



ASX ANNOUNCEMENT

PILGRIM PROGRESS DRILLING REPORT

15th DECEMBER 2010

HIGHLIGHTS

🔥 **Diamond drilling** (4 holes for 701 metres; deepest hole 426m) has recently been completed at the Pilgrim JV (Krucible 80% Deep Yellow 20%). 3 holes that were drilled into the Cambrian sedimentary cover at the Humphries Hill Breccia, intersected extensive “red rock” alteration (hematite-magnetite-leucoxene-sulphides-uranium) in the Proterozoic Corella Formation (the same unit that hosts the Kalman & Mary Kathleen Copper/Uranium deposits). Whilst no economic zones have yet been intersected **up to 5% Copper-over 0.1metre (as well as 90g/t Silver & 155ppm Tungsten over one metre)** has been returned from narrow sulphide veins & breccias. This, combined with the strong alteration & proximity to major structures & magnetic anomalies; suggests that the sparse drilling to date is likely to be on the margins of a mineralized body or bodies which have not yet been properly drill tested. **Titanium rich veins (ilmenite/leucoxene/magnetite) have also been intersected with up to 10 metres at 0.66% Ti.** More drilling will be planned in 2011 after extensive data collation & interpretation of geological, geochemical & geophysical data has been carried out

🔥 A number of **Uranium** zones have been intersected in both primary Proterozoic basement & secondary Cambrian sediments – anomalous **Rare Earth Elements** (REE) have also been indicated from partial assays. The **maximum** values (ppm) returned to date are:

🔥 **Rock Chip;** 420 Uranium, 1520 Cerium, 1270 Lanthanum, 1930 Strontium & 379 Yttrium

🔥 **Drilling (one metre);** 450 Uranium, 950 Cerium, 1190 Lanthanum, 1755 Strontium & 188 Yttrium

🔥 More investigation & analysing for heavy REEs needs to be undertaken before any economic conclusions can be made

Anomalous Rhenium & Molybdenum (**one metre @ 1.1g/t Rhenium & 270ppm Mo**) has been intersected in RC percussion hole PMRC51 – this hole was a “one off” (testing a magnetic/IP anomaly) & is of particular interest because it was drilled in the SW area on the edge of outcrop & may represent the margins of a Moly/Rhenium system such as Kalman or Merlin, under cover. The widespread **polymetallic association** at Pilgrim bodes well for future discoveries.



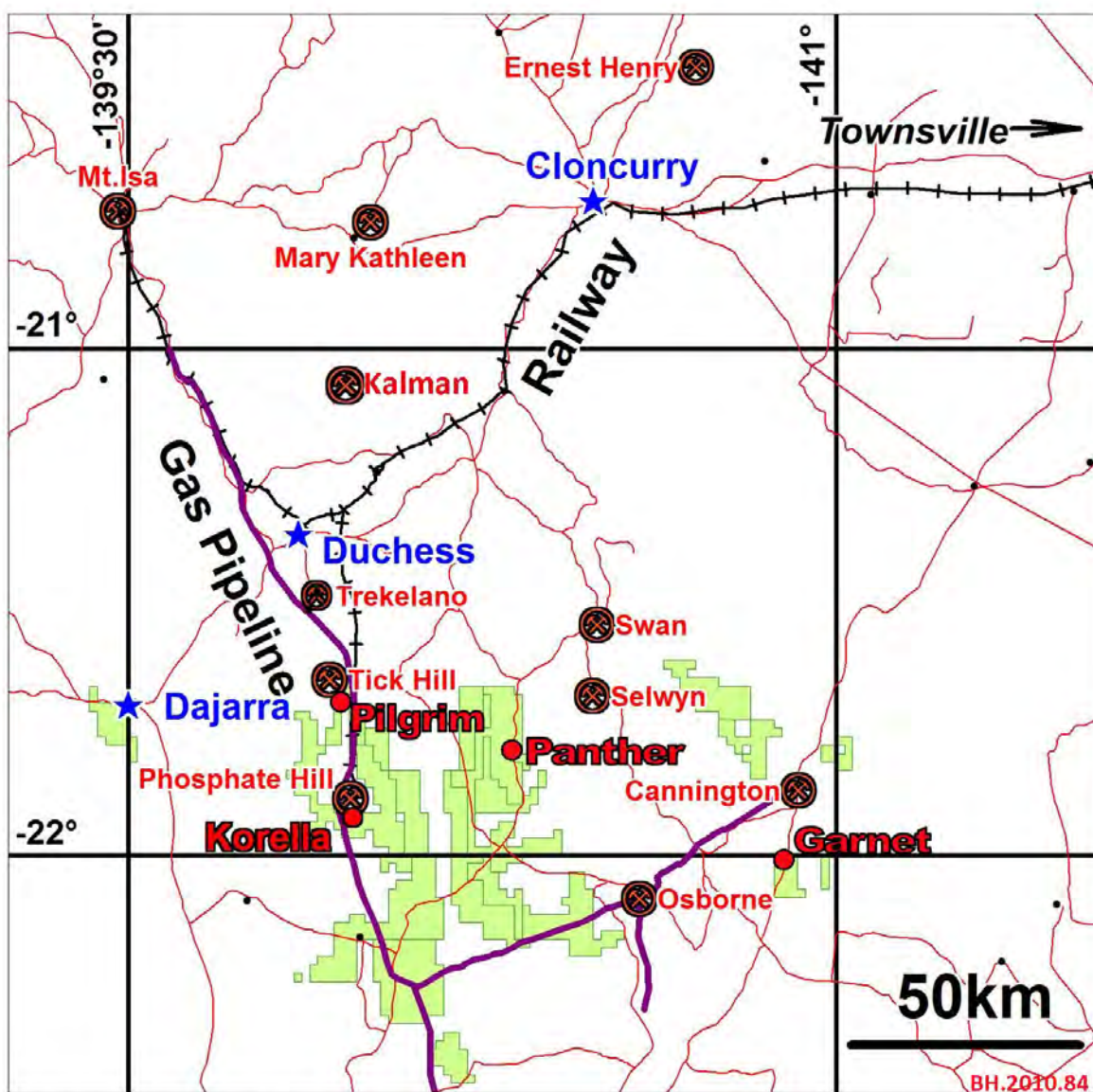
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The directors of Krucible Metals Ltd are pleased to announce that **diamond core drilling** has recently been completed at the Pilgrim / Humphries Hill Breccia Zone. A total of 4 diamond holes were drilled for 703 metres (total RC/core =1352m). Analytical results have now been received for all RC & drill core samples.

Pilgrim is located about 135km SE of Mt. Isa in NW Queensland (see Figures 1 & 2) and lies within the highly prospective **Pilgrim Fault Corridor**. It is also 5km SE of the historic high grade **Tick Hill** gold Mine and 65km south of the **Kalman** Copper-Rhenium-Molybdenum-Uranium deposit (Syndicated Metals Ltd).



Mt Isa South Area - Showing mines and infrastructure as well as Krucible tenements

FIGURE 1



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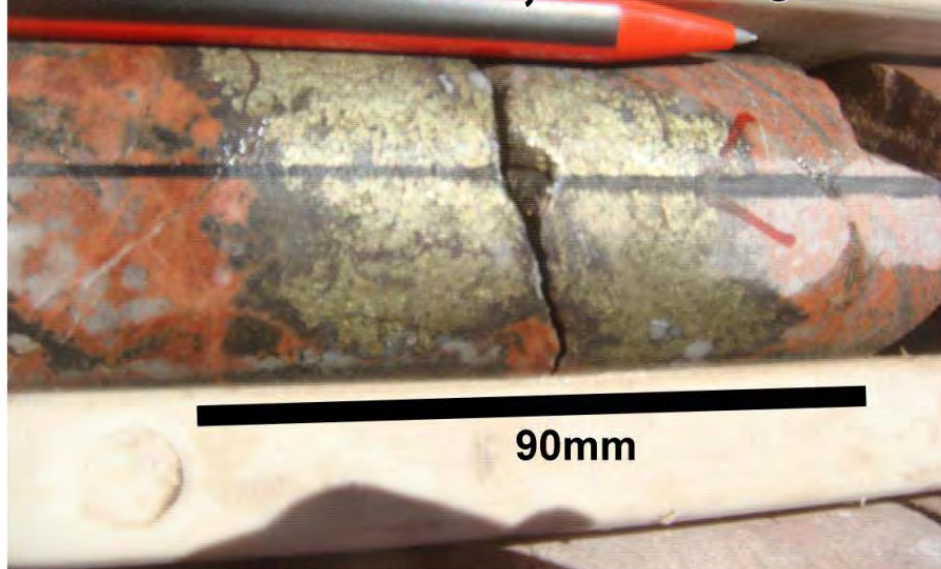
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3 of the diamond holes were drilled to test the Proterozoic Corella Formation (calc-silicate sediments/breccias & volcanics), beneath the thick cover of Cambrian sediments. All holes encountered wide zones of strong “red rock” alteration (hematite/magnetite/ilmenite/sulphides) that is considered to be indicative of large Iron Oxide Copper Gold (IOCG) systems such as **Ernest Henry** and **Swan** etc.

The alteration zone in Hole PMRDD 43 extended from 81 – 351 metre (EOH) and a number of sub-economic Copper Zones were intersected (up to **5 metres at 0.2% Copper**) with individual narrow high grade zones of massive chalcopyrite assaying up to **5% Copper** (see below).

Massive Chalcopyrite / Chalcocite vein in “red rock” alteration; Hole 43 @ 188m



**Average of 20 Niton Readings gives 5% Cu with a
maximum of 25% Cu**

Anomalous Uranium values of up to 450ppm have also been returned from red rock zones in hole 43 whilst ilmenite/leucoxene enrichment associated with magnetite veins have returned up to **10 metres at 0.66% Titanium** in holes 43 & 45.

Relatively high grade Silver as well as anomalous Tungsten (**one metre at 90 g/t Silver & 155 ppm Tungsten**) was returned from hole 45; this further enhances the polymetallic prospectivity of the region.

A full list of all anomalous diamond drill intersections as well as survey information is outlined on **TABLE 1**.

The geological Cross Section shown on **FIGURE 4** indicates the extent of the strong alteration beneath the Cambrian cover – it is thought that the mineral system intersected so far is on the periphery of a main mineral body. The source of the strong magnetic anomaly (and hence Copper mineralisation?), as shown on **FIGURES 2 & 4**, has not yet been properly drill tested.



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In addition there are a number of other Target Zones, beneath the Cambrian cover that have not yet been adequately drill tested (see **FIGURE 3**).

A list of the **RC DRILLING (holes 39-52)** results and survey information for the FBX Zone and MIM Zone is shown on **TABLE 2** - the location of these holes are shown on **FIGURE 3**. A number of sub-economic Copper & Gold zones were intersected from this drilling.

Of particular interest is hole 51 **where up to 270ppm Molybdenum & 1.1 g/t Rhenium was intersected over one metre**. This "one-off" hole was drilled to test a co-incident magnetic & IP anomaly (on the edge of outcrop) to the SW of the MIM Zone (see **FIGURE 3**) and is open to the north and south. There are possible similarities to the Kalman and Merlin Rhenium/Molybdenum deposits.

Recent investigation has shown that there is possible **URANIUM & RARE EARTH(REE) POTENTIAL** at Pilgrim with maximum values (ppm) of **450 Uranium, 1520 Cerium, 1270 Lanthanum, 1930 Strontium & 379 Yttrium** (see **TABLES 2 & 3**).

Whilst more research & assaying (particularly of the heavy Rare Earths such as Neodymium) is required to see if there is economic potential for Uranium &/or REE at Pilgrim – the preliminary geochemical indicators and structural setting of the region is encouraging for this style of mineralisation.

IN SUMMARY THE WORK TO DATE AT PILGRIM HAS BEEN PRODUCTIVE IN OUTLINING PROSPECTIVE MINERAL SYSTEMS – MORE GEOLOGICAL/GEOPHYSICAL MODELLING OF CURRENT DATA IS REQUIRED SO THAT VALID MINERALISED DRILL TARGETS CAN BE DELINEATED FOR DRILL TESTING IN 2011 & ONWARDS

Attached: **FIGURES 2-4**
TABLES 1-3

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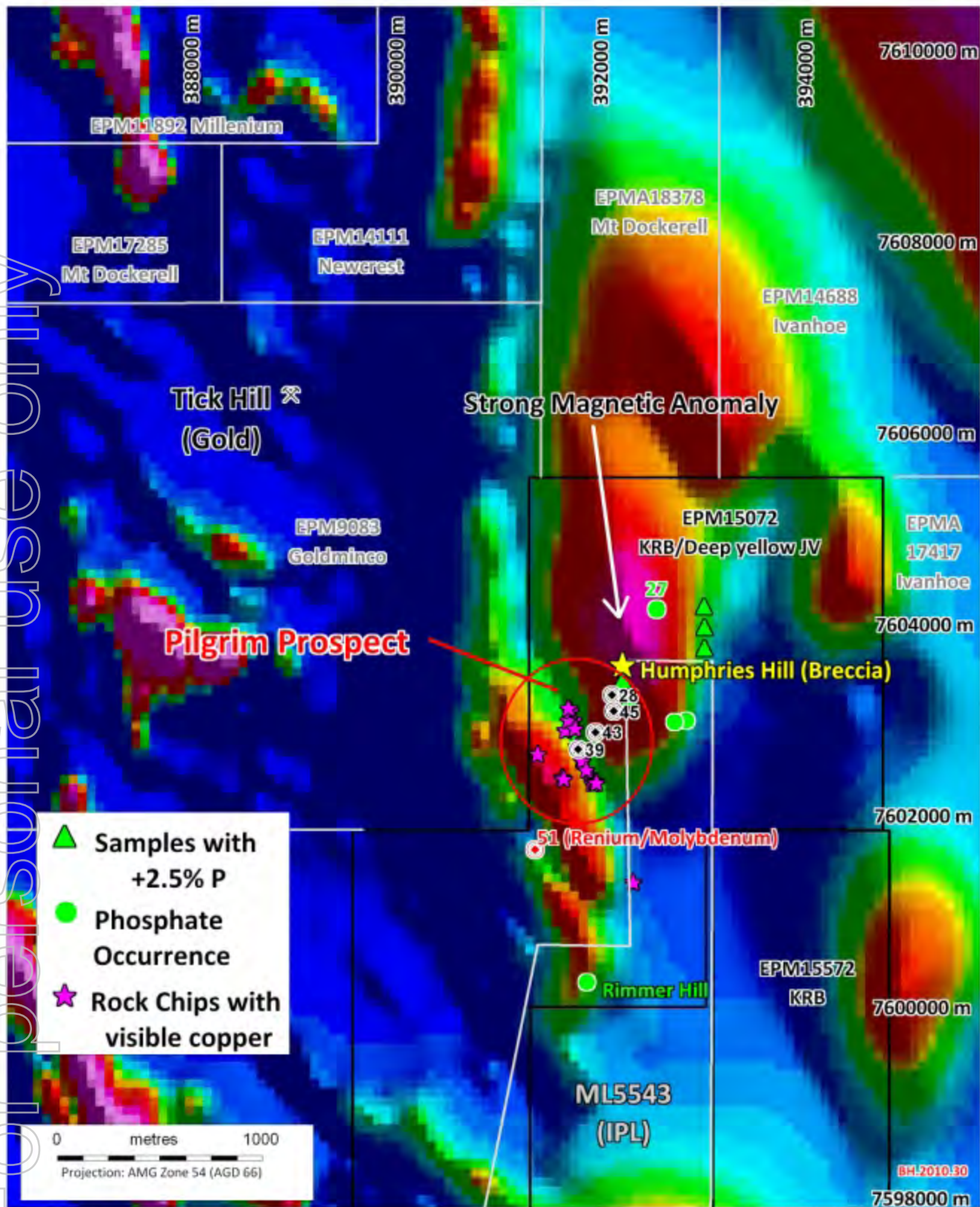
Information of a scientific or technical nature in this report was prepared under the supervision of A.J. Tony Alston, CEO and Chief Geologist of Krucible, who is a member of the Australian Institute Geoscientists and the Australian Institute of Mining and Metallurgy. Mr Alston has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "competent person" as defined in the 2004 edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Alston has reviewed and approved Krucible's quality assurance program, quality control measures, the geology, samples collection and testing procedures the basis for information contained in this report. For further information regarding the Korella Deposit (PHM South) discovery please refer to reports and releases to the Australian Stock Exchange over the last 18 months together with the Company's website at www.kruciblemetals.com.au

This report contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward looking statements.

Mr Alston consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

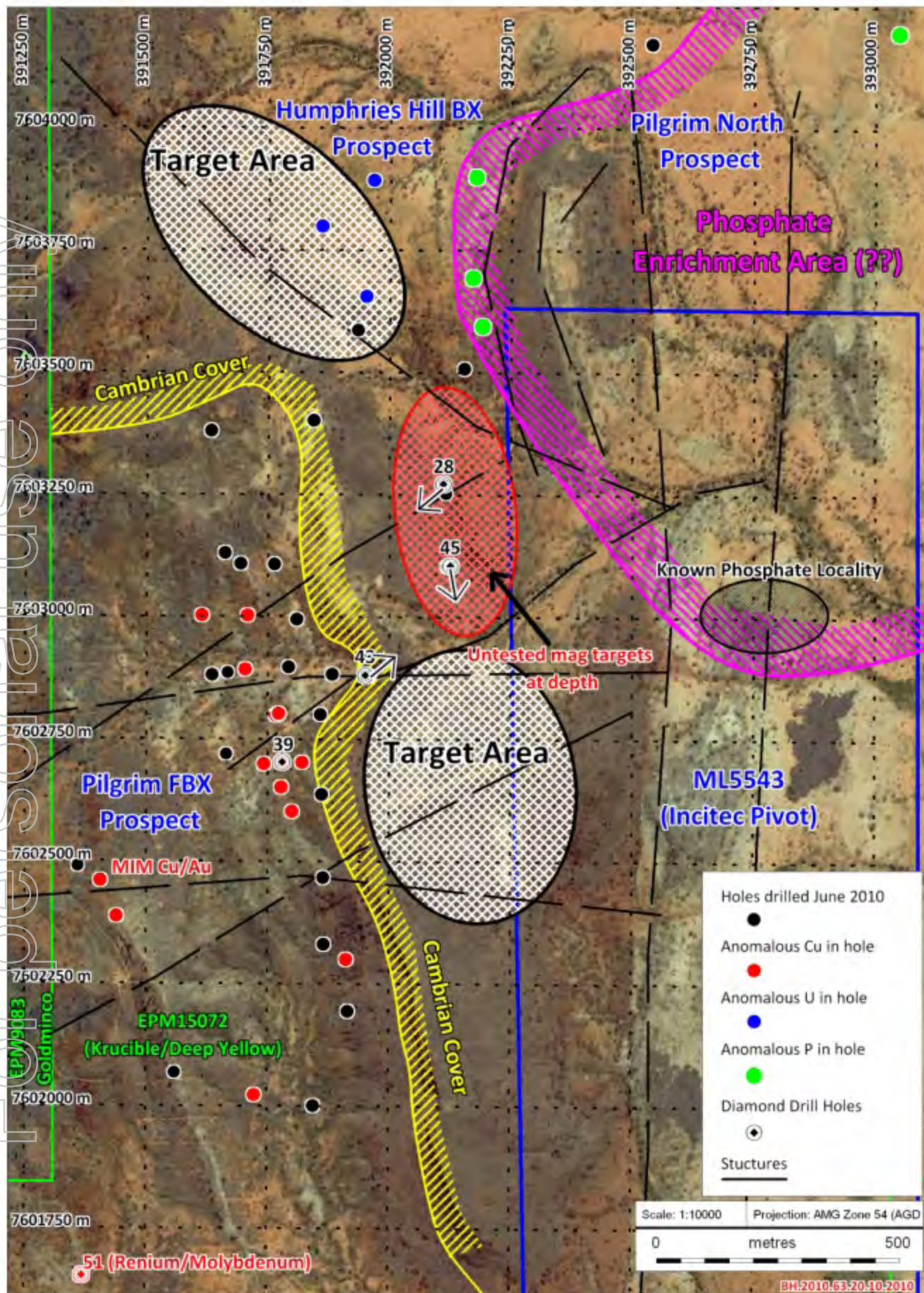
Analytical results quoted in this announcement are from ALS MINERALS LABORATORY using standard acid digest and ICP analyses. The one metre samples submitted are from a cyclone splitter.

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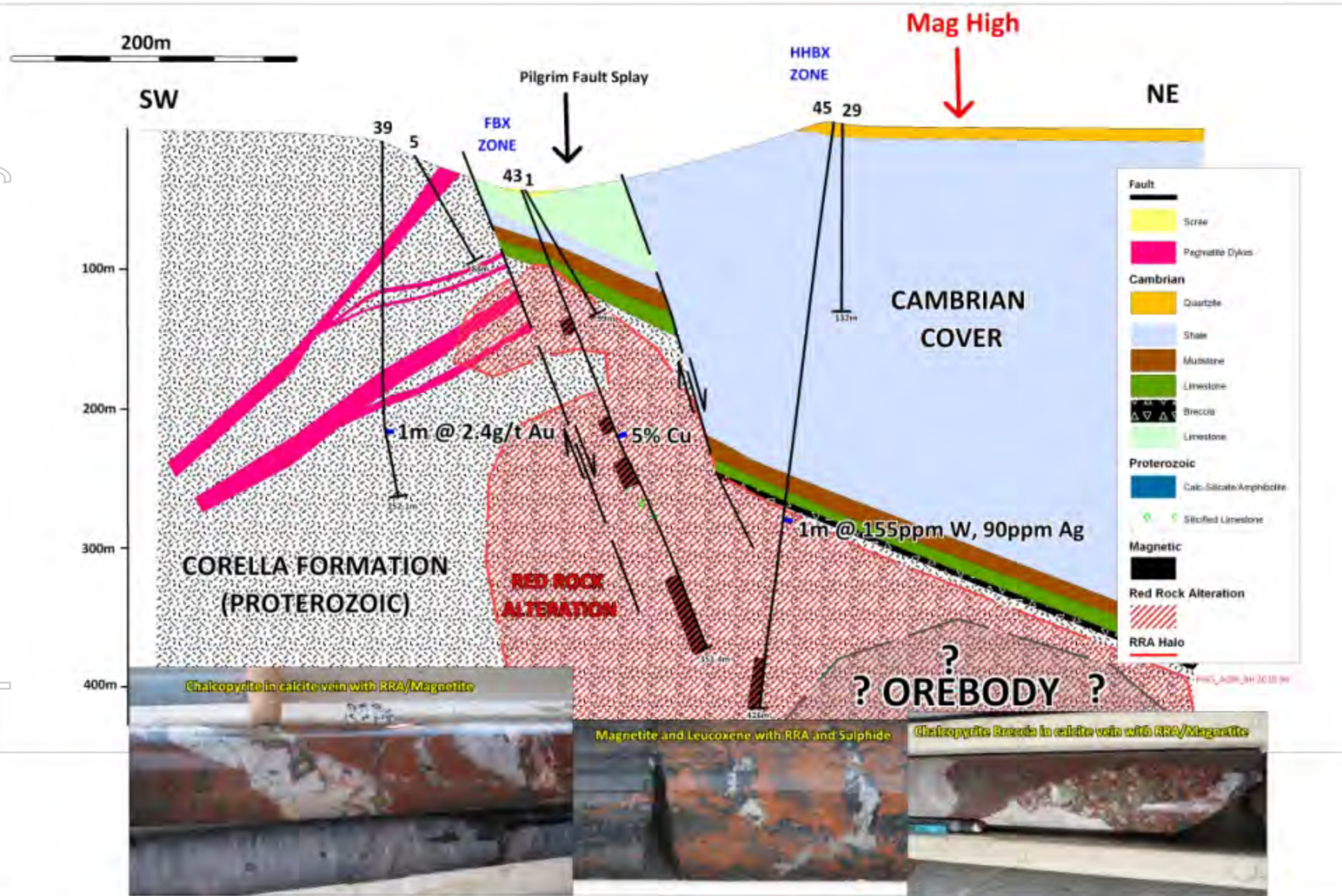


EPM15072 Pilgrim Fault on Regional Government Magnetics

FIGURE 2



Pilgrim Fault EPM15072 - Google image showing drilling results



PILGRIM FAULT EPM15072 CROSS SECTION THROUGH HUMPHRIES HILL PROSPECT

FIGURE 4

TABLE 1

PILGRIM DIAMOND DRILLING RESULTS TO DATE (14/12/10)

Hole Number (R.C. Pre collar)	AMG Co-Ord. (AGD66)		Depth	Azimuth (Magnetic)	Inclination	ANOMALOUS COPPER RESULTS (Shown in ppm unless marked %)	Comments
	Easting	Northing					
10PMRDD 039 (pre collar 198m)	391781	7602704	252.1m	-	Vertical	No Significant Assays	Up to 0.10g/t Au (2.4 g/t Au at bottom of R.C. pre collar)
10PMRDD 043 (pre collar 81m)	391951	7604200	351.4m	050°	70°	1m @ 1540 Cu from 105m 5m @ 1960 Cu from 135m 1m @ 1750 Cu from 144m 1m @ 1440 Cu frm 179m 1m @ 1010 Cu from 183m 1m @ 2400 Cu from 188m 1m @ 1750 Cu from 190m 1m @ 1060 Cu from 218m 1m @ 2330 Cu from 346m	NB 9m @ 0.59% Titanium from 342m 1m @ 450 Uranium from 301m
10PMRDD 045 (pre collar 198m)	392129	7603101	426m	150°	75°	8m @ 405 Cu from 275m 1m @ 1300 Cu from 300m	NB 10m @ 0.66% Titanium from 394m 1m @ 90.2 Silver & 155 Tungston
10PMRDD 028 (pre collar 198m)	392111	7603274	321.8m	235°	67°	1m @ 1115 Cu from 282m	

TABLE 2

PILGRIM RC DRILLING / ANOMALOUS INTERSECTIONS (OCT - NOV 2010)
PILGRIM FBX ZONE & MIM ZONE
(1ST HOLE PMRC 039)

Hole Number	AMG Co-Ord. (AGD66)		Depth	Azimuth (Magnetic)	Inclination	Interval		Length (metres)	Analytical Results (ppm unless shown as %)		Comments
	Easting	Northing				From	To		Copper	Gold	
10PMRC 039 (FBX)	391781	7602704	198	-	Vertical	17	23	6	1050	0.105	1m @ 160ppm Uranium from 184m
						55	58	3	1520	-	
						197	198	1	205	2.390	
10PMRC 040 (MIM)	391360	7602491	198	-	Vertical	126	128	2	1960	0.072	
						1	2	1	158	0.166	
10PMRC 041 (MIM)	391439	7602390	198	-	Vertical	22	25	3	2370	0.190	1m @ 194ppm Molybdenum from 121m
10PMRC 042 (FBX)	391668	7602887	198	-	Vertical	92	95	3	1400	0.030	
10PMRC 050 (MIM)	391724	7602025	198	260°	75°	71	72	1	1505	0.760	NB 720 Lanthanum, 100 Uranium & 1100 Cerium (180-181) NB 270 Molybdenum & 1.1 <u>Rhenium</u> (185-186)
						136	138	2	2840	0.180	
						152	156	4	1620	0.205	
10PMRC 051 (MIM)	391370	7601654	198	060°	74°	146	147	1	788	-	
						180	181	1	809	-	
						185	186	1	-	-	

TABLE 3

**PILGRIM / ANOMALOUS URANIUM & RARE EARTHS
(ROCK CHIP / SURFACE & DRILLING)**

SAMPLE TYPE	URANIUM (ppm)	CERIUM (ppm)	LANTHANUM (ppm)	STRONTIUM (ppm)	YTTRIUM (ppm)	COMMENTS
Cambrian Sediments (cover) - Surface Rocks (secondary)	420	300	200	1930	379	up to 0.9% Copper 105ppm Molybdenum & 0.205 g/t Gold in breccias
Cambrian Drilling (secondary) (one metre)	390	N.A.	90	1755	188	up to 1500ppm Vanadium & 1010ppm Zinc, 0.106 Gold & 659ppm Copper in shales
Proterozoic (Corella Fm) - Basement Surface Rocks	120	1520	1270	520	54	up to 2000ppm Molybdenum & up to 35% Copper & 10.5 g/t Gold from supergene enriched breccias
Proterozoic (Corella Fm) Drilling - R.C. Percussion (one metre)	190	1100	1190	183	88	NB - up to 1.1g/t Rhenium & 270 Molybdenum in "Galah Stone"
Proterozoic (Corella Fm) - Diamond Drilling (one metre)	450	250	95	257	35	red rock alteration zones