelled resulting in Tremont ceasing to have any interest in the Company;
- (b) **Anti-dilution:** as a result of the Buy-Back, each Shareholder (other than Tremont) will have their percentage interest in the entire issued share capital of the Company increased; and
- (c) **Other alternatives:** the Company determined that a capital reduction would not be appropriate in connection with the Transactions.

4.6 Effect of the Transactions on Control and Issued Capital of the Company

If the Shareholders approve the Resolutions, no cash will be paid by the Company to Tremont and the Buy-Back Shares will be cancelled upon completion of the Transactions. This will reduce the total number securities on issue as follows:

Total Shares pre Buy-Back	Total Shares post Buy-Back
189,681,783 Cradle Shares	152,748,622 Cradle Shares

The following table details the effect of the Buy-Back on the shareholdings of the Company's substantial Shareholders:

Substantial Shareholder	Number of Cradle Shares before Buy-Back		Number of Cradle Shares post Buy-Back	
Tremont Investments Limited	36,933,161	19.47%	Nil	0%
Craig Ian Burton	30,800,000	16.23%	30,800,000	20.16%
Edwards Family Holdings Ltd	17,641,000	9.30%	17,641,000	11.54%
Arredo Pty Ltd	15,400,000	8.11%	15,400,000	10.08%
Harvest Lane Asset Management Pty Ltd and associates	13,907,343	7.33%	13,907,343	9.10%

4.7 Effect of the Transactions on Control and Issued Capital of PHT

The following table details the number securities on issue in PHT following completion of the Transactions (including the Buy-Back):

	Number of PHT Shares
Existing PHT Shares	47,325,368
Capitalisation of Tremont Loan	4,060,630
Capitalisation of Loan Account	637,587
Capitalisation of Cradle Loan	72,596
PHT Shares issued to Cradle under the Implementation Deed	377,217
TOTAL	52,473,398

The following table details the effect of the Buy-Back on the shareholdings of the PHT shareholders:

PHT Shareholder	Number of PHT Shares pre Transactions		Number of PHT Shares post Transactions	
Tremont Investments Limited	23,662,684	50%	32,968,290	62.8%
Cradle Resources Limited ¹	23,662,684	50%	19,505,108	37.2%

¹ Post completion of the Transactions, Cradle will hold its interest in PHT through its wholly owned subsidiary PHM.

4.8 Director Participation in the Buy-Back

None of the Directors or any of their associated entities will participate in the Buy-Back.

4.9 Source of funds for the Buy-Back

The Buy-Back is part of the Transactions. There is no cash payable by the Company for the Buy-Back, instead the Company will transfer the Consideration Shares to Tremont as consideration.

4.10 Recommendation of the Independent Expert's Report

As required by Listing Rule 10.1, the Directors commissioned the Independent Expert, RSM Corporate Australia Pty Ltd, to prepare a report on the Transactions to ascertain whether they are fair and reasonable to Shareholders (other than Tremont).

The Independent Expert has concluded that the Transactions are fair and reasonable for Shareholders (other than Tremont).

Schedule 2 contains a complete copy of the Independent Expert's Report. Shareholders are urged to read the Independent Expert's Report in full. The Independent Expert has given, and has not withdrawn, its consent to the inclusion of its report in the Notice in the form and context in which it appears. As Tremont is the transferee, it is expected that Tremont will make its own determination of the fairness and reasonableness of the transfer.

4.11 Financial Effect of the Transactions

A pro-forma statement of the financial position of the Company, that has been prepared to enable Shareholders to make an assessment of the likely effect of the Transactions (including the Buy-Back) on the financial position of the Company is detailed below:

	31/12/2019	Pro forma adjustments		Pro forma
		#1	#2	
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	1,473,875			1,473,875
Trade and other receivables	19,626			19,626
Total Current Assets	1,493,501			1,493,501
Non-current Assets				
Interest in joint ventures	23,125,828	103,709	(3,496,817)	19,732,720
Trade and other receivables	102,856	(102,857)	-	0
Total Non-Current Assets	23,228,684			19,732,719
TOTAL ASSETS	24,722,185			21,226,220
LIABILITIES				
Current Liabilities				
Trade and other payables	62,119			62,119
Total Current Liabilities	62,119			62,119
TOTAL LIABILITIES	62,119			62,119
NET ASSETS	24,660,066			21,164,101
EQUITY				
Contributed equity	31,245,828		(4,935,149)	26,310,679
Reserves	13,827,865			13,827,865
Accumulated losses	(20,413,627)	852	1,438,332	(18,974,443)
TOTAL EQUITY	24,660,066			21,164,101

Transactions:

1. Cradle will be issued 72,596 PHT Shares at US\$1.00 each which will be set-off against the amount outstanding under the Cradle Loan;
2. The Company and Tremont have entered into a selective buy-back agreement (Buy-Back Agreement) in respect to the 36,933,161 Cradle Shares held by Tremont (representing 19.47% of the Company); and
3. PHT Shares issued to Cradle under the Implementation Deed.

The adjustments against contributed equity included in the pro-forma have been calculated by applying the preferred value of the Independent Expert's "Fair Market Value" of a Cradle Share as set out in the Independent Expert's Report. The pro-forma has not been audited.

4.12 Advantages of the Transactions

The advantages of the Transactions (including the Buy-Back) are as follows:

- (a) Cradle and Tremont will have settled the Arbitration which eliminates the expense of costly legal proceedings and provides certainty for the Board and management; and
- (b) PHT will become debt free following completion of the Transactions;
- (c) the Independent Expert has concluded that the Transactions are fair and reasonable;

- (d) Cradle will be able to consider potential new project opportunities;
- (e) at the date of the Notice, no superior proposal to acquire PHT has emerged; and
- (f) the Buy-Back:
 - (i) is an integral part of the Transactions; and
 - (ii) will reduce the issued share capital of the Company by approximately 20% which will potentially provide for a better per Share growth and cash flow opportunities.

4.13 Disadvantages of the Transactions

The disadvantages of the Transactions (including the Buy-Back) are as follows:

- (a) settling the Arbitration eliminates the possibility of an outcome before the arbitrator with a decision more favourable than the terms of the Implementation Deed; and
- (b) the Company has less exposure to PHT and any dividends or cash flow which could be received from PHT in the event the Project is developed.

4.14 Cradle's Intentions Following Completion of the Transactions

Following completion of the Transactions (including the Buy-Back), Cradle will:

- (a) continue to work with Tremont to progress the development of the Project; and
- (b) continue to explore potential new project opportunities.

4.15 Implications if the Transactions do not proceed

If the Transactions do not proceed, the Implementation Deed will be terminated and the Arbitration will remain on foot.

4.16 Indicative Timetable

The anticipated timetable for completion of the Transactions is as follows:

Event	Date
Last date and time for receipt of Proxy Form	11:00am (WST) on 16 September 2020
Date and time for determination of eligibility to vote	5:00pm (WST) on 16 September 2020
Meeting	11:00am (WST) on 18 September 2020
Satisfaction of Conditions	18 September 2020
Completion of the Transactions	25 September 2020

5. Resolution 1 – Approval of Buy-Back Agreement

5.1 Background

Resolution 1 seeks Shareholder approval pursuant to section 257D of the Corporations Act for the Company to undertake the Buy-Back.

5.2 Section 257D of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

The procedures required differ for each type of buy-back. The Buy-Back is classified as a selective buy-back.

Pursuant to section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders.

Pursuant to section 257D(2) of the Corporations Act, the Company must include with the Notice of Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on the Resolution 1. However, the Company does not have to disclose information if

it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

A copy of the Buy-Back Agreement has been lodged with ASIC in accordance with section 257E of the Corporations Act. ASX has been advised of the Buy-Back in accordance with ASX Listing Rule 3.8A.

Section 257H(3) of the Corporations Act provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.

5.3 Further Details

Refer to the following Sections for further details of the Buy-Back:

- (a) Material terms of the Buy-Back Agreement: Section 4.4;
- (b) Rationale for the Buy-Back: Section 4.5;
- (c) Effect of the Buy-Back on Control of the Company: Section 4.6;
- (d) Director Participation: Section 4.8; and
- (e) Source of Funds: Section 4.9.

5.4 Directors' Interests and Recommendation

Each of the Directors consider, having reviewed the Independent Expert's Report, that the terms of the Transactions are fair and reasonable insofar as the Shareholders are concerned, and recommend that Shareholders (in the absence of a superior proposal) vote in favour of Resolution 1, as the Directors intend to do in respect of the Shares they hold.

The Chairperson intends to exercise all available proxies in favour of Resolution 1 except where proxies are received from any Shareholder who is subject to a voting exclusion, in which case the Chairperson will abstain from voting those shares.

6. Resolution 2 – Approval of disposal of the Consideration Shares

6.1 Background to Resolution 2

As at the date of this Notice, Cradle holds 23,662,684 PHT Shares. Pursuant to the Implementation Deed, the Company will restructure its shareholding in PHT such that all PHT Shares will be held by its wholly-owned subsidiary, PHM. The consideration for the Buy-Back is the transfer of the Consideration Shares (representing approximately 9.7% of PHT on a pre-Transactions undiluted basis) held by PHM to Tremont. Resolution 2 seeks Shareholder approval pursuant to Listing Rule 10.1 for the transfer of the Consideration Shares.

6.2 Listing Rule 10.1

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 10.1 and for all other purposes for the proposed transfer of the Consideration Shares to Tremont under the Buy-Back Agreement.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset form, or dispose of or agree to dispose of a substantial asset to:

- (a) a related party;
- (b) a child entity;
- (c) a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- (d) an associate of a person referred to in (a) to (c) above; or
- (e) a person whose relationship with the company or a person referred to in (a) to (d) above is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

As Tremont holds an interest in 19.47% of the Shares, Tremont is a "substantial holder" for the purposes of Listing Rule 10.1. In addition, the Consideration Shares account for more than 5% of the assets of the Company as set out in the last annual report, meaning the Consideration Shares constitute a "substantial asset" for the purposes of the Listing Rules.

The effect of passing Resolution 2 will be to allow the Company to dispose of the "substantial assets", i.e. the Consideration Shares, to Tremont by completing the Transactions without breaching Listing Rule 10.1.

If Shareholders do not pass Resolution 2, the Transactions (including the Buy-Back) will not be completed.

6.3 Independent Expert's Report

As required by Listing Rule 10.5.10 the Company has appointed the Independent Expert to report on the terms of the Transactions. Shareholders are urged to carefully consider the Independent Expert's Report for the purposes of deciding how to vote on Resolution 2.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is detailed in Schedule 2 and is also available on the Company's website. If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

6.4 Specific Information required by Listing Rule 10.5

For the purposes of Listing Rules 10.1, the following information regarding the transfer of Consideration Shares is provided:

- (a) the Company is disposing of the substantial asset to Tremont;
- (b) Tremont is a related party pursuant to Listing Rule 10.1.3;
- (c) the Company is proposing to dispose of the Consideration Shares;
- (d) there is nil consideration payable for the disposal of the Consideration Shares. The Consideration Shares are proposed to be transferred to Tremont as an integral part of the Transactions;
- (e) the Company will receive nil consideration for the disposal of the Consideration Shares.
- (f) refer to Section 4.16 for an indicative timetable for the completion of the Transactions;

- (g) the disposal of the Consideration Shares is in accordance with the terms of the Implementation Deed and the Buy-Back Agreement. Refer to Sections 4.1 and 4.4, respectively for a summary of the material terms of each agreement;
- (h) a voting exclusion statement in relation to Resolution 2 is included in the Notice; and
- (i) an Independent Expert's Report has been included as Schedule 2 and details:
 - (i) the effect of the Transactions (including the Buy-Back) on the Company; and
 - (ii) whether the Transactions (including the Buy-Back) is fair and reasonable to Shareholders (other than Tremont).

6.5 Directors' Interests and Recommendation

Each of the Directors consider, having reviewed the Independent Expert's Report, that the terms of the Transactions are fair and reasonable insofar as the Shareholders are concerned, and recommend that Shareholders (in the absence of a superior proposal) vote in favour of Resolution 2, as the Directors intend to do in respect of the Shares they hold.

The Chairperson intends to exercise all available proxies in favour of Resolution 2 except where proxies are received from any Shareholder who is subject to a voting exclusion, in which case the Chairperson will abstain from voting those shares.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

Amending Deeds has the meaning given in Section 4.1.

Arbitration has the meaning given in Section 4.1.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Buy-Back has the meaning given to that term in Section 4.4.

Buy-Back Agreement means the buy-back agreement dated 5 June 2020 as amended by the Amending Deed and described in Section 4.1.

Buy-Back Shares has the meaning given to that term in Section 4.1.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

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

Conditions has the meaning given in Section 4.1.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Consideration Shares has the meaning given to that term in Section 4.4.

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

Cradle Loan has the meaning given to that term in Section 4.1.

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice.

Implementation Deed means the implementation deed dated 5 June 2020 as amended by the Amending Deed and described in Section 4.1.

Independent Expert Report means the independent expert's report prepared by RSM Corporate Australia Pty Ltd which forms part of this Explanatory Memorandum.

Listing Rules means the listing rules of ASX.

Loan Account has the meaning given to that term in Section 4.1.

Meeting has the meaning given to that term in the introductory paragraph of the Notice.

Notice means the notice of the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

PHT means Panda Hill Tanzania with Company Number 122978 (C1/GBL).

PHM means Panda Hill Mining Pty Ltd with ACN 160 217 069.

PHT Shares has the meaning given to that term in Section 4.1.

Project has the meaning given in Section 4.1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution proposed pursuant to the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a registered holder of a Share.

Transactions has the meaning given to that term in Section 4.1.

Tremont mean Tremont Investments Limited.

Tremont Loan has the meaning given to that term in Section 4.1.

WST means Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Independent Expert’s Report



CRADLE RESOURCES LIMITED

Financial Services Guide and Independent Expert's Report

August 2020

We have concluded that the Proposed Transaction is Fair and Reasonable

FINANCIAL SERVICES GUIDE

10 August 2020

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Most of our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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10 August 2020

The Directors
Cradle Resources Limited
102 Forest Street
Cottesloe WA 6011

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Cradle Resources Limited ("CXX" or "the Company" or "Cradle") to be held on or around 18 September 2020, at which shareholder approval will be sought for a selective buy-back of shares ("Buy-Back") from Tremont Investments Limited ("Tremont").
- 1.2 On 9 June 2020, CXX announced that it had entered into an implementation agreement and buy-back agreement ("the Transaction Agreements") with Tremont, among others, in connection with the Panda Hill Niobium Project ("Panda Hill Project"), following ongoing arbitration proceedings between the two parties ("Arbitration"). CXX and Tremont each hold 50% of the issued shares of Panda Hill Tanzania Ltd ("PHT"), which owns the Panda Hill Project.
- 1.3 Subject to certain conditions, the Transaction Agreements provide for, among other things, CXX to buy back Tremont's existing 19.47% shareholding in CXX, in return for CXX transferring to Tremont 19.47% of the Company's shares in PHT (being 4,607,389 PHT shares and representing approximately 9.7% of PHT's issued share capital) ("the Proposed Transaction").
- 1.4 The Company is seeking shareholder approval of the Proposed Transaction for the purposes of Section 257D of the *Corporations Act 2001* (Cth) and ASX Listing Rule 10.1 on the basis that the Proposed Transaction is substantial and with a substantial holder of the Company.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.5 The requests for approval of the Proposed Transaction are included as Resolution 1 and Resolution 2 in the Notice, as set out below:

Resolution 1 – Approval of Buy-Back Agreement

“That, subject to the approval of Resolution 2, pursuant to and in accordance with section 257D of the Corporations Act and for all other purposes, the Shareholders approve the terms of the Buy-Back Agreement for the selective buy-back of 36,933,161 Shares from Tremont on the terms and conditions in the Buy-Back Agreement, as detailed in the Explanatory Memorandum.”

Resolution 2 – Approval of disposal of the Consideration Shares

“That, subject to the approval of Resolution 1, for the purpose of Listing Rule 10.1 and for all other purposes, the Shareholders approve the transfer of 4,607,389 PHT Shares from Cradle’s wholly owned subsidiary PHM to Tremont on the terms and conditions in the Implementation Deed, as detailed in the Explanatory Memorandum.”

- 1.6 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd (“RSM”), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction (“Non-Associated Shareholders”).
- 1.7 Resolutions 1 and 2 are inter-conditional. Therefore, when assessing the Proposed Transaction, we have considered both resolutions and associated terms as part of the Proposed Transaction. If either of the Resolutions is not approved, then the Buy-Back will not be completed.
- 1.8 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder’s assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and conclusion

Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is **fair and reasonable** to the Non-Associated Shareholders of CXX.

Approach

- 2.2 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.
- 2.3 An asset is considered substantial "if its value, or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX".
- 2.4 ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.
- 2.5 We have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:
- The value of the 19.47% shareholding interest in CXX subject to the selective buy-back ("the Buy-Back Shares"); with
 - The value of approximately 9.7% of PHT, being shares currently held by CXX which will be transferred to Tremont as consideration for the Buy-Back ("the Consideration"); and

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

- 2.6 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 4 of this Report.

Fairness

- 2.7 Our assessed values of the Buy-Back Shares and the Consideration are summarised in the table and figure below.

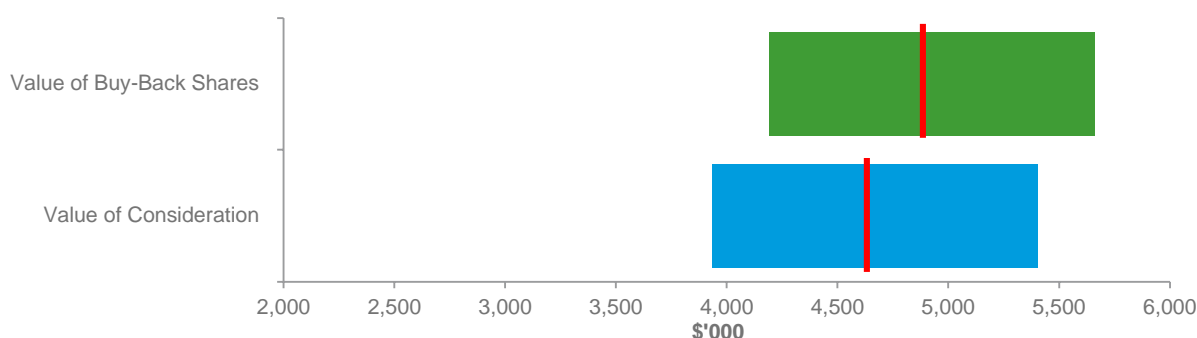
Table 1 Assessment of fairness

Assessment of fairness \$000's	Ref	Assessed Value		
		Low	High	Preferred
Assessed Fair Value of Buy-Back Shares	9.24	4,191	5,661	4,873
Assessed Fair Value of Consideration	8.18	3,933	5,403	4,615

Source: RSM analysis

- 2.8 We have summarised the values included in the table above in the chart below.

Figure 1 Fairness graphical representation



Source: RSM Analysis

- 2.9 The chart above indicates that the value of the Consideration is below the assessed value of the Buy-Back Shares being acquired.
- 2.10 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of Cradle. In forming our opinion, we have had particular reference to the preferred values.
- 2.11 We note that the ranges of values are wide. RG 111 states that when a significant range of values exists, an expert should prominently explain in its expert report what factors create this uncertainty. The range of values above is driven by a wide range of values attributed to the Panda Hill Project. Shareholders are advised to read Section 9 of this Report and the independent specialist report attached at Appendix E. It is not uncommon to have a wide range of values for pre-development and early stage mining assets due to the uncertainty around successful funding and exploitation.

Reasonableness

- 2.12 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
 - Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 2.13 If the Proposed Transaction does not proceed, the Implementation Deed (as amended) and the Buy-Back Agreement (as amended) between, among others, Cradle and Tremont will be terminated and the existing Arbitration, which commenced in February 2018, will continue.
- 2.14 The arbitration proceedings commenced as a result of a dispute regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement, entered into between Cradle and Tremont in relation to PHT. If the definitive feasibility study is found to have been delivered, both parties would make a decision on whether to proceed with the construction of a mine. Any decision to mine on the project will require Cradle to provide further funding to PHT, based on its pro-rata shareholding in PHT, or dilute its interest in PHT.

- 2.15 If the Proposed Transaction does proceed, in line with the Implementation Deed, Cradle and Tremont will take all necessary steps to dismiss the Arbitration, and will seek the following orders be made:
- Tremont's claim against Cradle be dismissed; and
 - Any defences and counterclaims brought by Cradle against Tremont will be dismissed.
- 2.16 As a result, Cradle will have no further financial exposure to PHT or the Panda Hill Project, allowing CXX to explore potential new project opportunities.
- 2.17 In addition, the Implementation Deed provides that each of Cradle and Tremont irrevocably release and forever discharges the other, including all the current and former directors, from all disputes.

Advantages of approving the Proposed Transaction

Advantages	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to the Non-Associated Shareholders.
Settlement of the Arbitration	If the Proposed Transaction is approved, the dispute and arbitration between Tremont and Cradle will be settled, which eliminates the expense of costly legal proceedings and provides certainty for the Board and management of Cradle.
PHT will become debt-free	If the Proposed Transaction is approved, it will enable PHT to become debt free and no longer be subject to the Arbitration. As a result, it will be able to continue to focus on the development of the Panda Hill Project.
No further financial exposure to PHT for Cradle	Cradle will have no further obligation to contribute additional funding to PHT or the Panda Hill Project, whilst retaining upside on the project achieving development funding. Accordingly, Cradle will be able to explore potential new project opportunities.
Reduction in total number of shares on issue	If the Proposed Transaction is approved, the total issued share capital of Cradle will be reduced by approximately 20% and the percentage interests held by the remaining shareholders will be increased accordingly.
Removal of significant shareholding by Tremont	The Proposed Transaction will result in Tremont no longer holding an equity interest in Cradle. Substantial shareholdings, such as 19.47% interests, are often seen as a deterrent to takeover bids.

Disadvantages of approving the Proposed Transaction

Disadvantages	Details
Potential for less favourable outcome	Settling the dispute outside of the Arbitration may result in less favourable terms than may have been determined by the arbitrator.
Tremont will take effective control of the Panda Hill Project	As a result of the Proposed Transaction, Tremont will hold 62.8% of PHT's shares and assume Board control of PHT. This will give Tremont ultimate control over the decision to proceed with development capital raising, or not. Cradle will have limited influence and if Tremont are unable to proceed to development phase then there is a risk that the Panda Hill Project will not be progressed.
Reduced ownership interest in PHT	Cradle will hold a reduced ownership interest in PHT and therefore a reduced interest in any dividends or cash flow which could be received from PHT in the event the Panda Hill Project is developed.

- 2.18 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of CXX at this time.
- 2.19 In our opinion, the position of the Non-Associated Shareholders of CXX if the Proposed Transaction is approved, is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of CXX.

3. Summary of Proposed Transaction

Details of the Proposed Transaction

- 3.1 On 9 June 2020, Cradle announced it had entered into the Transaction Agreements with Tremont, pursuant to which:
- CXX and Tremont have agreed to dismiss the Arbitration and release each other from all associated claims;
 - CXX will restructure its shareholding in PHT such that all the ordinary shares it holds in PHT will be held by its wholly-owned subsidiary Panda Hill Mining Pty Ltd ("PHM");
 - the existing shareholder agreement will be terminated and the parties will enter into a new shareholders agreement for PHT – see below for details;
 - Tremont will be issued 4,060,630 PHT Shares at US\$1.00 each which will be set-off against a loan of US\$4,060,630 from Tremont to PHT;
 - Tremont will be issued 637,587 PHT Shares at US\$1.00 each which will be set-off against a loan of US\$637,587 from Tremont to PHT;
 - Cradle will be issued 72,596 PHT Shares at US\$1.00 each which will be set-off against a loan of US\$72,596 from Cradle to PHT;
 - Cradle will be issued with a further 377,217 PHT Shares at US\$0.0001; and
 - Cradle and Tremont have entered into a selective buy-back agreement (as amended) ("Buy-Back Agreement"), whereby Cradle has agreed to buy back the 36,933,161 Cradle Shares held by Tremont (representing 19.47% of the Company) in consideration of 4,607,389 PHT Shares held by Cradle (representing approximately 9.7% of total PHT shares) ("Buy-Back").
- 3.2 Tremont and Cradle each hold 50% of the shares on issue in PHT. The Consideration for the Proposed Transaction is 4,607,389 PHT shares held by Cradle (representing 19.47% of CXX's PHT shares), to be transferred to Tremont.
- 3.3 Upon completion of the Proposed Transaction, as detailed below, Tremont will hold 32,968,290 of the issued shares in PHT (representing 62.8% ownership) and Cradle, through PHM, will hold 19,505,108 of PHT's issued shares (representing 37.2% ownership). The shares held by CXX and Tremont in PHT, before and after the Proposed Transaction, are outlined in the table below:

Table 2 PHT shares prior to and post the Proposed Transaction

	Tremont Investments		Cradle Resources through PHM	
PHT shares prior to Proposed Transaction	23,662,684	50.0%	23,662,684	50.0%
Tremont issued shares by PHT on conversion of loan	4,060,630		-	
Tremont issued shares by PHT on conversion of loan	637,587		-	
Cradle issued shares by PHT on conversion of loan	-		72,596	
Additional shares issued to Cradle by PHT	-		377,217	
Cradle transfer of shares to Tremont as Consideration	4,607,389		(4,607,389)	
PHT shares post Proposed Transaction	32,968,290	62.8%	19,505,108	37.2%

Source: RSM Analysis

Key conditions of the Proposed Transaction

- 3.4 Completion of the Proposed Transaction is subject to the following conditions precedent:
- all necessary filings with ASIC in relation to the Buy-Back Agreement within the required timeframes are made;
 - Shareholders approving both Resolution 1 and Resolution 2; and
 - all necessary regulatory approvals being obtained, including the Tanzanian Fair Competition Commission providing a “no objections” letter under the *Fair Competition Act 2003* (Tanzania).
- 3.5 Resolutions 1 and 2 are inter-conditional. Consequently, if either Resolution is not approved by the shareholders, the Proposed Transaction will not be completed.

PHT Shareholders Agreement

- 3.6 Following the completion of the Proposed Transaction, as outlined in the Implementation Deed, Tremont, PHT and PHM will enter into a new shareholders agreement, with respect to the ownership, control and management of PHT going forward. Under the new shareholders agreement:
- Tremont will fund the operations and all financial requirements of PHT and the Panda Hill Project until the development costs of the Panda Hill Project are raised. The board may, by a simple majority, make a decision to proceed with the development capital raising, at any time after the decision to mine is made;
 - A development capital raising may only be funded by PHT by a combination of bank debt and the issue of new ordinary shares at US\$1.00 minimum;
 - Upon all development costs of the Panda Hill Project being raised, Tremont will purchase from PHM 10m PHT shares and PHM has the option to participate in the development capital raising for up to 5m PHT shares; and
 - Tremont will assume board control of PHT, with Cradle having the right to appoint a director and general minority shareholder protection rights.
- 3.7 As a result of the Proposed Transaction and the new shareholder agreement, CXX will have no further obligation to contribute additional funding to the Panda Hill Project or PHT, however will retain significant upside once the project achieves development funding and a decision to mine is made.

Rationale for the Proposed Transaction

- 3.8 Cradle and Tremont have been engaged in arbitration proceedings in relation to a dispute as to whether Tremont has the unilateral right to declare a decision to mine at the Panda Hill Project (“Arbitration”).
- 3.9 Upon completion of the Proposed Transaction:
- the ongoing dispute and arbitration between Cradle and Tremont will be settled and dismissed. Accordingly, PHT will be able to continue to progress development of the Panda Hill Project;
 - PHT will become debt free and no longer be subject to the Arbitration. Accordingly, PHT will be able to continue to focus on the development of the Panda Hill Project;
 - Cradle will have no further obligation to contribute additional funding to PHT or the Panda Hill Project, but will maintain an equity interest and potential upside once development funding is achieved;
 - Cradle will be able to continue to explore potential new project opportunities;
 - the Buy-Back shares held by Tremont will be cancelled and Tremont will cease to have any interest in Cradle; and

- the remaining Shareholders of Cradle will have their percentage interest in the entire issued share capital increased.

3.10 If the Proposed Transaction does not proceed, the Implementation Deed and Buy-Back Agreement between Tremont and Cradle will be terminated, and the existing Arbitration will continue.

Impact of Proposed Transaction on CXX's capital structure

3.11 The table below sets out a summary of the capital structure of CXX prior to and post the Proposed Transaction.

Table 3 Share structure of CXX prior to and post the Proposed Transaction

	Prior to Proposed Transaction		Post Proposed Transaction	
Cradle shares on issue				
Tremont Investments Ltd	36,933,161	19.5%	-	0.0%
Non-Associated Shareholders	152,748,622	80.5%	152,748,622	100.0%
Total shares on Issue	189,681,783	100.0%	152,748,622	100.0%

Source: RSM Analysis

4. Scope of the Report

ASX Listing Rules

- 4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial holder (being a shareholder with more than 10% of the shares), a related party or any of its associates without the approval of holders of the entity's ordinary securities.
- 4.2 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX".
- 4.3 For the purposes of ASX Listing Rule 10.1, the Consideration, being the shares in PHT which are proposed to be transferred to Tremont, represent more than 5% of the Company's equity interests as at 31 December 2019, and Tremont is a substantial shareholder of CXX.
- 4.4 ASX Listing Rule 10.5.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.5 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.
- 4.5 Accordingly, CXX is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction and the Company has engaged RSM, to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Corporations Act 2001

- 4.6 Section 257D of the *Corporations Act 2001* allows a company buy-back its own shares where:
 - the buy-back does not materially prejudice the company's ability to pay its creditors;
 - a shareholder approval is obtained; and
 - it is fair and reasonable to the company's shareholders as a whole;
- 4.7 Section 257D also requires the company to provide all information to the shareholders that is material to the decision on how to vote on the resolution.
- 4.8 The provisions do not specify the information to be sent to shareholders, nor is it a mandatory requirement for an independent expert report to be prepared in relation to share buy-backs. However, ASIC's guidelines in RG 110 indicate that if a company proposes to buy-back holdings of a major shareholder, it should consider providing an independent report with a valuation of the shares.

Basis of evaluation

- 4.9 In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.
- 4.10 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.11 RG 111 states that the expert's report should focus on:
 - the issues facing the security holders for whom the report is being prepared: and
 - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.12 RG 111 states that in relation to a related party transaction the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and whether it is "reasonable" as in a control transaction.

- 4.13 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis we have undertaken is as follows:
- whether the value of the Consideration is less than the value of the Buy-Back Shares being acquired – fairness; and
 - a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.
- 4.14 The other significant factors to be considered include:
- the future prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 4.15 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Cradle Resources Limited

Background

- 5.1 Cradle Resources Limited is an Australian public company listed on the ASX and based in Perth. As at the date of this Report, CXX had a market capitalisation of approximately \$6.6m.
- 5.2 CXX has historically engaged in the exploration and development of the Panda Hill Niobium Project ("Panda Hill Project"), a niobium deposit located in Tanzania.
- 5.3 The Company has two wholly owned subsidiaries, Panda Hill Mining Pty Ltd, incorporated in Australia, and Songwe Hill Limited, incorporated in Tanzania. CXX also has a joint venture with Tremont, with each party holding 50% of the issued shares of Panda Hill Tanzania Ltd, which owns the Panda Hill Project.
- 5.4 The Panda Hill Project is located in the Mbeye District, 650km west of Tanzania's capital, Dar es Salaam.
- 5.5 In July 2017, the Tanzanian Government passed amendments to the legal framework governing the mining sector in Tanzania which entitles the Tanzanian Government to a 16% shareholding in all Tanzanian mining companies. This amendment resulted in the termination of a scheme Implementation Deed between the Company and Tremont which had been agreed in March 2017, pursuant to which Tremont would have acquired all of the issued shares of CXX.
- 5.6 CXX and Tremont have been in dispute as to whether Tremont has the unilateral right to declare a decision to mine at the Panda Hill Project and there are arbitration proceedings between the parties in respect of this dispute.
- 5.7 Further details of the Panda Hill Project held by CXX are included in an independent specialist report attached at Appendix E.

Directors

- 5.8 The directors of CXX are summarised in the table below.

Table 4 CXX Directors

Name	Title	Experience
Mr Craig Burton	Chairman	Mr Burton has 25 years' experience in financing, developing, and managing resource projects and mining service businesses, with his financing work taking him to Canada and the UK for resource projects involving diamonds, nickel, copper, gold and oil and gas. Mr Burton is the co-founder of two ASX 200 companies: Mirabela Nickel Ltd and Panoramic Resources Ltd, and is an active investor in emerging ventures and businesses with a focus on the oil and gas, mining and resources service sectors.
Mr Grant Davey	Executive Director	Mr Davey is a mining engineer with over 20 years of senior management and operational experience in the construction and operation of gold, platinum and coal mines in Africa, Australia, South America and Russia. More recently, he has acted as CEO for several ASX-listed exploration and mining projects. Mr Davey was instrumental in developing the Panda Hill Niobium Project in Tanzania, having previously been a Director of Cradle from April 2013 to November 2015. Mr Davey is also a Director of Panda Hill Tanzania Ltd the 50/50 joint venture company between Cradle and Tremont Investments Limited.
Mr Chris Bath	Non-Executive Director and Company Secretary	Mr Bath is a Chartered Accountant and Member of the Australian Institute of Company Directors. He has broad experience in the energy and resources sector, having held the role of CFO for a number of companies operating in Australia and Asia. Mr Bath was appointed as a Director on 8 July 2019.

Source: Company website

Financial information of CXX

- 5.9 The information in the following section provides a summary of the financial performance of Cradle for the six months ended 31 December 2019 and the years ended 30 June 2019 and 30 June 2018, as extracted from the reviewed and audited financial statements of the Company.
- 5.10 The auditor of CXX, Ernst & Young, has issued an unqualified review conclusion on the financial statements for the six months ended 31 December 2019.
- 5.11 The reviewed and audited financial statements of Cradle are prepared on a consolidated basis for Cradle, its two subsidiaries and the joint venture.

Financial performance

- 5.12 The following table sets out a summary of the consolidated financial performance of Cradle for the six months ended 31 December 2019 and for the two years ended 30 June 2019 and 30 June 2018.

Table 5 Cradle historical financial performance

\$	Ref	Half year ended 31-Dec-19 Reviewed	Year ended 30-Jun-19 Audited	Year ended 30-Jun-18 Audited
Interest income	5.14	7,472	37,676	28,082
Corporate and administrative expenses	5.15 5.16	(229,224)	(292,045)	(338,538)
Business development expenses		-	-	(282,994)
Arbitration expenses		-	(55,784)	(85,310)
Scheme transaction expenses		-	-	(44,743)
Employee benefits expenses		(109,115)	(206,000)	(222,941)
Share based payment expense		-	-	36,000
Share of loss of joint venture interests		(14,750)	(20,805)	(21,934)
Other income/(expenses)	5.17	-	293,378	5,708
Loss before income tax expense	5.13	(345,617)	(243,580)	(926,670)
Income tax expense		-	-	-
Loss after income tax expense		(345,617)	(243,580)	(926,670)
Items that may be reclassified subsequently to profit and loss:				
Foreign currency translation	5.18	18,631	1,169,757	876,893
Total comprehensive income/(loss) for the period		(326,986)	926,177	(49,777)

Source: Company Financials

- 5.13 CXX recorded a net loss before income tax of \$345,617 in the half-year ended 31 December 2019, following losses before tax of \$243,580 and \$926,670 in the years ended 30 June 2019 and 30 June 2018, respectively.
- 5.14 Cradle does not have any revenue-generating assets, therefore there is no operating income recorded, only interest income.
- 5.15 The most significant expense in corporate and administrative expenses relates to the serviced office fees, totalling \$180,000 for the years ended 30 June 2018 and 30 June 2019. The March 2020 quarterly activities report announced that \$33,000 was paid to an entity associated with Mr Burton for administrative services, banking and accounts payable management, office space and IT hardware and infrastructure.

- 5.16 During the six months to 31 December 2019, CXX has recorded legal fees as part of the Corporate and Administrative Expenses along with accounting fees and other regulatory expenses.
- 5.17 Other income and expenses for the year ended 30 June 2019 includes \$288,744 sundry income which relates to a free carry amount in PHT, arising from the equity accounting treatment of the joint venture, as Tremont sole-funded certain expenditures of PHT during the period.
- 5.18 The foreign currency translation relates to exchange differences arising on translation of foreign operations. PHT prepares its financial statements in USD which are converted by CXX to AUD at the end of the financial period for consolidation purposes. As at 31 December 2019, a rate of A\$1=US\$0.7006 was adopted.

Financial position

- 5.19 The table below sets out a summary of the consolidated financial position of Cradle as at 31 December 2019 and 30 June 2019.

Table 6 Cradle historical financial position

\$	Ref	31-Dec-19 Reviewed	30-Jun-19 Audited
ASSETS			
Cash and cash equivalents		1,473,875	1,865,314
Other receivables		19,626	18,933
Total Current Assets		1,493,501	1,884,247
Other receivables		102,856	102,856
Interest in joint ventures	5.21	23,125,828	23,056,027
Total Non-Current Assets		23,228,684	23,158,883
Total Assets		24,722,185	25,043,130
LIABILITIES			
Trade and other payables		62,119	56,078
Total Current Liabilities		62,119	56,078
Total Liabilities		62,119	56,078
Net Assets	5.20	24,660,066	24,987,052
EQUITY			
Contributed equity		31,245,828	31,245,828
Reserves		13,827,864	13,809,233
Accumulated losses		(20,413,626)	(20,068,009)
Total Equity		24,660,066	24,987,052

Source: Company Financials

- 5.20 At 31 December 2019, CXX had net assets of \$24.66m, primarily comprising a \$23.13m interest in the PHT joint venture and a net working capital surplus of around \$1.43m.
- 5.21 The interest in joint ventures relates to the 50% interest held by Cradle in PHT. The carrying value of the 50% interest is measured using the equity method of accounting in the financial statements of CXX. The carrying amount primarily represents the funding of exploration and evaluation costs of the Panda Hill Project. PHT does not have any other significant assets and liabilities aside from the Panda Hill Project. Further information on PHT is provided in section 6.

Capital structure

5.22 Cradle had 189,681,783 ordinary shares on issue at the date of this Report.

5.23 The top 20 shareholders of CXX as at 9 June 2020 are set out below.

Table 7 CXX Top 20 shareholders

Rank	Name	Total Units	% Issued Share Capital
1	TREMONT INVESTMENTS LIMITED	36,933,161	19.47%
2	AVIEMORE CAPITAL PTY LTD	28,800,000	15.18%
3	ARREDO PTY LTD	15,400,000	8.12%
4	EDWARDS FAMILY HOLDINGS LTD	14,250,000	7.51%
5	NATIONAL NOMINEES LIMITED	14,189,157	7.48%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,460,750	3.41%
7	NERO RESOURCE FUND PTY LTD	5,820,423	3.07%
8	MR BRETT MITCHELL & MRS MICHELLE MITCHELL	5,720,000	3.02%
9	BEIRNE TRADING PTY LTD	3,608,500	1.90%
10	RECB LIMITED	3,100,000	1.63%
11	EDWARDS FAMILY HOLDINGS LIMITED	2,575,000	1.36%
12	MS NICOLE GALLIN & MR KYLE HAYNES	2,000,000	1.05%
12	ALBA CAPITAL PTY LTD	2,000,000	1.05%
13	MR AZMAN RASHID HAROON	1,963,359	1.04%
14	31 MAY PTY LTD	1,640,212	0.86%
15	BLU BONE PTY LTD	1,608,112	0.85%
16	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN	1,550,000	0.82%
17	HAROLD CRIPPS HOLDINGS PTY LTD	1,448,942	0.76%
18	KOBIA HOLDINGS PTY LTD	1,350,000	0.71%
19	FW CO PTY LTD	1,250,000	0.66%
19	MR MAXWELL CRAIG HARTREE	1,250,000	0.66%
19	ABROLHOS EDGE PTY LTD	1,250,000	0.66%
19	PROSPERO CAPITAL PTY LTD	1,250,000	0.66%
20	IVORYROSE HOLDINGS PTY LTD	1,125,000	0.59%
Total Top 20 Shareholding		156,542,616	82.53%
Others		33,139,167	17.47%
Total issued capital		189,681,783	100.00%

Source: Company

5.24 Mr Craig Burton is the second largest shareholder in Cradle, holding interests in both Aviemore Capital Pty Ltd and Alba Capital Pty Ltd, and owns 16.23% of Cradle's issued shares.

5.25 Included in the 189,681,783 issued capital are 3.1m shares in escrow.

5.26 Cradle had no options on issue as at 31 December 2019.

Share price performance

5.27 The market capitalisation of CXX at the date of this report is \$6.6m.

5.28 The figure below sets out a summary of CXX's closing share prices and traded volumes for the 12 months to 30 June 2020.

Figure 2 CXX daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

5.29 In the period prior to the announcement of the Proposed Acquisition on 9 June 2020, CXX Shares were traded between \$0.025 and \$0.081 per share. The most significant trading day during this period was on the announcement day (9 June 2020) when approximately 33.7% of CXX's total volume of shares were traded.

5.30 The most significant trading days that have been summarised in the chart above are described as follows:

No.	Date	Comment
1	9-Jul-19	Board Changes Cradle announced that Mr Ian Middlemas resigned as Chairman and Director of the Company and Mr Gregory Swan resigned as Company Secretary of the Company. Mr Chris Bath was appointed as Director and Company Secretary of the Company.
2	31-Jul-19	June 2019 Quarterly Report Cradle released its quarterly report for the period ended 30 June 2019 which provided an update on the Panda Hill Niobium Project located in Tanzania. During the quarter, PHT continued to liaise with the Tanzanian Government to clarify the uncertainty surrounding new legislation governing the mining sector in Tanzania, and to progress discussions on what project financiers would require so as to complete the financing of the project.
3	27-Sep-19	Annual Report 2019 Cradle released its Annual Report to shareholders which reported that the Company posted a total comprehensive income of \$926,177 for the financial year ended 30 June 2019.
4	25-Oct-19	September 2019 Quarterly Report Cradle released its quarterly report for the period ended 30 September 2019 which provided an update on the Panda Hill Niobium Project located in Tanzania. During the quarter, PHT continued to liaise with the Tanzanian Government to clarify the uncertainty surrounding new legislation governing the mining sector in Tanzania, and to progress discussions on what project financiers would require so as to complete the financing of the project.

5	21-Nov-19	Results of AGM Cradle announced that the resolutions put to the Annual General Meeting for the re-election of Director Mr Grant Davey, election of Director Mr Chris Bath, and Adoption of Remuneration Report were all passed.
6	31-Dec-19	Whistleblower Policy Cradle announced that the Board of Directors have approved the Company's Whistleblower Policy.
7	28-Jan-20	December 2019 Quarterly Report Cradle released its quarterly report for the period ended 31 December 2019 which provided an update on the Panda Hill Niobium Project located in Tanzania. The Company and Tremont are in dispute regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement. The dispute has been referred to arbitration. The arbitration hearing was scheduled for June/July 2019 however the Parties have mutually agreed to postpone the arbitration hearing until May 2020 to allow time to renegotiate a simplified shareholders agreement.
8	13-Mar-20	Half Year Accounts Cradle released its Half Year Accounts to shareholders which reported that the Company posted a total comprehensive loss of \$326,986 for the half year ended 31 December 2019.
9	28-Apr-20	March 2020 Quarterly Report Cradle released its quarterly report for the period ended 31 March 2020 which provided an update on the Panda Hill Niobium Project located in Tanzania. There were no significant developments but it noted that the negotiations between Tremont and Cradle were progressing well in relation to a simplified shareholders agreement. Cash used in the quarter amounted to \$102,000 primarily on staff and corporate costs, resulting in a closing cash position of \$1.37 million as at 31 March 2020.
10	9-Jun-20	CXX and Tremont Agree Pathway Forward for Panda Hill Cradle announced that it had reached agreement with Tremont Investments Limited in connection with the Panda Hill Niobium Project and the current dispute and arbitration between Cradle and Tremont.

6. Profile of Panda Hill Tanzania Limited

Background

- 6.1 PHT, a company incorporated in Mauritius, is a joint venture between CXX and Tremont, with each owning 50%. However, it is subject to the legislation imposed by Tanzania, which entitles the Tanzanian Government 16% shareholding in all Tanzanian mining companies, referred to as “free carry”.
- 6.2 In addition, the new legislation allows the Tanzanian Government to negotiate all existing Mine Development Agreements. PHT does not have an agreement with the Tanzanian Government. It currently holds three standard mining licences, which do not require these agreements.
- 6.3 The PHT board comprises two Cradle representatives and two Tremont representatives, significant operational decisions require unanimous approval.
- 6.4 PHT owns 100% of the Panda Hill Niobium Project in Tanzania.
- 6.5 PHT’s financial reporting year end is 31 December. The financial statements are audited by PricewaterhouseCoopers and prepared in USD. CXX converts the financials to AUD for consolidation purposes. For the purposes of this report, we have adopted the conversion rate of A\$1=US\$0.7006 used by Cradle in their consolidated financial statements as at 31 December 2019.

Financial Position

- 6.6 The table below sets out a summary of the financial position of PHT as at 31 December 2019 and 30 June 2019.

Table 8 PHT historical financial position

\$	Ref	31-Dec-19 Audited	30-Jun-19 Management
ASSETS			
Cash and cash equivalents		25,345	226,581
Other receivables	6.9	69,616	1,438,248
Total Current Assets		94,961	1,664,829
Exploration and evaluation	6.10	50,169,725	50,422,938
Total Non-Current Assets		50,169,725	50,422,938
Total Assets		50,264,686	52,087,767
LIABILITIES			
Trade and other payables	6.11	6,689,852	5,975,712
Total Current Liabilities		6,689,852	5,975,712
Total Liabilities		6,689,852	5,975,712
Net Assets		43,574,834	46,112,055
EQUITY			
Contributed equity		41,292,702	40,781,195
Reserves		4,498,784	5,448,956
Accumulated losses		(2,216,651)	(118,096)
Total Equity		43,574,835	46,112,055

Source: Company Financials

- 6.7 The above financial position relates to 100% of PHT, extracted from the financials of PHT. As PHT is only audited at year end, the 30 June 2019 financials are management prepared accounts.
- 6.8 Cradle records 50% of the net assets as its interest in the joint venture at carrying value, which is measured using the equity method of accounting.
- 6.9 The other receivables relate to tax and prepayments.
- 6.10 Exploration and evaluation costs relate to capitalised expenses with respect to the Panda Hill Project.
- 6.11 The trade and other payables include loans of approximately \$5.80m owing to Tremont (US\$4.06m), \$103,620 owing to Cradle (US\$72,596) and a further \$711,311 owing to Tremont (US\$498,344) as at 31 December 2019 relating to the self-funding loan account. Cradle's Annual Report advises that the amounts owing to CXX are unsecured, interest free and repayable on demand.

7. Profile of Tremont Investments Limited

Background

- 7.1 Tremont is wholly owned by Tremont Master Holdings Ltd ("Tremont Holdings"), a private entity incorporated in Mauritius. Tremont was incorporated as a special purpose vehicle for holding securities in Cradle and PHT.
- 7.2 Tremont Holdings invests in African mining assets across all stages of the mining project life cycle. Tremont Holdings has been making a number of investments in Ivory Coast, Tanzania, Democratic Republic of Congo, Gabon and South Africa since 2011.
- 7.3 Denham Capital Management LP ("Denham Capital") is a global energy and resources private equity firm. Since its founding in 2004, Denham Capital has raised eleven institutional funds, totalling over \$9bn in committed capital. Denham Capital invests in three energy and resources sub-sectors – oil and gas, mining and international power. Three of these funds indirectly hold the majority of the shares in Tremont Holdings.

8. Valuation approach

Basis of Valuation

- 8.1 The valuation of the Buy-Back Shares and Consideration have been prepared on the basis of Fair Market Value, being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 8.2 In assessing the Fair Market Value of the Buy-Back Shares and the Consideration, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 8.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 8.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 8.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 8.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 8.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow;
 - capitalisation of future maintainable earnings.
- 8.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

- 8.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

- 8.10 Asset based methodologies estimate the Fair Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 8.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 8.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 8.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of the Buy-Back Shares

- 8.14 In assessing the value of the Buy-Back Shares, we have selected the following valuation methodologies:
- sum of parts method which estimates the value of CXX by valuing the various assets and liabilities of CXX and aggregating these values (primary methodology); and
 - quoted price of listed securities (secondary methodology).
- 8.15 We have instructed SRK to act as an independent expert to value the Panda Hill Project, being the sole asset of PHT in which CXX holds a 50% interest. Their Technical Report is included at Appendix E.
- 8.16 SRK considers that the Panda Hill Project is a pre-development project and accordingly adopted the following valuation methodologies in determining its assessed range of value:
- Market – Sales Comparison Approach; and
 - Cost – Yardstick Factors.
- 8.17 Our valuation methodologies were selected on the following basis:
- Cradle is a mineral exploration company with no revenue-generating assets, therefore income based valuation methodologies are not considered to be appropriate;

- The net assets on a going concern approach is most appropriate for entities holding non-producing mineral assets such as the Panda Hill Project, with the remaining assets held by CXX primarily comprising cash holdings; and
- As a listed company, the underlying traded share price is considered to be an appropriate valuation methodology to consider.

Valuation of Consideration

- 8.18 In assessing the value of the Consideration, being 4,607,389 PHT Shares held by CXX, we have utilised the net assets on a going concern methodology consistent with the approach for CXX given that PHT is the primary asset of CXX.

9. Valuation of the Buy-Back Shares and Consideration

- 9.1 As stated at paragraph 8.14 we have assessed the value of the Buy-Back Shares on a net assets on a going concern basis and have also considered the quoted price of CXX listed securities.

Net assets on a going concern methodology (primary method)

- 9.2 We have assessed the value of a CXX Share to be in the range of \$0.113 and \$0.153 with a preferred value of \$0.132 per share, based on the net assets on a going concern valuation methodology, as summarised in the table below.

Table 9 Assessed Fair Market Value of a CXX Share

A\$000's	Ref	31-Dec-19 Reviewed	Adjustments		Assessed Value		
			Low	High	Low	High	Preferred
ASSETS							
Cash and cash equivalents	9.5	1,474	(255)	(255)	1,219	1,219	1,219
Other receivables	9.6	122	(12)	(12)	111	111	111
50% interest in PHT	9.11	23,126	(2,923)	4,627	20,203	27,753	23,703
Total Assets		24,722	(3,190)	4,360	21,532	29,082	25,032
LIABILITIES							
Trade and other payables	9.6	62	(55)	(55)	7	7	7
Total liabilities		62	(55)	(55)	7	7	7
Net Assets		24,660	(3,134)	4,416	21,526	29,076	25,026
Number of shares on issue		189,681,783			189,681,783	189,681,783	189,681,783
Assessed value per share					0.113	0.153	0.132

Source: RSM Analysis

- 9.3 Our assessment has been based on the reported net assets of the Company as at 31 December 2019 of \$24.66m, as set out in the Company's reviewed half-year financial statements.
- 9.4 In order to calculate the current market value of Cradle's Shares, we have made a number of adjustments to the carrying values of assets and liabilities included in the Statement of Financial Position at 31 December 2019. These adjustments are set out below.
- Cash*
- 9.5 We have adjusted the cash balance to reflect the expenditure since 31 December 2019, based on Cradle's management accounts as at 31 May 2020, which showed a cash balance of \$1.22m.
- Working capital*
- 9.6 We have adjusted the working capital balances to reflect movements since 31 December 2019, based on Cradle's management accounts as at 31 May 2020.

50% interest in PHT

- 9.7 As set out in paragraph 8.15, we instructed SRK to act as independent expert to value the Panda Hill Project prior to the Proposed Transaction. Their final report dated 10 August 2020 is attached at Appendix E of our Report.
- 9.8 SRK placed most reliance on the values implied by the Sales Comparison Approach, which is based on a review of global transactions involving niobium as the primary commodity to be produced. Noting that there is a general paucity of comparable transactions for niobium projects, SRK selected four completed market transactions that were undertaken on broadly comparable projects.
- 9.9 SRK concluded that the valuation range for a 100% interest in the Panda Hill Project is between \$47.0m and \$62.1m, with a preferred value of \$54.0m.
- 9.10 We have also considered the other assets and liabilities of PHT, which primarily relate to minor cash holdings and outstanding balances with the joint venture partners including loans which will be settled by issue of new equity as part of the Implementation Deed terms. As set out in the table below, we have relied on the values recorded in the PHT 31 December 2019 audited financials adjusted for the assessed value of the Panda Hill Project.

Table 10 Assessed Value of 50% Interest in PHT

A\$000's	Ref	31-Dec-19	Adjustments		Assessed Value		
		Audited	Low	High	Low	High	Preferred
ASSETS							
Cash and cash equivalents	9.5	25	-	-	25	25	25
Other receivables	9.6	70	-	-	70	70	70
Exploration and evaluation	9.9	50,170	(3,170)	11,930	47,000	62,100	54,000
Total Assets		50,265	(3,170)	11,930	47,095	62,195	54,095
LIABILITIES							
Trade and other payables	9.6	6,690	-	-	6,690	6,690	6,690
Total liabilities		6,690	-	-	6,690	6,690	6,690
Net Assets		43,575	(3,170)	11,930	40,405	55,505	47,405
Value of 50% Interest					20,203	27,753	23,703

Source: RSM Analysis

- 9.11 Reflecting the 50% interest held in PHT by CXX, this equates to an assessed value of between \$20.20m and \$27.75m, with a preferred value of \$23.70m.
- 9.12 We have not applied any minority discounts to the assessed net asset value as we do not consider it to be appropriate in the circumstances where a 50% joint venture exploration asset and cash are the sole assets of a company, and also consider that this reflects the overall substance of the Proposed Transaction.

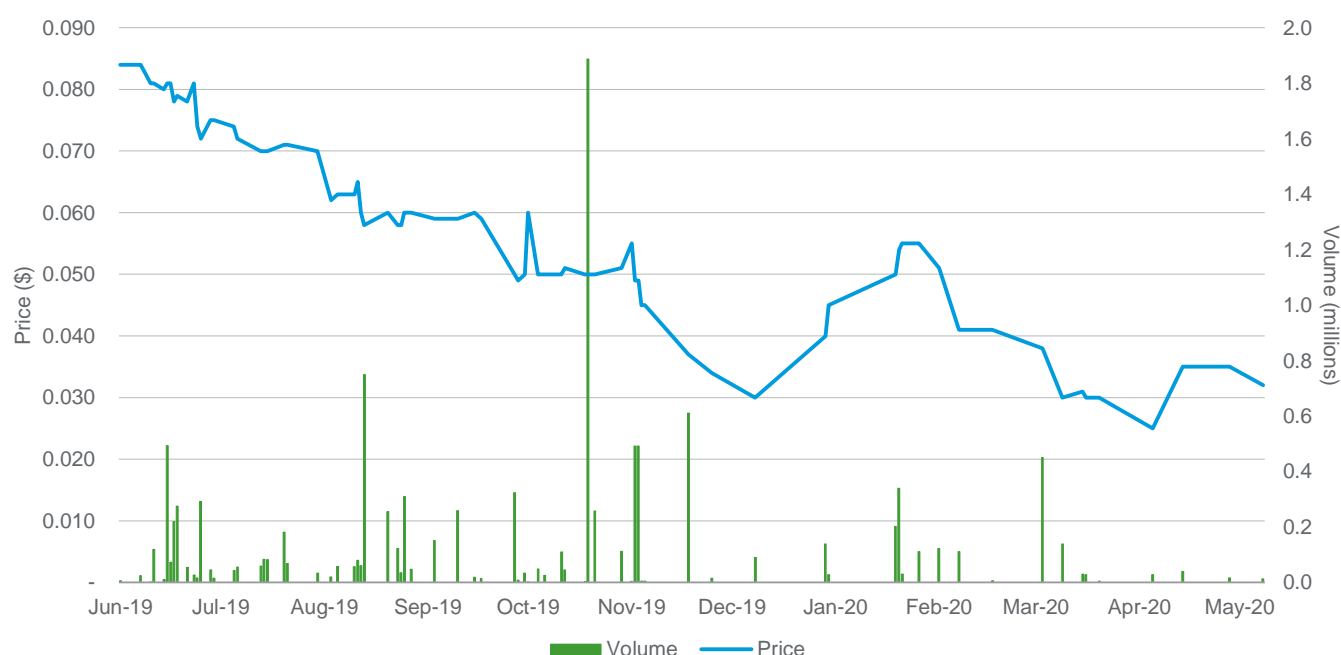
Quoted price of listed securities (secondary method)

- 9.13 In order to provide a comparison and cross check to our sum of parts valuation of Cradle, we have considered the recent quoted market price for CXX shares on the ASX prior to the announcement of the Proposed Transaction.

Analysis of recent trading in CXX Shares

9.14 The figure below sets out a summary of the closing share price and volume of CXX Shares traded in the 12 months to 8 June 2020, the day prior to the announcement of the Proposed Transaction.

Figure 3 CXX daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

9.15 During the 12-month period prior to the announcement of the Proposed Transaction, CXX Shares traded between \$0.025 and \$0.084 per Share.

9.16 To provide further analysis of the quoted market prices for CXX's Shares, we have considered the volume-weighted average price (VWAP) over a number of trading day periods ending 8 June 2020. An analysis of the volume in trading in CXX's Shares for the 1, 5, 10, 30, 60, 90, and 180 day trading periods is set out in the table below:

Table 11 Traded volumes of CXX Shares to 8 June 2020

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	-	-	-	0.034	0.032	0.042	0.042	0.043
Total volume (000's)	-	-	-	29.5	747.9	1,465.0	1,924.2	6,689.0
Total volume as a % of total shares	0.00%	0.00%	0.00%	0.03%	0.65%	1.27%	1.67%	5.79%
Low price	0	0	0	0.032	0.025	0.025	0.025	0.025
High price	0	0	0	0.036	0.038	0.055	0.055	0.061

Source: S&P Capital IQ/ ASX

9.17 No shares were traded for the 1, 5 and 10 day trading periods. The analysis shows that CXX Shares are not liquid, with only 5.79% of the issued capital being traded over the most recent 180-day trading period.

Value of CXX Share on a non-control minority basis

- 9.18 CXX Shares were only traded for two days during the 30-day trading period prior to the announcement of the Proposed Transaction, therefore we have considered the 120-day period in our analysis.
- 9.19 In our opinion, the weighted average share price of CXX over the last 120 days is most reflective of the underlying value of a CXX Share. As such, we consider a range of values of between \$0.032 and \$0.042 (1 – 120 day VWAP) reflects the quoted market price valuation of a CXX Share on a minority basis prior to the Proposed Transaction.

Valuation summary and conclusion

- 9.20 A summary of our assessed values of an ordinary Cradle Share on a non-controlling basis, derived under the two methodologies, is set out in the table below.

Table 12 CXX Share valuation summary

A\$	Ref	Low	High	Preferred
Net assets on a going concern	9.2	0.113	0.153	0.132
Quoted market price	9.19	0.032	0.042	0.037
Selected value per share		0.113	0.153	0.132

Source: RSM Analysis

- 9.21 In our opinion, we consider that the net assets on a going concern valuation methodology provides a better indicator of the Fair Market Value of a CXX Share. Our analysis of the trading of CXX's Shares prior to the announcement of the Proposed Transaction indicates that the market for CXX's Shares is not liquid or deep enough to provide a reliable assessment of their Fair Market Value via the quoted market price methodology. In addition, the shareholding spread of CXX Shares is tightly held, with 58% held by the Top 5 holders.
- 9.22 Therefore, in our opinion, the Fair Market Value of a CXX Share prior to the Proposed Transaction is between \$0.113 and \$0.153 per share, with a preferred value of \$0.132 per share.
- 9.23 Applying the selected value per CXX Share to the 36,933,161 Buy-Back Shares, the Fair Market Value of the 19.47% shareholding in CXX subject to the Buy-Back is summarised in the following table:

Table 13 Assessed Value of Buy-Back Shares

A\$000s	Ref	Assessed Value		
		Low	High	Preferred
Assessed value of CXX share (\$)	9.22	0.113	0.153	0.132
Number of Buy-Back Shares (19.47%)	Error! Reference source not found.	36,933,161	36,933,161	36,933,161
Assessed Value of Buy-Back Shares (\$000's)		4,191	5,661	4,873

Source: RSM Analysis

- 9.24 In our opinion, the Fair Market Value of the Buy-Back Shares is in the range of \$4.19m to \$5.66m, with a preferred value of \$4.87m.

Value of Consideration

- 9.25 Consistent with the approach for CXX, we have relied on the assessed value of CXX's 50% interest in PHT to determine the value of the Consideration (being 4,607,389 PHT Shares which equates to 19.47% of the PHT shares held by CXX), as shown in the table below.

Table 14 Assessed Value of Consideration

A\$000s	Ref	Assessed Value		
		Low	High	Preferred
Assessed Value of CXX's 50% interest in PHT	9.11	20,203	27,753	23,703
Assessed value of 19.47% of CXX's interest in PHT		3,933	5,403	4,615

Source: RSM Analysis

- 9.26 In our opinion, the Fair Market Value of the Consideration offered is in the range of \$3.93m to \$5.40m, with a preferred value of \$4.62m.
- 9.27 We note that our assessment of the Consideration has been undertaken on a Fair Market Value basis, consistent with our assessment of the Buy-Back Shares. This reflects the value which should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.
- 9.28 The value of the Consideration, being 4.6 million shares in PHT, is likely to have a higher perceived value for Tremont as it results in an increase in Tremont's PHT shareholding from 50% to 62.8% and provides additional control to Tremont in regards to the operations of PHT and the Panda Hill Project. The perceived value to a specific acquirer is referred to as Special Value.
- 9.29 Our fairness assessment does not reflect this value to Tremont as we have prepared our valuation on a Fair Market Value basis and from the perspective of the CXX Non-Associated Shareholders. Our assessment of reasonableness considers the loss of control over the Panda Hill Project for CXX Non-Associated Shareholders.

10. Is the Proposed Transaction Fair to Non-Associated Shareholders?

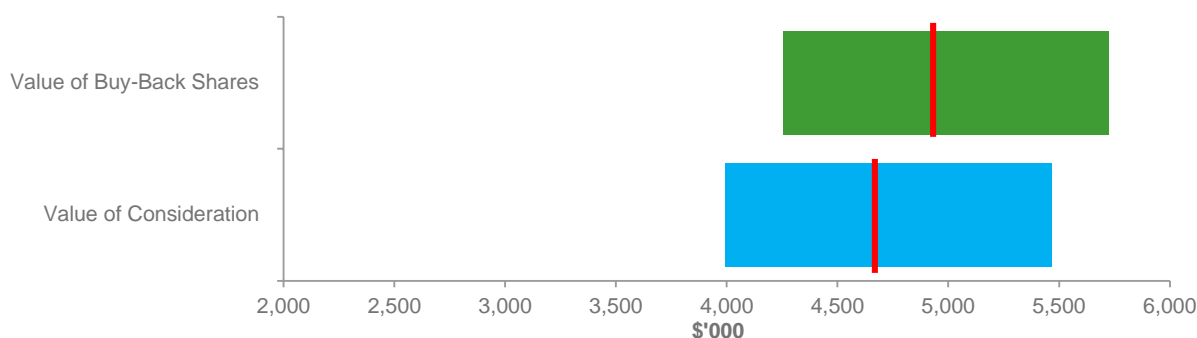
10.1 In order to assess whether the Proposed Transaction is fair to Shareholders, we have compared the value of the Buy-Back Shares to the value of the Consideration as set out in the table and graph below.

Table 15 Assessment of Fairness

Assessment of fairness \$'000	Ref	Value		
		Low	Preferred	High
Value of Buy-Back Shares	9.24	4,191	4,873	5,661
Value of Consideration	9.26	3,933	4,615	5,403

Source: RSM Analysis

Table 16 Assessment of Fairness graphical representation



Source: RSM Analysis

10.2 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with ASX Listing Rule 10.1, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of CXX as the value of the Consideration is less than the assessed values of the Buy-Back Shares being acquired. In forming our opinion, we have had particular reference to the preferred values.

10.3 We note that the ranges of values are relatively wide as they are driven by the valuation range attributed to the Panda Hill Project, as set out in the independent specialist report attached at Appendix E. It is not uncommon to have a wide range of values for pre-development and early stage mining assets due to the uncertainty around successful funding and exploitation.

11. Is the Proposed Transaction Reasonable to Non-Associated Shareholders?

11.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of CXX if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of CXX if the Proposed Transaction does not proceed

11.2 If the Proposed Transaction does not proceed, the Implementation Deed between Tremont and Cradle will be terminated and the existing Arbitration will continue, incurring additional legal costs and leaving an uncertain outcome for CXX Non-Associated Shareholders.

Advantages and disadvantages

11.3 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantages	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to the Non-Associated Shareholders.
Settlement of the Arbitration	If the Proposed Transaction is approved, the dispute and arbitration between Tremont and Cradle will be settled, which eliminates the expense of costly legal proceedings and provides certainty for the Board and management of Cradle.
PHT will become debt-free	If the Proposed Transaction is approved, it will enable PHT to become debt free and no longer be subject to the Arbitration. As a result, it will be able to continue to focus on the development of the Panda Hill Project.
No further financial exposure to PHT funding for Cradle	Cradle will have no further obligation to contribute additional funding to PHT or the Panda Hill Project, whilst retaining upside on the project achieving development funding. Accordingly, Cradle will be able to explore potential new project opportunities.
Reduction in total number of shares on issue	If the Proposed Transaction is approved, the total issued share capital of Cradle will be reduced by approximately 20% and the percentage interests held by the remaining shareholders will be increased accordingly.
Removal of significant shareholding by Tremont	The Proposed Transaction will result in Tremont no longer holding an equity interest in Cradle. Substantial shareholdings, such as 19.47% interests, are often seen as a deterrent to takeover bids.

Disadvantages of approving the Proposed Transaction

Disadvantages	Details
Potential for less favourable outcome	Settling the dispute outside of the Arbitration may result in less favourable terms than would have been determined by the arbitrator.
Tremont will take effective control of the Panda Hill Project	As a result of the Proposed Transaction, Tremont will hold 62.8% of PHT's shares and assume Board control of PHT. This will give Tremont ultimate control over the decision to proceed with development capital raising, or not. Cradle will have limited influence and if Tremont are unable to proceed to development phase then there is a risk that the Panda Hill Project will not be progressed.

Disadvantages	Details
Reduced ownership interest in PHT	Cradle will hold a reduced ownership interest in PHT and therefore a reduced interest in any dividends or cash flow which could be received from PHT in the event the Panda Hill Project is developed.

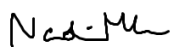
Conclusion on Reasonableness

- 11.4 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of CXX.
- 11.5 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

N MARKE



Director

J AUDCENT



Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Nadine Marke and Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Nadine Marke and Justin Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Cradle Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$25,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Cradle Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for Cradle for the years ended 30 June 2018 and 30 June 2019;
- Reviewed financial statements for Cradle for the half-year ended 31 December 2019;
- Cradle management accounts to 31 May 2020;
- Management consolidated workings and trial balance for the year ended 30 June 2019 and half year ended 31 December 2019;
- Audited financial statements for PHT for the years ended 31 December 2018 and 31 December 2019;
- Trial balance for PHT as at 30 June 2020;
- Top 20 shareholder report of Cradle;
- Escrowed shares of Cradle at 24 June 2020;
- SRK draft and final report for the Panda Hill Niobium Project;
- Fully executed Implementation Deed between Tremont and Cradle, dated 5 June 2020;
- Amendment to the Implementation Deed between Tremont and Cradle;
- Fully executed Buy-Back Agreement between Tremont and Cradle, dated 5 June 2020;
- Amendment to the Buy-Back Agreement between Tremont and Cradle;
- ASX announcements of Cradle;
- S&P Capital IQ database;
- Roskill market report “Niobium Outlook to 2029”, published December 2019;
- IBISWorld Mineral Exploration in Australia Industry Report, published November 2019; and
- Discussions with Mr Chris Bath, company secretary.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
Arbitration	Ongoing arbitration proceedings between Cradle and Tremont, in connection with the Panda Hill Project
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Buy-Back Shares	19.47% shareholding interest in Cradle held by Tremont, being 36,933,161 shares
Buy-Back Agreement	Buy-Back Agreement between, among others, Tremont and Cradle, dated 5 June 2020, (as amended on 28 July 2020)
Company	Cradle Resources Limited
Consideration	Approximately 9.7% of total PHT Shares, being 4,607,389 shares
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Cradle	Cradle Resources Limited
CXX	Cradle Resources Limited
Denham Capital	Denham Capital Management LP
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
IER	This Independent Expert Report
Implementation Deed	Implementation Deed between, among others, Tremont and Cradle, dated 5 June 2020 (as amended on 28 July 2020)
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
PHM	Panda Hill Mining Pty Ltd
PHT	Panda Hill Tanzania Ltd
PHT Share	Ordinary full paid share in the capital of PHT

Proposed Transaction	The buy-back of Tremont's existing 19.47% shareholding in Cradle, in consideration for approximately 9.7% shares in PHT
Report	This Independent Expert's Report prepared by RSM dated 10 August 2020
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or CXX Share or Cradle Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
Tremont	Tremont Investments Limited
Tremont Holdings	Tremont Master Holdings Limited
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VWAP	Volume weighted average share price

D. INDUSTRY OVERVIEW

Mining Exploration Industry

- 11.6 According to IBISWorld, the mineral exploration industry has returned to growth over the past five years, following a sustained period of decline after the end of the mining boom. This growth is largely in response to an increase in commodity prices. Industry revenue is expected to increase by 9.5% in 2019-20, as the mineral exploration cycle continues to move into a new growth phase.
- 11.7 Almost all mining companies with established operations undertake exploration. These activities tend to be heavily weighted towards brownfield exploration projects near existing sites. At the other end of the spectrum, many junior miners also operate in the industry. These miners are generally more likely to have taken out mineral exploration licences for greenfield sites. In general, smaller operators have less diversity across the minerals that they prospect for, as they are typically more specialised operators.
- 11.8 Junior minors are mainly engaged in exploration. Additionally, they are defined as having a market capitalisation of less than \$200 million if they are listed, tend to be illiquid in listed trading and depend on equity for funding. Their ability to access funding varies, but generally increases when commodity prices are high. Just over 30% of industry activity relates to new deposits, which are also referred to as greenfield sites. This exploration is generally undertaken by junior miners, due to its risk and lower barriers to entry. New deposits are defined as either previously unknown mineralisation or known mineralisation that has not been sufficiently explored to be classed as an inferred mineral resource. Over the past five years, as appetite for funding exploration has diminished, spending by junior miners has decreased substantially. Therefore, this market's share of revenue has declined over the period.
- 11.9 IBISWorld identifies the key success factors in the mineral exploration industry as:
- Economies of scope;
 - Downstream ownership links;
 - Ability to expand and curtail operations rapidly in line with market demand;
 - Access to multiskilled and flexible workforce; and
 - Must have licence.
- 11.10 IBISWorld forecasts the industry revenue to increase at an annualised 5.3% over the five years through 2024-25. Following a return to growth over the past five years, demand for mineral exploration is projected to continue increasing. Consequently, industry revenue is set to improve as the demand for exploration gradually rises. However, exploration expenditure by major mining firms and junior miners is unlikely to return to the level it reached during the height of Australia's mining boom. Growth in exploration is anticipated to be gradual as firms focus on production at existing mine sites. Uncertainty among investors and lower rates of mineral discovery are also likely to constrain growth.

Niobium

- 11.11 Niobium additions in steel significantly increases strength, so less steel is required overall, which can reduce cost substantially. This has been the basis for the development and growth in its use over the last few decades and should remain the driver in the years to come.
- 11.12 Approximately 90% of all niobium is used in manufacturing high-strength, low alloy steel. The rest goes into a wide range of smaller-volume but higher-value applications, such as high-performance alloys, superconductors, electronic components and functional ceramics.

- 11.13 Ferroniobium is the main niobium product.
- 11.14 Roskill provides research and consulting in metals, minerals and chemical industries. According to the Roskill market report “Niobium Outlook to 2029”, published December 2019, the demand for ferroniobium has increased considerably over the past two years. A tight vanadium market coupled with the introduction of new reinforcing bar standards in China caused ferrovanadium prices to spike in 2018. This prompted unexpected levels of substitution, and Chinese steel makers started to use ferroniobium. In addition, the strong demand for ferroniobium in line pipe and automotive applications, meant that imports into China (and exports out of Brazil) reached record highs. Based on US Geological Survey data released in August 2019, ferroniobium imports into China were estimated to have increased by 50% in 2019 compared to the previous year.
- 11.15 Almost all ferroniobium supply is from three producers. CBMM, based in Brazil and the largest of the three, produces approximately 84% of the world's niobium. According to Roskill, the company historically has operated comfortably below operational capacity, however recent demand has resulted in rising operating rates and prompted an increase in ferroniobium capacity.
- 11.16 The two other producers, Magris Resources in Canada and China Molybdenum in Brazil, each produce approximately 8% of the world's niobium and are thought to be operating close to capacity.
- 11.17 In addition to expansion at current operations, there are numerous niobium projects in the exploration phase, some of which could come on-stream over the coming years. However, while some have released feasibility studies, there have been no new niobium mines coming into production since the mid-1970's.

E. INDEPENDENT TECHNICAL SPECIALIST'S REPORT

Independent Specialist Report on the Panda Hill Niobium Project

Report prepared for

**Cradle Resources Limited and
RSM Corporate Australia Pty Ltd**

Report prepared by



SRK Consulting (Australasia) Pty Ltd

RSA001

August 2020

Independent Specialist Report on the Panda Hill Niobium Project

Cradle Resources Limited

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Executive Summary

RSM Corporate Australia Pty Ltd (RSM) has been engaged by Cradle Resources Limited (Cradle or the Company) to prepare an Independent Expert Report (IER) in relation to the proposed buyback of a 19.47% shareholding in Cradle held by Tremont Investments Limited (Tremont) in return for transferring to Tremont 19.47% of the Company's shares in Panda Hill Tanzania Ltd (PHT) (Proposed Transaction).

Cradle has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR or Report) in relation to matters on which RSM is not an expert. The scope of the work to be completed by SRK was set by RSM.

The mineral asset which is the subject of this Report is the Panda Hill Niobium Project (Project). The Project is located within three granted Mining Licences, covering a total area of 22.1 km² in the Myeba region of southern Tanzania. The Project has a current Mineral Resource estimate of 178 Mt at 0.50% Nb₂O₅ for 891 kt of contained Nb₂O₅, which was reported at a cut-off grade of 0.50% Nb₂O₅ (Refer to the Australian Securities Exchange (ASX) press release dated 30 April 2015 for further information); and a current Exploration Target of 200 Mt to 400 Mt at a grade between 0.4% and 0.6% Nb₂O₅ (Refer to the ASX press release dated 23 April 2015 for further information). The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012). The Exploration Target was not reported as part of any Mineral Resource or Ore Reserve estimate. SRK is not aware of any new information or data that materially affects the information included in the ASX press releases relating to the Mineral Resource estimate and Exploration Target (Estimates). All material assumptions and technical parameters underpinning the Estimates in the ASX press releases continue to apply and have not materially changed.

While a Feasibility Study was previously completed at the Project and an Ore Reserve declared, as at the date of this Report, the Project is not supported by an Ore Reserve estimate. The Ore Reserve estimate was withdrawn by Cradle due to the uncertainty surrounding the Modifying Factors as a result of ongoing litigation with Tremont and the Tanzanian Government's moratorium on licensing and approvals.

SRK's scope of work included an assessment of the reasonableness of the technical information supplied by Cradle, and SRK's estimate of the unfunded market value of the Project and its associated tenure.

SRK's recommended valuation ranges and preferred values are detailed in the Valuation section of this Report and are summarised in Table ES-1. The valuation ranges were developed on the basis of the perceived potential of the Project.

Table ES-1: Valuation summary as at 1 July 2020

Method	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Sales comparison approach	47.0	62.1	54.0
Cross-check cost method	53.3	121.4	87.3
Selected	47.0	62.1	54.0

Note: Any discrepancies between values in the table are due to rounding.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Cradle Resources Limited (Cradle or the Company). The opinions in this Report are provided in response to a specific request from Cradle to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

AIG	Australian Institute of Geoscientists
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BAC	Base Acquisition Cost
Bq/g	becquerels per gram
Cradle or Company	Cradle Resources Ltd
DCF	Discounted Cashflow
DHEM	downhole electromagnetic survey
g/t	grams per tonne
GLpa	gigalitres per annum
ha	hectares
IER	Independent Expert Report
IP	induced polarisation
ISR	Independent Specialist Report
JORC	Joint Ore Reserves Committee
kt	kilotonnes
LOM	life-of-mine
M	Mining Licence (prefix)
m ³	cubic metres
MCP	Mine Closure Plan
Mg	magnesium
Mt	million tonnes
Mtpa	million tonnes per annum
MW	megawatts
Ni	niobium
Ni ₂ O	niobium oxide
QA/QC	quality assurance and quality control
RAB	rotary air blast
RC	reverse circulation
RICS	Royal Institution of Chartered Surveyors
ROM	run-of-mine
RSM	RSM Corporate Australia Pty Ltd
SAG	semi-autogenous grinding
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
tpa	tonnes per annum
TSF	tailings storage facility
US\$	United States dollar
VALMIN	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets

1 Introduction and Scope of Report

RSM Corporate Australia Pty Ltd (RSM) has been engaged by Cradle Resources Limited (Cradle or the Company) to prepare an Independent Expert Report (IER) in relation to the proposed buyback of a 19.47% shareholding in Cradle held by Tremont Investments Limited (Tremont) in return for transferring to Tremont 19.47% of the Company's shares in Panda Hill Tanzania Ltd (PHT) (Proposed Transaction).

Cradle has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR or Report) in relation to matters on which RSM is not an expert. The scope of the work to be completed by SRK was set by RSM. The mineral asset which is the subject of this ISR is the Panda Hill Niobium Project (Project), which comprises three granted Mining Licences (MLs), covering a total area of 22.1 km² in the Myeba region of southern Tanzania.

The Project hosts a current Mineral Resource estimate of 178 Mt at 0.50% Nb₂O₅ for 891 kt of contained niobium pentoxide, which is categorised as 16.0 Mt at 0.63% Nb₂O₅ of Measured material, 53.0 Mt at 0.50% Nb₂O₅ of Indicated material and 109.0 Mt at 0.48% Nb₂O₅ of Inferred material. In addition, exploration at the Project has resulted in a current Exploration Target of 200 Mt to 400 Mt at a grade between 0.4% and 0.6% Nb₂O₅. The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012). The Exploration Target was not reported as part of any Mineral Resource or Ore Reserve estimate.

While a Feasibility Study was previously completed at the Project and an Ore Reserve declared, as at the date of this Report, the Project is not supported by an Ore Reserve estimate. The Ore Reserve estimate was withdrawn by Cradle due to the uncertainty surrounding the Modifying Factors as a result of ongoing litigation with Tremont and the Tanzanian Government's moratorium on licensing and approvals.

SRK's scope of work included an assessment of the reasonableness of the technical information supplied by Cradle, and SRK's estimate of the unfunded market value of the Project and its associated tenure. SRK used the current Mineral Resource estimate and Exploration Target as the basis for its assessment of Project value.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of, and production from, those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

For this valuation, the mineral asset comprising the Project was classified in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

Based on its review of the available technical data, SRK has classified the Panda Hill Project as a Pre-Development Project.

1.1 Reporting standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015), with the exception of Section 11.1 (see Section 1.2 of this Report for further detail).

The authors of this Report are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- the 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

The peer reviewer of this Report, Mr Jeames McKibben, is a Registered Valuer and Chartered Valuation Surveyor with the Royal Institution of Chartered Surveyors (RICS). As a result, this Report may be subject to monitoring by RICS under the Institution's Conduct and Disciplinary Regulations. This Report does not comply with the RICS 2017 Valuation Standards, otherwise known as the 'Red Book', as SRK is required to provide a valuation range that reflects the highest and lowest likely Market Values of the subject mineralisation in accordance with our mandate. As such, it is noted that this Report is a departure from the Red Book standard.

As per the VALMIN Code (2015), a first draft of the Report was supplied to Cradle to check for material error, factual accuracy and omissions before the final version of the Report was issued.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between the owners of the Project and any other parties.

1.2 Work program

This assignment commenced in June 2020, with a review of publicly available data and other information sourced by SRK from literature, as well as subscription databases such as S&P Global Market Intelligence database services. Cradle also provided SRK with access to an online dataroom.

In order to meet the requirement set out in Section 11.1 of the VALMIN Code (2015), a site inspection to the Panda Hill Project is required. Given that there are current global travel restrictions in place due to the COVID-19 pandemic, an in-person site inspection was not possible at the Effective Date of this Report, being 1 July 2020. As an alternative to the in-person site inspection, Ms Karen Lloyd discussed the material technical risk aspects of the Project with Cradle personnel. In SRK's opinion this is a reasonable and acceptable approach given the circumstances; however, this approach is not as comprehensive as an actual site inspection and therefore some residual risks may remain. This Report is therefore not fully compliant with Section 11.1 of the VALMIN Code (2015).

1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has sighted a Legal Opinion Report (Legal Opinion) prepared by Rex Advocates, an independent legal firm located in Dar es Salaam, Tanzania.

The Legal Opinion confirms that, as at the date of this Report:

- The Project is duly registered and validly existing under the laws of the United Republic of Tanzania.
- The mineral rights held by the Company are properly held and are not subject to any third-party encumbrance or claim and there is no registered dealing on the mineral rights.
- Subject to prescribed statutory approvals, the Company has powers to sell or otherwise dispose of whole or any part of the Company, either together or in portion.
- The Mining Licences are validly held by the Company and the Company has exclusive rights to develop a mine and undertake mining activities over the licensed area. The Mining Licences have been validly granted and transferred to Panda Hill pursuant to the *Mining Act 2010* and are in good standing and have not been cancelled, suspended or expired.
- In as far as Rex Advocates was instructed by the Company, Rex Advocates is not aware of any pending dispute or litigation against the Company or the Project that may impinge on the Company's rights to the mineral rights.
- There is no record of a default of any matter that would lead to or expose the Mining Licences to forfeiture or revocation or otherwise cancellation under the *Mining Act 2010*.

1.4 Effective date

The effective date of this Report is 1 July 2020.

1.5 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who

have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below and in Table 1-1.

Karen Lloyd, Associate Principal Consultant (Project Evaluation), MBA, BSc (Hons), FAusIMM

Karen has 25 years international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia, Africa, the Americas and Europe.

Karen is a Fellow of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Rebecca Getty, Principal Consultant (Environmental Management), MEM, BSc (Hons), MAusIMM, MAIG

Rebecca is an environmental management professional with 11 years' experience in the mining industry. Her experience as an environmental advisor includes mine closure planning and cost estimation, due diligence, assurance matters, environmental management plans and environmental approvals. She commenced her career as an exploration geologist, responsible for supervising drill programs and preparing technical and statutory reports. Rebecca has strong project management and risk assessment skills. Her duties have included planning multi-disciplinary projects, organisation of subconsultants, budget and scheduling control and effective communication. Rebecca's experience in technical reporting includes authoring and co-authoring of reports to international reporting guidelines.

Rebecca is a Member of the AusIMM and a Member of the AIG. She has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Jeames McKibben, Principal Consultant (Project Evaluation), MBA, BSc (Hons), FAusIMM(CP), MAIG, MRICS.

Jeames is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide.

Jeames is a Fellow of the AusIMM, a Member of the AIG, and a Member of the Royal Institution of Chartered Surveyors. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Table 1-1: Details of the qualifications and experience of the project team

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Karen Lloyd	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Technical Assessment and Valuation	25 years; 7 years in consulting and advisory, 3 years in funds management, 7 years in strategic planning, 8 years in mining operations.	None	MBA, BSc (Hons), FAusIMM
Rebecca Getty	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Environment and Permitting	11 years in consulting, 9 in exploration geology, 2 years in environment/ mine closure and due diligence consulting	None	MEM, BSc (Hons), MAusIMM, MAIG
Jeames McKibben	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Peer review	25 years; 15 years in valuation and corporate advisory, 2 years as an analyst and 8 years in exploration and project management roles	None	MBA, BSc (Hons) FAusIMM (CP), MAIG, MRICS

1.6 Limitations, reliance on information, declaration and consent

1.6.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Cradle throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Cradle was taken in good faith by SRK. SRK has not independently verified the Mineral Resources or Exploration Target by means of recalculation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Cradle was complete and not incorrect, misleading or irrelevant in any material aspect. Cradle has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Cradle was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

1.6.3 Indemnities

As recommended by the VALMIN Code (2015), Cradle has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Cradle or Cradle not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.6.4 Consent

SRK consents to this Report being included, in full, in Cradle and RSM's documents in the form and context in which it is provided, and not for any other purpose. SRK provides this consent on the basis that the Technical Assessment and Valuation expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

1.6.5 Practitioner Consent

The information in this report that relates to Technical Assessment and Valuation of the Mineral Resource and Exploration Target, and Exploration Results is based on and fairly reflects information compiled and conclusions derived by Ms Karen Lloyd, who is a Competent Person and Fellow of the AusIMM. Ms Lloyd is an independent consultant employed by SRK, an independent mining consultancy. Ms Lloyd has sufficient experience that is relevant to the Technical Assessment and Valuation of the Mineral Asset under consideration, the style of mineralisation and the type of deposit under consideration and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets', and as Competent Persons as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Lloyd consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

1.6.6 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$32,000. The payment of this professional fee is not contingent upon the outcome of this Report.

2 Project Overview

2.1 Location, access and climate

Cradle's Panda Hill Project is located in the Mbeya Region in the Mbeya Rural District in southwestern Tanzania, near the borders with Zambia and Malawi, and approximately 680 km west of the national capital, Dar es Salaam (Figure 2-1).

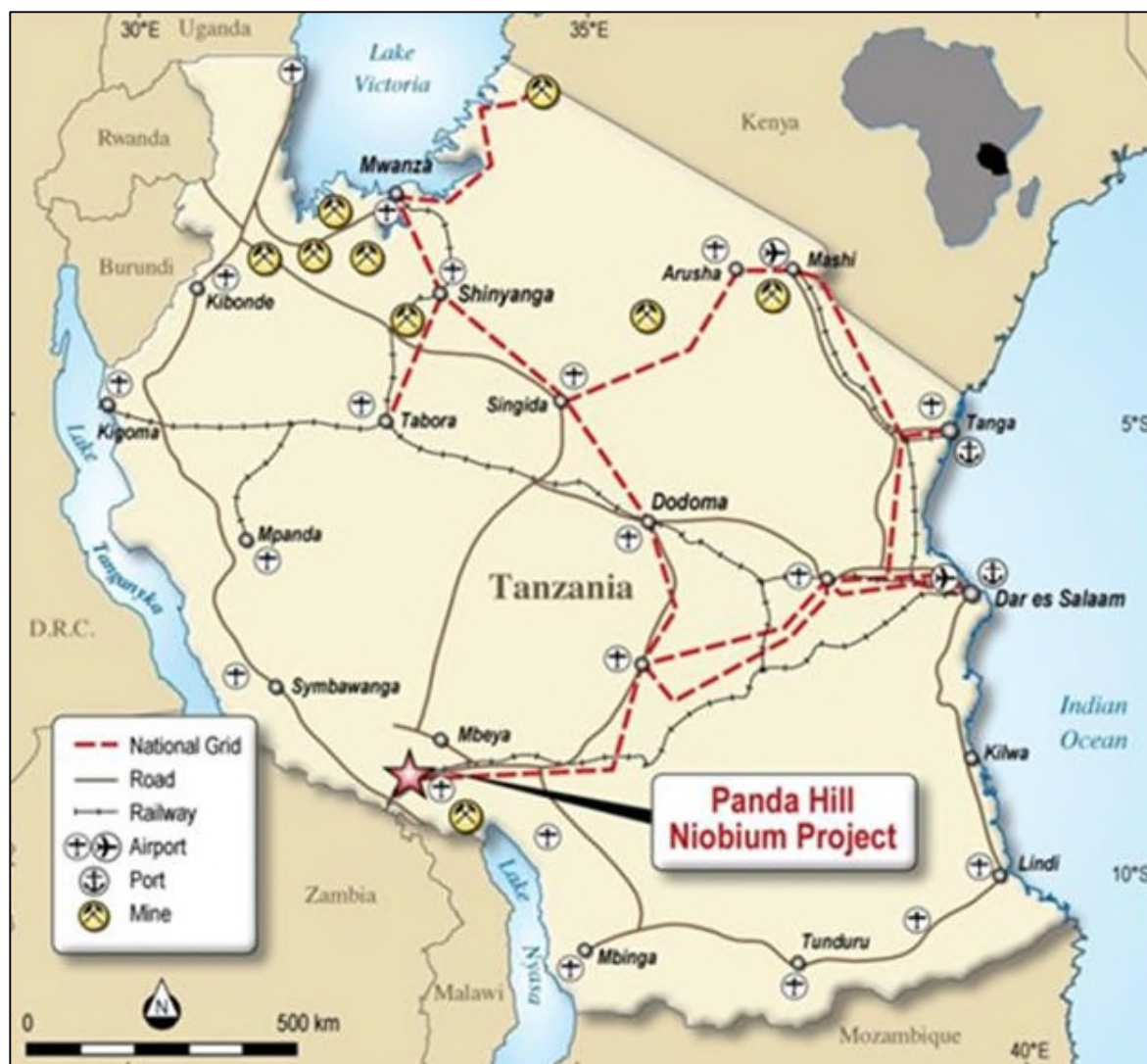


Figure 2-1: Project location

Source: Cradle Management Information

The industrial city of Mbeya (population: 280,000) is situated 26 km to the east of the Project area. The Project lies 5 km south of the main highway and 2.5 km south of the Tazara railway, which connects Mbeya to Dar es Salaam. The Songwe international airport is located approximately 10 km north of the Project.

The Mbeya region lies in a highland valley with an altitude of around 1,700 m above mean sea level. The urban centre and local agricultural lands are surrounded by a bowl of higher mountains, with the Project located in the foothills at an altitude of approximately 500 m.

The Project experiences a tropical climate with marked seasonal and altitudinal variations. Annual average rainfall is approximately 600 mm to 800 mm with a prolonged dry period between June and September and a wet season between December and January (Figure 2-2). The region also

experiences frequent seismicity with on average one large earthquake (more than 4.5 on the Richter scale) every 3 years.

Other than the annual rains and seismicity, SRK understands that there are no material topographic or climatic impediments to ongoing exploration or development activities for the Project.

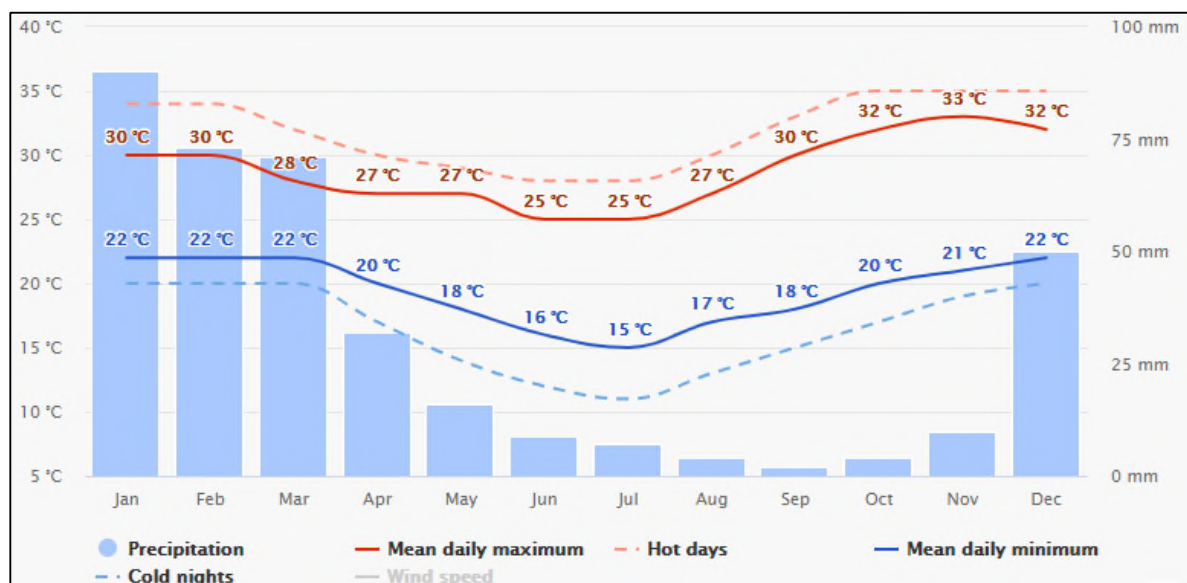


Figure 2-2: Climate data

Source: Meteoblue.com

2.2 History

The Project was first discovered during reconnaissance mapping by the Geological Survey of Tanzania in 1950, when the area was assessed for niobium and phosphate mineralisation.

Between 1954 and 1963, the Mbeya Exploration Company (MBEXCO) joint venture was formed between N.V. Billiton Maatschappij from The Netherlands and the Colonial Development Corporation, London. MBEXCO drilled 66 diamond holes for 3,708 m, excavated numerous pits, sunk two shafts, undertook trial mining and constructed a trial gravity and flotation plant on site. Concentrates from the Project site were sent to The Netherlands for further processing. No recovery or processing information is available for assessment by SRK.

Between 1978 and 1980, a Yugoslavian State Enterprise undertook a joint study in collaboration with the Tanzanian Mining Industrial Association and State Mining Corporation to further map and drill the Project area.

Cradle commenced exploration work on the Project in 2013 and reported the results of a Scoping Study (Class 5 Estimate). As part of the Scoping Study, Cradle engaged Coffey Mining Pty Ltd to prepare a Mineral Resource estimate in accordance with the JORC Code (2012 edition) using the historical diamond drilling and 13 NQ and HQ-diameter confirmatory diamond holes completed by Cradle. The 2013 Mineral Resource estimate comprised 81.8 Mt at 0.52% Nb₂O₅ for 423 kt of contained niobium pentoxide with 76.4 Mt at 0.51% Nb₂O₅ of Inferred material and 5.4 Mt at 0.62% Nb₂O₅ of Indicated material. Metallurgical testwork was undertaken by SGS Lakefield in Canada and a preliminary flowsheet and process design criteria were developed by Lycopodium Minerals Pty Ltd. At this time, Cradle also engaged MTL Consulting Co. Ltd to commence an Environmental and Social Impact Assessment (ESIA). The project economics at that time indicated a capital requirement of US\$185M with a payback period of less than 3 years, an internal rate of return (IRR) of approximately 50% and a net present value (NPV) on a 10% discount rate of US\$480M.

In June 2014, Cradle initiated a pre-feasibility study (PFS) and in December 2014, Cradle reported an update to its Mineral Resource estimate (total resource of 96 Mt at 0.52% Nb₂O₅ at a cut-off grade of 0.50% Nb₂O₅, with approximately 65% in the Indicated category and 35% in the Inferred category).

In March 2015, Cradle reported the results of its PFS. The PFS contemplated an open pit mine, a 2 Mtpa processing facility (crushing, milling, desliming, flotation, concentrate cleaning and pyrometallurgical conversion) and associated infrastructure. The results of the PFS are summarised in Table 2-1.

Table 2-1: Panda Hill pre-feasibility study results

Metric	PFS results
Niobium price	US\$44.00/kg Nb
Mineral Resource at 0.5 Nb ₂ O ₅ cut-off grade	December 2014 Mineral Resource estimate
Strip ratio	2:3 (waste:ore)
Metallurgical recovery	62% average life-of-mine (LOM)
Throughput	2 Mtpa
Product	Standard grade ferroniobium
Mine life	30 years
Initial capital requirement	US\$158M
Payback period	1.5 years
NPV (10% post-tax)	US\$470M
IRR (post-tax)	56%

Source: Cradle ASX release dated 31 March 2015

In April 2015, Cradle reported an update to its Mineral Resource estimate (ASX press release dated 30 April 2015). The Mineral Estimate comprised 178 Mt at 0.50% Nb₂O₅ for 891 kt of contained niobium pentoxide, with 16.0 Mt at 0.63% Nb₂O₅ of Measured material, 53.0 Mt at 0.50% Nb₂O₅ of Indicated material and 109.0 Mt at 0.48% Nb₂O₅ of Inferred material. Cradle also reported an Exploration Target of 200 Mt to 400 Mt at a grade between 0.4% and 0.6% Nb₂O₅ (ASX press release dated 23 April 2015). The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012). The Exploration Target was not reported as part of any Mineral Resource or Ore Reserve estimate. Additional detail with respect to this current Mineral Resource estimate and Exploration Target is provided in Sections 4 and 5 of this Report. SRK is not aware of any new information or data that materially affects the information included in the ASX press releases relating to the Mineral Resource estimate and Exploration Target (Estimates). All material assumptions and technical parameters underpinning the Estimates in the ASX press releases continue to apply and have not materially changed.

In April 2016, Cradle reported the results of a definitive feasibility study (DFS), which was underpinned by the April 2015 Mineral Resource estimate. The DFS contemplated an initial throughput of 1.3 Mtpa, ramping up to 2.6 Mtpa from production year 5.

The results of the DFS are summarised in Table 2-2.

Table 2-2: Panda Hill definitive feasibility study results

Metric	DFS Results
Niobium price	US\$41.89/kg Nb
Mineral Resource at 0.5 Nb ₂ O ₅ cut-off grade	April 2015 Mineral Resource estimate
Strip ratio	1.5:1 (waste:ore)
Metallurgical recovery	61% Average LOM
Throughput	1.3 Mtpa to 2.6 Mtpa
Product	Standard grade ferroniobium
Mine life	30 years
Capital requirement	US\$195M including US\$18M contingency
Payback period	4.75 years
All-in sustaining cost (AISC)	US\$20.87/kg
NPV (10% post-tax)	US\$470M
IRR (post-tax)	27%

Source: Cradle ASX release dated 20 April 2016

In June 2016, Cradle reported its maiden Ore Reserve estimate, which was based on the optimisation of the material classified as Measured and Indicated Mineral Resources in the April 2015 Mineral Resource estimate and which informed the DFS. The Ore Reserve estimate, which was reported at an average cut-off grade of 0.46% Nb₂O₅, comprised 20.6 Mt at 0.68% Nb₂O₅ for 139.6 kt niobium pentoxide (7.32 Mt at 0.73% Nb₂O₅ Proved and 13.25 Mt at 0.65% Nb₂O₅ Probable).

In August 2016, Cradle reported that Panda Hill Tanzania Limited (PHT) had commenced Front End Engineering Design (FEED) studies at the Project and that offtake negotiations were underway. In December 2016, the FEED study was completed. The estimated capital requirement was reduced from US\$195M, including US\$18M contingency in the DFS to US\$186M, including US\$15M contingency. The expected all-in sustaining cost (AISC) was reduced from US\$20.87/kg in the DFS to US\$20.41/kg.

In March 2017, Tremont Investments Limited made an A\$0.33 per share all cash offer for Cradle by way of a Scheme Implementation Agreement (2017 SIA). However, this offer was terminated in July 2017, as a result of the Tanzanian Government passing amendments to the legal framework governing the mining sector which, among other things, entitles the Tanzanian Government to a 16% non-dilutable shareholding in all Tanzanian mining companies and a 1% inspection fee on the value of mineral exports. This created an uncertain environment for new projects in Tanzania and Cradle subsequently withdrew the Project's Ore Reserve estimate. Further detail is provided in the Cradle 2017 annual report.

In October 2018, Cradle reported that the Engineering, Procurement, Construction and Management (EPCM) contractor, Hatch Engineering, had completed all pre-construction activities at the Project.

Also, in October 2018, Cradle reported that PHT was continuing its liaison with the Tanzanian Government to clarify the uncertainty around the new legislation. As at the date of this Report, SRK understands that these liaison activities are still underway.

There is currently a dispute as to whether Tremont has the unilateral right to declare a decision to mine and there are arbitration proceedings between Cradle and Tremont in respect of this dispute (Arbitration). As announced on 9 June 2020, the Proposed Transaction will settle the Arbitration.

2.3 Licensing and approvals

The Panda Hill Project comprises three granted Mining Licences covering a combined area of 22.1 km² (Table 2-3). The principal legislation governing mining projects in Tanzania is the *Mining Act 2010* (Mining Act). The Mining Licences were granted on 16 November 2006. Under the Mining Act, Mining Licences are granted for an initial period of 10 years (applicable to medium-scale projects with a capital investment between US\$100,000 and US\$100M) and are renewable.

As noted in Section 1.3 of this Report, SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has sighted a Legal Opinion Report (Legal Opinion) prepared by Rex Advocates, an independent legal firm located in Dar es Salaam, Tanzania.

The Legal Opinion confirms that:

- The Project is duly registered and validly existing under the laws of the United Republic of Tanzania
- The mineral rights held by the Company are properly held and are not subject to any third-party encumbrance or claim and there is no registered dealing on the mineral rights.
- Subject to prescribed statutory approvals, the Company has powers to sell or otherwise dispose of whole or any part of the Company, either together or in portion.
- The Mining Licences are validly held by the Company and the Company has exclusive rights to develop a mine and undertake mining activities over the licensed area. The Mining Licences have been validly granted and transferred to Panda Hill pursuant to the Mining Act and are in good standing and have not been cancelled, suspended or expired.
- In as far as Rex Advocates was instructed by the Company, Rex Advocates is not aware of any pending dispute or litigation against the Company or the Project that may impinge on the Company's rights to the mineral rights.
- There is no record of a default of any matter that would lead to or expose the Mining Licences to forfeiture or revocation or otherwise cancellation under the Mining Act.

Table 2-3 presents a summary of the status of tenure relied upon by SRK in the preparation of this Report.

Table 2-3: Project tenure

Type	Renewed	Expiry	Area (km ²)	Fees, registered charges and encumbrances
Mining Licence 237/2006	16/11/2016	15/11/2026	4.940	Fees now due, registered specific legal charge and royalty deed with RECB Limited
Mining Licence 238/2006	16/11/2016	15/11/2026	7.673	Fees now due, registered specific legal charge and royalty deed with RECB Limited
Mining Licence 239/2006	16/11/2016	15/11/2026	9.459	Fees now due, registered specific legal charge and royalty deed with RECB Limited
Total			22.072	

Source: Legal Opinion

Approval of an Environmental Certificate is a prerequisite for the grant of Mining Licences, and this was obtained by Cradle in August 2015 (EC/EIS/2048) for the area covered by all three Mining

Licences. The Environmental Certificate satisfies the requirements for impact assessment and approval under national legislation but expires if the project does not commence within 3 years. The Company has registered the intention to continue with the Council which requested further information regarding any changes since issuance of the Environmental Certificate (response letter dated 28 September 2018). SRK understands that, at the date of this Report, Cradle has not received confirmation of the approval to proceed with the development of the Project.

SRK's assessment of the licensing and approvals status of the Project is largely based on the information detailed in the DFS and the Project's Environmental Impact Statement (EIS, 2016), which was prepared to comply with the requirements of the International Finance Corporation (IFC) Performance Standards to be submitted to the National Environmental Management Council (NEMC).

Since the reporting of the DFS in 2016, there have been several additional permitting amendments to the supporting regulations under the Mining Act, including:

- The *Mining (Minerals and Mineral Concentrates Trading) Regulations 2018*, which requires a permit to export minerals or processed minerals.
- *Mining Act (Mineral Rights) Regulations 2018*, which requires (among others) a licence that must be renewed every 4 years for metallic minerals.
- *Mining (Local Content) Regulations 2018* requiring a Local Content Plan and performance monitoring, preference to be given to local companies, and a requirement to use Tanzanian lawyers, insurance and financial institutions.
- *Mining (Mineral Beneficiation) Regulations 2018* that requires refineries to have a licence and for a succession plan for transition from expatriates to Tanzanian employees.

The *Environmental Management Act 2004* enforces the requirements of the Mining Act:

- A developer is obliged to conduct an Environmental and Social Impact Assessment (ESIA) prior to commencement of financing or undertaking.
- Activities cannot commence without an Environmental Certificate.
- Experts carrying out an EIS must be registered with the NEMC.

SRK understands that no additional approvals or works since the introduction of the legislative reform in 2017 have been obtained by PHT and, as noted in Section 2.2, PHT is still in negotiation with the Tanzanian Government regarding any potential impact to the Project.

Much of the area covered by ML237/2006 and ML238/2006 (which host the current Mineral Resource as described in Section 2.1 and Section 4 of this Report) are located within designated prison land that currently hosts a low-security prison facility. Any development of the Project will require relocation of the current prison infrastructure and construction of a new prison facility at an alternative location within the prison land.

Cradle has obtained several material secondary approvals for the Project. However, many of these approvals have now lapsed and require renewal or revision (Table 2-4). SRK recommends that the formal status of secondary approvals be established in order to better understand the constraints (if any) on any future development of the Project.

The approval letter for the construction of the main access road to the Project as provided by the Tanzania National Roads Agency (TANROADS) is dated 14 March 2016, after which the road alignment was adjusted due to community and safety concerns (MSA, 2017). In all, four access roads are required for project development, which are not currently permitted.

Table 2-4: PHT secondary approvals

Permit	Purpose	Date granted	Expiry
Temporary water use permit LRB/WUP/0520	Abstraction of 2,040,000 L of water per day from the Songwe River for mining purposes	12 April 2017	2 years if construction is not completed
Final water use permit LRB/WUP/0541	Abstraction of 108,000 L of water per day from a borehole at Panda Hill for mining purposes	13 January 2017	3 years
Final water use permit LRB/WUP/0543	Abstraction of 22,000 L of water per day from a borehole at Panda Hill for mining purposes	13 January 2017	3 years
Final water use permit LRB/WUP/0544	Abstraction of 86,000 L of water per day from a borehole at Panda Hill for mining purposes	13 January 2017	3 years
Final water use permit LRB/WUP/0545	Abstraction of 65,000 L of water per day from a borehole at Panda Hill for mining purposes	13 January 2017	3years
Conditional construction permit for Panda Hill tailings storage facility (TSF)	Permission to construct the TSF conditional on notification prior to construction and several controls	22 July 2018	None listed
Approval to construct a Consumer Installation	Construction of fuel storage	7 June 2017	24 months if construction is not completed
Access road construction	Four access roads require approval by TANROADS	Not get granted	
Licence to operate a mine and ore processing facility to develop a radioactive waste and tailings management program	Approval for activities which may involve minerals and ores containing radioactive substances under the Atomic Energy Regulations 2011	Not get granted; the Project requires further investigation into potential radioactivity during construction, operations and closure	
Approval from the Tanzanian Prisons Service is required for any work to be conducted	To conduct work on ML237/2006 and ML238/2006	Stated that permission has been obtained but not sighted by SRK	

SRK understands that the following agreements and plans will be required prior to the future development of the Project:

- Local Content Plan containing long-term projections of PHT's program of work and an Annual Content Plan to be approved by the Local Content Committee under the recently published *Mining (Local Content) Regulations 2018*
- A Corporate Social Responsibility (CSR) Plan jointly with the local authority and the Minister responsible for local authority and Minister of Finance and Planning
- Memorandums of Understanding (MoUs) with local communities
- A plan for relocation, resettlement and compensation under the *Land Act 1999* and the *Mining Act*
- Compensation under the *Village Planning and Regulation Act 2007*, the *Road Act 2007* and the *Graves Removal Act 1969*

- An employment, training and succession plan as required by the *Employment and Labour Relations Act 2004*
- Agreement for relocation of Songwe Prison and the associated facilities with the Tanzanian Government.

2.4 Social considerations

Nearby villages (i.e. those within an 8 km buffer zone from the footprint of the Project area) include the Malowe, Idiga Songwe, Songwe Viwandani, Lusungu, and Shisonta villages. As part of the EIS, the social baseline study identified four main ethnic groups – Safwa, Malila, Ndali and Nyakyusa – with 9% of households reporting as ‘other’. Households were reported to own on average 1–3 acres of land, with agriculture the main source of livelihood and firewood the main source of energy for domestic consumption. Limited access to secondary education and health facilities with issues such as an unreliable supply of medicine, lack of health professionals, and lack of awareness regarding HIV/ AIDs testing. Any development of the Project will impact local communities who are heavily dependent on local natural resources such as river water and forest products in the Project area.

The development of the Project will require involuntary resettlement of members of the local communities, in addition to the Songwe Prison re-location, the development of the CSR Plan and the MoUs relating to community development. SRK understands that the baseline archaeological survey conducted for the EIS identified two locations that were considered to represent cultural heritage sites within the area to be relocated. One site was a hut without graves and another site that contained graves (including the founding Chief for Wasafwa) was located in local farming areas. It was also outlined that there are graves of relatives of the prison officials that may require relocation.

3 Geological Setting

Geologically, the Project is located at a triple junction defined by the Rukwa, Usangu and Nyasa (Malawi) rift basins. The known niobium mineralisation is hosted within a Mesozoic carbonatite body, which is aligned along a northwest–southeast segment of the Cainozoic Tanganyika-Rukwa-Malawi (TRM) rift (Figure 3-1).

Of economic importance is a carbonatite intrusive body known as the Panda Hill Carbonatite. The carbonatite forms a steeply dipping, near-circular plug of approximately 1.5 km diameter and is partly covered by altered country rocks and residual soil material.

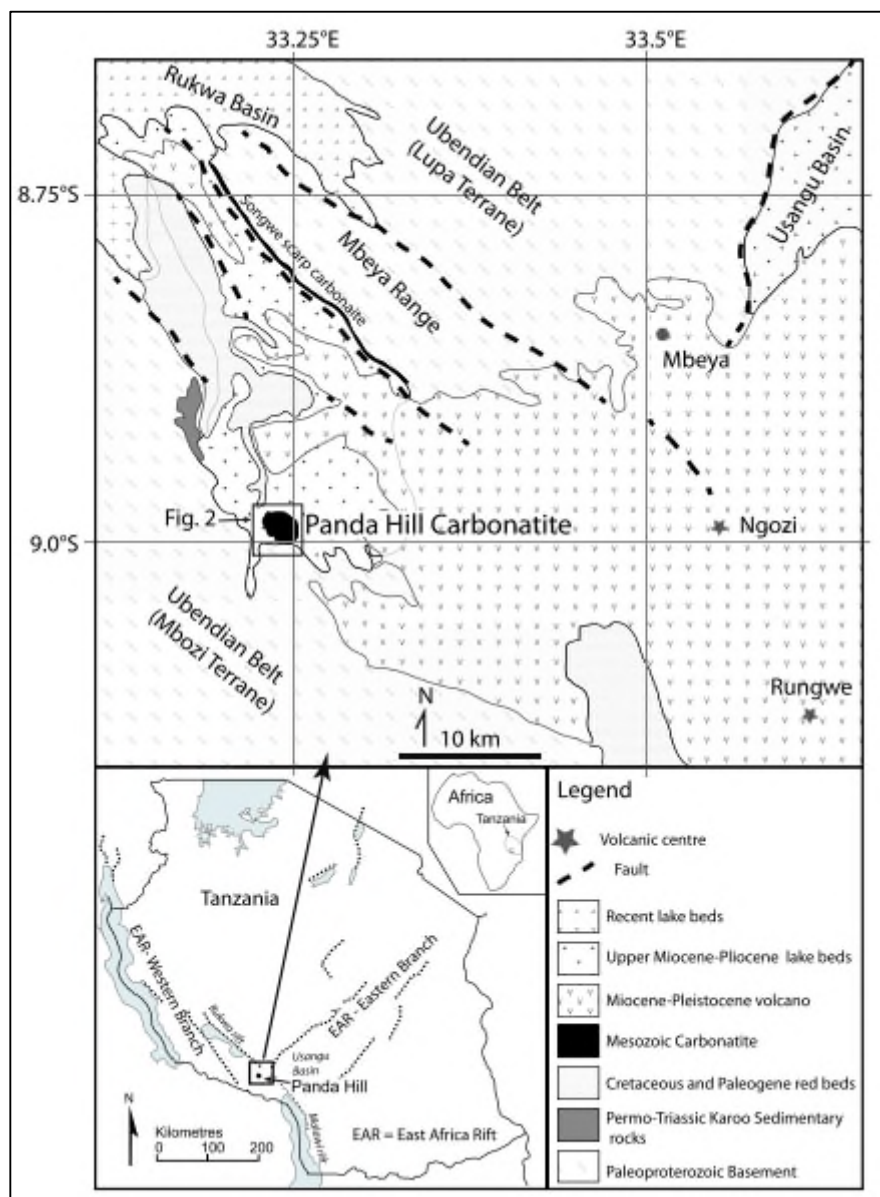


Figure 3-1: Regional geological setting

Source: Cradle Management Information

The carbonatite intrusive body is considered to have been emplaced into the Palaeoproterozoic Ubendian basement during the early rifting of Gondwana during the Jurassic-Cretaceous Period. The relationship between the carbonatite and the surrounding rocks is presented in Figure 3-2. The carbonatite is composed of four main rock types. The dominant rock type is soviet, a coarse-grained variety of carbonatite composed of magmatic calcite and accessory apatite, biotite and

manganophyllite. Other subordinate forms include rauhaugite to beforite (dolomite carbonatites), ferrocarbonite (iron-rich carbonatite) and phoscorite (magnetite-apatite rich), which occur as dyke systems cutting through the sovite.

The sovite is characterised by flow bands defined by coarse-grained and euhedral magnetite layers in millimetre to metre scale (Figure 3-2). The magnetite-rich bands are sometimes enriched with silicate minerals like phlogopite and needles of tremolite-actinolite that are associated with accessory phases of pyrochlore and apatite. Much of the niobium mineralisation is found within the pyrochlore as a non-radioactive niobium pentoxide (with grades typically ranging from 0.1% to 1% Nb₂O₅). Other high field-strength elements within the pyrochlore include titanium and tantalum. Low concentrations of rare earth elements (REEs) and very low concentrations of the radioactive elements, uranium and thorium, have also been found. The dolomite-rich rauhaugite is also mineralised in places.

While there are many areas of fresh carbonatite outcropping on the topographic high 'Panda Hill', much of the hill is covered by eluvial material and surface rubble covering fresh and oxidised material. Three oxidation zones are defined; mostly weathered (oxide), moderately weathered (transitional) and mostly fresh (fresh).

The eluvial material also infills many of the fissures within the carbonatite. These fissures, as well as numerous cavities, are caused by dissolution from ground water percolating along discontinuities in the rock mass. Drilling suggests that cavities comprise approximately 6% of the rock mass in the oxide material and up to 3% of the rock mass in the fresh material. Enrichment of niobium oxide is also evident within the surficial weathered cap.

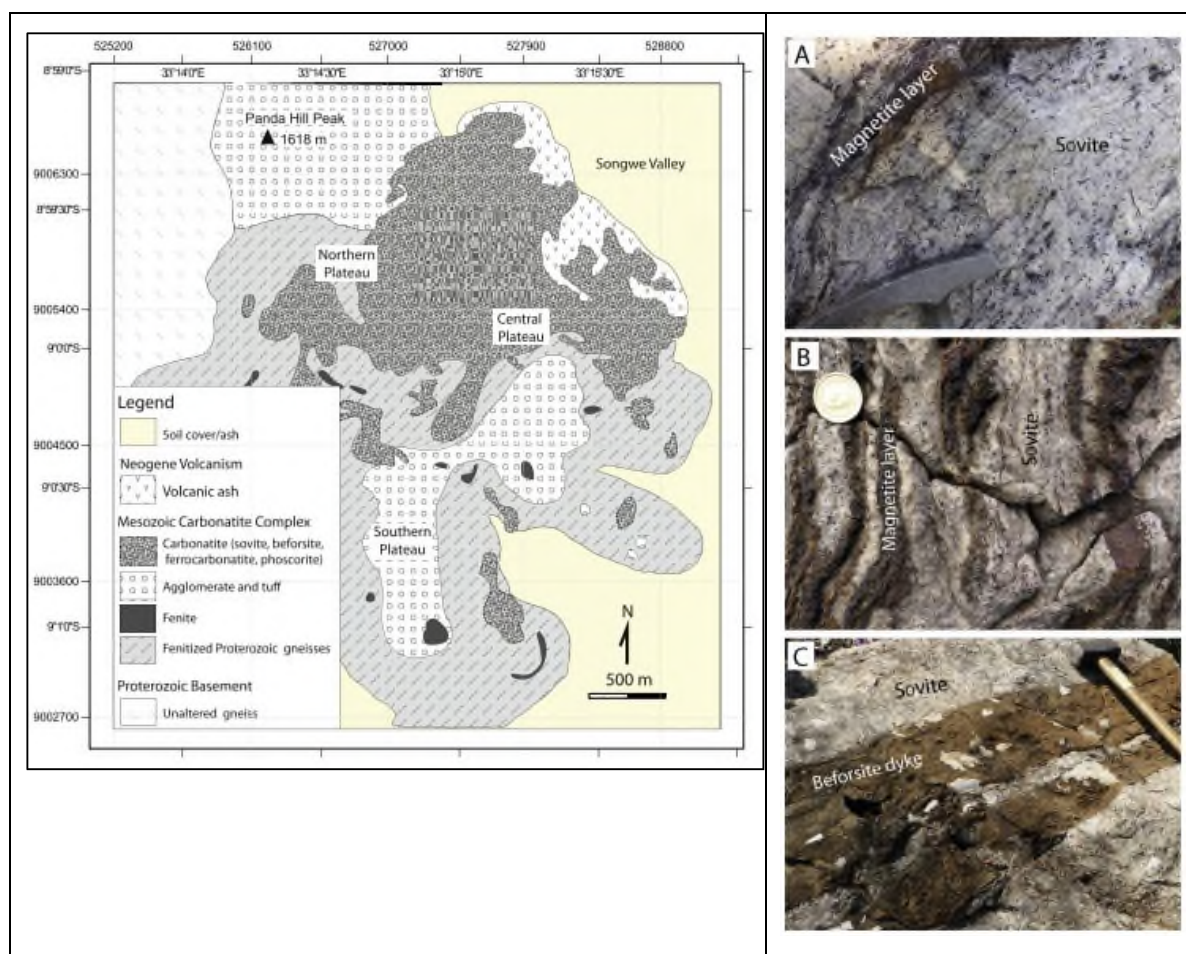


Figure 3-2: Local geological setting (above) and Carbonatite composition (right)

Source: Boniface, N. Journal of African Earth Sciences 126 (2017)

4 Mineral Resource Estimate

As noted in Section 2.1, the current Mineral Resource estimate for the Project was reported in April 2015 and was used to inform the DFS. The Mineral Resource estimate totals 178 Mt at 0.50% Nb₂O₅ for 891 kt of contained niobium pentoxide, which was reported at a cut-off grade of 0.3% Nb₂O₅. The Mineral Resource is categorised as comprising 16.0 Mt at 0.63% Nb₂O₅ of Measured material, 53.0 Mt at 0.50% Nb₂O₅ of Indicated material and 109.0 Mt at 0.48% Nb₂O₅ of Inferred material (Table 4-1, Figure 4-1 and Figure 4-2). The current Mineral Resource estimate was prepared by Coffey Mining Pty Ltd (Coffey) on behalf of Cradle.

Table 4-1: Mineral Resource estimate, April 2015 (reported above 0.3% Nb₂O₅ lower cut-off)

Mineralisation type	Classification	Tonnage (Mt)	Nb ₂ O ₅ (%)	Nb ₂ O ₅ content (kt)
Combined	Measured	16	0.63	99
	Indicated	53	0.50	263
	Inferred	109	0.48	528
	Total	178	0.50	891
Primary Carbonatite ¹	Measured	14	0.62	84
	Indicated	50	0.49	247
	Inferred	103	0.48	496
	Total	167	0.50	828
Weathered Carbonatite ²	Measured	2	0.67	15
	Indicated	3	0.53	15
	Inferred	6	0.52	32
	Total	11	0.55	63

Note: Figures have been rounded.

¹ Primary Carbonatite is defined as a region of fresh to moderately oxidised material dominated by carbonatite lithologies. This material is expected to have a higher metallurgical recovery.

² Weathered Carbonatite is a region dominated by strongly oxidised material comprising weathered carbonatite with other mixed lithologies. This material is expected to have a lower recovery than the Primary Carbonatite material.

- Niobium mineralisation occurs in pyrochlore (and minor columbite) and is hosted by the Panda Hill Carbonatite Complex.
- The deposit is defined by diamond and RC drill holes on nominal 25-100 m spaced drilling on NE-SW oriented grid lines. The majority of drill holes are angled at -60° to 046 NE.
- Validated data from 166 drill holes has been used in the resource estimate; 87 of these are RC drill holes drilled by Cradle in 2014, 38 are diamond drill holes drilled by Cradle in 2013 and 2014, 8 are RC drill holes with diamond tails drilled by Cradle in 2014 and the remaining 33 are historic diamond drill holes. Note that 63 historic drill holes were deliberately removed from the database as they have been replaced by new drilling or are situated outside the resource area.
- An indicator-based grade shell (INDOP30) was generated using a 0.3% Nb₂O₅ indicator threshold on all data and a (0.2) 20% probability (INDOP30 > 0.2) for use in the MIK modelling (Zone code 100).
- Geological logging information was used to create 3D surfaces defining three zones of oxidation: mostly weathered (oxide), moderately weathered (transitional) and mostly fresh (fresh).
- Sample preparation was carried out by SGS in Mwanza, Tanzania. Samples were then sent to SGS in Johannesburg for assay by XRF borate fusion.
- QAQC consists of the insertion of certified standards and blanks into the sampling stream. Field duplicates were collected from the RC drill holes and coarse reject duplicates were collected from the diamond drill holes. Selected samples were also sent for analysis at Genalysis Laboratory in Perth, WA, as an umpire check. No potential problems were highlighted by the QAQC results and the data is considered to be of sufficient standard for use in the resource estimation.
- Following flagging for the mineralised zones and domains, drill hole data was composited to regular 2 m downhole intervals.
- Statistical analyses were completed on the raw sample data and the 2 m composite data. No top-cut is used in the MIK estimation and a top cut of 3% Nb₂O₅ was applied to the Nb₂O₅ composites used for variography and for geostatistical estimation.
- Grade estimates were generated for panels of size 25 m (X) by 25 m (Y) by 5 m (Z) with sub-blocks of 5 m (X) by 5 m (Y) by 1 m (Z). The estimation method was MIK. MIK grade estimation with change of support has been applied to produce 'recoverable' Nb₂O₅ estimates for a range of cut-off grades targeting an SMU of 6.25 x 12.5 x 5 m.
- In situ dry bulk densities were assigned on the basis of measurements collected for the 2013 and 2014 drill core using the calliper method. After statistical review of the 3,743 density measurements, average bulk density values have been applied to the block model as follows: for waste material values of 2.27 t/m³, 2.54 t/m³ and 2.68 t/m³ have been applied to oxide, moderately oxide and fresh domains respectively. For mineralised material, bulk density values of 2.04 t/m³, 2.54 t/m³ and 2.65 t/m³ have been applied to oxide, moderately oxidised and fresh domains respectively. The bulk density values for mineralisation incorporate a 6% void factor for oxide material and a 3% void factor for transitional and fresh material, resulting from statistical estimates of recorded voids/cavities.
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling quality, data density and location, grade estimation and quality of the estimates.

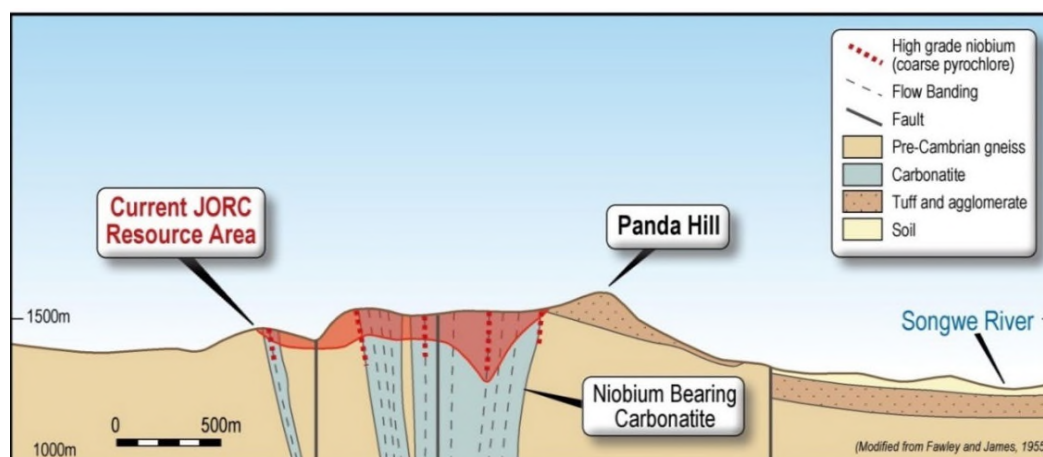


Figure 4-1: Schematic cross-section

Source: Cradle Management Information

The key factual parameters relating to the current Mineral Resource estimate are summarised below. Further detail, including the JORC Code (2012) supporting 'Table 1', documentation is provided in Cradle's ASX release dated 30 April 2015. SRK is not aware of any new information or data that materially affects the information included in the ASX press releases relating to the Mineral Resource estimate. All material assumptions and technical parameters underpinning the Mineral Resource estimate in the ASX press releases continue to apply and have not materially changed.

Drilling database: Table 4-2 presents a summary of the historical drilling activity at the Project. In total, 63 historical drill holes were removed from the database as they were replaced by new drilling or situated outside the resource area. Drill holes in the main resource area are spaced at 25 m to 50 m centres on 50 m spaced drilling sections oriented approximately northeast–southwest. Peripheral to this, drilling was conducted on 50m to 100 m spaced centres on 50 m to 100 m spaced drilling sections. Most of the drill holes are angled with dips of -60° towards 046° , targeting the southwest-dipping carbonatites and the pyrochlore-rich flow banding entrained within the carbonatites. A plan overview of the resource area drilling coverage is provided in Figure 4-2.

Table 4-2: Drilling data summary

Date	Company	Drilling Activity
1950s to early 1960s	Mbeya Exploration Company (MBEXCO)	66 diamond drill holes for 3,780.61 m (maximum depth 125.27 m). Explored for niobium.
1950s to early 1960s	Geological Survey of Tanzania (GST)	17 diamond drill holes for 1,406.28 m. Explored for phosphate, barium and water as well as niobium.
1970s	Canadian National Geological Exploration Ltd (CINGEX)	Geological review.
1978-1980	Mining Industrial Association (RUDIS) in joint venture with State Mining Company (STAMICO)	13 diamond drill holes for 1,306 m (maximum depth 146.2 m).
2013	Cradle Resources	13 diamond drill holes for 1702.82 m (maximum depth 239.2 m).
2014	Cradle Resources	25 diamond drill holes for 3,746.1 m, 89 RC drill holes for 12,146 m, 9 RC holes with diamond tails for 1,606.35 m RC and 872.65 m DD, and re-entered a 2013 DD hole, extending it by 68.1 m (maximum depth 376.7 m).

Source: Cradle Management Information

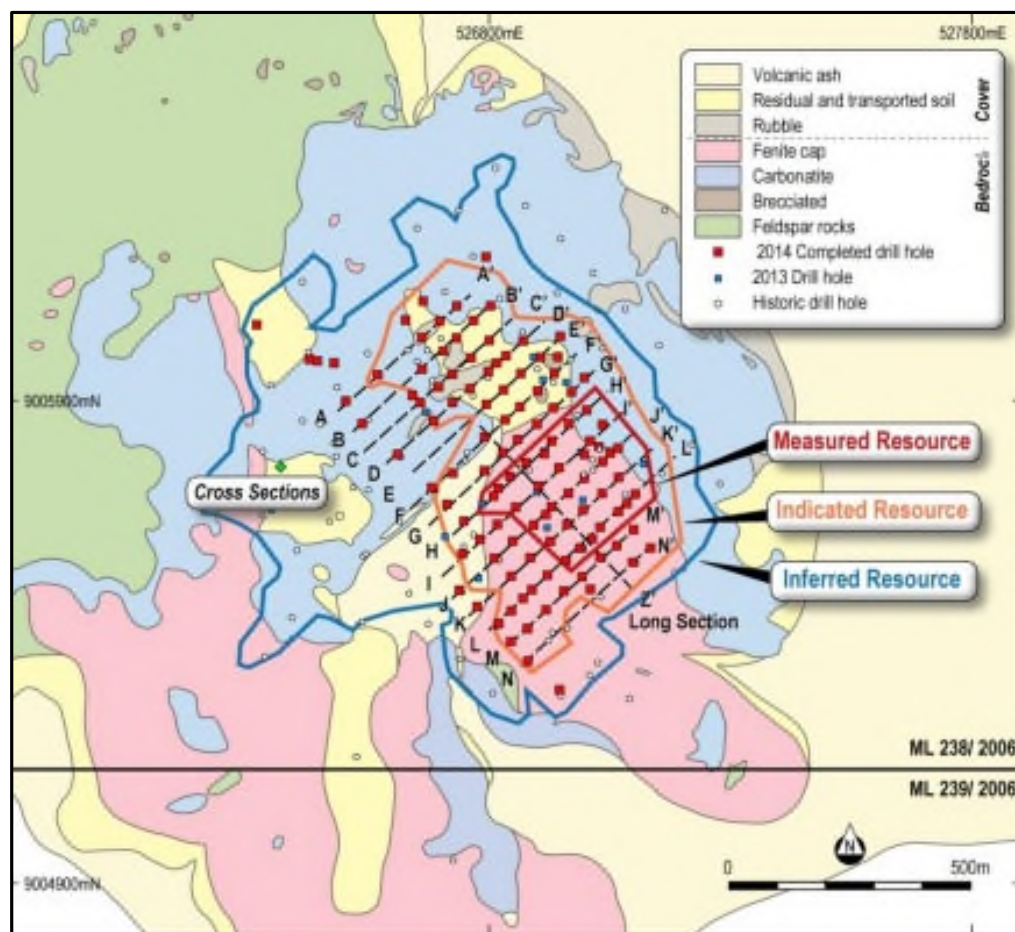


Figure 4-2: Plan overview – drilling coverage

Source: Cradle Management Information

Bulk density data: Average in situ dry bulk densities were assigned on the basis of measurements collected for the 2013 and 2014 drill core using the calliper method. After a statistical review of the 3,743 density measurements, average bulk density values were applied to each domain as follows: for waste material, values of 2.27 t/m³, 2.54 t/m³ and 2.68 t/m³ were applied to the oxide, moderately oxide and fresh domains, respectively. For mineralised material, bulk density values of 2.04 t/m³, 2.54 t/m³ and 2.65 t/m³ were applied to the oxide, moderately oxidised and fresh domains, respectively. The bulk density values for mineralisation incorporated a 6% void factor for oxide material, and a 3% void factor for transitional and fresh material based on statistical estimates of recorded voids/cavities.

Assaying and QA/QC: Half-core samples from the Cradle drilling were sent to SGS Vancouver for metallurgical testing and quarter-core samples were sent to SGS Mwanza (Tanzania) for preparation prior to forwarding on to SGS Johannesburg for analysis using the x-ray fluorescence (XRF) borate fusion process. Samples were assayed for Nb₂O₅, Fe₂O₃, SiO₂, CaO, TiO₂ and Ta. Details of the historical sampling are unknown.

In total, 11,388 assays from Cradle's drill holes, together with control samples comprising 356 standards (certified reference materials (CRMs)), 252 blank samples, 195 RC field duplicates, 105 coarse reject duplicates from diamond core, and three pairs of twin drill holes were used to inform a QA/QC analysis by Coffey. Coffey concluded that the assaying was conducted largely within acceptable industry accuracy limits. While Coffey noted some low bias in the CRMs from the 2013 drill program, the assay results for most of the CRMs from the 2014 drilling program were better aligned with the expected certified grade. The repeatability for the duplicates from the core and RC samples

was reported as good; however, the twin drill hole pairs show a slight high bias in the RC assays compared to the diamond assays in two of the three pairs which were drilled.

Compositing, statistical validation and variography: The drill hole database was coded for mineralisation, lithology and oxidation domains and was composited to a regular 2 m downhole composite length to achieve uniform sample support. The compositing used a residual retention process to prevent the loss of marginal data. Statistical analysis validation was then carried out on the 2 m composites. Twelve indicator cut-off grades for the niobium pentoxide data were selected for variography and estimation using MIK. No top-cuts were applied to Fe_2O_3 , SiO_2 , CaO , Ta or TiO_2 for variography and then estimation was done using Ordinary Kriging (OK). Coffey noted that all variograms were reasonably well structured and consistent with both the geological modelling and the style and trend of the mineralisation. (The major axis of the variograms was oriented along strike ($0^\circ \rightarrow 315^\circ$) and with the semi-major axis oriented along down dip ($-60^\circ \rightarrow 225^\circ$)).

Model construction: A three-dimensional block model with a parent block size of 25 mE by 25 mN by 5 mRL was selected to represent the available data, the data characteristics (variability as defined by variography), expected mining practices (small- to medium-scale open pit mining), and model type. Sub-blocking was limited to a minimum dimension of 5 mE by 5 mN by 1 mRL. This allowed volume representation of the interpretation-based wireframes and definition of the surface topography. No rotation was undertaken for ease of use.

Grade estimation and variance adjustment factor: MIK estimation was undertaken on the niobium pentoxide with variance adjustment factor (0.2 from the variography) was applied to emulate a 6.25 m by 12.5 m by 5 m SMU via the indirect lognormal change of support method with an affine correction to produce a recoverable estimate. The additional grade elements (Fe_2O_3 , SiO_2 , CaO , Ta and TiO_2) were estimated using OK with no change of support.

In SRK's opinion, the Mineral Resource estimates have been prepared to a sufficient quality standard under the guidelines of the JORC Code (2012) and are considered to be a reasonable global estimate. The geological datasets are largely composed of modern industry standard drilling, surveying, logging and sampling data, although some historical data have been considered in the estimate. The QA/QC processes for the database are documented and are reasonable.

The use of MIK with change of support adjustment is a reasonable approach given the high degree of spatial grade variability of the assay data and the relatively low level of local geological confidence. The MIK approach allows the estimate to be prepared on a recoverable basis and is the most common of the non-linear estimation methods used in the industry. The MIK approach results in a resource model where each block in the estimate is given a probabilistic estimate of tonnage and grade. This estimate is presented as a proportion estimate with an expected grade above a range of cut-off grades (indicators), with a change of support (volume variance) correction. The MIK approach therefore has an important limitation relating to the practical use of the MIK model for detailed planning, given that it is a probabilistic model. Infill drilling will be required to increase the confidence categories assigned to the Nb_2O_5 estimates by Coffey. No assumptions were made by Cradle or Coffey regarding the potential recovery of the ancillary elements Fe_2O_3 , SiO_2 , CaO , Ta and TiO_2 .

5 Exploration Target

As noted in Section 2.1, Cradle reported an Exploration Target of 200 Mt to 400 Mt at a grade between 0.4% and 0.6% Nb₂O₅ in an ASX press release dated 23 April 2015 (Figure 5-1). The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012). The Exploration Target was not reported as part of any Mineral Resource or Ore Reserve estimate. SRK is not aware of any new information or data that materially affects the information included in the ASX press releases relating to the Exploration Target. All material assumptions and technical parameters underpinning the Exploration Target in the ASX press release continue to apply and have not materially changed.

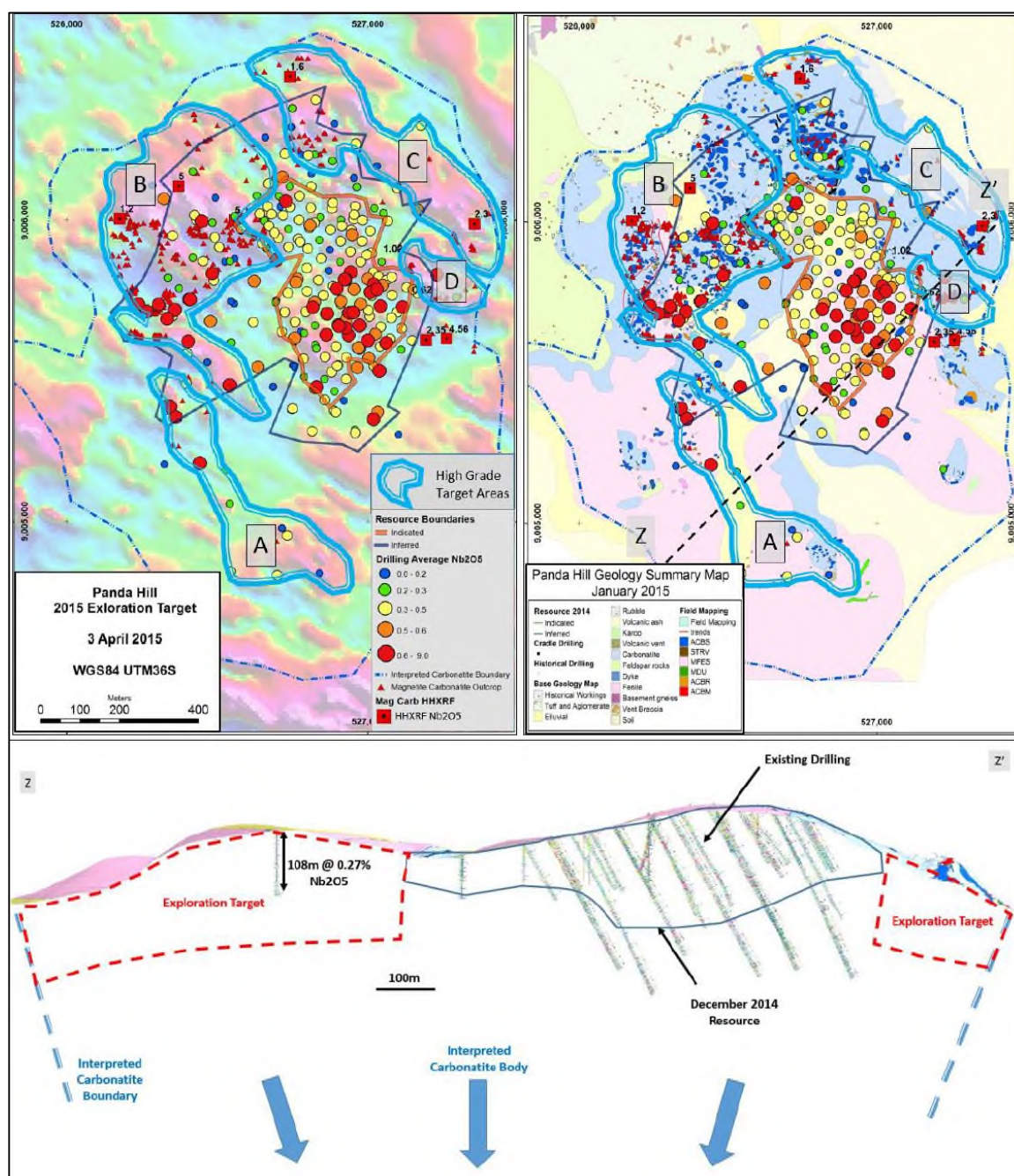


Figure 5-1: Exploration Target reported in April 2015

Source: Cradle Management Information

The Exploration Target represents a lateral extension of the presently defined Mineral Resource which is contained within the boundary of the carbonatite and outside of the current Mineral Resource estimate. Cradle identified a number of target regions for potential additional niobium pentoxide mineralisation identified from a combination of mapping, drilling and airborne magnetic geophysical data. It is postulated that the magnetic highs have a good correlation to the mapped mineralised magnetite-carbonate outcrop.

The Exploration Target is estimated to extend from surface to a depth of approximately 200 m and the conceptual volume was assigned a nominal bulk density of 2.5 t/m³. The Exploration Target includes both weathered and primary mineralisation. A nominal grade was assigned based on the average grades intersected in the historical (pre-Cradle) and Cradle drilling (2013 and 2014 programs), as well as some shallow pitting in the region.

Further detail, including the JORC Code (2012) supporting 'Table 1', documentation is provided in the Cradle's ASX release dated 23 April 2015.

In SRK's opinion, the Exploration Target, although conceptual in nature, is reasonable. Additional niobium pentoxide mineralisation is likely to be constrained within the carbonatite host lithology. To date, drilling beyond the carbonatite boundary interpreted from surface mapping has not intersected niobium pentoxide mineralisation. However, drilling has intersected low-grade (0.4% and 0.6% Nb₂O₅) mineralisation beyond the area covered by the current Mineral Resource estimate, which remains open laterally and at depth.

6 Geometallurgy

Cradle has characterised the geometallurgical properties of the material hosting the niobium pentoxide mineralisation at the Project using the following domain criteria:

1. Weathered: SiO₂ greater than 20% and CaO less than 20%
2. Transitional: SiO₂ greater than 12% and CaO less than 20%
3. Fresh: SiO₂ greater than 8% and CaO less than 20%
4. Fenite or non-fenite: Proportion of fenite is greater or less than 50%.

As part of the DFS and FEED studies, multiple rounds of metallurgical testwork and process flow optimisation were undertaken. The testwork demonstrated that a high-grade concentrate could be produced from the mineralised carbonatite, with processing recoveries between 53% and 66% (an average of 61%). Further, the testwork demonstrated that this concentrate could be cleaned and upgraded through a leach circuit to produce material suitable for the production of ferroniobium in a single stage converter (Figure 6-1). The testwork comprised three piloting campaigns and bench-scale testing using a combination of bulk samples, and the sampling of drill cuttings. Further information is provided in the Cradle DFS and FEED study ASX releases dated 20 April 2016 and 11 August 2016.

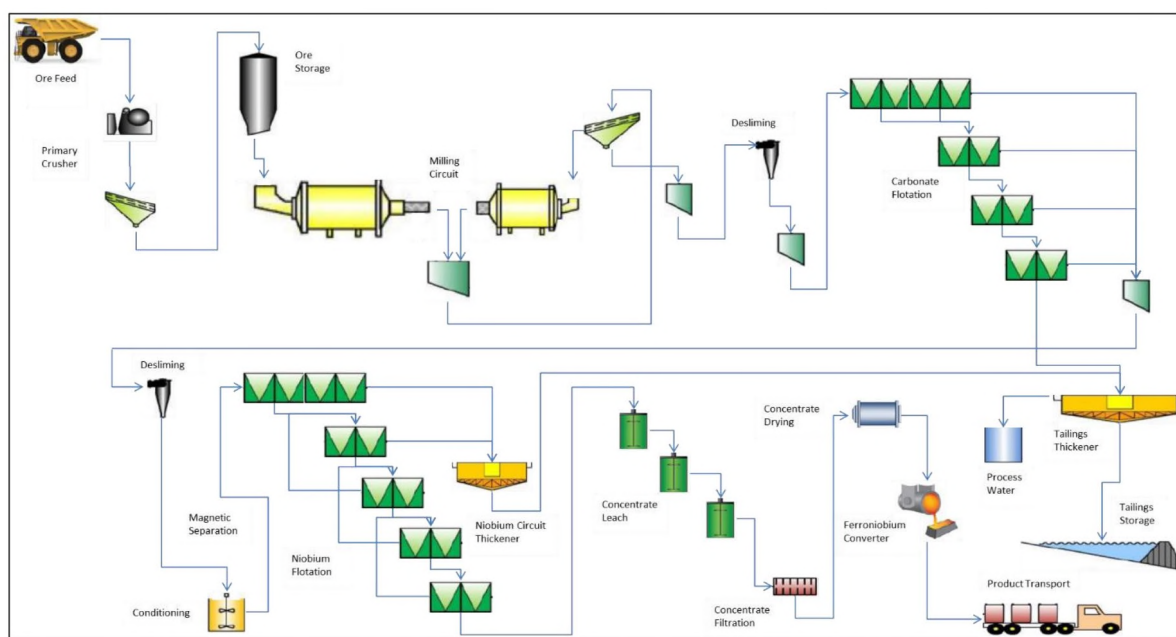


Figure 6-1: Indicative processing flowsheet

Source: Cradle Management Information

Given that SRK was instructed to prepare its Report on an unfunded basis using the Mineral Resource estimate as its valuation basis, SRK has not undertaken a detailed assessment of the material characterisation testwork as, in SRK's experience the metallurgical recovery range indicated by the technical information assessed by SRK is a reasonable recovery range for the nature and style of the mineralisation and host lithology. The recovery range supports the reasonable prospects for eventual economic extraction assumption given by the reporting of the current Mineral Resource estimate.

7 Ore Reserve Estimate

As at the date of this Report, the Project does not have a current Ore Reserve estimate.

In June 2016, Cradle reported a maiden Ore Reserve estimate for Project (20.6 Mt at average grade of 0.68% Nb₂O₅ reported at an average cut-off grade of 0.46% Nb₂O₅).

One of the material assumptions underpinning the 2016 Ore Reserve estimate was that Cradle would be able to secure project finance to develop the Project. As noted in Section 2.2 of this Report, in 2017 the Tanzanian Government passed amendments to the legal framework governing the mining sector which, amongst other things, entitles the Tanzanian Government to a 16% non-dilutable shareholding in all Tanzanian mining companies and a 1% inspection fee on the value of mineral exports. This created an uncertain environment for new projects in Tanzania and Cradle subsequently withdrew the Project's Ore Reserve estimate. Further detail is provided in the Cradle 2017 annual report.

8 Environmental Considerations

8.1 Flora and fauna

Baseline environmental surveys were carried out at the Project in 2014 and 2015. In general, the environment around the Project area has been impacted by human activities and the local communities are strongly dependent on water and forest resources, including livestock fodder and medicine, irrigated agriculture using limited technology, and hunting of birds. Changes to vegetation in the Project area are mainly attributed to expansion and/or establishment of new cropland, cattle grazing, unsustainable harvesting of forest products and clearing of vegetation for new constructions.

Fauna primarily consists of bird life and small mammals that have low numbers and diversity. Under the International Union for Conservation (IUCN) red list, only one fauna species is listed as vulnerable in the Project area (Southern Ground-hornbill, *Bucorvus leadbeateri*), five flora species of conservation significance that are vulnerable and near threatened have been identified, including three on the IUCN red list (*Dalbergia melanoxylon*, *Khaya anthotheca* and *Pterocarpus angolensis*) and two fish species listed as vulnerable under the IUCN red list (*Chiloglanis kalambo* and *C. mbozi*).

8.2 Surface and groundwater

Cradle has yet to definitively identify a suitable water supply for the development of the Project. Currently, the evaluation of groundwater resources for potential abstraction is based on abstraction rates at the Songwe village community borehole with a yield of around 5,000 L/day and the suitability to the Project assessment is unclear. Current major water quality problems in the basin identified in the EIS are siltation from extensive catchment degradation, poor rural sanitation, poor urban sanitation, rusty pipes in boreholes, elevated alkalinity, fluoride and uranium of groundwater due to background mineralisation of water, and heavy metal pollution from mining activities.

The use of surface and groundwater abstraction or potential reductions in water quality as a result of the Project will significantly impact local communities and the Songwe Prison, which are dependent on this water supply. The Project proposes to divert water channels around a tailings storage facility (TSF) by the construction of a permanent river diversion. Currently, there are no water permits in place for the Project.

8.3 Materials characterisation

The EIS notes that acid mine drainage (AMD) is unlikely should the Project be developed. This is based on the assumption that nearby spring water is a suitable proxy for seepage quality and that this water may have elevated iron, nitrate, and uranium when compared to Tanzanian and World Health Organization drinking water standards, as well as Tanzanian industrial wastewater limits and IFC mining effluent limits. In SRK's opinion, suitable geochemical testing is required to determine if AMD or metal leaching has the potential to occur from materials sourced from the Project. The EIS also states that niobium, REEs, and naturally occurring radioactive material (NORM) in the form of uranium and thorium may be present in the seepage from the waste rock and may negatively impact water quality. The EIS notes that a portion of the uranium and thorium that is present in the mineralised carbonatite (average 20 ppm U_3O_8 and 200 ppm ThO_2) will report to the waste stream should the Project be developed, but would be fully encased in a stable 'glassy' inert matrix with minimal leaching potential. The TSF has been designed primarily with a downstream construction, with options for subsequent upstream construction. This is classified as a *High* hazard dam in accordance with the South African Standard Code of Practice for Mine Residue Deposits (SANS 10286), as it has a zone of influence covering the railway line, the Songwe village and extending to the Songwe River.

While SRK was unable to determine the potential for AMD or metal leaching from any future waste products from the Project, it is recognised that there may be significant acid neutralising capacity in the carbonatites. Management of AMD or metal leaching could be a significant additional cost if specific management or remediation strategies are required.

During baseline evaluation of radiation, it was noted that radon concentrations and gamma dose rates at the villages were within acceptable limits, but exceeded recommended levels for workplaces prescribed by the International Commission on Radiological Protection (ICRP) at the historical workings. SRK has not sighted an assessment of radionuclides at the Project; however, an assessment by the MSA Group (Pty) Ltd (MSA) in 2017 reported that samples of caustic leach residue, slag and ferroniobium product were analysed by ANSTO (an Australian Government funded research organisation), which concluded that all materials exceed 74 Bq/g, the limit above which the *Atomic Energy Act 2002* applies. Total measurements of niobium concentrate were calculated to be >84 Bq/g based on the U-238 decay chain only, the caustic leach residue was reported as 166 Bq/g, and the slag reported as 150 Bq/g. Management of NORM could pose a cost to the Project should it be developed.

8.4 Rehabilitation and closure requirements

The requirements for mine closure are contained within the *Mining Act* and the *Environmental Management Act*. A Mine Closure Plan (MCP) must be approved by the Chief Inspector of Mines prior to closure and must include a description of the activities to reclaim and rehabilitate the land and watercourses to achieve the requirements of the previous land use, to provide an alternative livelihood for local communities, comments from the district authorities, the surrounding communities and the district mine closure committee, and the cost of closure and rehabilitation. The Ministry of Energy and Minerals may require payment of a financial bond for the Project.

A preliminary MCP is included in the EIS and describes a high-level strategy for closure that includes the pit, TSF, waste rock dumps, processing plant, watercourses, roads and access routes, water impoundments, buildings and waste management facilities. The preliminary MCP also describes post-closure monitoring of groundwater, vegetation and physical stability.

The cost of closure is not described in the preliminary MCP. The independent technical assessment by MSA (2017 MSA Report) highlighted two closure cost estimates which had been prepared by Cradle for the Project. Closure of the Project should it be operated at production rate of 1.3 Mtpa as described for the FEED study was estimated to be US\$38.3M.

9 Other Considerations

9.1 Niobium price

At the Effective Date of this Report, there are significant macro-economic uncertainties relating to the COVID-19 virus pandemic (Pandemic). Global financial markets have experienced significant downward movements followed by substantial volatility since early March 2020.

Like most specialised commodities, the niobium pentoxide and ferroniobium markets are not transparent. Producers of niobium products negotiate prices with individual consumers and niobium pentoxide is not traded on any metal exchange. Commercial payment terms are negotiated between buyer and seller and can vary widely. However, there are only three mines globally that mine niobium as their primary product and no new niobium mines have been developed since the mid-1970s. There are numerous niobium projects in the pipeline, some of which could come on-stream over the coming years. However, while some have released feasibility studies, none have started construction.

According to Roskill (<https://roskill.com/news/niobium-supply-to-remain-intact/>), 78% of the total ferroniobium production in 2019 came from the Araxa mine in Brazil (owned by Companhia Brasileira de Metalurgia e Mineração (CBMM)), 10% came from the Catalao mine in Brazil (owned by China Molybdenum (CMOC)), and 8% came from the Niobec mine in Canada (owned by Magris Resources). CBMM reported that it had produced 110 kt of niobium in 2019, exceeding capacity by 10%, and sold 91.3 kt, most of it as ferroniobium. Total sales in 2019 were US\$1.65 Bn, up 16.2%, and generating a net profit of US\$0.57 Bn. It is also reported that it was proceeding with a US\$114M expansion of capacity to 150 ktpa, due for completion during 2020. These companies have local captive production of niobium products from pyrochlore. This is a considerable advantage, as they are not reliant on imported niobium feedstock. This contrasts somewhat with the non-steel part of the niobium industry in China and elsewhere, which is constrained by having to import niobium and tantalum concentrates globally. Production of ferroniobium for the domestic market in China is also based to a very large extent on imports of niobium and tantalum concentrates.

In Roskill's view, a potential risk to CBMM is that it is in the state of Minas Gerais, which is currently under a state of emergency due to the Pandemic. CMOC Brasil in Goiás, adjacent to Minas Gerais, has reported that it continues to operate normally and has no plans to suspend its activities.

Magris is also unaffected. Although it is in the Saguenay region of Canada's Québec province, which is under quarantine, mineral extraction and processing are considered to be essential and are exempt from the mandatory closures affecting a large part of the province. Mineração Taboca, also in Brazil, has announced a suspension at its mine and smelter.

While there is an argument to apply a Pandemic equity risk premium, no specific adjustments for the effect of the Pandemic have been made to SRK's estimate of the market value of the Project. No adjustments were deemed warranted given the time horizon and budget requirements needed to assess the mineral asset to a level where cashflow forecasts can be reasonably made. Further, there is no evidence to suggest that the Pandemic is having any effect on niobium prices.

As at 1 July 2020, the niobium pentoxide price (Figure 9-1) was US\$30.3/kg (99.5% minimum, China). It is understood that the Project, should it be developed, intends to produce ferroniobium, which trades at a premium to the niobium pentoxide price. However, given that SRK has prepared its valuation on an unfunded basis it is reasonable to use the niobium pentoxide price to value the Project on an as-is basis.

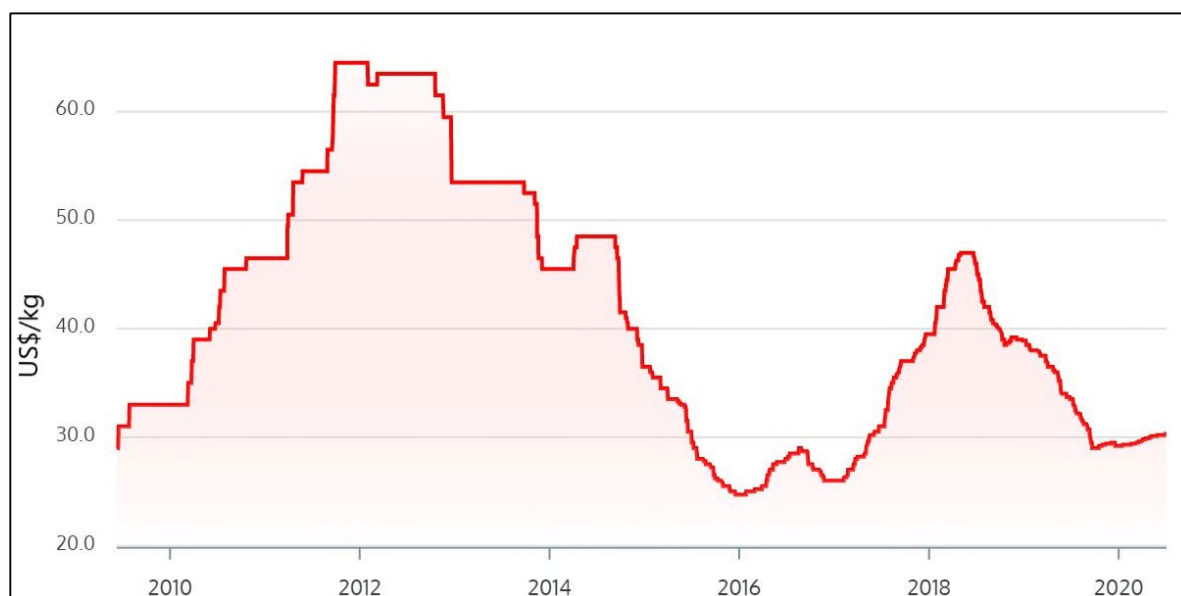


Figure 9-1: Niobium pentoxide (99.5% minimum, China) price history

Source: niobiumprice.com

9.2 Country risk

According to Société Générale S.A., Tanzania has experienced strong growth in recent years, with an average growth of 6.5% in the last decade, due to a high level of exports in natural resources, developments in the tertiary sector (telecommunications, transportation, finance, tourism) and the establishment of a liberalisation program. In 2019, gross domestic product (GDP) growth reached 6.3%, driven by public investment in the infrastructure and energy as well as by household consumption. GDP growth is expected to slow down to 2% in 2020 and pick up to 4.6% in 2021, subject to a global economic recovery,

In 2019, Tanzania continued to perform well economically against a background of political stability. Ongoing infrastructure projects generate greater financing needs and contribute to the upward trend in debt, but the debt remains low and the risk of debt distress is contained. In 2019, public debt represented 37.7% of GDP, and according to the International Monetary Fund (IMF), it should reach 38.2% of GDP in 2020 and 38.8% of GDP in 2021. The increase in investment spending in infrastructure also increases budget deficit, estimated by the African Development Bank (AfDB) at 2% GDP in 2019, 1.9% GDP in 2020 and 2.2% GDP in 2021. According to Coface, the deficit in the public balance was estimated at -2.8% GDP in 2019 and -3.3% GDP in 2020. Low food prices and improved food supply helped keep inflation at 3.4% in 2019, and the rate is expected to increase only slightly to stand at 3.9% in 2020 and 4.3% in 2021 (April 2020 World Economic Outlook IMF).

The government has adopted an ambitious development plan (Tanzania Development Vision 2025) focused on supporting the private sector, industrialisation and creation jobs. It aims to improve the business climate by upgrading infrastructure, facilitating access to finance and advancing the level of education. Improving public resource management and administration is one of the priorities.

Long-standing structural problems include mismanagement of public finances and an underdeveloped legal framework that undermines the effectiveness of regulation. Strengthening the economy is based on improving the business environment, increasing agricultural productivity and added value, improving the delivery of services to build a skilled workforce, good health and better management of urbanisation. In addition, the country remains heavily dependent on foreign aid, with almost a third of its budget coming from international aid.

Though the poverty rate fell from 60% in 2007 to an estimated 26.4% in 2018, about 13 million Tanzanians remained below the poverty line. This decline has been accompanied by improvements in human development outcomes and living conditions. However, despite high economic growth, poverty and income inequality remain high. The country also has a high HIV/ AIDS rate and many people lack access to basic services (water, electricity and healthcare). The youth unemployment rate reached 7.3% in 2016 (AfDB). Additionally, the quality of primary health care has been negatively affected by a range of factors, including shortage and poor distribution of health workers, poor access to essential medicines and poor infrastructure.

9.2.1 Tanzania Government's response to the COVID-19 pandemic

The following paraphrased extract has been taken from the IMF's policy tracking platform which details the key economic responses from global governments (<https://import-export.societegenerale.fr/en/country/tanzania/economy-country-risk>) in relation to the Pandemic and is dated 18 June 2020.

Background

On 18 May 2020, the suspension of international flights into and out of Tanzania was lifted. Effective 1 June 2020, the government allowed the opening of upper secondary and tertiary schools and the resumption of sport activities and events. On 29 June 2020, all other educational institutions reopened. As at the date of this Report, government operations continue as normal, while some private enterprises have closed or adopted measures to fight the spread of the COVID-19 virus.

Key policy responses

Fiscal

To date, the government of Tanzania has spent US\$8.4M specifically related to deal with the effects of the Pandemic. In addition, the government has received grants and will use contingency reserve of US\$3.2M to fund additional health spending to mitigate the risks of the Pandemic.

To support the private sector, the government has indicated that it has expedited the payment of verified expenditure arrears with priority given to the affected small and medium enterprises, paying US\$376M in March 2020. The government has also expanded social security schemes by US\$32.1M to meet the increase in withdrawals benefits for new unemployed due to the Pandemic. In addition, the government has granted value-added tax (VAT) and customs duties exemptions to imported medical equipment and medical supplies.

Monetary and macro-financial

On 12 May 2020, the Bank of Tanzania reduced the discount rate from 7% to 5% and reduced collateral cut requirements on government securities. Effective 8 June 2020, the Bank of Tanzania (BoT) Statutory Minimum Reserves requirement is reduced from 7% to 6%. In addition, the BoT will provide regulatory flexibility to banks and other financial institutions that will carry out loan restructuring operations on a case-by-case basis. Additionally, the daily transactions limit for mobile money operators was raised from about US\$1,300 to US\$2,170 and the daily balance limit was raised from US\$2,170 to US\$4,340.

Exchange rate and balance of payments

No measures taken.

9.3 Previous Valuations

The VALMIN Code (2015) requires that practitioners should refer to other recent Valuations or Expert Reports undertaken on the mineral properties being assessed.

As noted in Section 2.2 of this Report, Cradle reported that it had entered into a Scheme Implementation Arrangement in with Tremont in March 2017. However, this was terminated in July 2017. An Independent Technical Assessment and Valuation report was prepared and publicly disclosed at this time. The 2017 MSA Report is an Independent Technical Assessment and Valuation report which was included as an appendix to BDO's IER for the SIA. The purpose of the 2017 MSA Report was to comment to the reasonableness of the technical assumptions considered within the Project's financial model and to provide a mineral asset valuation of the Inferred Mineral Resources not considered in the Project's financial model. The 2017 MSA Report used a comparable sales method to estimate a preferred value of A\$10M for the Inferred Mineral Resources not included in the Project's financial model within a valuation range between A\$6M and A\$15M. BDO valued the Ore Reserve estimate and a portion of the Inferred Mineral Resource estimate considered in the Project's financial model at a preferred value of A\$221.3M within a range between A\$200M and A\$240M.

SRK has considered the 2017 MSA Report and the BDO IER, where applicable, during the preparation of this Report.

10 Valuation

The objective of this section is to provide Cradle and RSM with SRK's opinion regarding the reasonableness of the technical information assessed and to provide a market valuation of the Project using market (comparable transactions) and cost-based methods. SRK has not valued Cradle or Tremont, these being the corporate entities that are the beneficial owners of the Project. SRK's valuation has been prepared on a 100% ownership basis.

In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the Project. SRK has relied on information provided by Cradle, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the income or cashflow generation potential of the mineral asset (CIMVAL, 2003). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Cost Approach is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets. Table 10-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Table 10-1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The market-based approach to valuation is generally accepted as the most suitable approach for valuation of all projects.

The 'Market Value' is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent or some other consideration) for which the mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee's (IVSC) term of the same name. This has the same

meaning as Fair Value in ASIC's Regulatory Guide (RG) 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

'Technical Value' is defined in the VALMIN Code (2015) as an assessment of a mineral asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In estimating the Market Value of the Project as at 1 July 2020, SRK has considered various valuation methods within the context of the VALMIN Code (2015), and its technical assessment presented in the previous sections of this Report. SRK's valuation basis is presented in Table 10-2.

Table 10-2: Valuation basis

Development Stage	Description	Valuation basis
Pre-development	Mineral Resource Estimate and Exploration Target	Market: Sales Comparison Approach Cost: Yardstick Factors

10.1.1 Sales comparison approach

SRK used its internal databases and the S&P Global Market Intelligence subscription database to make its assessment of the Market Value of the Project using the Sales Comparison Approach as its primary valuation method.

Based on a review of global transactions involving niobium as the primary commodity to be produced, SRK notes a general paucity of relevant transactions involving niobium. However, SRK has selected three completed market transactions which were assessed to have been undertaken on broadly comparable projects. Given that these comparable transactions involve farm-in terms, SRK undertook an assessment on the agreement terms and then these values were normalised to the 1 July 2020 niobium pentoxide price of US\$30.3/kg (A\$43,940/t).

An additional transaction, Transaction 4, was undertaken on a project with no reported Mineral Resource estimates and is included for information only.

Transaction 1

In June 2016, Niobay Metals Incorporated (Buyer) signed a Definitive Property Purchase Agreement (DPPA) with Gold Inc., James Bay Columbium Ltd., and Goldcorp Inc (Sellers) to acquire a 100% interest in the James Bay niobium project in Ontario, Canada. The property is located on the Moose Cree First Nation Traditional Territory, 45 km south of Moosonee in the James Bay lowlands. It comprises a single granted Crown Mining Lease (CLM11) which covers 2,530 hectares.

Geologically, the property is located within the Argor Carbonatite Complex which occurs within the northern portion of the Kapuskasing Structural Zone (KSZ). The Argor Carbonatite Complex is a sub-vertical dyke-like body with a long axis striking north. The enclosing gneisses are described as mylonitic or augen gneisses. Palaeozoic sediments cover the carbonatite complex. These sediments vary in thickness from 12 m to 30 m. Unconsolidated silty glacial sediments cover the Palaeozoic lithologies, forming between 6 m and 10 m of cover with a spongy peat (muskeg) topping which is up to 2 m deep.

The property was first pegged in 1965 when a consortium of companies (Argor Explorations Limited, Consolidated Morrison Explorations Limited, and Goldray Mines Limited) were funded by Imperial Oil Enterprises Limited to explore for niobium using airborne magnetic and electromagnetic geophysical surveys. In 1966, follow-up diamond drilling identified pyrochlore-bearing carbonatite (Alpha-B anomaly). Further to a ground magnetic survey, the consortium then completed an additional 85 diamond drill holes (14,288 m) and reported an informal resource estimate of 62 Mt at 0.52% Nb₂O₅.

In 1968, a 250 tonne bulk sample was collected from a test shaft. Metallurgical testwork indicated that a concentrate grading 64% Nb₂O₅ could be produced from the carbonatite. A feasibility study was then completed by Bechtel Ltd and this study was updated in 1979. Work on the property has been discontinued since that time.

Under the agree terms of the 2016 transaction, the Sellers received 5 million common shares from the Buyer and C\$25,000 in cash (total consideration at a share price of C\$0.35 was C\$2.0M). The Sellers retained a 2% net smelter return (NSR) royalty over all the minerals produced from the property. The Buyer has the right to buy-back 1% of the NSR for minerals other than niobium at any time for C\$2M.

At an exchange rate of C\$0.95 to A\$1.00, the 2016 transaction was equivalent to A\$2.1M. Based on the informal indicative resource estimate of 62 Mt at 0.52% Nb₂O₅ (322,4000 tonnes contained acquired), the Buyer paid an implied value of A\$6.5 per tonne of contained niobium pentoxide. In calculating this implied value, SRK has not attributed any value to the royalty as it represents a contingent payment (requiring the project to enter production) and given the current status of the project, SRK does not have a reasonable basis to estimate any future cashflows from the project.

At the time the transaction was completed, the niobium pentoxide price was A\$37,800/t which when normalised for the niobium pentoxide price of A\$43,940/t as at the Valuation Date (i.e. 1 July 2020), implies the Buyer paid an implied price of A\$7.6 per tonne of contained niobium pentoxide acquired.

Transaction 2

In December 2013, NunaMinerals A/S signed a Joint Exploration Agreement (JEA) with Korea Resources Corporation (KORES), which is a Korean Government-owned mining and natural resources investment company. Under the JEA, KORES is able to earn up to an 51% interest in the Qeqertaasaq REE and niobium project (Qeqertaasaq), which is located 135 km northeast of Nuuk, near the town of Maniitsoq in West Greenland.

Qeqertaasaq is hosted within the Qeqertaasaq phoscorite-carbonatite complex, which consists of ring dykes intruded into fenitised Archaean basement rocks. The ring dykes are cut by late-stage sovite veins, REE-carbonatite veins, ferrocarbonatite and lamprophyre dykes. Qeqertaasaq was considered prospective for REEs with lesser niobium until 2013, when the carbonatite complex was re-mapped and the geological framework was refined. This field program identified additional phoscorite occurrences and associated niobium prospectivity. At this time, KORES began its due diligence on the project by committing US\$800,000 in exploration expenditure. The project hosts a historical informal resource estimate of 35 Mt at an average grade of 0.5 % Nb₂O₅.

The JEA allowed for funding of exploration expenditures of US\$3.5M by KORES before the end of 2018. SRK has assumed the 51% equity in Qeqertaasaq will be earned by KORES Qeqertaasaq given it undertook a significant period of investment due diligence, and in SRK's opinion the prospectivity is favourable.

At an exchange rate of US\$1.00 to A\$1.06, the 2013 transaction was equivalent to A\$3.7M. Using the informal indicative resource estimate of 35 Mt at 0.5% Nb₂O₅ (80,250 tonnes contained niobium pentoxide acquired) implies KORES paid A\$40.6 per tonne of contained niobium pentoxide.

At the time the transaction was completed the niobium pentoxide price was A\$61,800/t which when normalised for the niobium pentoxide price of A\$43,940/t as at 1 July 2020, implies the Buyer paid A\$29.5 per tonne of contained niobium pentoxide acquired.

Transaction 3

On 1 September 2011, an investor group comprising CITIC Group Corp., Anshan Iron & Steel Group Corp., Shougang Group, Taiyuan Iron and Steel (Group) Co. Ltd., and Baosteel Group Corp (Investor Group) paid US\$1.95 billion (A\$1.82 billion) in cash to acquire a 15% interest in CBMM, which owns

the operating Araxa niobium mine in Minas Gerais, Brazil. As noted in Section 9 of this Report, 78% of the total global ferroniobium production in 2019 came from the Araxa.

At the time the transaction completed, Araxa's stated Mineral Resource estimate (inclusive of Ore Reserves) was 92.8 Mt of contained niobium pentoxide. The niobium pentoxide price at the time of the transaction was A\$48,000/t, which when normalised for the niobium pentoxide price as at the Valuation Date (i.e. 1 July 2020) of A\$43,940/t implies the Investor Group paid A\$119.7 per tonne of contained niobium pentoxide acquired.

Transaction 4

In January 2018, Saville Resources Incorporated (Saville) and Commerce Resources Corporation (Commerce) signed a Definitive Option Agreement (DOA) whereby Saville agreed to acquire a 75% interest in the Eldor Niobium Claims from Commerce through an earn-in transaction. The Eldor Niobium Claims are part of Commerce's Ashram project in Quebec. The DOA relates to 21 contiguous mineral claims covering approximately 980 hectares, which are believed to be prospective for niobium and tantalum hosted within the pyrochlore of the Eldor Carbonatite Complex (Eldor) in the Labrador Trough.

Eldor can be separated into three major divisions: early, mid-, and late-stage carbonatite. The mid-stage carbonatite hosts tantalum-niobium mineralisation (as pyrochlore and columbite) and late-stage crosscuts all earlier phases and hosts the REE mineralisation observed at the Ashram Zone. The carbonatite is interpreted to have undergone minimal weathering with minimal overburden mainly due to the sub-arctic climate. Primary niobium-tantalum mineralisation runs parallel to the mineral banding in the host carbonatite and includes concentrations of non-carbonate minerals, including uranium and thorium.

Eldor was discovered by Eldor Resources Incorporated in 1981 following a geochemical sampling program and airborne radiometric geophysical survey. Samples returned niobium oxide grades up to 7%. Since that time, several owners have been able to repeat the historical assay results through further sampling and trenching, although Commerce's focus moved to exploration for REE mineralisation following the discovery of the Ashram REE zone in 2010.

Under the terms of the DOA, Saville made a C\$250,000 initial cash payment and will incur a C\$5M exploration capital expenditure over a 5-year period from January 2018. Commerce will receive a 1% to 2% net smelter return (NSR) royalty on any production from the claims. Further, Saville will have the option to acquire half of the NSR for C\$1M.

In analysing this transaction for the purposes of this valuation, SRK has assumed the 75% equity in the project will ultimately be acquired as, in SRK's opinion, the prospectivity is favourable. At the time the transaction was completed, the niobium pentoxide price was A\$40,000/t which when normalised for the niobium pentoxide price of A\$43,940/t as at 1 July 2020 implies Saville paid A\$7,486 per hectare for a 75% interest in 980 hectares. SRK has not attributed any value to the royalty as it represents a contingent payment (requiring the project to enter production) and given the current status of the project, SRK does not have a reasonable basis to estimate any future cashflows from the project.

Table 10-3: SRK's sales comparison summary

Date	Project	Contained tonnes Nb ₂ O ₅ acquired (Mt)	A\$/contained Nb ₂ O ₅ tonne acquired	Normalisation Factor	A\$/contained Nb ₂ O ₅ tonne acquired
Jun-16	James Bay	0.32	6.5	1.16	7.6
Dec-13	Qeqertaasaq	0.09	41.5	0.71	29.5
Sep-11	Araxa	13.92	130.7	0.92	119.7

Based on its analysis of the available transaction data, SRK considers it reasonable to apply accordingly relevant premia to the cost per tonne (A\$/t) values presented in Table 10-3. The James Bay and Qeqertaasaq transactions both considered only historical resource estimates which have not been reported under JORC Code (2012) guidelines. Both projects can be classified as Advanced Exploration projects located in a more favourable geopolitical setting than the Panda Hill Project. The Araxa transaction considered a fully funded and permitted Production-stage mineral asset but in a geopolitical setting more analogous to that at Panda Hill.

SRK has therefore elected to apply a 50% premium to the values per contained tonne niobium pentoxide implied for the James Bay and Qeqertaasaq projects and a 50% discount to the values per contained tonne niobium pentoxide implied for the Araxa project (Table 10-4). These premia have been subjectively estimated using SRK's opinion on the range implied by the transaction analysis and the level of technical study which has taken place at the Panda Hill Project, which SRK has classified as a Pre-development stage project.

Table 10-4: Application of SRK premia (Mineral Resource estimates only)

Date	Project	A\$/contained Nb ₂ O ₅ tonne acquired	SRK multiplier	A\$/contained Nb ₂ O ₅ tonne acquired
Jun-16	James Bay	0.32	1.5	11.4
Dec-13	Qeqertaasaq	0.09	1.5	44.2
Sep-11	Araxa	13.92	0.5	59.8

SRK elected to use the range implied by the Qeqertaasaq and Araxa projects as its valuation range for the Mineral Resource estimates at the Panda Hill Project using the Sales Comparison Approach, and the range implied by the James Bay and Qeqertaasaq projects for the Panda Hill Exploration Target. No premia were applied in the calculation of the valuation range for the Panda Hill Exploration Target (Table 10-5).

Table 10-5: SRK's selected valuation multiples (A\$/t)

Method	Low (A\$/t)	High (A\$/t)	Selected (A\$/t)
Mineral Resource estimates	44.2	59.8	52.0
Exploration Target (no premia applied)	7.6	29.5	7.6

Source: SRK analysis

Using SRK's selected multiples using the Sales Comparison Approach, the valuation presented in Table 10-6 is based on the current Mineral Resource estimate of 178 Mt at 0.50% Nb₂O₅ for 891 kt of contained niobium pentoxide, which is categorised as 16.0 Mt at 0.63% Nb₂O₅ of Measured material, 53.0 Mt at 0.50% Nb₂O₅ of Indicated material and 109.0 Mt at 0.48% Nb₂O₅ of Inferred material; and the current Exploration Target of 200 Mt to 400 Mt at a grade between 0.4% and 0.6% Nb₂O₅. The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012). The Exploration Target was not reported as part of any Mineral Resource or Ore Reserve estimate.

Table 10-6: Value of 100% interest in Panda Hill Project based on Comparable Sales multiples

Method	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Mineral Resource estimates	39.4	53.3	46.4
Exploration Target	7.6	8.8	7.6
Selected	47.0	62.1	54.0

Source: SRK analysis

10.1.2 Cross-check

As a cross-check to the value implied under the Sales Comparison approach, SRK has also considered a cost-based method ¹ for its valuation of the Panda Hill Mineral Resources and Exploration Target. Cost-based methods are generally not considered to be a suitable primary valuation method but are suitable as an acceptable secondary valuation method.

The following methodology was applied by SRK:

1. Calculation of contained value of the Panda Hill Mineral Resource and Exploration Target using the 1 July 2020 niobium price of A\$43,940/t (as outlined previously)
2. Calculation of base value by applying the following discounts to the contained value:
 - a) Measured Mineral Resources: 60% discount multiplied by an operating discount of 25%
 - b) Indicated Mineral Resources: 70% discount multiplied by an operating discount of 35%
 - c) Inferred Mineral Resources: 80% discount multiplied by an operating discount of 80%
 - d) Exploration Target: 90% discount multiplied by an operating discount of 90%.

Estimation of the Market Value using the base value multiplied by yardstick factors between 0.0% and 5% of the base value on the current Mineral Resource estimate of 178 Mt at 0.50% Nb₂O₅ for 891 kt of contained niobium pentoxide, which is categorised as 16.0 Mt at 0.63% Nb₂O₅ of Measured material, 53.0 Mt at 0.50% Nb₂O₅ of Indicated material and 109.0 Mt at 0.48% Nb₂O₅ of Inferred material; and the current Exploration Target of 200 Mt to 400 Mt at a grade between 0.4% and 0.6% Nb₂O₅. The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012). The Exploration Target was not reported as part of any Mineral Resource or Ore Reserve estimate. The calculation is presented in Table 10-7.

Table 10-7: Valuation cross-check

Category	Contained Value	Base Value	Yardstick Factor Low	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Measured	4,350	1,305	2%–5%	26.1	65.3	45.7
Indicated	11,556	2,253	1%–2%	22.5	45.1	33.8
Inferred	23,200	928	0.5%–1%	4.6	9.3	7.0
Exploration Target	35,152	352	0.25%–0.5%	0.0	1.8	0.9
Total				53.3	121.4	87.3

Source: SRK analysis

10.1.3 Summary

Table 10-8 presents a summary of the valuation range implied by the Sales Comparison approach and the Cross-Check Cost method. The valuation range implied using the Sales Comparison Approach resides at the lower end of the range implied by the Cross-Check Cost method. SRK has elected to adopt the valuation range implied by the Sales Comparison Approach in determining its preferred overall market value range for the Panda Hill Project. On this basis, the Market Value of the unfunded Project is estimated to lie in the range between A\$47.0M and A\$62.1M, with a preferred value of A\$54.0M on a 100% ownership basis.

¹ Heinz Pariser, *Alloy Metals & Steel Market Research*, July 2016

Table 10-8: Valuation summary (100% ownership basis)

Method	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Sales Comparison Approach	47.0	62.1	54.0
Cross-Check Cost Method	53.3	121.4	87.3
Selected	47.0	62.1	54.0

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with mineral assets.

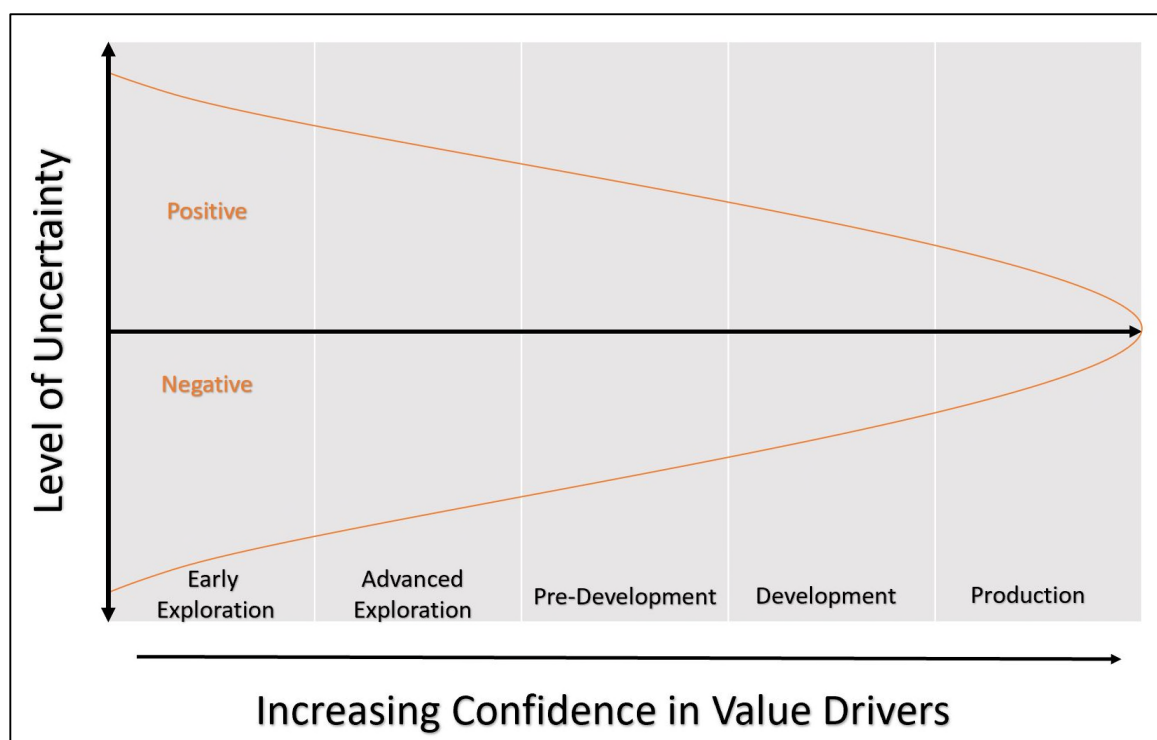
The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Mineral Resource categories to Ore Reserve status, there is greater confidence around the likely size and quality of the contained resource and its potential to be extracted profitably.

Table 10-9 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 10-9: General guide regarding confidence for Exploration Target, Mineral Resource and Ore Reserve estimates

Classification	Estimate range (90% confidence limit)
Proven/ Probable Ore Reserves	±5 to 10%
Measured Mineral Resources	±10 to 20%
Indicated Mineral Resources	±30 to 50%
Inferred Mineral Resources	±50 to 100%
Exploration Target	+100%

This level of uncertainty with advancing project stages is presented in Figure 10-1.

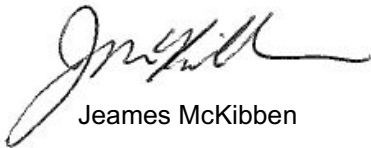
**Figure 10-1: Uncertainty by advancing exploration stage**

Estimated confidence of +/-60% to 100% or more is not uncommon for exploration areas and is within acceptable bounds, given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

Compiled by

Karen Lloyd

Associate Principal Consultant

Peer reviewed by

Jeames McKibben

Principal Consultant

SRK Report Client Distribution Record

Project Number: RSA001

Report Title: Independent Specialist Report on the Panda Hill Niobium Project

Date Issued: 10 August 2020

Name	Company
Chris Bath	Cradle Resources Limited
Nadine Mark	RSM Corporate Finance (WA) Pty Ltd

Rev No.	Date	Revised By	Revision Details
0	10/07/2020	Karen Lloyd	Draft Report to RSM
1	23/07/2020	Karen Lloyd	Final Report
2	10/08/2020	Karen Lloyd	Revised Final Report

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THE POWER OF BEING UNDERSTOOD

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LODGE YOUR VOTE



ONLINE

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ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

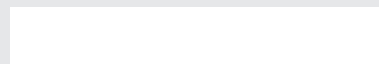
I/We being a member(s) of Cradle Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held via teleconference at **11:00am (WST) on Friday, 18 September 2020** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

- 1 Approval of Buy-Back Agreement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

- 2 Approval of disposal of the Consideration Shares

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)



Joint Securityholder 2 (Individual)



Joint Securityholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CXX PRX2001A

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Wednesday, 16 September 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

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



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).