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ASX Release

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## PROJECT UPDATE – PANDA HILL NIOBIUM PROJECT

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### Highlights

- **Scoping Study on track for completion in January 2014**
- **Scoping study is anticipated to be in line with expectations**
- **Pre-feasibility will commence early 2014 with completion expected in third quarter 2014**

Cradle Resources Limited (ASX: CXX, CXXO) (**Cradle** or **Company**) is pleased to announce that the scoping study of the Panda Hill Niobium Project is running ahead of schedule with the Scoping Study Report expected to be delivered by the lead consultant during January 2014.

Since the last project update, Coffey Mining has delivered the Mineral Resource Statement for the project, along with a preliminary pit optimisation and schedule. SGS Lakefield has completed a mineralogical study on the major material types, and undertaken preliminary flotation testwork on the primary ore material types. Lycopodium has used these results to develop the process flowsheet and define the design criteria.

Equipment sizing, a plant layout and infrastructure site layout has been completed, including the preliminary design of the tailings storage facility. All of these items have been costed and the capital cost estimate for the project is being developed. No critical issues have been flagged in the study to date.

The Environmental and Social Impact Assessment (ESIA) has been progressed with the preliminary documentation delivered to the Tanzanian National Environmental Management Council for their review. Upon their approval the baseline studies will be initiated early next year.

The Cradle team is now focused on finalising the reporting and has started preparing the documentation for the Prefeasibility Study so that there can be a smooth transition between the phases.

Panda Hill Niobium Project.										
Study Activities	Target End Date	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Study Kick-off	01/07/2013	◆								
Resource Drilling Program	04/09/2013		█							
Core sampling & assaying	04/10/2013		█							
Geology & Mine Planning	30/11/2013			█						
Metallurgical Testwork	30/11/2013			█						
Engineering	19/12/2013			█						
Reporting	31/01/2014						█		█	
Study Complete	31/01/2014								◆	

Table 1: Scoping Study Timeline (progress shown in green)

The list of Scoping Study deliverables that have either been completed or are at a well advanced stage are shown in Table 2. All pending documentation is expected with the next few days allowing the final Scoping Study Report to be issued by the end of January.

Consultants for Panda Hill Niobium Project		
Deliverable	Consultant	Status
Mineral Resource Statement	Coffey	Completed
Mine Plan & Schedule	Coffey Mining	Completed
Process Flowsheet	SGS / Lycopodium	Completed
Cost Estimates	Lycopodium	Completed
Project Execution Plan	Lycopodium	Pending
Financial Model	Penrita	Pending
Scoping Study Report	Lycopodium	Pending

Table 2: Scoping Study Deliverables

A high level project schedule for the Prefeasibility and Feasibility Studies is shown in Table 3. The Prefeasibility Study will focus on drilling out the resource along with some exploratory work, metallurgical testwork and advancing the ESIA.

Conceptual Schedule - Panda Hill									
Project Activities	Target End Date	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
<b>Scoping Study</b>	January 2014								
Scoping Study Report Completed	January 2014	◆							
<b>Prefeasibility Study</b>	September 2015	■							
Project Planning / Contracting	March 2014	■							
Resource / Infill Drilling	July 2014		■						
Mineral Resource / Mining	September 2014			■					
Metallurgical Testwork	July 2014	■	■						
Preliminary Engineering	August 2014		■	■					
Environmental & Social Impact Assessment	August 2014		■	■					
Reporting	September 2014			■					
<b>Definitive Feasibility Study</b>	August 2015				■				
Project Planning / Contracting	December 2015				■				
Infill Drilling	April 2015				■	■			
Resource Definition	May 2015					■	■		
Mining / Reserve Definition	July 2015						■	■	
Piloting Testwork	March 2015					■	■		
Basic Engineering	July 2015					■	■		
Environmental & Social Impact Assessment	July 2015					■	■		
Reporting	August 2015						■	■	

Table 3: Prefeasibility and Definitive Feasibility Schedule

Grant Davey, Managing Director of Cradle, said “I am pleased with how well the project is progressing. The results from all areas of the project have been encouraging and in line with our expectations. No critical flaws have been identified and I am confident that a technically and economically sound project exists for Panda Hill.”

### Project Description

The Panda Hill Project is located in the Mbeya region in south western Tanzania, approximately 650km west of the capital Dar es Salam. The industrial city of Mbeya is situated only 35km from the Project area and will be a significant service and logistics centre for the Project. Mbeya has a population of approximately 280,000 people and is located on the main highway to Dar es Salam. A recently completed international airport is located close by. The Project is covered by three granted Mining Licenses totaling 22.1km<sup>2</sup>. This, along with the existing roads, rail, airport and power which are all available in close proximity to the Project area, will enable a quick transition from the study and development phases to an operating plant. The three granted Mining Licenses are due for renewal in November 2016 and under Tanzanian mining legislation can be renewed for a further 10 year period on completion of the approved programs of work within the Project.

### By order of the Board

For further information, please visit [www.cradleresources.com.au](http://www.cradleresources.com.au) or contact:

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