

KRUCIBLE METALS LIMITED

ABN 12 118 788 846

Australia Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

9 March 2015

Announcement of Chairman's Address at November 2014 AGM

At the insistence of ASX the Board has been required to publish the Chairman's Address made to the Annual General Meeting of the Company held in Townsville on 11th November 2014 by Allan Branch, the then Managing Director and self-elected Chairman for the meeting who was removed from office by the shareholders at that same meeting.

ASX have stated that under listing rule 3.13.3 the Address should have been lodged as a Company announcement before the commencement of the meeting and that ASX has required the Address to be lodged now as a corrective action.

The new board of KRB were at the time of their appointment on 11 November 2014 and remain now strongly of the view that there was no need for them to announce this address on ASX for the following reasons:

1. The address contains a number of misleading statements with regard to matters such as the drilling activities of the Company, Rare Earth activities, Merger and Acquisition activities, statements regarding the KRB share price and the appointment of new directors to the KRB Board. This has been further confirmed during the detailed review of the Company undertaken by the new Board over the past few months.
2. Announcements made by the new Company Board on 12 November 2014 and since that date have fully and adequately disclosed all relevant matters to the market and there was nothing in the Chairman's address that was new or material so as to disadvantage shareholders not present at the AGM.
3. The tone of the Chairman's address simply continued the line of misleading and irrelevant information that had been fed to the market in the past and the new Board can see no benefit in announcing (releasing) this now, particularly in the light of the announcements made by the new Board since the AGM date.
4. The fact that the entire board of KRB excluding Allan Branch had resigned prior to the holding of the AGM and that Allan Branch was removed from office at the AGM meant that there was no relevance to the Chairman's Address and no possibility of any of the assertions made in the address being followed through by the Company.

The Chairman's Address referred to above is attached below.

For, and on behalf of, the Board of Directors,
Dr. Leon Pretorius
Executive Chairman
Krucible Metals Limited

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CHAIRMAN'S ADDRESS – 2014 AGM

Welcome to the 2014 annual general meeting for Krucible Metals Limited.

My name is Allan Branch and I am Krucible's Managing Director and CEO. In accordance with Section 23.2 of the Company's Constitution, the directors on 8 November 2014 appointed me to chair this AGM. I am joined through teleconference by Craig Jenkins, Partner with BDO, our auditors, and in attendance our Company Secretary and external accountant Bruce Coutts of Coutts Reddington.

For personal and individual reasons, Sean Kelly, Ray Koenig and Andrew Vigar have resigned from the board and also Mike Meintjes the Company Secretary. I especially want to thank them for their tireless and selfless work and for the stability and experience they brought to the board. Krucible is in the strong cash position it enjoys today mostly because of their unwavering dedication to the interests of Krucible's shareholders.

For compliance reasons only, Mim Bester, Alex Vail and Morris Hansen have taken casual vacancies to join our board and will step down at the end of the meeting to consider standing for re-election when the call for director nominees and notice of meeting to elect new directors is announced following the AGM.

Since the last AGM your management and board have been busy ensuring that Krucible is never again put in the position that it was in on 1 May 2012, when I joined the Company, of having limited and decreasing cash resources and no firm plans for how to survive. In fact that was why the board at the time brought a corporate person in. Shareholders may not be aware of how close the company was to losing all of their investments.

But we changed all of that. At the 2013 AGM we announced the signing of the deed of sale with Australia New Agribusiness & Chemical Group Limited by which Krucible agreed to sell its phosphate tenements for a little over \$12 million. I acknowledged the perseverance and tenacity of our staff and board especially the recently retired directors, who were instrumental in supporting management throughout that period, in getting that deal done in late January this year. We thank and acknowledge Australia New Agribusiness and our relationship remains a strong one.

And here we are a year later with around 11 and a half million dollars in the bank and these fantastic new premises which form part of the company's balance sheet and have already improved in value. And already some interesting discoveries coming through from the resumption of exploration. It's an enviable position to be in.

But things didn't stop there. The Australia New Agribusiness deal allowed Krucible to survive financially, but also provided Krucible with the ability to advance itself beyond the stereotypical, cash-strapped junior explorer. And this took collective vision, a definitive plan, and plenty of hard work, which is not over yet.

The plan is threefold and exciting. Firstly Krucible has continued its exploration activities. After selling off the phosphate assets the company for the most part had only greenfield tenements left. Proper scientific analysis of these sites occurred in order to make sure that any drilling that was performed was meaningful and not just drilling for drilling's sake. You may have read the announcements about our ongoing drilling at Tobermorey and biogeochemical surveying with the planned drilling at Tomba. Already in the first few holes, and in the analysis of the first spinifex samples, the results are pleasing and we hope are a sign of things to come out of these tenements. As previously promised a budget of around \$2 million per year for 5 years has been allocated to exploration activities, similar to how Krucible started.



Secondly Krucible is seeking a merger or acquisition opportunity. The company is to acquire an operational mine to guarantee a continued revenue source into the future. Whilst it is Krucible's plan to minimise any cash outlay in respect of such an acquisition and will negotiate cleverly to ensure this occurs, the strategic importance of a visible and considerable cash reserve for this purpose is vital. What shareholders don't see is the very large number of merger and acquisition opportunities assessed by Krucible on a weekly and sometimes daily basis. Krucible holds the whip hand in this buyer's market and has developed criteria for what the right opportunity will look like. What the board will not do however is rush its decision and risk an acquisition that is not the right fit – or is not the right deal. Krucible has had the funds from the phosphate tenements sale for less than 10 months. The right opportunity will arise and when it does it will be acted on. Krucible won't be forced into a bad acquisition just because it is desirable to a single shareholder or a group of shareholders. Each opportunity will be assessed on its merits with the best interests of Krucible front and centre.

Thirdly Krucible plans to become a major player both nationally and internationally in respect of rare earths. This is a plan very different from not only any other junior explorer, but nearly the entirety of Australian resource companies. So why do it? Because it has the prospect of changing the very nature of Krucible from an obscure junior explorer to a leader in this globally critical field. And Krucible can be successful at it. But this takes vision and commitment well beyond a narrow view of just the Korella rare earth resource. It takes into consideration alliances, joint ventures, call them what you will, with other companies with rare earth resources and organising the supply and processing of combined resources off-shore. Our previous chairman said last week that announcements earlier this year about discussions held between Krucible and European processors are some of the most exciting in his time on the board. It is a visionary plan that has the real potential to deliver significant value to shareholders. It is an ambitious plan and one that the board is committed to bringing to fruition. The nature and history of similar achievements of our executive management is the differentiator for your Company. Regardless of who may sit on this board in the future, my hope is that this opportunity be pursued. Not to do so would resign Krucible to the lot of its peers, doing nothing different or extraordinary, and predicating the same dismal outcomes.

Krucible has devoted an enormous amount of time to this opportunity. Our visionary approach to rare earths is unique and based on proper evaluation. The European, Australian and Chinese processing contacts were made only as a result of the Company's presentations at a number of overseas conferences. As announced on 10 October 2014 this year, Krucible has signed a non-disclosure agreement with a strategic third party to conduct due diligence towards potential development of Krucible's rare earth resources and contribute to its commercialisation plans. Another similar negotiation is nearing completion. Krucible is also advanced in its R&D activities with several entities aimed at ensuring low-cost beneficiation techniques for rare earth extraction. The USA Department of Energy and USA Critical Materials Institutes, whose job it is to remove risk for their federal government over rare earths supply, have lauded our work. Just watch this space.

Krucible is please to point out that our share price, once the uncertainties of the company's financial position were resolved early in 2014, has performed better than the industry average, by 40%. Our share price in fact has risen by around 60% in just this financial year. That is until the negative impact of the s249D petition which instantly damaged the share price by some 40%. With the results announced of the hard work towards exploration, the rare earths commercialisation project, and negotiations towards an eventual M&A deal (which once successful will see long term revenues for the company and regular dividends for our shareholders), most of that negative hit has recovered. Krucible's share price is running at around 80% of its cash base so is quite strong and again better than the average junior explorer. Krucible's rare earths and M&A projects have no asset value until they materialise, and nearly all of our exploration is on greenfields so there is no project value to speak of yet. This is changing with the recent announcements concerning Toomba, Tobermorey, Coorabulka and Valroy. 2015 should be a great year for our share price.

As mentioned at last year's AGM, Krucible is committed to rewarding its shareholders and we have announced that several times. Rather than a quick payout that would destroy the benefits of our initiatives, the board put in place efforts to eventually ensure regular dividends. However we have listened to shareholders and it is clear



that a one-off payout now instead of a steady stream of dividends is their preference. Therefore it is the intention of the Board to recommend either dividends or a share buyback to shareholders following this meeting.

I would like to acknowledge the efforts and to thank Krucible's small, power-house of a team. Bridgette Humphries continues to perform exceptionally as Senior Geologist. Her geology, exploration, planning, execution and analysis has been thorough and meticulous and showing results in just a few months of receiving her exploration budget; Krucible's first discoveries since 2011. We are all excited for the resumption of drilling in the Diamantina where early results show potential for copper and nickel.

Thanks to Mike Eisenhut, Senior Field Officer and Kate Hopkins our Administration Officer. Your tireless work is greatly appreciated. There is never a time that you hesitate to do whatever is necessary to look protect and preserve Krucible's assets, to work outside the normal duties and hours of your jobs. You are the people who keep the wheels turning on a daily basis. I'd like to acknowledge too company secretary Mike Meintjes for his continued sound and timely advice. We also have a great support teams in our technical advisory board, auditors, accountants and lawyers.

At the last two AGM's we have spoken about board stability. That is something under challenge today. But that is what a company owned by shareholders is all about – it's about the right to have the say, legally, about who you want running your company. Regardless of how those proposed resolutions play out I would hope that in the future, whatever the composition of the board looks like, the vision and opportunities that presently exist are not wasted and the board stability that has been disrupted is returned.

I would now like to proceed with the formal part of the meeting.

Sincerely

Allan Branch
Chairman