



Statement for Shareholders, 28 January, 2014
Allan Branch, Managing Director and CEO

Dear Shareholders,

Krucible Metals Ltd ("Krucible", "Company") has succeeded at converting one of its discoveries into a cash asset by selling its phosphate tenements to Australia New Agribusiness & Chemical Group Ltd ("ANB"). Krucible and ANB have developed an excellent working relationship during this sales and purchase negotiation period, which is sure to be useful in the future.



As a direct consequence, Krucible added a cash asset of approximately \$12m to its Balance Sheet before the arising tax considerations. Also before tax we carried over \$5m in capitalised exploration expenditure on our Balance Sheet which will reduce to about \$2m once it offsets tax commitments. Krucible continues to actively explore several prospective tenements in a part of the world in which we are very experienced. Furthermore we continue to evaluate possible joint venture and acquisition opportunities.

Under the current global economic conditions and the recognised severe mining downturn, with our share price up by around 50% from the previous quarter, the management and directors of Krucible believe this is a satisfactory outcome for the Company and its shareholders. Krucible is now secure for several years to continue its exploration and implement its business growth plans.

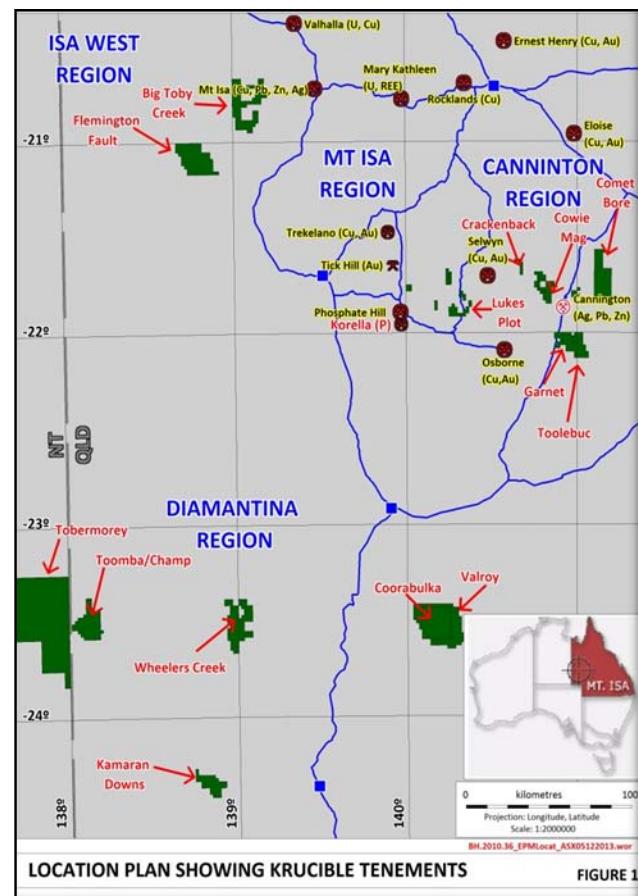
Krucible holds 16 tenements consisting of 12 granted exploration leases plus 4 still in the application stage. Krucible is also maintaining EPMA19090 (Lily Hole Creek) on behalf of ANB. The Company has an active turnover of ground as we assess exploration results.

Krucible would now like to advise the market of its plan for the future which has several parts:

- Invest heavily in exploration
- Minimise tax and maximise shareholder wealth
- Reward loyalty of shareholders
- Invest in alternative ventures
- Commercialise more of its discoveries
- Invest in R&D (Research and Development)

Balance Sheet Activities

Control of Krucible has necessarily focussed on what might be termed P&L (profit and loss) management over the last 2 years as





the Company concentrated on its financial situation. The pure objective was to ensure the survival of the company. This financial strategy will now shift to Balance Sheet management, a different strategic management style, which will ensure that net assets increase and along with it should follow share prices. First of these strategies has been the obtaining of expert tax advice in regard to our recent sale transaction. Another part is to encourage volume trading. Another will be the increased media visibility of our operations, which in turn will increase interest in our activities. Over the next year, these plans will be designed to increase the size of the company, increase the volume of trading in our stock, to increase the value of Krucible's shares and to reward shareholders even more.

Investment in Exploration

Krucible is first and foremost a junior explorer. The Company intends to allocate as much as possible of its cash resources to exploration. Discovery is based on geological excellence, persistent prospecting, use of all state-of-the-art technology tools, use of external expertise, and luck. Time and money is the formula for these operations and we now have that in place. In turn this means that objectives such as rewarding shareholders and investing in joint ventures have to be structured cleverly so as to not drain our cash. We are skilled and proven at that type of deal making.

Our 2014 exploration budget is around \$2m. In fact Krucible's first field trip this year has been brought forward to February given the recent clement weather. Work will be conducted on Tobermorey (EL28170 in the Northern Territory), Lukes Plot (EPM17613 in the Cannington region), Big Toby Creek and Flemington Fault (EPM19095 and EPM19099 respectively in the Mount Isa west region), and Toomba (EPM15367 in the Diamantina). The first program planned is a reconnaissance trip to the Isa West tenements which are newly granted areas with little previous exploration. A SAM (Sub-Audio Magnetics) geophysical survey over Lukes Plot and an airborne magnetics survey over Tobermorey are also planned and Krucible expects these will be conducted in the quarter ending March 2014.



Recognition of Shareholder Loyalty

Much thought went into how to reward the loyalty of shareholders in a way that would meet the known needs of our shareholder portfolio. Krucible is perhaps different from many junior explorers as its register records a significant number of large founder shareholders who still hold their shares and resist trading. While it has been discussed in open forums that a cash dividend might be viewed favourably by the market, an equal number of comments have recognised the merit of keeping the company's hard earned cash in-house to contribute to exploration. Krucible is after all an explorer



and the main interest from investors is to speculate on a big discovery. Discovery requires expenditure on exploration which requires cash. Alternative reward ideas included the issue of free shares or free options, further rights issues, and so on. Krucible has no need for, nor intention to raise, further capital from any securities issue, so that was taken into account. Krucible consequently announced on Friday 24 January 2014 that it is issuing free options at a very attractive \$0.05 to eligible shareholders on the basis of one option for every four shares held, and applying for their listing on the ASX with expiry on 23 January 2016. Since it is not the intention of Krucible to raise capital from this exercise, the options are being issued for no consideration, however if all the options are exercised the Company will receive \$1m (not \$4m as was incorrectly reported in the announcement). Krucible reserves the right to vary the Indicative Timetable shown here:

Options announcement	24 January 2014
Options Prospectus lodged with ASIC and ASX	4 March 2014
Record date to determine entitlements to Bonus Options	14 March 2014
Trading in Options commences on a Deferred Settlement basis	7 March 2014
Allotment of Options	28 March 2014
Normal trading on ASX	31 March 2014

Invest in Alternative Ventures

Krucible will implement strategies to ensure that exploration budgets are protected well into the future. It is the Company's intention to enter into acquisitions, joint ventures, mergers, or any suitable project that will generate an alternative revenue stream. Part of the rational is to avoid another threat like the company faced in 2012 with a looming cash flow crisis. Strategically this is the time to seek out bargains. An important part of our strategy is to grow faster than exploration allows. Krucible has conducted more than one site visit and assessed several opportunities in recent months, while evaluating several more. We have a crystal clear profile of what the likely targets are for M&A (Merger and Acquisition) or JV (Joint Venture).

Commercialise Existing Discoveries.

Krucible has a few existing commercial opportunities that may allow a repeat of what was done with its phosphate assets. For example the world is excited about what might happen with rare earth elements ("REE"), and we have developed strategies to be part of that dynamic. Unlike the high grade Korella phosphate, which can be sold as direct shipping ore, in our opinion REEs are a viable commodity only if sold in a refined state. So Krucible has participated in revolutionary processing technology to ensure we have a viable commodity. We have also researched the opportunities from a new perspective to have a strong understanding of a complex market that is otherwise poorly understood. In fact aspects of Krucible's 'REE commercialising' method have been presented at conferences and published on global web sites, and part of the pricing research we did have become the accepted norm.

Investment in R&D

Krucible is perhaps at the forefront in its efforts to stay ahead of the game in terms of its geological exploration tools. The Company has a continuous staff development policy and we are at the forefront of emerging exploration technologies. For instance challenging aspects of our tenements on the border areas of Queensland and the Northern Territory include the accessibility, difficult terrain, deep cover, poor drilling conditions, and the lack of prior exploration data.



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The benefit of this though is that Krucible has the best chance of early discovery in this region on tenements like EPM15389, EPMA19475, EPM15367 and EL28170. Therefore Krucible is conducting research into exciting biogeochemical exploration technology designed to overcome these problems and reduce the cost and complexity of our exploration activities in these regions.

Allan Branch
Managing Director & CEO



About Krucible Metals Limited:

Listed on Australia's main stock exchange since 2007, Krucible is an Australian-based resources company with an enviable history of discovery in phosphorus and rare earths as well as other elements. Krucible continues to explore for precious metals, base metals and strategic metals, and is transitioning to a combined exploration and mining company. Krucible has plans and expectations to ultimately enter joint ventures to develop mines on its tenements in the mineral rich Mount Isa area of Northwestern Queensland. Krucible has a strong industry-based board and management, who promote aggressive value-added mining projects.