ASX Announcement

3 October 2014

KRUCIBLE METALS LTD

Mineral Discovery Company

ABN:**12 118 788 846** ASX Code: **KRB**

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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 heavy rare earths as well as other elements. Krucible continues to explore for precious metals, base metals and others, and is transitioning to a combined exploration and mining company. Krucible has plans and expectations to ultimately enter joint ventures to develop mines on tenements in the mineral rich Mount Isa area of north western Queensland. Krucible has a strong industry-based board and management, who promote aggressive value-added mining projects.

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Diamantina Exploration

- The directors of Krucible Metals Ltd (Krucible) are pleased to announce the recent exciting exploration activities on Krucible's 100% owned Diamantina tenements: Tobermorey EL28170 and Toomba EPM15367.
- Following aerial geophysical surveying at Tobermorey and phytogeophysical surveying at Toomba, together with extensive ground sampling on both tenements throughout this and last year, a combined drilling program has been planned and is now well in progress at Tobermorey.
- Surface sampling in July 2013 identified areas of interest to Krucible and has been followed up with a magnetic survey over the Elstone prospect at Tobermorey. This was completed on 24 July 2014 with processed images of the survey received and indicate a number of interesting structural features. Further modelling including depth to source is expected in early October.
- Drilling has commenced over structural targets identified from the processing of magnetic survey and previous surface geochemical sampling.
- Rock chip sampling at Hook 2 prospect has identified visible secondary copper as well as pyrite + chalcopyrite in quartz rich scree.
- Sampling in September 2014 has identified a 2km NW trending copper anomaly in lag samples at Vos West prospect at Toomba.
- Following further lag sampling at Toomba which was supplemented by innovative spinifex biogeochemical sampling, interpretations of the data has also identified drill targets.
- While Krucible is waiting for release of the analysis of the Toomba spinifex trial by the Queensland Government, the results suggest this will prove an invaluable additional prospecting tool for the identification of drill targets.
- The Toomba drill program was initially scheduled to start prior to the Tobermorey drilling, but has now been rescheduled to begin after the Tobermory holes are complete.
- Toomba and Tobermorey are both prospective for copper/gold mineralisation similar to IOCG style deposits such as Tropicana (WA) and Olympic Dam (SA), related to magnetic and or major structural features.

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Exploration Update Diamantina Project

1. TOBERMOREY EL28170

Background

This EL lies on the Northern Territory side of the Queensland border on the edge of the Simpson Desert (Figure 1) sixty km northwest lies Krucible's Champ Prospect on the Toomba EPM where drilling has returned up to 3m @ 2.4% copper from 12m (09TMRC-29 AGD66 210370E, 7400968N). Mineralisation is interpreted to be associated with the large crustal scale Toomba Fault which runs close to the Tobermorey EL.

New exploration to the west of Tobermorey by a number of exploration companies has identified further new copper occurrences. These are moving steadily in an easterly direction towards Krucible's Tobermorey EPM on the Queensland/Northern Territory border. Drilling by Mithril Resources Ltd (250km to the west) has identified up to 2m @ 1.15% copper and 0.23g/t Au from 21m (Mithril Resources ASX Quarterly Report 15 January 2013) the mineralisation in this region appears closely associated with structural features.

Initial heli-supported reconnaissance sampling returned up to 428ppm lead in quartz breccia sub-crop (AGD66 795027E, 7421729N) (ASX quarterly announcement 31 July 2013). Krucible followed this up with surface sampling in June/July 2013 which identified lead, copper, silver and zinc anomalism (ASX announcement 31st July 2013) (Figure 3). This enrichment is thought to occur within an iron rich quartz breccia which outcrops on the eastern and to a lesser extent on the western edges of a ridge composed of quartz breccia and sandstones. This enrichment may be caused by leakage from a source of mineralisation below surface. Rock chip sampling from this exploration showed anomalous values in an iron rich quartz breccia with results including:

TYRK19 (796000E, 7421819N) 0.17ppm silver, 291ppm lead, 264ppm zinc
TYRK21 (794755E, 7422283N) 0.27ppm silver, 159ppm lead
(Anomalous results were announced 31 July 2013)

2014 Exploration - Geophysical Survey Results

The Elstone prospect (northeast corner of the tenement) corresponds with a large magnetic ridge with low resolution in government images. In March 2014 Krucible planned an aerial geophysical survey over the Tobermorey tenement specifically the Elstone area to further define the broad anomaly. The survey was initially delayed in May due to aircraft mechanical failures and then high winds. UTS Geophysics began the aerial magnetic/radiometric survey on the 19th of July with data acquisition taking 5 days and encompassed almost 2,400 kms on a 150m traverse line spacing in the northeast corner of the EL.

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The survey identified a large ovoid body which is thought to be a deep granitic body and is not prospective for mineralisation. However the body does subdue to the shallower anomalies therefore the processing completed by GeoDiscovery has removed this regional feature to enhance the shallower features. This work has revealed several interesting features including a number of interpreted structures (Figure 2).

Interpretations of the Elstone prospect suggest the anomalous surface sampling lies in a magnetic low area bound by sharp contacts to the east and west. This is interpreted to represent the southern extent of the Adams Fault. In the southern area of the survey the magnetic signature suggests it may be part of the Stella and Dukes Shear zones identified from geophysical interpretations on the Toomba tenement 60km to the east in Queensland. These interpretations completed by Terra Search Pty Ltd indicate the Duke and Stella structures appear to be sub-parallel magnetic features representing up faulted basement structures. The northeast corner of the survey highlights the Toomba Fault zone.

RC Drilling Program

Krucible is pleased to announce there is now an RC drilling program in place over the Elstone prospect (Figures 2 and 3). Drilling is contracted to MLM Drilling and will comprise approximately 20 holes for 2000m and the drilling crew has mobilised as drilling has commenced. This is targeting the sub-surface enrichment from the previous surface sampling as well as the structural features identified in the survey processing.

2. TOOMBA EPM15367

Background

Toomba EPM15367 is located about 350km south-southwest of Mt Isa in the Diamantina region of western Queensland on the edge of the Simpson Desert (Figure 1). The area was targeted for exploration because of the presence of large scale structures in a region where large expanses of shallow Proterozoic basement had not previously been explored for mineral deposits. The primary target is IOCG type deposits such as Tropicana (WA) and Olympic Dam (SA) related to magnetic and/or major structural features.

Previously (ASX announcement 25 November 2009) Krucible completed a total of 54 aircore and RC drill holes for a total of 2808m on Toomba. This covered the Stella and Champ prospects. Of the 32 holes drilled on the Champ prospect, 11 intersected anomalous copper (>0.1%Cu) with the deepest intersection at 64m from surface. The mineralisation appears to occur mainly as secondary malachite and chrysocolla minerals but sulphides in the form of chalcopyrite and chalcocite have also been observed. The mineralisation is usually associated with hematite/sericite/quartz alteration near the contact of steeply dipping siltstone and sandstones with granitic dykes nearby.

2014 Exploration – Surface Programs

In March 2014 Krucible completed further surface lag sampling with a number of copper and base metal anomalies identified (ASX Announcements, 29 May 2014) (Figure 4). More recently Krucible

has continued its lag sampling grid over the Vos West prospect to follow up on previous anomalous lag. This has increased the copper anomalism over a 2km northwest trending zone (see Table 1 for anomalous results). This anomaly corresponds to a magnetic ridge which also trends northwest and extends beyond the current sampling results. Further lag samples have been collected from this area and ALS results are expected to be received in approximately 4 weeks.

Sample ID	Easting (AGD66)	Northing (AGD66)	Ag (ppm)	As (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
90522	207183	7396821	<0.5	60	56	45	39
90529	208372	7396511	<0.5	<5	125	10	144
90530	207901	7397199	<0.5	45	56	34	414
90531	207992	7397029	0.5	19	67	24	64
90534	208622	7396973	<0.5	7	25	45	36

Table 1 Anomalous Lag Sampling Results From Toomba

Krucible is also participating in a phytogeochemical sampling program under the Industry Priorities Initiative by the Queensland Government. The second phase of this sampling was completed in July 2014 by HDR|Salva. This biogeochemical methodology is expected to eventually contribute to early-stage subsurface investigations in this type of difficult terrain without the cost or risk of drilling.

Rock chip sampling by Krucible has been completed over the Hook 2 prospect. These samples have been analysed in the field using a portable XRF device. Visible secondary copper and disseminated pyrite + chalcopyrite have been identified in quartz rich scree samples with iron rich veinlets. Although not outcrop the samples are large and are not thought to have travelled far from source. An average of the sample over 5 XRF readings indicates anomalous copper of **0.36% copper** with maximum readings of **1.5% copper**. These samples will be sent to ALS and results will be announced when available.

RC Drilling Program

An RC drilling program was due to commence early September, however Krucible has decided to drill at Tobermorey first and complete the Toomba program after. The Toomba program is targeting geophysical and geochemical anomalies identified from Krucible exploration. Testing of the deeper extents of the Champ prospect copper enrichment is also included in the drilling program. The program is expected to include 15-20 RC holes each approximately 150m deep for a total of 2500m.

3. Future Exploration

The exciting copper surface sampling results from Toomba and the emerging picture of prospectivity at Tobermorey, potentially a continuation from Toomba's discoveries, are a result of significant new field work on these tenements this year. More samples are being assayed in the lab and considerable analysis to produce models and structural interpretations are being created. Krucible will be updating the market as the results come in from the drilling on both the Tobermorey and Toomba tenements. Further modelling on the Tobermorey geophysical survey is expected in early October. The results of the phytogeochemical program are expected from the GSQ at the end of October.

Attached: Figures 1-4

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Further Information:

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About Krucible Metals Limited:

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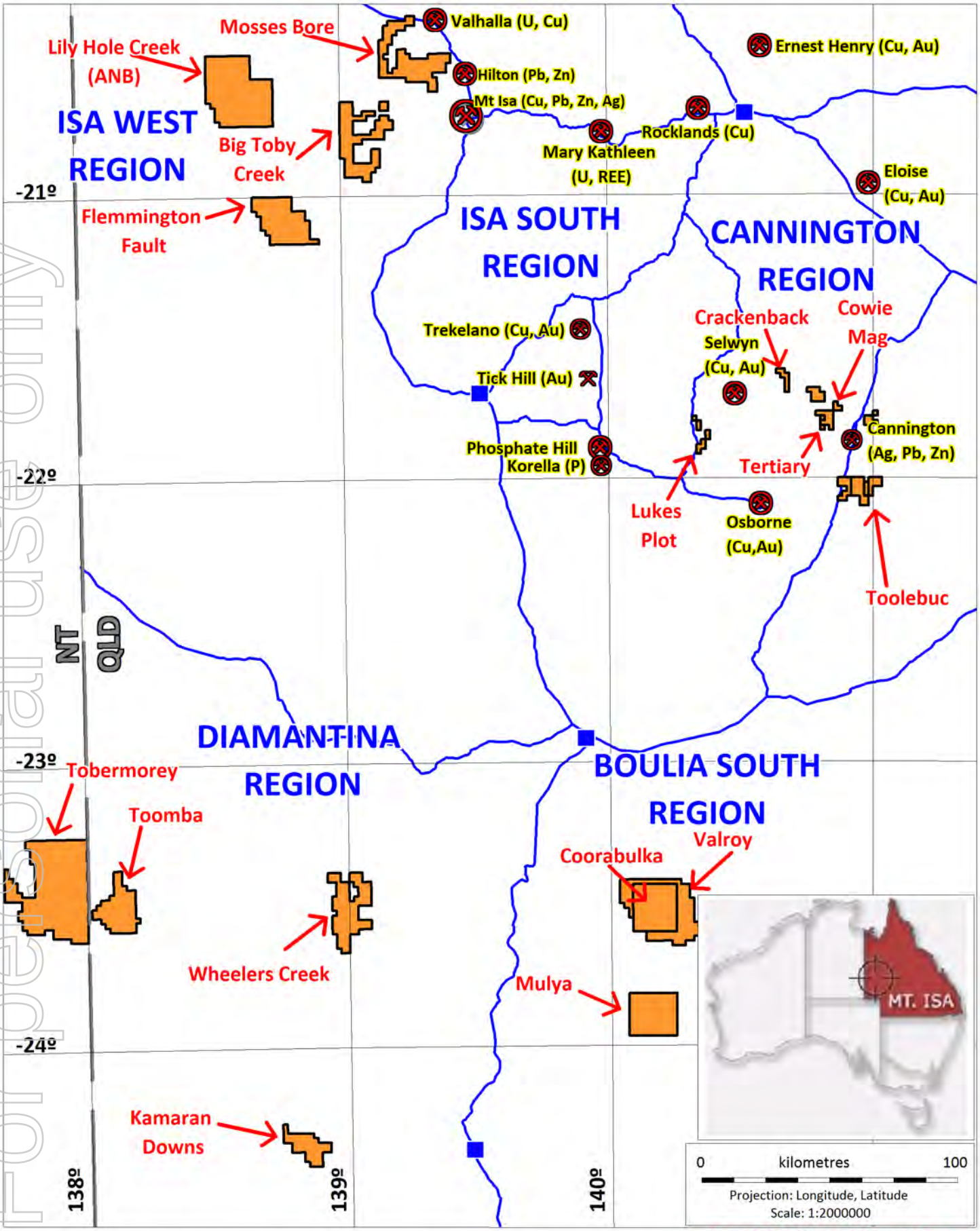
COMPETENT PERSON STATEMENT

"The information in this report that relates to Mineral resources and Exploration Results is based on information compiled by Mr Andrew J Vigar who is a Fellow of The Australasian Institute of Mining and Metallurgy and is employed by Mining Associates Limited, Hong Kong and is a non-executive director of Krucible Metals Ltd. Mr Vigar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Vigar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears".

Copper results from the portable XRF are from an Olympus device (Model DP-4050-HCR) and are not considered laboratory grade results. Samples will be send to ALS Global Laboratory to confirm the readings from this device

Lag sample results quoted are ALS Laboratory results using method ME-MS61. See Annexure A for further information.

This report may contain forward-looking statements. Any 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.



BH.2010.36_EPMLocat_AR19092014.wor

LOCATION PLAN SHOWING KRUCIBLE TENEMENTS **FIGURE 1**

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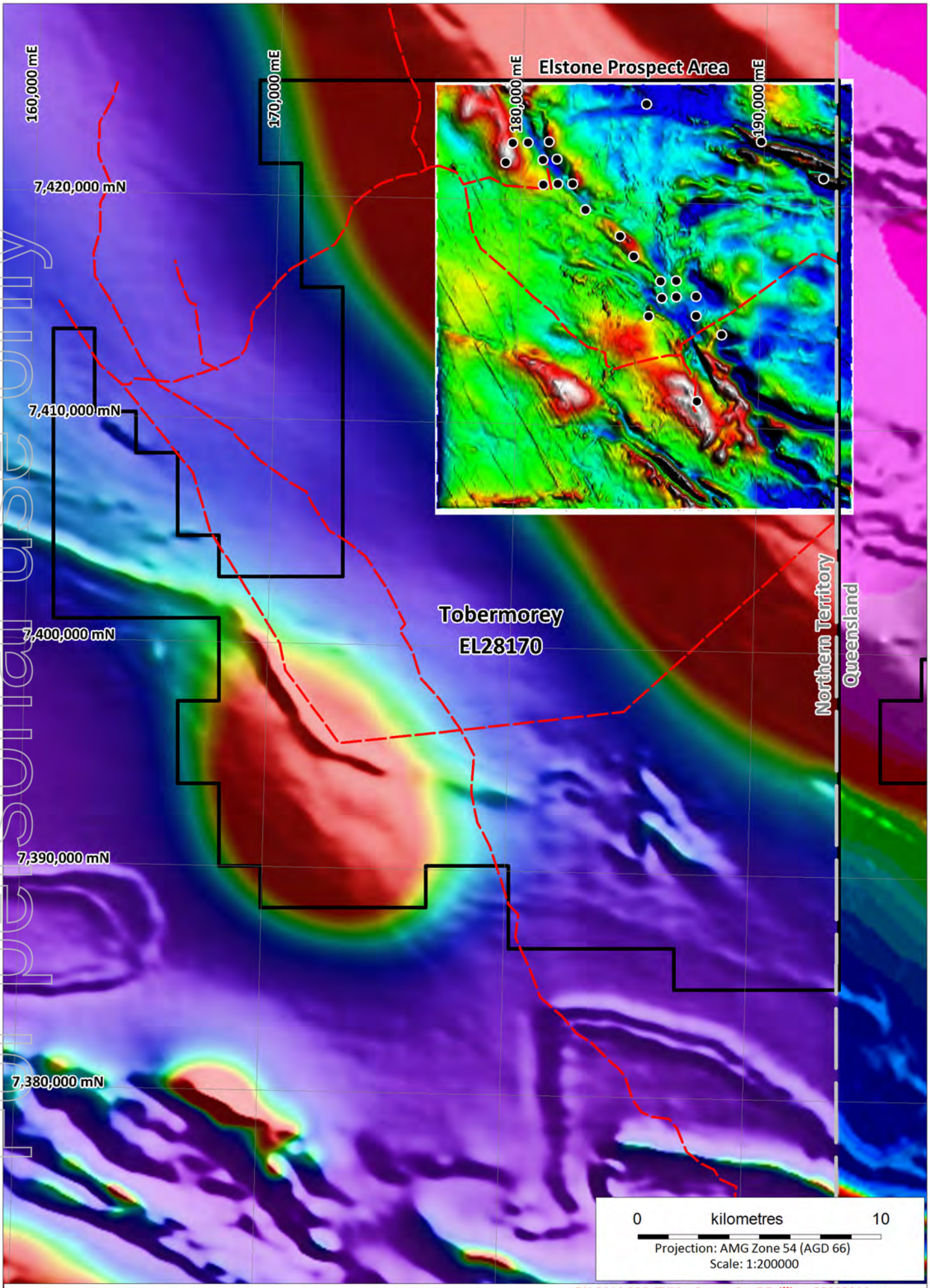

BH.2014.206_TYMagSurveyGeoDDrilling_22092014.wor

Tobermorey EL28170 - Regional Government TMI Magnetics with Detailed RTP/TMI Magnetic Image and Drill Holes (black)

N.b. Detailed survey image has had regional features removed

FIGURE 2

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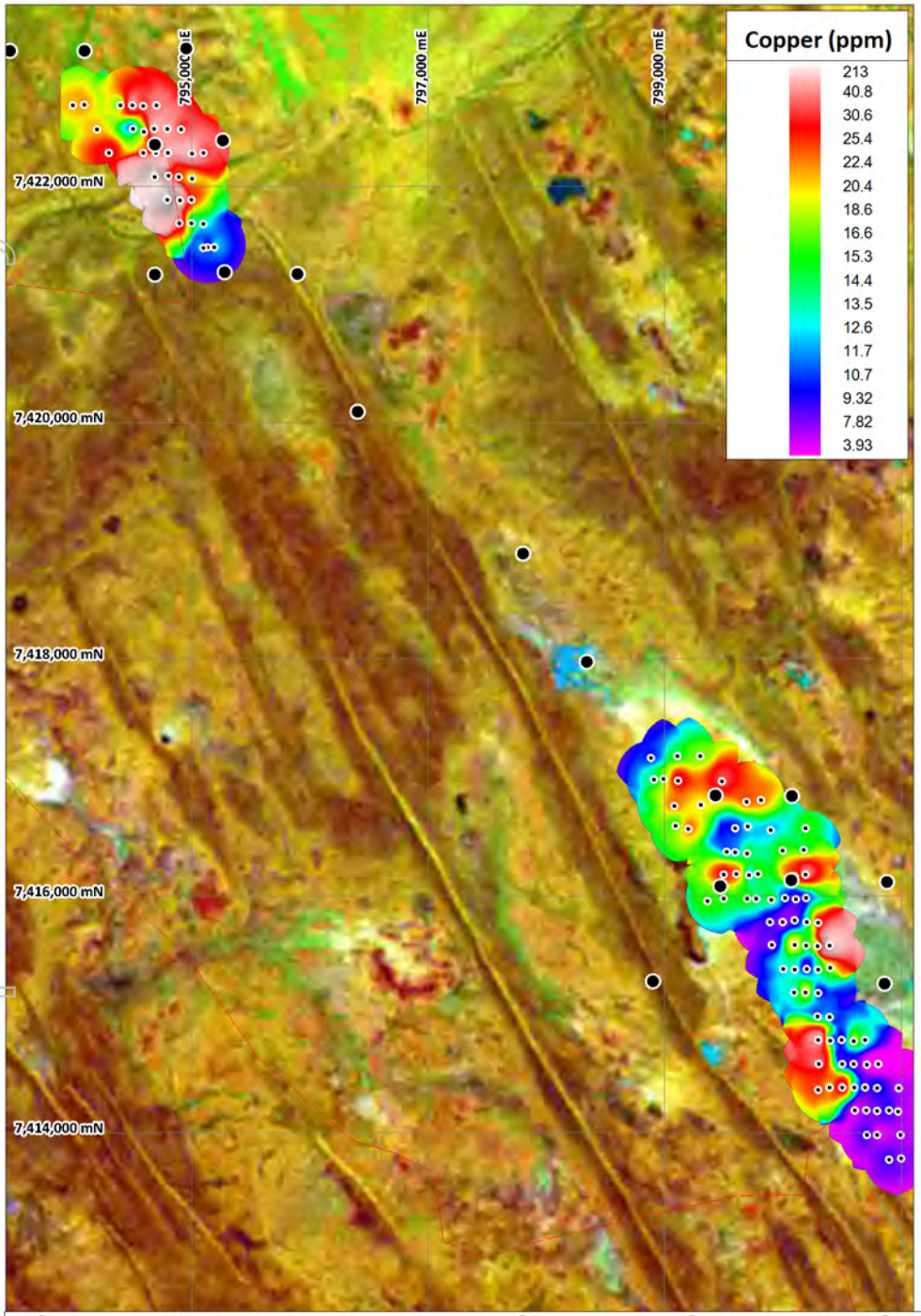
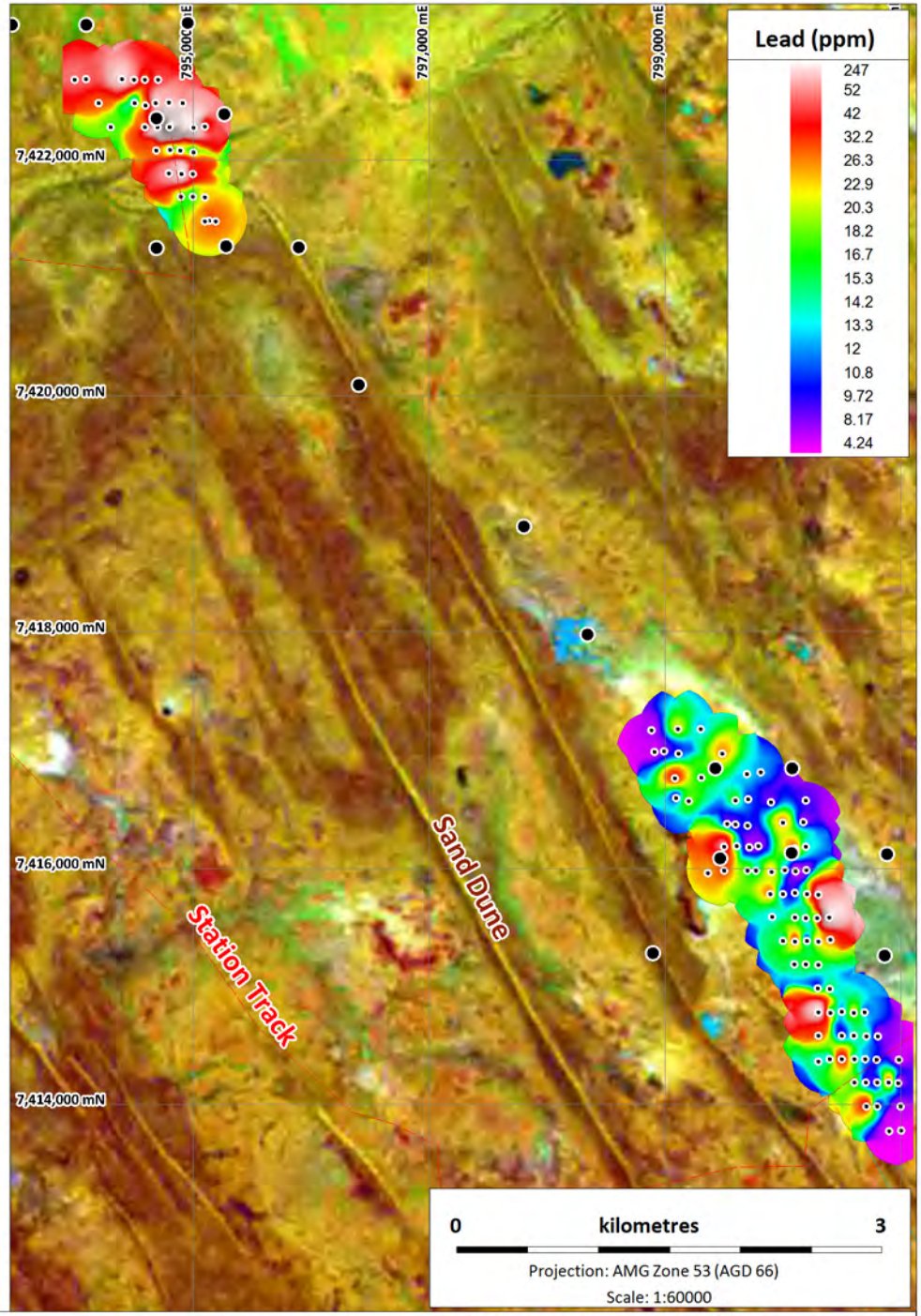
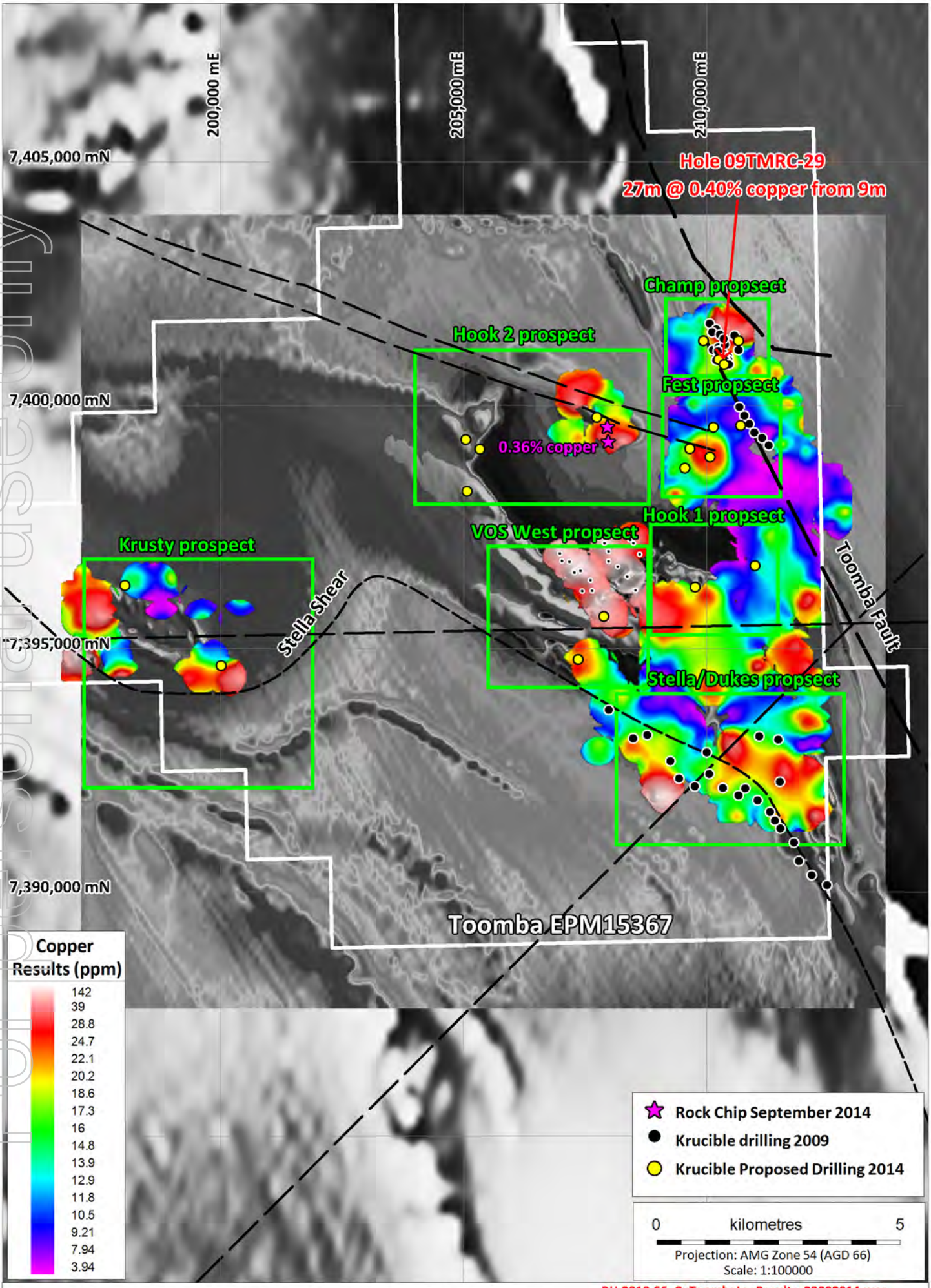




Elstone Prospect Lag Sampling Results on Landsat Showing Proposed Drill Holes (black)

BH.2013.192_TYLagSamplingPbCu_01052014.wor

FIGURE 3



BH.2010.66_CuToombaLagResults_23092014.wor

Toomba EPM15367 - RTP1VD Magnetics
with Copper Lag Sampling Results and Prospect Locations (green)
n.b. red/white are anomalous colours and blue/purple are low result colours

FIGURE 4

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Annexure A

Table 1 – Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Lag Sampling - Surface geochemical sampling technique involving the collection of surface rock material from a specific point and sieving to fraction size +2mm - 6mm.
		Rock Chip Sampling - Samples are collected using hand and hammer from a number or mediums including outcrop/suboutcrop/lag/scree.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	The samples were collected at a number of sites within a 100m radius of the GPS point. Each sample was on average 1-2kg.
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	Copper mineralisation in the rock chips is considered prospective but is not indicative of a deposit further exploration is required to determine the extent of the mineralisation. Results also need to be verified by a laboratory to be confirmed.
Drilling techniques	• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	No drilling competed
Drill sample recovery	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling competed
	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling competed
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	No drilling competed
Logging	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	No drilling competed
	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No drilling competed
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	No drilling competed

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Table 1 Cont.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *The total length and percentage of the relevant intersections logged.*	No drilling competed
	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling competed
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	No drilling competed
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	No drilling competed
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	No drilling competed
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	No drilling competed
Quality of assay data and laboratory tests	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Sample sizes are considered appropriate to the grain size of the material collected.
	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	For the lag sampling results the assay method ME-MS61 and Au-AA22 for gold used by ALS Global Laboratories is considered appropriate for the level of exploration
		The results of the rock chip samples are not laboratory results. Results quoted are from a portable XRF analyser. These are considered preliminary indications and Laboratory results will be reported when available.
Verification of sampling and assaying	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	For rock chip sample analysis an Olympus XRF (DP-4050-HCR) was used. Soil mode uses 3 radiation beams which took on average 60seconds per beam The geochemical mode reading time was on average 30seconds on each beam and a total of 2 beams. The device was calibrated using the standard calibration sample from Olympus every 10 readings
		The lag sampling results are ALS Global Laboratory Results
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	For the rock chips calibration using an Olympus standard check was completed every 10 readings to ensure the accuracy of the device
		For the lag samples ALS Global completes their own QAQC procedures no procedures were completed by Krucible which is considered acceptable for the level of exploration.

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	• *The verification of significant intersections by either independent or alternative company personnel.*	No drilling competed
	• *The use of twinned holes.*	No drilling competed
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	All data was collected initially on paper ledgers which have been transferred to a digital database with the company's coding templates.
Location of data points	• *Discuss any adjustment to assay data.*	The rock chip values are an average of 5 sample readings from the portable XRF. No adjustments have been made to the lag sample results
	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Sample points were located using a Garmin 76 GPS with an accuracy of 5m
	• *Specification of the grid system used.*	All surveys were MGA Zone54 (AGD66)

Table 1 Cont.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Quality and adequacy of topographic control.*	Topographical control is sufficient for the stage of exploration
	• *Data spacing for reporting of Exploration Results.*	Lag Sample points were on a 200x200m spacing on the Toomba EPM. Rock chips were not on a set grid.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	Not sufficent sampling to determine resource
Orientation of data in relation to geological structure	• *Whether sample compositing has been applied.*	Not Applied
	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	No bias attributable to orientation of sampling
Sample security	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	No drilling competed
Audits or reviews	• *The measures taken to ensure sample security.*	Standard sample security protocols were observed
	• *The results of any audits or reviews of sampling techniques and data.*	It is considered by the Company that industry best practice methods have been employed at all stages of the exploration. No reviews were completed

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Table 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	· *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Krucible owns 100% of all of its tenements including Toomba EPM15367 There is no native title determination over this area
	· *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	· *Acknowledgment and appraisal of exploration by other parties.*	Exploration was completed by Krucible staff and contract staff from Terra Search Pty
Geology	· *Deposit type, geological setting and style of mineralisation.*	The mineralisation style targeted is IOCG style copper/gold
Drill hole Information	· *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	No drilling competed
	o *easting and northing of the drill hole collar*	No drilling competed
	o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	No drilling competed
	o *dip and azimuth of the hole*	No drilling competed
	o *down hole length and interception depth*	No drilling competed
	o *hole length.*	No drilling competed
	· *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	No drilling competed
Data aggregation methods	· *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	No aggregation completed
	· *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	No aggregation completed
	· *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No aggregation completed
Relationship between mineralisation widths and intercept lengths	· *These relationships are particularly important in the reporting of Exploration Results.*	The copper from the rock chips are an isolated sample no relationships occur
	· *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	No drilling competed
	· *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	No drilling competed

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Table 2 - Cont.

Criteria	JORC Code explanation	Commentary
Diagrams	· *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Figures in text
Balanced reporting	· *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Maps representing all results are provided in Figure 4.
Other substantive exploration data	· *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Further work is planned for exploration including further surface sampling, and drilling.
Further work	· *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Figures in text
	· *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Figures in text