

PANDA HILL MINING & PANDA HILL NIOBIUM PROJECT

UPDATE MARCH 2023

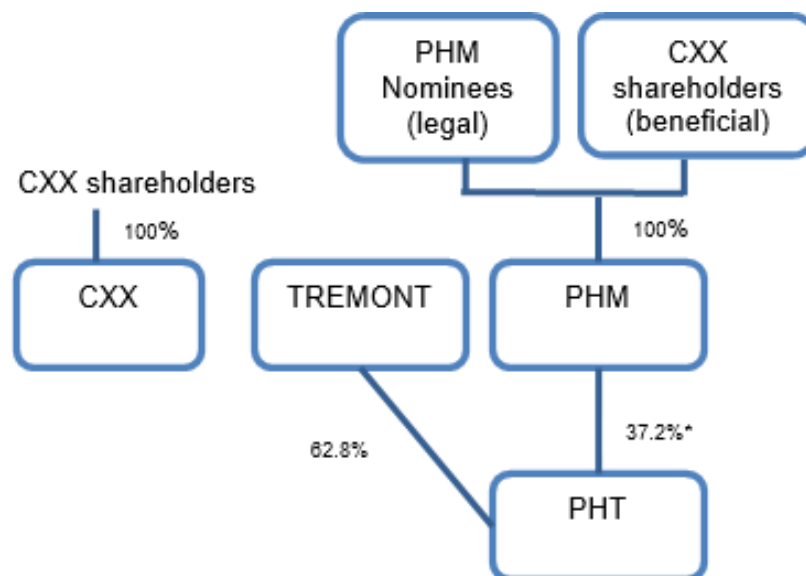
BACKGROUND

In July 2021, shareholders in Cradle Resources Limited approved the demerger of its 37.2% interest in the Panda Hill Niobium project (**Project**). At the time, Cradle's subsidiary Panda Hill Mining (**PHM**) owned 37.2% of Tanzania company Panda Hill Tanzania (**PHT**) which owned 100% of the Project.

The demerger occurred by way of an in-specie distribution of beneficial ownership of 152,748,622 shares held by Cradle in PHM to Cradle shareholders as at 9 August 2021. As a result, PHM is now owned by PHM Nominees as trustee for the Cradle shareholders.

We are sending this update to all PHM beneficial shareholders. The demerger was designed so that your number of PHM shares is equal to your number of Cradle shares held on 9 August 2021 (note: as a result you retained your Cradle shares and received PHM shares in addition, with the PHM shares held via a trust arrangement).

The resulting corporate structure is summarised below:



As part of the demerger deal, Tremont Investments Limited (the 62.8% shareholder of PHT) agreed to fund all ongoing financial requirements of the Panda Hill Project until development of the Project is funded. These costs will be converted to additional shares in PHT issued at US\$1.00 each. PHT currently has 53,201,565 shares on issue.

Under the shareholder agreement, PHT may only undertake a development capital raising for the Project by a combination of bank debt and the issue of new ordinary shares at US\$1.00 minimum.

Tremont has appointed two directors to PHT and PHM has appointed one director and has

general minority shareholder protection rights. For greater detail as to the PHT shareholder agreement we refer you to the Information Memorandum released on the ASX by Cradle on 28 Jun 2021 and sent to all shareholders at that time.

KEY NEGOTIATIONS AND REQUIRED FRAMEWORK AGREEMENTS

As you may recall, in 2017 Tanzania introduced new laws which made the economics of developing new mining projects uncertain and problematic. As a result, all new mining projects in Tanzania stalled, including Panda Hill.

More recently, the Tanzania government has appointed a Special Government Negotiating Team (SGNT) with the power to agree an economic framework for each proposed new mining project with the aim to enable projects to proceed.

During the period to October 2022 PHT was awaiting the opportunity to formally engage with the SGNT to progress its economic framework agreement. The Tanzanian Government is entitled to a 16% shareholding and a royalty in all Tanzanian mining companies amongst other economic requirements.

An initial meeting with the SGNT was at last secured in October 2022. Ongoing negotiations and operating structure proposals have since ensued. Key Framework Agreements and operating structure templates were progressed and reviewed for legal and taxation considerations, with the assistance of PWC and Clyde and Co.

RECENT ACTIVITIES – MARCH 23 QUARTER

During March 2023, key changes to the Framework Agreements together with processing and mining structural changes were finalised by PHT in preparation to re-engage with the SGNT to progress these matters.

Financing activities in relation the Project are awaiting the finalisation of the Key Framework Agreements.

A significant back log of previously stalled mining projects were recently approved by the Tanzanian government. This is a positive indication that PHT might be able to obtain approval of its Key Framework Agreements soon.

After a prolonged period waiting for more certainty in Tanzania, and given the recent and positive engagement, progress reports will now be prepared on quarterly basis regarding key developments now anticipated.