

KRUCIBLE METALS LTD

MINERAL DISCOVERY COMPANY

ACN 118 788 846

Prospectus for an issue of up to 25,000,000 ordinary Shares to be offered for subscription at 20 cents each to raise up to \$5,000,000. Oversubscription of up to a further 5,000,000 ordinary shares to raise up to a further \$1,000,000 may be accepted.

THIS DOCUMENT IS IMPORTANT AND IT SHOULD BE READ IN ITS ENTIRETY.

If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, professional adviser, banker or accountant without delay.

The securities offered by this Prospectus are considered to be speculative.

PROSPECTUS

2007

CORPORATE DIRECTORY

Board of Directors

Marcus F Harris – Non-executive Chairman

A J (Tony) Alston – Managing Director

Dennis J Lovell – Non-executive Director

Company Secretary

Dennis J Lovell

Registered Office	Principal Place of Business
Krucible Metals Limited c/o Kern Accountants Level 1, 18 Stokes Stree t Townsville QLD 4810 ASX Code: KRB Telephone: (07) 4772 5880 Facsimile: (07) 4772 4999 Website: www.kruciblemetals.com.au	Krucible Metals Limited 1/68 Railway Ave Railway Estate Townsville QLD 4810
Auditor and Independent Accountant	Solicitors to the Issue
BDO Kendalls Level 18, 300 Queen Street, Brisbane QLD 4000 Telephone: 07 3237 5999 Fax: 07 3221 9227 Website: www.bdo.com.au	Hopgood Ganim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 BRISBANE QLD 4000 Telephone: (07) 3024 0000 Facsimile: (07) 3024 0300 Website: www.hopgoodganim.com.au
Independent Geological Consultants	Share Registry
Les W Davies F.AIMM, FAIG, CP Geo Veronica Webster Pty Ltd 7 O'Quinn Street, Nudgee Beach QLD 4014 Telephone: 07 3267 3355 Facsimile: 07 3267 3355	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: 02 8280 7454 Free call: 1300 554 474 Facsimile: 07 3228 4999 Website: www.linkmarketservices.com.au



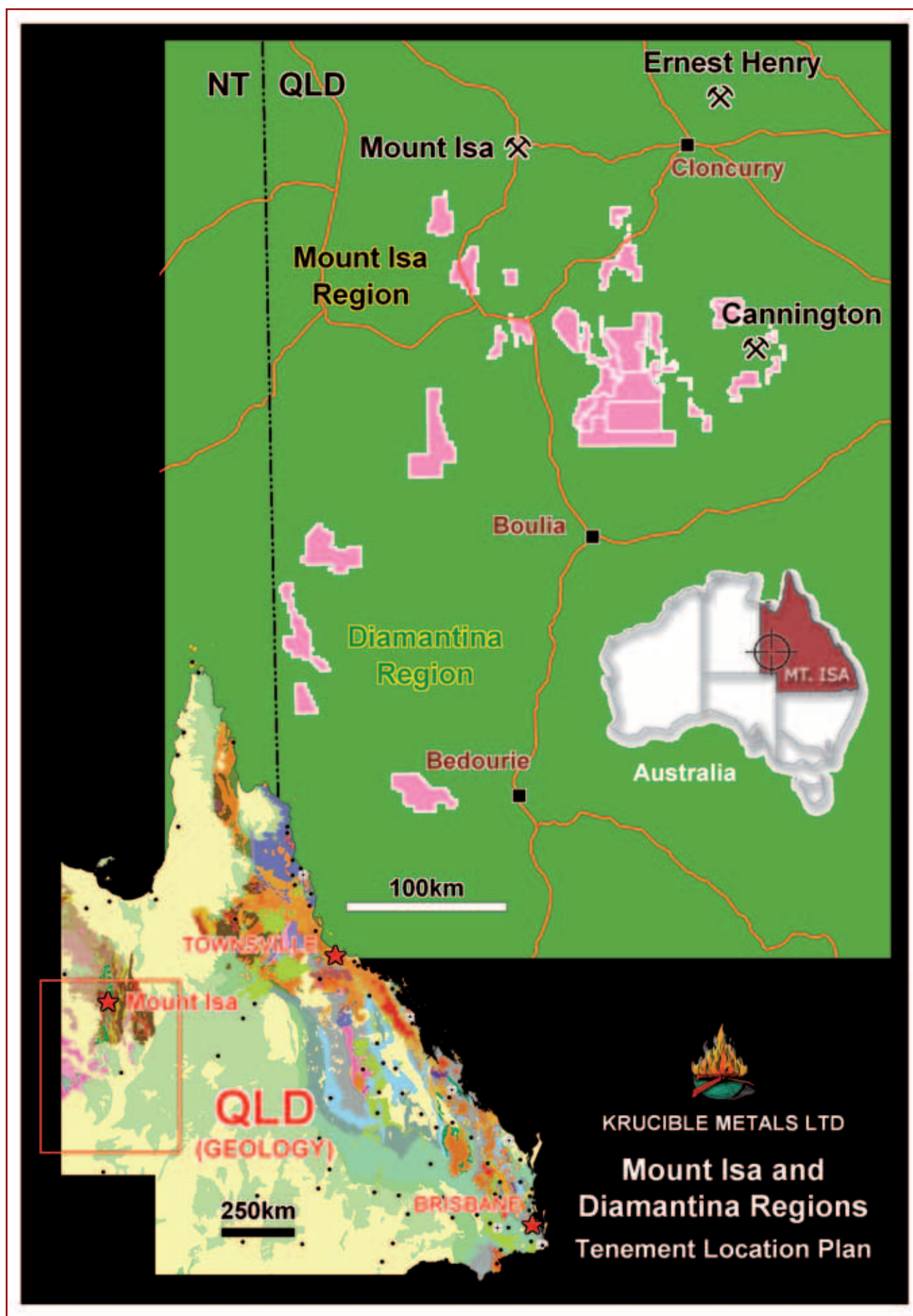
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INVESTMENT HIGHLIGHTS

- ★ Krucible management has a proven track record of discovery and resource delineation
- ★ Focus is on world class mining province in Australia - the Mount Isa District of NW Queensland
- ★ The Krucible policy is to explore a well endowed metal province for the various styles of basemetal, uranium and gold deposits known to occur, rather than be confined to a mono-metal search
- ★ Krucible currently has 21 exploration tenements (EPMs) and Applications for EPMs covering about 8500 sq.km. in the Mount Isa and Diamantina regions. The EPMs have all been generated from Krucible work, the benefits of which are held 100% by the Company
- ★ Approximately 50% of the Company is being offered to the public in this Initial Public Offering (IPO), the remainder being held by core investors and promoters who have funded and advanced the Company to date
- ★ The EPMs are in proximity to operating mines in the Mount Isa - Cloncurry District such as Mount Isa (copper, lead, zinc & silver), Cannington (silver, lead & zinc) and Osborne (copper, gold) as well as historic mines such as Tick Hill (gold) and Selwyn (copper & gold)
- ★ The EPMs are also in proximity to more recent significant discoveries such as Rocklands (copper), Valhalla (uranium & copper) and Kalman (copper, uranium & molybdenum)
- ★ A Joint Venture Agreement has been secured with BHP Billiton who have recently completed a 702 metre diamond drill hole at Cannington South - final analytical results are expected in October 2007
- ★ Target areas are emerging from compilation of previous work combined with structural/stratigraphic studies and Krucible ground investigations
- ★ Drill testing of basemetal targets at Ardmore and Noranside is planned for the final quarter of 2007, after results from ongoing geophysical and geochemical surveys have been received and interpreted
- ★ Krucible has also acquired strategic ground in the unexplored Diamantina region of west Queensland - this region has been the subject of recent government geophysical surveys which have highlighted a number of zones considered prospective for uranium and Olympic Dam style mineralisation



QUESTIONS AND ANSWERS

Question	Answer	Relevant Section										
What is Krucible and what does Krucible do?	Krucible is a minerals discovery company focusing on Gold/copper/lead/zinc/silver/uranium mineral targets in the Mt. Isa area of Queensland.	Section 3										
What is being offered?	The Offer is an initial public offering of approximately 25 million Shares in Krucible at \$0.20 per Share.	Section 1.1										
What is the Offer price?	The offer price is \$0.20 per Share.	Section 1.1										
How will the proceeds of the Offer be used?	Proceeds are intended to be used to explore the Company's mineral interests, to generate working capital and to pay the costs of the Offer.	Sections 1.8 and 4.3										
What is the minimum/maximum application under the Offer?	The minimum application amount is for 10,000 Shares at \$0.20. Additional Shares can be applied for in multiples of 1,000 Shares. There is no maximum amount that may be applied for in respect of the Offer. The Company reserves the right to accept or reject Applications in full or in part.	Section 1.5										
Is the Offer underwritten?	The offer is not underwritten.	Section 9										
What will the market capitalisation of the Company be upon listing on the ASX?	The market capitalisation of the Company on listing is expected to be approximately \$9.6 million (assuming full subscription).	Section 1.2										
What are the key dates of the Offer?	<table><tr><td>Applications Open</td><td>26 September 2007</td></tr><tr><td>Applications Close</td><td>24 October 2007</td></tr><tr><td>Allotment of Shares</td><td>30 October 2007</td></tr><tr><td>Dispatch Holding Statements</td><td>5 November 2007</td></tr><tr><td>Listing of Shares on ASX</td><td>9 November 2007</td></tr></table> These dates are indicative only. The Company reserves the right to vary the dates and times of the Offer, including the Closing Date.	Applications Open	26 September 2007	Applications Close	24 October 2007	Allotment of Shares	30 October 2007	Dispatch Holding Statements	5 November 2007	Listing of Shares on ASX	9 November 2007	Section 1.3
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Applications Close	24 October 2007											
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What are the benefits of investing in the Company?	The Company has assembled a number of exploration tenements in the highly prospective and historically successful Mt Isa area. Company management has extensive experience in mineral exploration and mineral resource development.	Section 3										
What are the key risks of investing in the Company?	Gold and base metals exploration is a high-risk undertaking. There can be no assurance that exploration of the Company's tenements will result in the discovery of an economic minerals resource. The minerals resources industry is subject to economic factors such as world commodity prices and supply/demand trends which are beyond the control of the Company. The market price of the share may fall or rise subject to varied and unpredictable influences on the equities market in general. Moreover, whilst the Queensland State Government permits exploration, its current policy is to prohibit uranium mining.	Section 8										
What are the costs of the Offer and who is paying them?	The total estimated costs of the Offer, which will be borne by the Company, are estimated at \$300,000 (assuming minimum subscription) and \$350,000 (assuming maximum subscription) and include ASIC and ASX fees, prospectus printing costs and miscellaneous expenses.	Section 10.11										
When will I receive dividends?	The Company does not intend to declare a dividend in the coming financial year. The Company may distribute dividends in the future based on future growth prospects and capital requirements.	Section 1.12										
What are the tax implications of investing in the Company?	The taxation implications of investing in Shares will depend on an investor's individual circumstances. Applicants should obtain their own tax advice or financial planning advice prior to investing.											
How do I apply for Shares?	Applications for Shares can be made as set out in Section 1.5 of this Prospectus and by completing the Application Form at the end of this Prospectus.	Section 1.5										
When will I receive confirmation that my Application has been successful?	Holding statements, confirming Applicants' allocations under the Offer, are expected to be dispatched to Shareholders on 5 November 2007.	Section 1.3										
How can I obtain further information?	By speaking to your sharebroker, solicitor, professional adviser, banker or accountant.											
How can I contact the Company?	For further contact details, see the Corporate Directory at the front of this Prospectus.											

LETTER FROM THE CHAIRMAN

Dear Investors,

On behalf of the Directors of Krucible Metals Limited, it is my pleasure to present this Prospectus in the Company's initial public offering and invite you to become a shareholder.

Our managing director, Tony Alston, founded Krucible in 2006 and with the help of a number of seed capital investors he has assembled an exciting portfolio of tenements in the highly prospective Mt. Isa geographical region of Queensland, Australia.

The Mt. Isa region is renowned for its world-class basemetal mines, which produce copper, silver-lead-zinc and gold. These mining operations are integrated with smelting and refining operations and underpin substantial export earnings for Queensland. Uranium has also been mined in the Mt. Isa region and several uranium resources are in the mining pre-feasibility stage.

Krucible is a minerals discovery company with greenfields exploration prospects. The Company's tenement portfolio provides for the possibility of discovering world-class basemetal mines as well as economic gold and uranium mines. The Directors believe that patience, persistence and some strategic risk taking are key ingredients to discovering potential new mines.

The Company's strategy will be to utilise the Directors' and its consultants' valuable experience, superior exploration techniques and a previous record of success to maximise the chance of discovery.

Krucible has already undertaken certain exploration work on a number of the tenements with encouraging results. It is proposed that some of these new prospects should be drill tested soon after the Company is listed on the ASX.

Under this Prospectus, the Company is offering an opportunity for the public to subscribe for up to 25 million Shares at an issue price of \$0.20 per Share, with the right to accept oversubscriptions up to a further 5 million Shares. The minimum subscription of the Offer is 20 million Shares to raise \$4 million.

Before you make your investment decision, please read this Prospectus carefully in its entirety and seek professional advice if required.

Although an investment in Krucible should be considered speculative, we believe that the Company holds a portfolio of highly prospective new exploration opportunities.

On behalf of the Board, I invite you to subscribe for shares in Krucible and look forward to a successful and exciting future together as shareholders.

Yours faithfully,



Marcus Harris



IMPORTANT INFORMATION

This Prospectus seeks to raise up to \$5,000,000 by offering for subscription 25,000,000 Shares at an issue price of 20 cents each, payable in full on application.

This Prospectus is dated 14 September 2007 and was lodged with the ASIC on that date. Neither the ASIC nor ASX takes any responsibility for the contents of this Prospectus. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person has been authorised to provide information or to make any representation in connection with the Offer. Any such information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Company.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applications can only be made by completing the Application Form in full, in accordance with instructions contained on the reverse of the form.

GLOSSARY

Certain words and terms used in this Prospectus have defined meanings which appear in Section 11. A glossary of technical terms used in this Prospectus appears in the Independent Geologist's Report in Section 5.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period for 7 days from the date of lodgement of the Prospectus with the ASIC. The 7 day Exposure Period may be extended by the ASIC by a further period of up to 7 days.

The purpose of providing an Exposure Period is to enable examination of this Prospectus by market participants prior to the raising of funds. Applications received during the Exposure Period will receive no priority and will not be processed until after the Exposure Period, when they will be treated as having been received simultaneously on the Opening Date.

A paper copy of this Prospectus will be made available upon request during the Exposure Period. The Prospectus (without the Application Form) may also be viewed online at www.kruciblemetals.com.au during the Exposure Period. After the Exposure Period, the Prospectus with an accompanying Application Form may be viewed online. Investors who wish to apply for Shares using the electronic version of the Application Form must download and read the entire Prospectus. The Offer is only available to persons receiving an electronic version of this Prospectus in Australia. Persons who receive a copy of this Prospectus in electronic form at www.kruciblemetals.com.au are entitled to obtain a paper copy of the Prospectus which will be provided free of charge upon request by contacting the Company on (07) 4772 5880 or by email at info@kruciblemetals.com.au.

HOW TO USE THIS PROSPECTUS

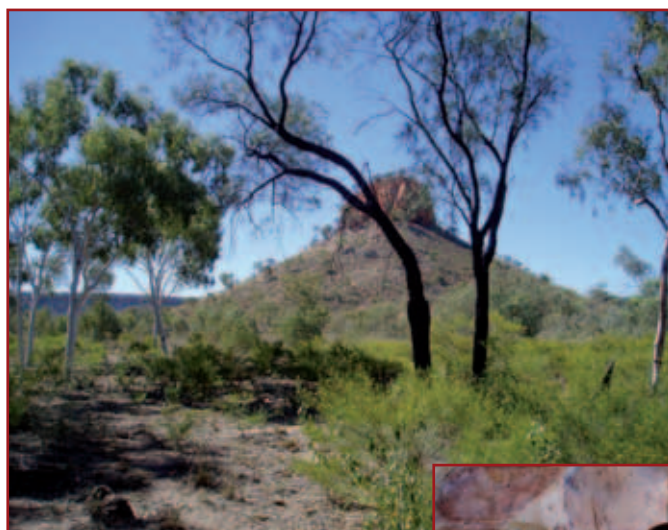
This Prospectus provides information for investors who wish to invest in Krucible. It should be read in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of Krucible and the rights and liabilities attaching to the Shares. The Company is at an early stage of its development, accordingly there are significant risks associated with investing in the Company. Potential investors should take these factors into account and consider whether this is an appropriate investment in view of their personal circumstances. If in doubt investors should seek advice from their professional advisor before deciding whether to invest. There is no guarantee that the Shares offered under this Prospectus will make a return on capital investment, that dividends will be paid on the Shares, or that there will be any increase in the value of the Shares in the future.

Investors who wish to subscribe for Shares should complete the Application Form included in this Prospectus.

The Shares offered under this Prospectus should be considered speculative.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. These risks, variables and factors include, but are not limited to, the matters described in Section 8. Krucible gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.



SECTION 1 - DETAILS OF THE OFFER

This section is intended as an introduction and not as a summary of this Prospectus. It should be read in conjunction with the remainder of this Prospectus.

1.1 THE OFFER

This Prospectus constitutes an offer by Krucible of 25,000,000 Shares for subscription at an issue price of 20 cents per Share payable in full on application to raise \$5,000,000. Oversubscription of up to a further 5,000,000 Shares to raise up to a further \$1,000,000 may be accepted. The minimum subscription amount under the Offer is 20,000,000 Shares to raise \$4,000,000.

The Shares offered by this Prospectus will be issued as fully paid shares and, when issued, will rank equally in all respects with the existing Shares.

1.2 KEY TERMS

Offer Price per share _____ \$0.20

Number of Shares to be offered under this Prospectus:

Fully Subscribed	25,000,000
Minimum Subscription	20,000,000
Maximum Over-Subscription	30,000,000
Shares on issue prior to this Offer*	22,960,100

Total Issued Shares to be listed on ASX*:

Fully Subscribed	47,960,100
Minimum Subscription	42,960,100
Maximum Over-Subscription	52,960,100

Market Capitalisation of Shares at Offer Price:

Fully Subscribed	\$9,592,020
Minimum Subscription	\$8,592,020
Maximum Over-Subscription	\$10,592,020

*N.B. Some of the existing Shares may be classified as restricted securities _____ See Section 1.17

1.3 KEY DATES

Lodgement of prospectus with ASIC and ASX	14 September 2007
Applications Open	26 September 2007
Applications Close	24 October 2007
Allotment of Shares under this Prospectus	30 October 2007
Dispatch of Statements of Shareholder Entitlements	5 November 2007
Anticipated Date of trading of Shares listed for quotation on ASX	9 November 2007

These dates are indicative only. The Company reserves the right to vary the closing date of the Issue, which may have a consequential effect on other dates. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

1.4 MINIMUM SUBSCRIPTION

The minimum subscription to the Issue is 20,000,000 Shares to raise \$4,000,000. If the minimum subscription is not reached within three (3) months after the date at this Prospectus, the Directors will not allot any Shares and the Company will repay all application monies received, without interest, in accordance with the Corporations Act.

The issue of Shares will proceed as soon as possible after the Closing Date and after ASX permission for Official Quotation of the Shares is received.

1.5 APPLICATION AND PAYMENT FOR SHARES

An application constitutes an offer by you to subscribe for Shares on the terms and conditions as contained in the Offer. An application to subscribe for Shares can only be made on the Application Form contained in this Prospectus. Applications must be for a minimum of 10,000 Shares representing a minimum investment of \$2,000 and thereafter in multiples of 1,000 Shares.

If you decide to apply for Shares, you must:

- i) Complete the enclosed Application Form; and
- ii) Pay the application monies by cheque drawn on and payable at any Australian bank in Australian dollars.

An application for Shares can only be made by:

- a) completing and lodging the Application Form for Shares contained at the end of this Prospectus;
- b) completing a paper copy of the relevant Application Form which accompanies the electronic version of this Prospectus, both of which can be downloaded from www.kruciblemetals.com.au

The Application Form contains detailed instructions on how it is to be completed. An Application Form must be accompanied by a cheque in Australian dollars, crossed "not negotiable" and made payable to "Krucible Metals Ltd IPO Account". Payment for the Shares must be made in full at the issue price of 20 cents for each Share subscribed. Applications for Shares must be for a minimum of 10,000 Shares and then in multiples of 1,000 Shares. Applications received by the Company that do not meet these requirements may be refused at the discretion of the Directors.

Subject to the minimum subscription of the Issue being achieved for the Shares as well as permission of the ASX for the Shares to be listed for Official Quotation, the Directors will allot the Shares as soon as possible after the Closing Date of the Issue.

An application for Shares may be accepted in full, for any lesser number or rejected by the Company. If any application is rejected, in whole or in part, the relevant application moneys will be repaid without interest.

Completed Application Forms and accompanying cheques should be lodged with the Share Registry, at the following address:

Postal delivery:

Link Market Services Limited
Locked Bag A14, Sydney NSW 1235.

Hand delivery:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Completed Application Forms and cheque(s) must be received at the above address before 5.00pm (Brisbane time) on the Closing Date of the Issue.

Completed Application Forms and cheque(s) should be sent to the required address as soon as possible after the Issue opens as the Directors may elect to close the Issue early.

1.6 OVERSUBSCRIPTIONS

The Company has made provision to accept \$1,000,000 in oversubscriptions at \$0.20 per Share totalling 5,000,000 Shares.



1.7 CAPITAL STRUCTURE POST ISSUE

Upon completion of the Issue and allotment of Shares pursuant to this Prospectus, the Company's capital will be as follows:

Share Capital Minimum Subscription

Shareholder	Number of Shares*	%
Existing Shareholders	22,960,100*	53.45
Public	20,000,000	46.55
TOTAL	42,960,100	100.00

Fully Subscribed

Shareholder	Number of Shares*	%
Existing Shareholders	22,960,100*	47.87
Public	25,000,000	52.13
TOTAL	47,960,100	100.00

Maximum Over-Subscription

Shareholder	Number of Shares*	%
Existing Shareholders	22,960,100*	43.35
Public	30,000,000	56.65
TOTAL	52,960,100	100.00

*NB: Some of these securities may be subject to ASX escrow conditions governing their resale. See Section 1.17.

Section 10.3 provides details, including a summary of the various issue prices (the majority of which are less than the issue price under this Prospectus) relating to the 22,960,100 Shares on issue as at the date of this Prospectus.

Directors' Interests in The Company

The interests of Directors and officers and of any associates of them in the securities of the Company are as follows:

Name	Number of ordinary Shares	Options exercisable at 25c - four years from issue
A Alston	5,000,100	1,500,000
M Harris	1,750,000	1,000,000
D Lovell	0	600,000
TOTAL	6,750,100	3,100,000

1.8 PURPOSE OF THE OFFER AND PLANNED EXPENDITURE

The purpose of the Offer is to raise funds to:

- a) Explore the Company's mineral interests as described in this Prospectus; and
- b) Pay the expenses of the Issue; and
- c) Meet the ongoing administration costs of the Company, and raise working capital.

Funds raised from the Issue will be applied as follows:

Description	Full Subscription (\$5 million)	Minimum Subscription (\$4 million)
Cash at Bank (pre-Offer)	860,000	860,000
Total raised in the issue	5,000,000	4,000,000
Costs if the issue	(350,000)	(300,000)
Net cash available after the issue	5,510,000	4,560,000
Exploration expenditure (budget for the first two years)	4,319,400	3,412,400
Administration expenses and working capital-two years	1,100,000	1,100,000
Unallocated working capital/new project generation	90,600	47,600
Total funds applied	5,510,000	4,560,000

Assuming the minimum subscription under the Offer is achieved, the Directors are satisfied that upon completion of the Offer, Krucible will have sufficient working capital to carry out its stated objectives.

1.9 OPENING AND CLOSING DATE OF THE ISSUE

The Opening Date of the Issue will be 26 September 2007 at 9.00am (Brisbane time), and the Closing Date will be 24 October 2007 at 5.00pm (Brisbane time).

The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to:

- a) close the Issue early without prior notice; or
- b) vary any of the important dates set out in this Prospectus, including extending the Issue.

1.10 ALLOTMENT

Allotment of the Shares under this Prospectus will take place as soon as practicable after the Closing Date of the Issue. Application moneys will be held in a subscription account until allotment.

This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

Where the number of Shares allotted is less than the number applied for, the surplus monies will be returned by cheque within 30 days of the closing date for applications. Where no allotment is made, the amount tendered on application will be returned in full by cheque within 30 days of the closing date for applications. Interest will not be paid on monies refunded.

The Shares will be allotted and Share entitlement notices dispatched to holders as soon as possible after determination by the Company of entitlements.

1.11 ASX LISTING OF SHARES

Application will be made within 7 days of the date of this Prospectus to the ASX for the Shares issued pursuant to this Prospectus, as well as all other existing issued ordinary shares in the Company, to be granted official quotation by the ASX.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or of the Shares now offered for subscription. Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after the issue of holding statements to allottees. The ASX takes no responsibility for the contents of this Prospectus including the experts' reports which it contains.



In the event that the ASX does not grant permission for the Official Quotation of the Shares within 3 months after the date of issue of this Prospectus, none of the Shares offered by this Prospectus will be allotted or issued unless the ASIC grants the Company an exemption permitting the allotment or issue.

If no allotment or issue is made, all moneys paid on application for the Shares will be refunded without interest within the time period set out under the Corporations Act.

1.12 DIVIDEND POLICY

It is the present intention of the Directors to apply surplus cash flow to fund the exploration of the Company's project portfolio and any resultant development or production and generate new opportunities, rather than distributing these moneys in the form of dividends.

It is the Directors' intention to review this policy from time to time and commence the payment of a regular dividend once the Company is able to generate a substantial and sustainable level of cash flow, after allowing for capital expenditure and other commitments.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.

1.13 CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM ("CHESS")

The Company will apply to the ASX in accordance with the Listing Rules and the ASTC Settlement Rules, to participate in the Clearing House Electronic Sub-Register System ("CHESS"). On admission to CHESS the Company will operate an issuer-sponsored register. Because the sub-register is electronic, ownership of securities can be transferred without having to rely on paper documentation. The Company will sponsor registration of Shareholdings through the Share register (Issuer Sponsored).

Under CHESS, the Company will not be issuing certificates to investors in respect of its Shares. Instead, investors will be provided with a holding statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus and their total holding of Shares in the Company. The notice will also advise holders of their Holder Identification Number ("HIN") and explain, for reference, the sale and purchase procedures under CHESS.

Further monthly holding statements will be provided to holders, which reflect any changes in their holdings in the Company during that month.

1.14 FEES AND COMMISSIONS

The Company reserves the right to pay any licensed securities dealer a fee of up to 5% of the funds raised with respect to any application received bearing the stamp of the licensed dealer.

The Company may seek the assistance of licensed investment advisers to complete the issue of shares under this Prospectus. In the event that a licensed investment adviser may be contracted to obtain investors, then a fee may be payable to the adviser.

1.15 RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside Australia.

Applicants resident in countries outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to apply for Shares. The failure to comply with any applicable restrictions may constitute a violation of securities law in those jurisdictions.

1.16 ELECTRONIC PROSPECTUS

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus within Australia.

Persons who receive a copy of this Prospectus in electronic form at www.kruciblemetals.com.au are entitled to obtain a paper copy of the Prospectus (including any relevant accompanying Application Form) free of charge, during the Offer period, by contacting the Company on (07) 4772 5880 or by email at info@kruciblemetals.com.au.

1.17 RESTRICTED SECURITIES

The ASX may, as a condition of granting the Company's application for Official Quotation of its Shares, classify certain Shares of the Company as restricted securities. If so, prior to official quotation of the Company's Shares, the holders of the Shares that are to be classified as restricted securities will be required to enter into appropriate restriction agreements with the Company.

1.18 SUMMARY OF INVESTMENT RISKS

Prior to making an investment decision with regard to the resource, mining and exploration industry, investors should carefully consider the risk factors, all of which may affect the Company and the industry in which it operates.

The business and exploration activities of the Company are subject to normal business risks and uncertainties and there may be many factors that could affect the future performance of the Company. Some of these risks and uncertainties may be mitigated by the use of safeguards, appropriate systems and contingencies. However, some risks may be outside the control of the Company and not able to be mitigated.

Additionally, there are also a number of risk factors that are specific to the Company. In particular, the Company is exploring for, amongst other commodities, uranium within tenements located in Queensland. At present, while the Queensland State Government generally permits exploration for uranium, it currently maintains a policy that prohibits uranium mining. Please refer to Section 8 of this Prospectus for further details on this risk factor.

Details of each other risk factor that investors should be aware are described in more detail in Section 8 of this Prospectus.

This section is intended as an introduction and not as a summary of this Prospectus. It should be read in conjunction with the remainder of this Prospectus.

1.19 UNDERWRITING

The Offer is not underwritten.



SECTION 2 - BOARD OF DIRECTORS AND MANAGEMENT

Marcus Harris BSc (Hon), FAIG, FSEG, FAusIMM - Non-Executive Chairman

Marcus Harris is a geologist with 40 years of Australian and international experience specialising in mineral commodities including gold, nickel, base metals and uranium. He was the founding director and CEO of Dalrymple Resources from 1987 and remained with that company until it merged with LionOre in 2003.

Dalrymple compiled a substantial portfolio of high quality tenements in Western Australia which lead to the discovery and development of the Thunderbox gold mine and the Waterloo nickel deposit in joint venture with LionOre. Dalrymple also discovered the Ulysses gold deposit that was mined in a joint venture by Sons of Gwalia and the St. Patricks - St. Andrews nickel deposits near Scotia, which are being actively explored by Breakaway Resources.

He held managerial roles in exploration and business development with Esso-Exxon groups mineral divisions in USA, Europe and Australia and prior to the overseas assignments he was site supervisory geologist when Scuddles copper-zinc mine was discovered at Golden Grove.

Marcus is a fellow of the Australian Institute of Geoscientists and takes a keen interest in supporting geoscientists especially in mentoring undergraduate students. He is also a fellow of the Society of Economic Geologists and a fellow of the Australian Institute of Mining and Metallurgy.



Anthony (Tony) Alston BSc, MAusIMM, MAIG - Managing Director

Tony Alston has over 30 years experience in the resources industry since gaining a Diploma of Applied Geology from the Ballarat School of Mines in 1972.

He is a member of the Australian Institute of Mining and Metallurgy and a member of the Australian Institute of Geologists.

He worked at senior geologist level in both Queensland and Western Australia for Pennzoil Inc. and Battle Mountain Inc from 1981 to 1987.

He held the position of Exploration Manager in Queensland for Metana Minerals NL (1987 to 1992), Dominion Mining Ltd (1992 to 1995) and Matrix Metals Ltd (2004 to 2006). He was Executive Director-Exploration for Glengarry Resources Ltd (both Queensland and Western Australia) from 1998 to 2004.



His past experience in the resources exploration industry has covered most States in Australia and includes a variety of minerals such as:

- a) Tungsten (Scheelite) on King Island, Tasmania
- b) Uranium at Westmoreland in North-West Queensland and at Nabarlek, Northern Territory as well as regional work in the Georgetown, Greenvale and Cloncurry regions of Queensland
- c) Gold in the Yilgarn, Murchison and Pilbara regions of WA and in the Charters Towers/Pajingo and Drummond Basin regions of Queensland
- d) Molybdenum and copper in the Pilbara
- e) Copper/Gold in the Cloncurry region of Queensland
- f) Copper/lead/zinc/silver in the Mt Isa, Gunpowder and Cannington regions of Queensland
- g) Gold/copper/lead/zinc/silver in the Greenvale region of Queensland

He was instrumental in defining a number of significant mineral resources during these exploration activities including:

- a) Twin Hills gold discoveries (Metana Minerals NL)
- b) Glen Eva gold discovery (Dominion Mining Ltd)
- c) Great Britain gold drill out and resource definition (Glengarry Resources Ltd)
- d) Kuridala copper/gold drill out and resource definition (Metana Minerals NL)
- e) Mt. McCabe resource definition (Matrix Metals Ltd)

In addition, as a result of strategic planning, Tony has been responsible for generating a number of regional target areas and consolidating tenement positions over these areas to facilitate systematic exploration for a number of years. This has resulted in drill targets being generated and has lead to the discovery of a number of economic resources.

His experience, as well as hands on field experience, includes management and administration of district offices with up to 30 people reporting to him.

He is experienced in boardroom obligations including corporate governance principles, strategic management as well as joint venture and native title negotiations.

In 2006 Tony founded Krucible and assembled the exploration tenements presented in this Prospectus.

**Dennis Lovell CA - Non-Executive Director -
Company Secretary**

Dennis Lovell is a member of the Australian Institute of Chartered Accountants with more than 40 years experience in corporate financial and general management in a range of industries in Australia and overseas.

He qualified as a Chartered Accountant in South Africa in 1967 and after leaving the accounting profession spent the next fifteen years in senior management roles in a number of industries including cement manufacture, mining equipment supplies, construction project management and machine tool importing and marketing. During this time he also undertook a two-year contract with Coopers and Lybrand in Tehran, Iran working on audit and management consulting assignments.

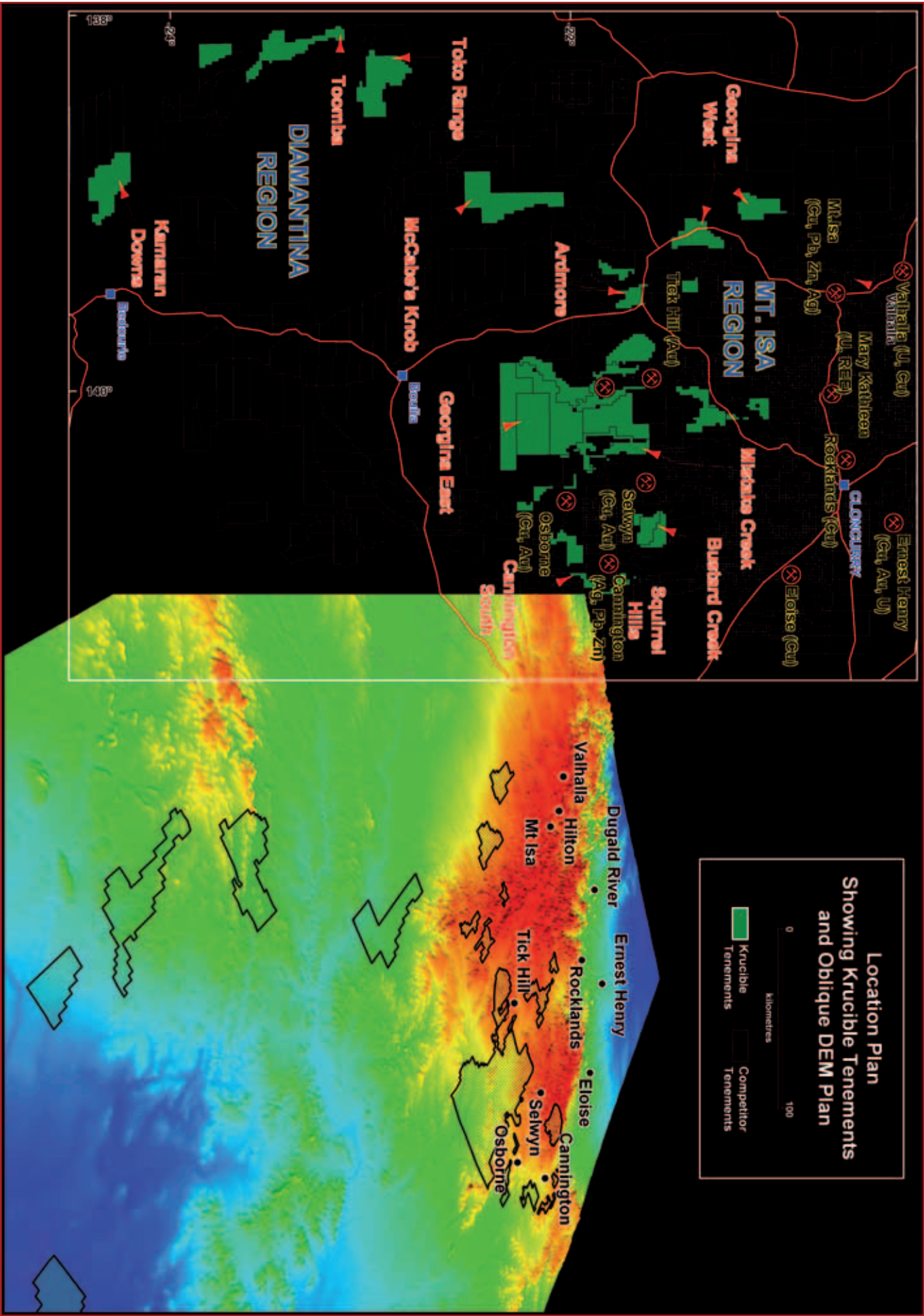


He moved to Perth Australia in 1983 with his wife and two children and took up Australian citizenship two years later.

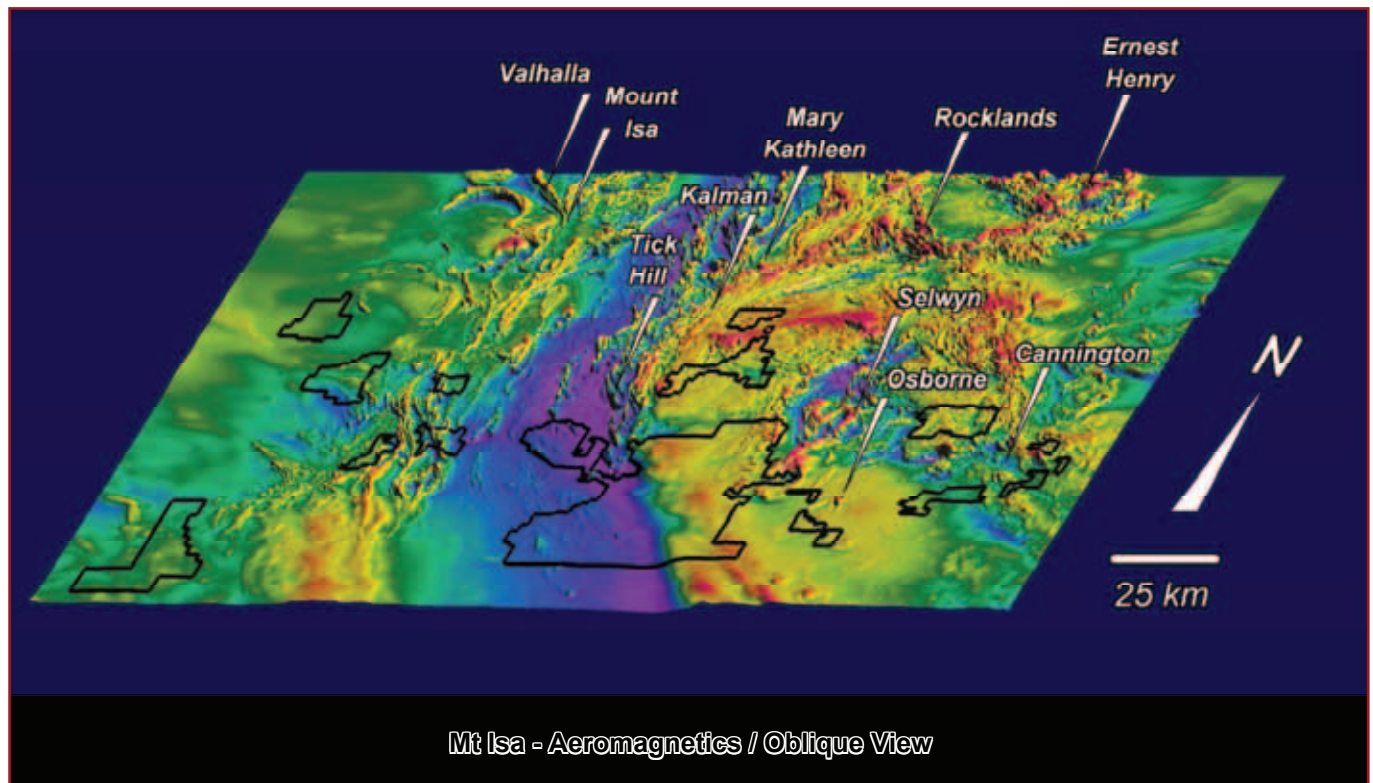
Dennis established and operated an accounting practice in Perth Western Australia from 1983 to 1997, where clients included a number of ASX listed companies in the mining and mineral exploration industry, earthmoving contractors, solicitors and superannuation funds. He has acted as company secretary and financial director to a number of public listed companies and was involved in a number of ASX listing and capital raising projects.

He moved to Brisbane in 1998 and has consulted to clients in the coal mining, mineral exploration, steel processing and glass manufacturing industries (including operations in Papua New Guinea) over the past nine years.





SECTION 3 - PROJECTS SUMMARY



3.1 INTRODUCTION

Krucible Metals Ltd is an Australian company formed in 2006 as a “**minerals discovery company**”.

The prime purpose of the Company is to explore for and discover economic metal deposits in the Mount Isa and Diamantina regions of north-west Queensland.

The formation of Krucible has been made possible by investment and encouragement from 26 venture capitalists whose support is gratefully acknowledged.

The Company has been fortunate to acquire a large tenement portfolio in the Mount Isa province - this well endowed mineral province of Australia boasts the presence of a number of world class basemetal mines, such as Mount Isa (copper, lead, zinc & silver), Century (zinc & lead), Cannington (silver, lead & zinc) and Ernest Henry (copper & gold). In addition historical mines such as Mary Kathleen (uranium, rare earths) and Tick Hill (high grade gold) have been strong contributors to the economy; whilst recent discoveries / developments such as Rocklands (copper), Valhalla / Skal (uranium), Swan (copper, gold) and Kalman (molybdenum, copper and uranium) continues to enhance the exploration credentials of the province.

Krucible currently has 17 Exploration Permits for Minerals (EPMs) in the Mount Isa province covering about 6600 sq.km. Three of these are granted and five more are expected to be granted before December 2007. Krucible has the benefit of 100% of these properties. For further details of these tenements, refer to Section 6 (Independent Report on Tenements) and Section 9 (Summary of Material Contracts). In addition the Company has entered into a Farm-In Agreement with BHP-Billiton on part of the granted Squirrel Hills EPM 15354. Further details of this Farm-In Agreement are set forth in Section 9 of this Prospectus.

The nearby Diamantina province, located on the margins of the Simpson Desert, has recently been the subject of intense regional geophysical data acquisition programs by both State and Federal governments. This has sparked some large competitive tenement applications by companies searching for uranium and Olympic Dam style copper, gold and uranium mineralisation. Krucible was one of the earliest companies to acquire tenements in this region which is emerging as a possible new mineral province where little previous exploration has been carried out.

Currently the Company has the rights to a 100% interest in four EPMs in the Diamantina, covering about 2100 sq.km. Two of these are granted and the other two are expected to be granted in early 2008. The targets are Olympic Dam style mineralisation as well as roll front, unconformity and palaeo-channel style uranium mineralisation.

The tenement portfolio, provides for a very competitive land position where nearly all the prospective ground has been pegged. Companies such as BHP-Billiton, Xstrata, Ivanhoe and Paladin, have pegged exploration ground adjacent to and surrounding Krucible's tenements.



Krucible has already commenced reconnaissance exploration on its tenements and plans to drill test some of the priority prospects in the last quarter of 2007. The Directors consider that the portfolio of tenements assembled in this “melting pot” of diverse world class orebodies are highly prospective and are likely to lead to poly-metallic mineral discoveries. However it should be stressed that greenfields mineral exploration requires patience and persistence with no guarantee of early success.

A list of all the Krucible tenements is shown in the Independent Report on Tenements - Section 6 of this Prospectus.

The Independent Geologist’s Report (IGR) in Section 5 of this Prospectus contains a comprehensive examination and review of the exploration interests held by the Company. In addition the IGR explains the styles of mineralisation being targeted by Krucible and verifies the sources of open file information quoted by Krucible in this Section. All statements in this Section relating to previous explorers and exploration results within tenements currently held by the Company and surrounding tenements have been sourced from open file references quoted in the IGR.

3.2 EXPLORATION RATIONALE / OBJECTIVES

The Krucible exploration strategy has been to acquire ground largely on the margins of the outcropping mineralised Proterozoic basement where there are exploration opportunities for discoveries because of the lack of systematic work by previous explorers.

Innovative exploration methods have been developed by Krucible which are applicable to areas where the basement is obscured by relatively shallow cover (less than 100 metres).

These methods include surface geochemical techniques such as lithic lag sampling and termite nest sampling, utilising low detection multi-element analyses. Results of this sampling combined with regolith (weathered material) and geological mapping will enable the Company to “see through” the gravel and sediments and define new target areas for drill testing. This work will be augmented by the application of geophysical techniques such as magnetics, gravity and electro-magnetics and state of the art interpretation.

The ground selection process for Krucible has largely been driven by focussing on areas where large structures intersect favourable stratigraphy near heat sources of metal enriched hydrothermal fluids, especially where they are in areas of poor outcrop and shallow cover. These criteria become very important when they are proximal to operating mines and mineralisation clusters. The process of selection has been greatly assisted by the release of new data from government surveys. Krucible has optimised its chances of success by choosing to explore in the mineralised Mount Isa province where the Company’s management has extensive experience.



Typical gravel covered area where surface geochemical lag & termite nest sampling may highlight metal anomalies for drill testing.

The objective of Krucible is to define a number of priority drill targets in the next twelve months, following a successful capital raising and listing on the ASX and to intersect mineralised zones from drill testing of these targets in the next two to three years. With hard work and good fortune these drill intersections may be converted to economic resources.

3.3 TARGET MODELS

The styles of mineralisation being sought by the Company include:

- Mount Isa , sediment hosted copper, lead zinc and silver
- Cannington / Broken Hill , metamorphic -sediment hosted, silver, lead and zinc
- Ernest Henry / Olympic Dam, granite/volcanic breccia hosted copper, gold and uranium
- Starra / Osborne, iron oxide shear related copper and gold
- Tick Hill, high grade gold in metamorphics and calc-silicates
- Valhalla / Skai, sediment / mafic volcanic hosted uranium and copper
- Mary Kathleen uranium and rare earths in calc -silicate breccias
- Unconformity related uranium, (modified Alligator River style)
- Secondary uranium related to palaeo-channels and roll fronts

3.4 SUMMARY OF PREVIOUS WORK

Since incorporation Krucible has been systematically researching and compiling previous exploration data relating to the tenement portfolio as well as studying geological and geophysical information to determine possible controls on mineralisation and hence define new target areas. The compilation of previous data has been sourced from the Queensland government's open file system which is available to the public and documents all mineral reports from companies and parties who have relinquished exploration tenements in Queensland.

In addition reconnaissance exploration and surface sampling has been undertaken by Krucible on a number of the properties to test Krucible ideas and advance knowledge of the terrain.

As a result of groundwork and data compilation a number of anomalous areas have been defined that require further attention - these are disclosed in Section 5 of this Prospectus and are summarised below.

PREVIOUS DRILLING

- 38metres @ 0.70% copper and 0.76 ppm gold was returned from previous drilling by Arimco located about 2km outside the boundary of the Merlin Tank EPM 15811 Application at the Mistake Creek prospect. Within the EPM previous drilling has returned 2metres @ 1.0% copper and 4 metres @ 0.28 ppm gold
- Longreach Minerals Ltd intersected 8 metres @ 4.5% copper from the "Little Bit" mining lease - this small lease (4.5 hectares) is held by other parties but lies within the Krucible Red Bluff EPM 16048 Application. Longreach also intersected up to 2 metres @ 1.0% copper and 1.2 ppm gold in the "Big Bit" area which is now part of this Krucible EPM.
- Drilling by BHP Australia Ltd in the Cannington South area of the Squirrel Hills EPM returned up to 3000 ppm zinc associated with semi-massive sulphides and a magnetic anomaly. Anomalous uranium and molybdenum was also identified from shallow drilling by Glengarry Resources Ltd at Cannington South, with 5 metre intervals returning up to 72ppm uranium and 163 ppm molybdenum.
- Shallow drilling by PNC Australia Ltd intersected anomalous uranium in the Georgina East EPM Applications, with up to 2 metres @ 95 ppm uranium.
- CRA Australia Ltd (CRA) intersected anomalous lead and zinc in limestones at the Digby Peaks area within the Corella Bore EPM 15572. These included intercepts up to 45 metres @ 950 ppm lead and 990 ppm zinc. BHP Limited also intersected anomalous values at the Pilgrim prospect with 3m intercepts up to 1700 ppm lead and 1600 ppm zinc.

PREVIOUS SURFACE SAMPLING

- Heavy mineral stream sediment sampling by Placer Pacific Ltd within the Squirrel Hills EPM 15354 returned values up to 56 ppm gold near the Westralia alluvial gold plant which is held by other parties. Previous sampling of granites by Aberfoyle Resources Ltd at Bustard Creek returned up to 2.35% copper and 115 ppm uranium
- Rock chip sampling by Eagle Mining Corporation returned up to 12.6% copper from altered meta-sediments near the O'Hara's Gap EPM 15993 Application.
- CRA rock chip sampling from within the Red Bluff EPM returned up to 11.4% copper from narrow quartz veins and up to 160 ppm uranium from iron rich sediments.
- 1450 ppm copper and 230 ppm uranium was returned from CRA sampling at the Plumtree Mountain prospect within the Corella Bore EPM. CRA also returned up to 10% lead from the historic Noranside workings in this EPM.

KRUCIBLE SURFACE SAMPLING

- Rock chip sampling of quartz veins and granite breccias at Bustard Creek from within the Squirrel Hills EPM gave values up to 7.4% copper, 190 ppm uranium and 834 ppm molybdenum. At the El Rita area near Cannington sampling of iron rich Cretaceous sediments returned up to 7.5 ppm silver, 3410 ppm zinc and 1070 ppm molybdenum
- Lag sampling of pisolitic material at the Trekalano East prospect within the Bronzwing EPM 15776 Application returned up to 2060 ppm zinc
- Up to 60 ppm uranium was returned from initial sampling of lateritic sediments within the Toko Range EPM 15815 Application (Diamantina)
- Rock chip sampling from within the granted Ardmore EPM 15487 has returned up to 39.7% copper from boulder float
- At the Mistake Creek prospect within the Merlin Tank EPM rock chip and lag sampling has assayed up to 0.78 ppm gold, 10.6 ppm silver, 1670 ppm copper and 390 ppm tungsten.



3.5 PROJECTS SUMMARY

Following is a summary of the main Krucible Projects

ARDMORE

The Ardmore granted EPM 15487 is located about 100km south of Mount Isa. It was applied for because it contains sediments considered to be equivalent to the stratigraphy that hosts the Mount Isa mineralisation as well as some uranium locations occurring close to the EPM boundaries.

Analysis of previous work indicates little serious exploration has been carried out on the tenement, especially with regards to drilling. However an aerial electromagnetic survey (GEOTEM) was carried out by BHP Ltd which indicated a number of conductive zones associated with the Mount Isa stratigraphy - these were not drill tested. Anaconda Ltd had previously mapped the geology over much of the Ardmore area and carried out some limited, shallow RAB drilling.

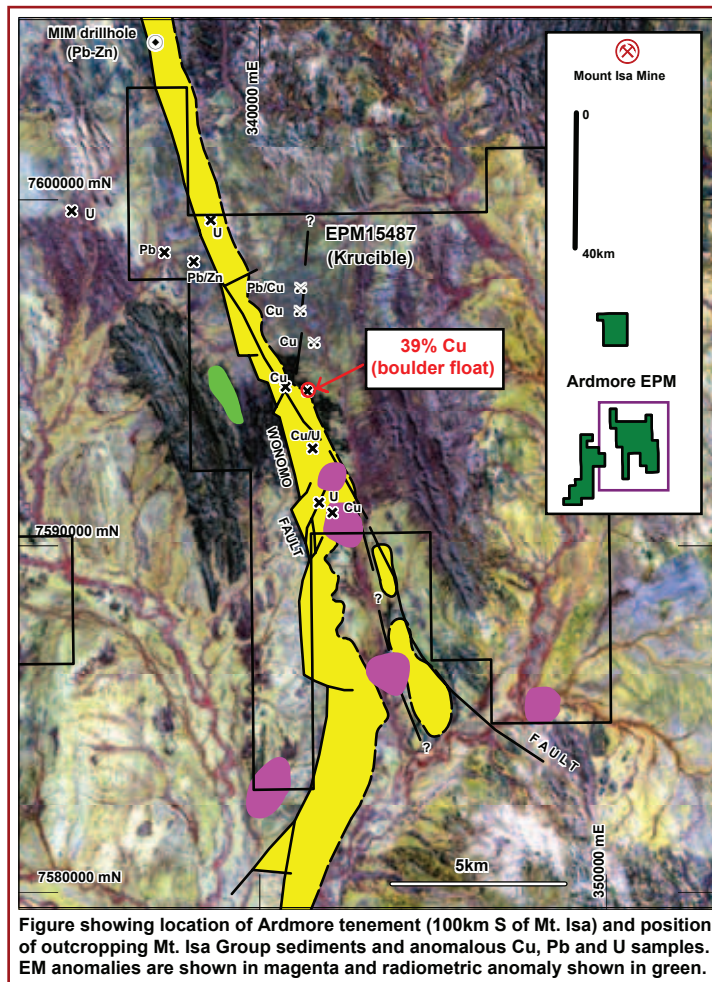
There are some historic workings associated with narrow quartz veins in basalt - sampling by Krucible has returned values up to 11.85% lead and 3.4% copper from these workings which are not considered to be targets but are evidence of mineralising fluid pathways in the project area.

Work by Krucible at Ardmore has included research and interpretation of previous work as well as interpretation of geological and geophysical data sets to produce broad target areas. Ground follow up of some of these target areas has proved encouraging with values up to 39.7% copper and 3580 ppm lead from boulder float near the margins of the Mount Isa sediments.

Rock chip values up to 1.45 ppm gold, 178 ppm silver and 17.35% copper have also been returned from narrow quartz veins away from the historic workings.

Systematic soil and termite nest sampling is planned to be over 10km strike length of the Mount Isa stratigraphy as well as geological mapping. In addition a helicopter mounted airborne electromagnetic (VTEM) survey is planned for the area to better define the GEOTEM conductors outlined previously by BHP.

It is anticipated that results of this work will be positive and thus generate drill targets for testing by RC percussion drilling, down to 100 metres vertical, in November - December 2007.



Squirrel Hills

The granted Squirrel Hills EPM 15434 is located about 180km south east of Mount Isa. It was selected because of the proximity to Cannington silver, lead mine - the biggest producer of silver in the world. Cannington was discovered by BHP Australia Ltd by drill testing a magnetic anomaly in an area where basement was obscured by recent sediments.

The occurrence of copper and uranium associated with granite breccias was also considered to be favourable for Ernest Henry style copper and uranium mineralisation.

There is a current Farm-In arrangement with BHP - Billiton (BHP-B) on part of the EPM covering 13 of the 142 sub blocks, whereby BHP-B can earn 80% equity by spending \$2.5 million over 5 years - the details of this Cannington South Joint Venture are set out in Section 9 of this Prospectus.

BHP-Billiton tested a magnetic target in August 2007, located about 20km south of Cannington, by drilling a 702 metre diamond hole. Final results of this hole, which intersected pyrite / pyrrhotite veining, will not be available until October 2007. Previous drilling in this area returned up to 3000 ppm zinc associated with semi-massive sulphides, but did not intersect the source of the magnetic anomaly.



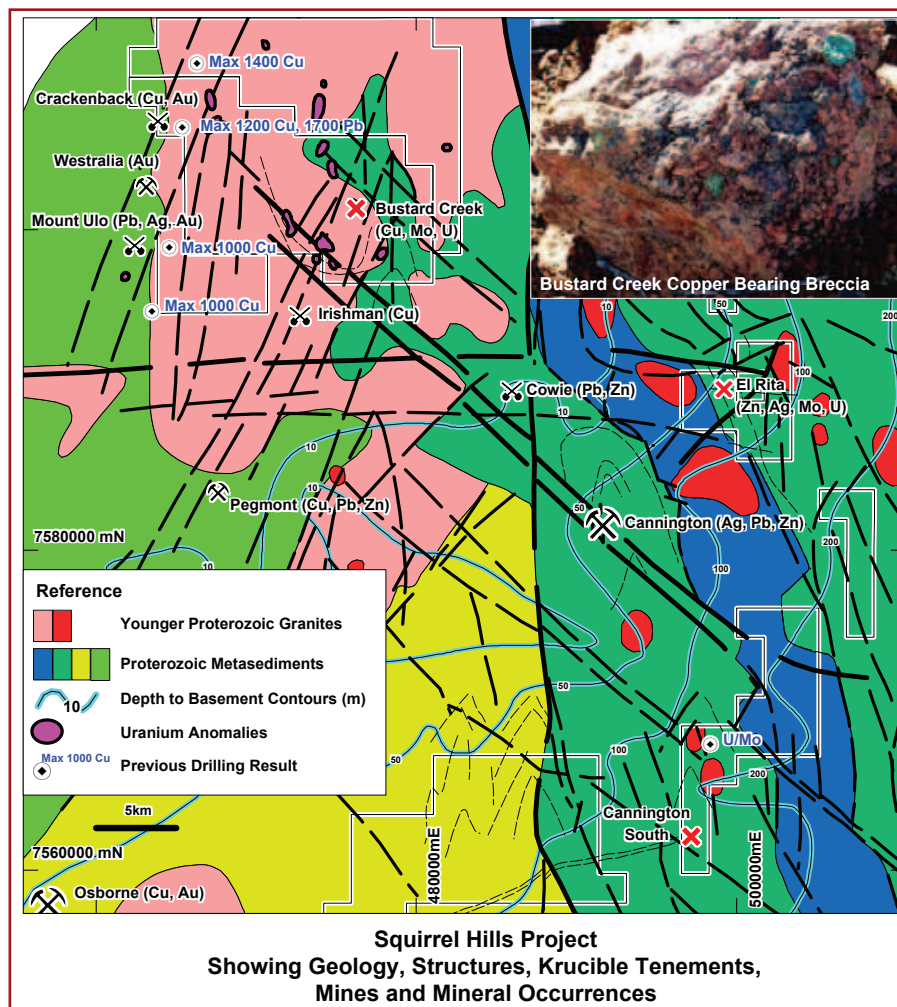
Checking radio-active rocks at Bustard Creek.

Work by Krucible, as well as previous work by Aberfoyle Resources Ltd in the Bustard Creek area has defined areas of mineralisation that are likely to lead to drill targets. Bustard Creek is located about 30 km north-west of Cannington. Results of up to 7.38% copper, 190 ppm uranium and 834 ppm molybdenum have been returned from quartz veins in granite and granite breccias. In addition up to 9.0% fluorine has been returned from stream float near the margins of the EPM boundary. There are also a number of strong uranium and uranium/thorium anomalies from previous aerial surveys that have not been followed up on the ground. Of special interest is the interpreted contact of the Soldiers Cap Group sediments (this Group hosts the Cannington mineralisation) and the Squirrel Hills Granite - this contact is obscured by shallow cover and is considered to be prospective for both copper, uranium mineralisation and basemetal mineralisation. It is anticipated that drilling will be carried out here in 2008.

At El Rita located about 3.5km north-east of Cannington work by Krucible has produced encouraging results from sampling of the ferruginous and younger Toolebuc Formation that overlies the Soldiers Cap Group and has an associated strong uranium/thorium radiometric anomaly. It is close to an interpreted granite intrusion.

Results from this sampling were up to 7.5 ppm silver, 3410 ppm zinc and 1070 ppm molybdenum and it is thought that this anomalous geochemistry may be reflecting re-mobilised leakage from basement mineralisation.

Modelling of magnetic and radiometric data, geochemistry and structures is planned in 2007 to be followed by drilling in 2008.



Corella Bore

The Corella Bore EPM 15572 was granted in September 2007 and is located about 150km south-south-east of Mount Isa.

The area was selected because of the presence of small lead workings at Noranside and anomalous drill intersections by CRA Ltd at Digby Peaks which returned up to 45 metres at 950 ppm lead and 990 ppm zinc in Cambrian limestones.

The target for previous work in this area was Mississippi Valley style lead, zinc mineralisation in Cambrian limestones. However Krucible considers that the near surface lead and zinc mineralisation could be leakage from an underlying Proterozoic basement source and will be targeting Cannington style mineralisation at relatively shallow depths (less than 100 metres).

At Noranside a low level VTEM survey is planned to follow up previous geophysical work carried out by MIM Ltd - this work comprised a broad airborne GEOTEM survey and a ground magnetic survey. Results of the MIM work are considered to be encouraging as a shallow (40-70metres) magnetic source was indicated in an area where strong conductors were defined, but no drill testing was carried out.

Krucible intends to carry out surface lag sampling at Noranside and combine the results of this with the VTEM and ground magnetics to generate drill targets for testing in late 2007.

Up to 230 ppm uranium and 1350 ppm copper has been returned from previous work by CRA Ltd at the Plumtree Mountain prospect. This area will be investigated in 2008 for iron oxide related copper and uranium mineralisation.

Merlin Tank

The Merlin Tank EPM 15811 Application is located about 130 km south-east of Mount Isa. It was primarily selected because of the proximity of the Mistake Creek prospect to the Starra copper, gold mineralisation.

Mistake Creek is located 15km west of the historic Starra copper, gold mine and 25 km south west of the large copper, gold deposit at Swan, held by Ivanhoe Mines Ltd. Mistake Creek is highlighted by a number of anomalous locations on the western flank of an interpreted antiform (Starra and Swann are located on the eastern side).



Ironstones at Mistake Creek - anomalous in gold, silver & copper.

Mineralisation was encountered in previous drilling by Arimco located 2 km north of the north-east corner of the Merlin EPM; including 38 metres @ 0.70% copper and 0.76 ppm gold with individual one metre intercepts up to 10% copper and 15 ppm gold.

Work by Krucible within the poorly outcropping north-east portion of the EPM has returned widespread anomalous values in an area where no deep drilling has taken place. These values include 0.78 ppm gold, 10.6 ppm silver and 1670 ppm copper.

It is planned to carry out ground magnetics as well as geological mapping and soil sampling in 2008 to be followed by air core drilling. It is anticipated that this work will lead to RC percussion drilling targets in 2008.

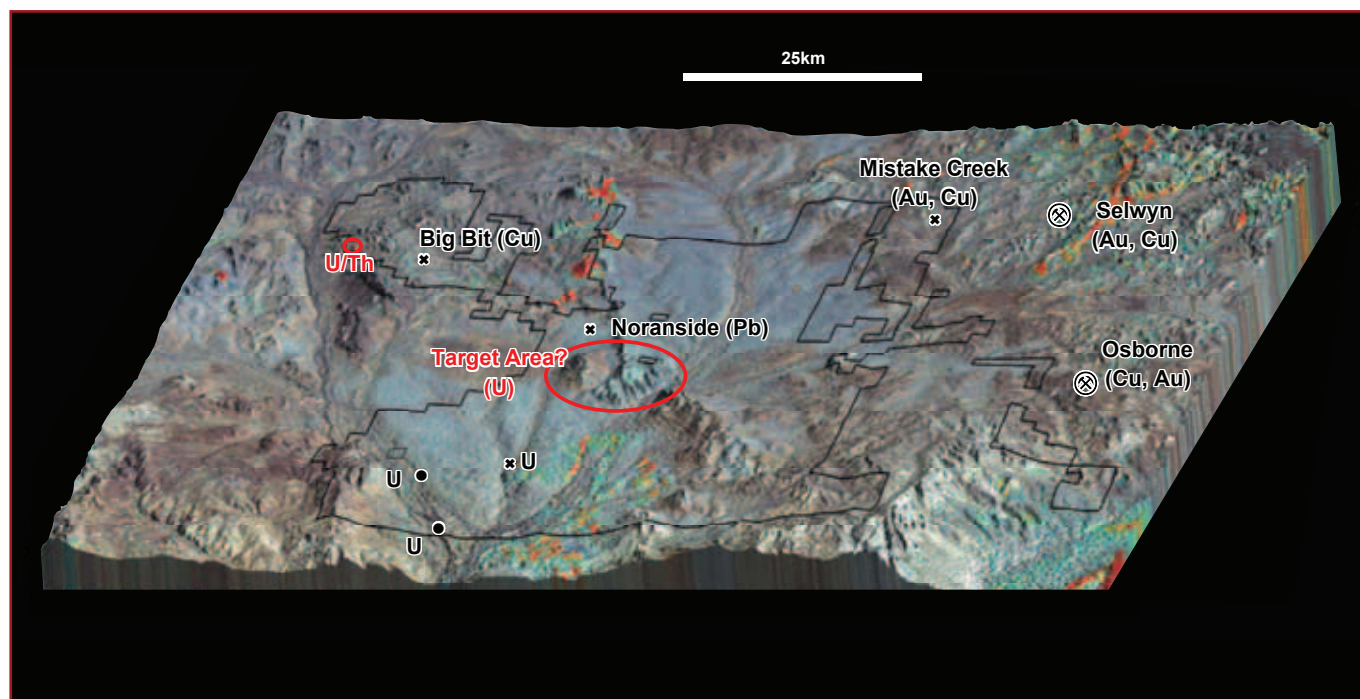
Georgina East

This area is located about 140km south-east of Mount Isa and comprises six EPM Applications. These Applications are The Bluff EPM 15703, Pathungra EPM 16152, GE 1 EPM 15831, GE 2 EPM 15833, GE 3 EPM 15834 and GE 4 EPM 15835.

The ground was selected because it covers the Georgina East sub-basin, which is a north-south trending intra-cratonic rift zone filled by Palaeozoic sediments and bound by Proterozoic basement to the east and west. Airborne radiometric surveys indicate the outcropping basement is characterised by above background uranium content. Hence it is considered likely that uranium would have been dissolved and transported from the higher level basement and re-deposited in sediments of the sub-basin as roll front, palaeo-channel or unconformity styles of uranium mineralisation.

Phosphatic units within the Palaeozoic sediments are known to contain anomalous levels of uranium whilst research of government geological data indicates that there are a number of layers within the sediments that are also likely to precipitate uranium eg pyrite, graphite and iron/manganese rich units.

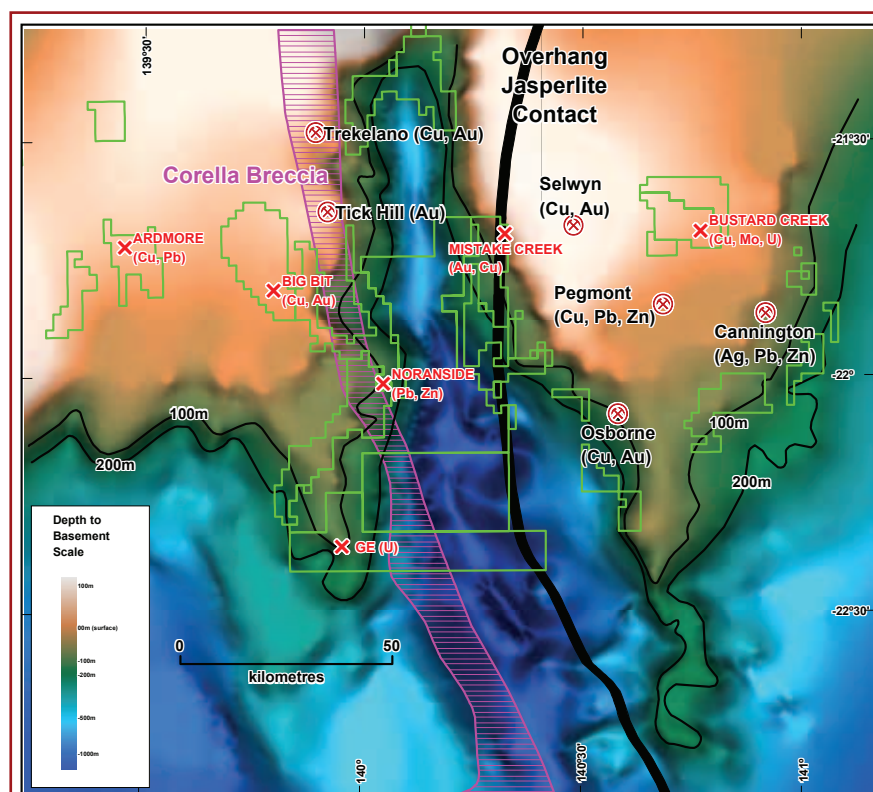
Previous work has indicated a number of areas with anomalous uranium including 2 metres @ 95 ppm uranium from shallow drilling whilst modelling of radiometric data with Landsat and digital elevation information has generated areas of possible shallow uranium enrichment that require follow up work; including drilling. The Georgina East sub-basin is bound by major faults that form part of the Burke River Structural Zone. These faults are likely to have been conduits for mineralising hydrothermal fluids adjacent to radio-active heat forming granites.



Georgina East - Landsat Draped over Topography
Showing U/Th anomalies (red)

Research by Krucible indicates that prospective geological units such as the Corella Formation (host to the Mary Kathleen uranium mine and the Tick Hill gold mine) and the Overhang Jasperlite (possible host to the Rocklands copper mineralisation) occur within this Structural Zone at relatively shallow depths of cover.

In addition it is interpreted that sediments equivalent to the Soldiers Cap Group (host to Cannington silver deposit) occur next to the Corella Formation under cover.



Mt Isa Region - Georgina East Area
Showing Depth to Proterozoic Basement
and Prospective Units

This raises interesting possibilities for the presence of basemetal, uranium and gold mineralisation associated with Proterozoic rocks within the Burke River Structural Zone, much of it at depths of less than 100 metres of cover. To date little work has been carried out targeting basement mineralisation in this zone and this presents an exciting exploration opportunity for Krucible.

Work planned includes modelling of existing magnetic, radiometric and gravity as well as flying new airborne electro-magnetic surveys. Results of this will be combined with results of planned lag sampling programs and water bore analyses to generate drill targets for 2008.

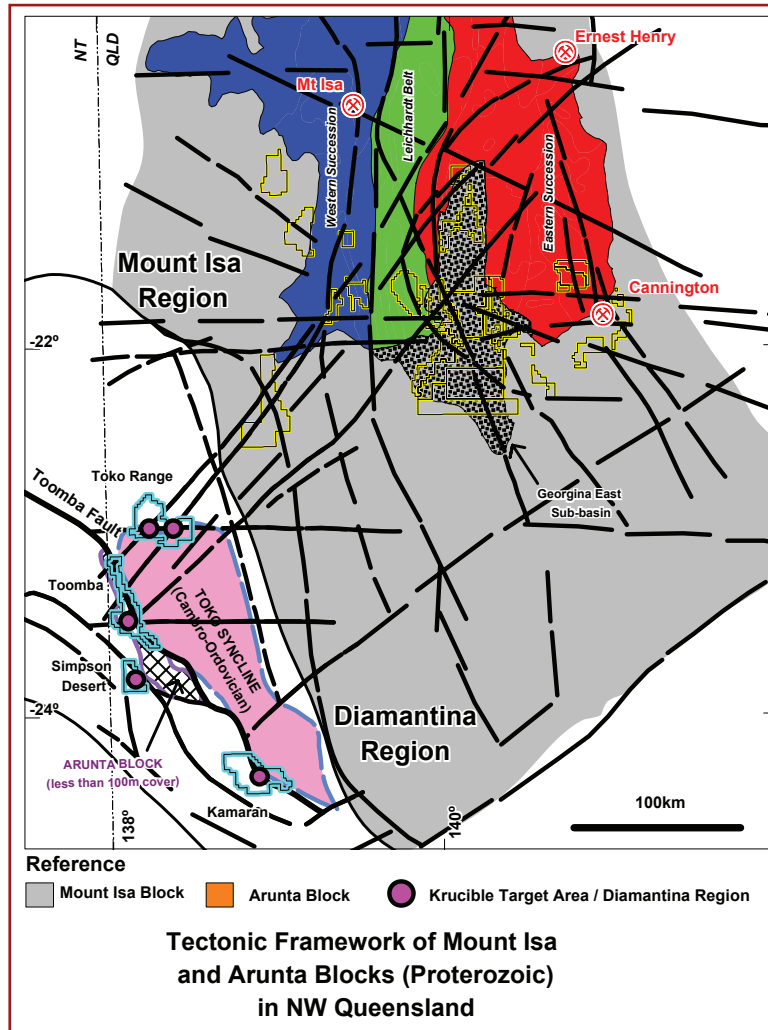


Diamantina Region (Toomba Fault)

Research for this project is centred on an area located about 350 km south-south-west of Mount Isa and comprises the granted Toomba EPM 15367 and Kamaran EPM 15389 as well as Applications for Toko Range EPM 15815 and Simpson Desert EPM 16535. These are located on the margins of the Simpson Desert.

The area selected for exploration is focussed mainly on the 150 km long Toomba Fault - this is a thrust fault with interpreted vertical movement of over 7km and is considered to be a zone of major fluid movement close to the Proterozoic craton boundary of the Arunta Block and the Mount Isa Block.

During the last year the Queensland government has carried out extensive regional scale airborne magnetic and radiometric surveys together with helicopter supported gravity surveys. This data is providing valuable information for use by exploration companies and has sparked some large tenement acquisition programs.



Little mineral exploration has been carried out previously in the Diamantina because of the perception of very deep cover of younger sediments as outlined by petroleum drilling and seismic work. However recent work by some companies as well as results of the government geophysical work has determined that there are fairly extensive areas of shallow basement (less than 100 metres). This offers exploration opportunities for companies such as Krucible.

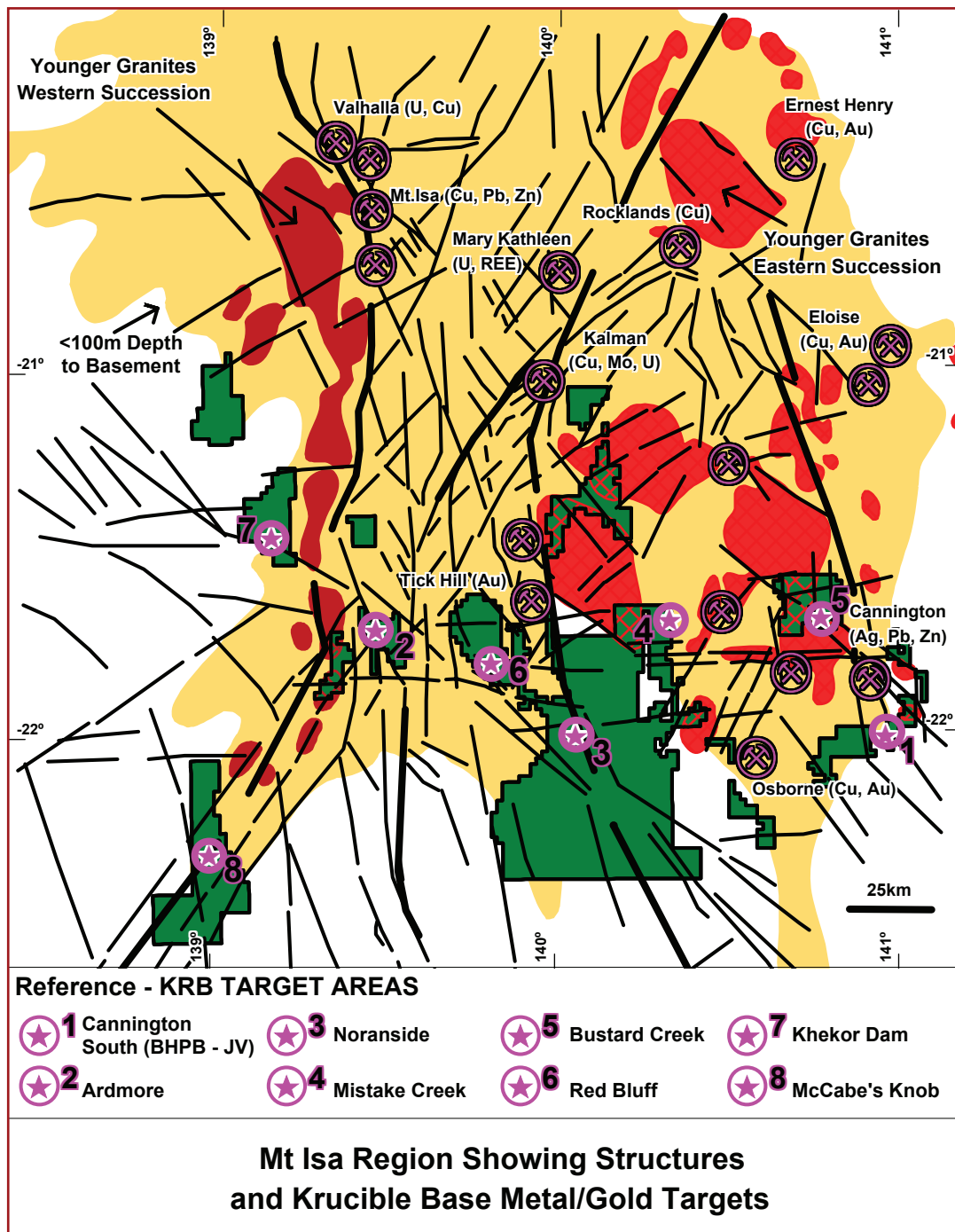
In addition the current emphasis on uranium exploration has brought attention to the numerous uranium anomalies outlined from the recent radiometric surveys - a number of these anomalies are on Krucible ground.



Water bore drill rig (not an asset of the Company)
Toomba area - hit basement at shallow depth.

The Company intends to focus on the Toomba EPM in 2008 where near co-incident magnetic and gravity anomalies in a crustal extensional environment are considered to be prospective for Olympic Dam style mineralisation (copper, uranium and gold). This area is also close to intersections of the north-west trending Toomba Fault and a north-east structural corridor where water bore drilling has indicated basement may be less than 50 metres. Surface geochemical sampling; combined with ground magnetic and gravity surveys is planned for 2008 to generate drill targets.

Up to 60 ppm uranium has been returned from reconnaissance sampling of laterites on the Toko Range EPM and radiometric surveys are planned for this area in 2007.

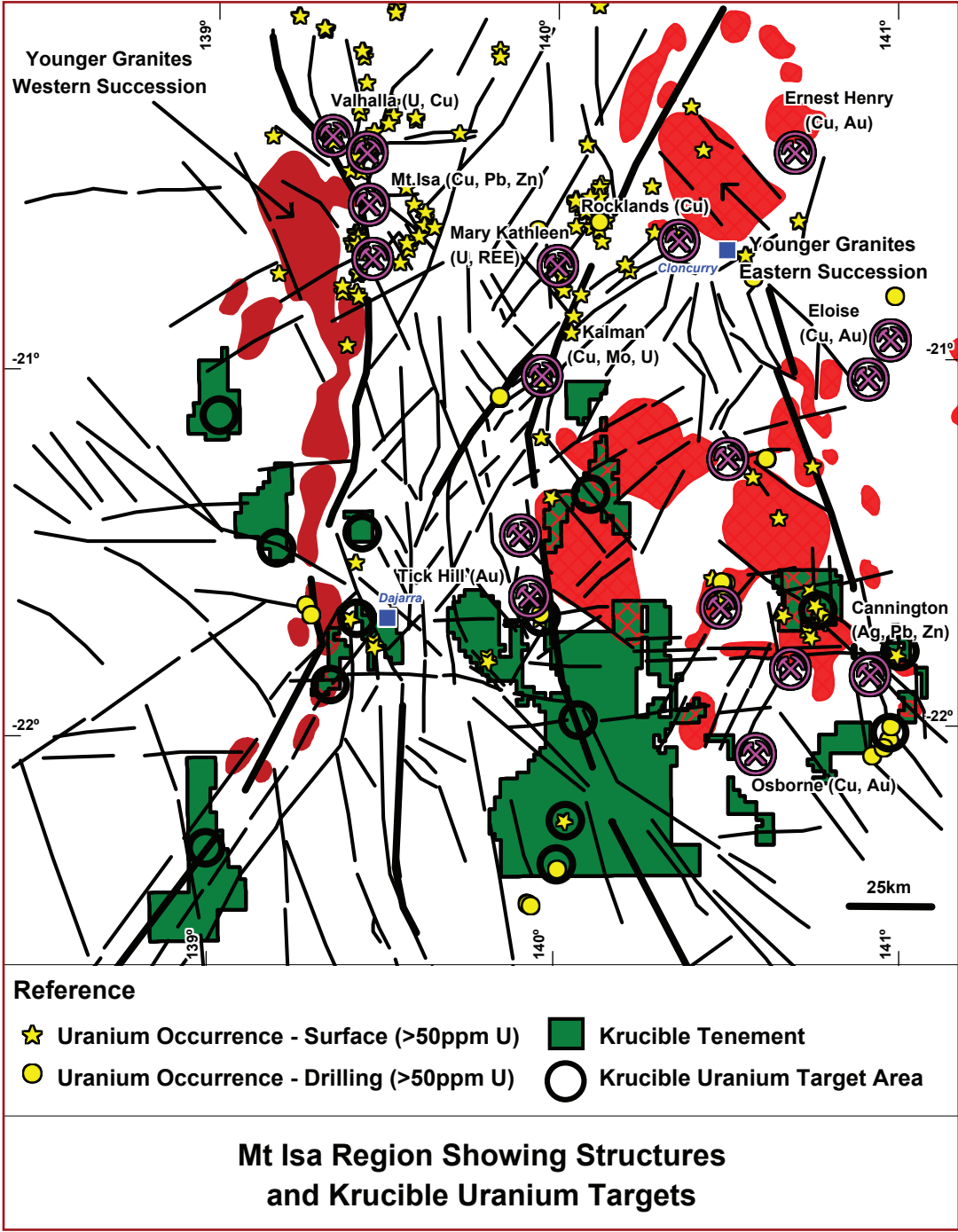


3.6 KEY TARGET AREAS

The Priority Targets for Drill Testing in 2007 and 2008 are:

- Cannington South (Squirrel Hills EPM) where BHP-Billiton have recently completed a 702 metre diamond drill hole
- Ardmore (Ardmore EPM) where up to 39.7% copper has been assayed from boulder float. An electromagnetic survey is planned for Ardmore in 2007
- Noranside (Corella Bore EPM) where an electromagnetic survey will be flown in 2007, near historic lead workings
- Mistake Creek (Merlin Tank EPM) where anomalous surface samples of copper, gold and silver occur in the vicinity of a drill hole which intersected 38 metres of 0.70% copper and 0.76 ppm gold
- Bustard Creek (Squirrel Hills EPM) where up to 7.4% copper and 190 ppm uranium has been returned from rock chip sampling
- Toomba (Toomba EPM) where near co-incident magnetic and gravity anomalies have been identified.





SECTION 4 - EXPLORATION OBJECTIVES AND BUDGETS

4.1 OBJECTIVES

Krucible's broad objectives are to:

- explore and discover economic mineralisation on Krucible's highly prospective portfolio of tenements;
- subject to successful exploration programs, delineate potentially mineable ore reserves; and
- afford its Shareholders with exposure to exploration potential across a variety of commodities.

4.2 ACHIEVING THESE OBJECTIVES

The Company believes it can achieve these objectives using both conventional and innovative techniques through the four main stages of exploration:

Stages of mineral exploration

1. Tenement selection:

Krucible has acquired a suite of tenements on the basis of prudent area selection as described in Section 3.

Tenement selection is a crucial step in professional mineral exploration. Tenement selection is based on applying the theories behind ore genesis, to known geological terranes via the study of geological maps, to determine potential areas where the particular styles of ore deposits being sought may exist.

This process applies the disciplines of geological modelling, geochronology, petrology and a host of geophysical and geochemical disciplines to make predictions and draw parallels between the known ore deposits and their physical form and the unknown potential of finding a 'look-alike' within the area selected.

Tenement selection is also influenced by the metals being sought and terranes, that are prospective for gold or diamonds, may not be prospective for other metals and commodities. On the other hand basemetals and precious metals-gold and silver are often intimately associated.

2. Target Area definition:

The target generation phase involves investigations of the geology via mapping, geophysics and conducting geochemical or intensive geophysical testing of the surface and subsurface geology. In some cases, for instance in areas covered by soil, alluvium and platform cover, drilling may be performed directly as a mechanism for generating targets.

Krucible will utilise the methods described in Section 3 and Sections 4.3 to 4.5, which includes extensive field work as well as sophisticated computer analysis in this stage of exploration.

3. Ore resource/reserve evaluation:

This evaluation is undertaken to quantify the grade and tonnage of a mineral occurrence. It is achieved primarily by drilling to sample the prospective horizon, lode or strata where the minerals of interest occur.

The ultimate aim is to generate a density of drilling sufficient to satisfy the economic and statutory standards of an ore resource [JORC code].

Resource estimation may require pattern drilling on a set grid, and in the case of sulphide minerals, will usually require some form of geophysics such as down-hole probing of drill holes, to geophysically delineate ore body continuity within the ground.

The aim of resource evaluation is to expand the known size of the deposit and mineralisation. A scoping study is often carried out on the ore deposit during this stage to determine if there may be enough ore at a sufficient grade to warrant extraction; if there is not further resource evaluation drilling may be necessary. In other cases, several smaller individually uneconomic deposits may be accreted into a 'mining camp' and extracted in tandem. Further exploration and testing of anomalies may be required to find or define these other satellite deposits.

4. Mining feasibility study:

Should the scoping study demonstrate a potentially viable mining operation, a full engineering and financial feasibility study would be undertaken to evaluate the total project and make a decision as whether to develop, on-sell or walk away from a proposed mine project. This includes a cradle to grave analysis of the possible mine, from the initial excavation all the way through to reclamation.



4.3 PURPOSE OF THE OFFER AND PLANNED EXPENDITURE

The purpose of the Offer is to raise funds to:

- a) explore the Company's mineral interests as described in this Prospectus; and
- b) satisfy the costs of the Issue; and
- c) provide working capital to meet the ongoing administration costs of the Company.

Pursuant to the Offer, Krucible will raise up to \$5 million (with provision for oversubscriptions of \$1 million). It is proposed that these funds will be utilised as follows. Actual expenditure incurred on the projects may vary and will depend on the merits of results progressively achieved.

Program and Budget by Tenement Fully Subscribed (\$5 million)

	Year 1 \$	Year 2 \$	Total \$
Net cash after the Offer			5,510,000
Exploration, development and evaluation of tenements:			
Ardmore	321,000	453,000	774,000
Squirrel Hills	199,400	59,800	259,200
Corella Bore	331,000	463,000	794,000
Kamaran	66,200	201,200	267,400
Toomba	269,000	304,000	573,000
Merlin Mistake Creek	208,400	208,400	416,800
Georgina East	414,200	464,200	878,400
Georgina West	108,000	153,000	261,000
Cloncurry SW	47,800	47,800	95,600
Sub-total Exploration, development and evaluation	1,965,000	2,354,400	4,319,400
Administration costs and other expenses	550,000	550,000	1,100,000
Unallocated working capital / new project generation	45, 600	45,000	90,600
Total funds applied	2,560,600	2,949,400	5,510,000

Program and Budget by Function Fully Subscribed (\$5 million)

	Year 1 \$	Year 2 \$	Total \$
Net cash after the Offer			5,510,000
Exploration, development and evaluation by function:			
Drilling	810,000	1,330,000	2,140,000
Geochemistry	62,000	52,000	114,000
Geophysics	360,000	265,000	625,000
Computer/Drafting	63,000	63,000	126,000
Geological	300,000	296,000	596,000
Travel and accommodation	29,000	28,400	57,400
Vehicle and fuel	48,000	47,000	95,000
Native title	80,000	80,000	160,000
Contingency	213,000	193,000	406,000
Sub-total Exploration, development and evaluation	1,965,000	2,354,400	4,319,400
Administration costs and other expenses	550,000	550,000	1,100,000
Unallocated working capital / new project generation	45,600	45,000	90,600
Total funds applied	2,560,600	2,949,400	5,510,000

Program and Budget by Tenement Minimum Subscription (\$4 million)

	Year 1 \$	Year 2 \$	Total \$
Net cash after the Offer			4,560,000
Exploration, development and evaluation of tenements:			
Ardmore	261,000	403,000	664,000
Squirrel Hills	189,400	49,800	239,200
Corella Bore	271,000	253,000	524,000
Kamaran	56,200	56,200	112,400
Toomba	269,000	284,000	553,000
Merlin Mistake Creek	173,400	173,400	346,800
Georgina East	404,200	318,200	722,400
Georgina West	103,000	58,000	161,000
Cloncurry SW	44,800	44,800	89,600
Sub-total Exploration, development and evaluation	1,772,000	1,640,400	3,412,400
Administration costs and other expenses	550,000	550,000	1,100,000
Unallocated working capital/new project generation	24,000	23,600	47,600
Total funds applied	2,346,000	2,214,000	4,560,000



Program and Budget by Function Minimum Subscription (\$4 million)

	Year 1 \$	Year 2 \$	Total \$
Net cash after the Offer			4,560,000
Exploration, development and evaluation by function:			
Drilling	810,000	909,000	1,719,000
Geochemistry	62,000	52,000	114,000
Geophysics	360,000	165,000	525,000
Computer/Drafting	63,000	63,000	126,000
Geological	300,000	296,000	596,000
Travel and accommodation	29,000	28,400	57,400
Vehicle and fuel	48,000	47,000	95,000
Native title	80,000	80,000	160,000
Contingency	20,000	-	20,000
Sub-total Exploration, development and evaluation	1,772,000	1,640,400	3,412,400
Administration costs and other expenses	550,000	550,000	1,100,000
Unallocated working capital / new project generation	24,000	23,600	47,600
Total funds applied	2,346,000	2,214,000	4,560,000

On completion of the Issue the Company has budgeted a program to expend approximately \$4.3 million over the next two years if the Issue is fully subscribed and approximately \$3.4 million if the minimum subscription is achieved. The planned exploration and evaluation expenditure program may vary as new results and information is gathered. Funds allocated as presented could be re-directed if deemed appropriate by the Board. Any additional capital raised (under the provision for over-subscriptions of \$1 million) will be allocated by the Board to its projects as deemed appropriate, on the basis of new results and information arising out of the initial exploration program, and towards additional working capital.

General

The Directors are satisfied that on completion of the Issue the Company will have sufficient working capital to carry out its stated objectives.

4.4 SUMMARY OF INVESTMENT RISKS

Prior to making an investment decision with regard to the resource, mining and exploration industry, investors should carefully consider the risk factors, all of which may affect the Company and the industry in which it operates.

The business and exploration activities of the Company are subject to normal business risks and uncertainties and there may be many factors that could affect the future performance of the Company. Some of these risks and uncertainties may be mitigated by the use of safeguards, appropriate systems and contingencies. However, some risks may be outside the control of the Company and not able to be mitigated. Additionally, there are also a number of risk factors that are specific to the Company.

Details of the risk factors of which investors should be aware are described in more detail in Section 8 of this Prospectus.

SECTION 5 -INDEPENDENT CONSULTING GEOLOGIST'S REPORT**VERONICA WEBSTER PTY. LIMITED**

(Incorporated in Queensland; ACN 010 299 224)
Consultants to the Mining Industry
Les W Davis - Minerals Exploration Consultant

Brisbane Office
7 O'Quinn Street
Nudgee Beach QLD. 4014
Telephone & Fax: 07 3267 3355

L Davis 0411 484 295
V Davis 0407 596 301

Email lesdavis@ozemail.com.au

POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

3 September 2007
Directors
Krucible Metals Pty Ltd
P O Box 908,
CASTLETOWN, QLD 4812, Australia
Dear Directors

**RE: INDEPENDENT GEOLOGIST'S REPORT ON EXPLORATION PROPERTIES OF
KRUCIBLE METALS PTY LTD IN QUEENSLAND**

1.0 INTRODUCTION

The Directors of Krucible Metals Pty Limited ("KRB") commissioned Veronica Webster Pty Limited ("VWPL") to prepare an Independent Geologist's Report ("Report") on the exploration properties held or controlled by KRB in Queensland. These are sometimes referred to as the KRB tenements or the KRB projects.

This Report has been prepared at the request of the Directors for inclusion in a Prospectus ("the Prospectus") of KRB, an initial public offering ("IPO") to be dated on or about 14 September 2007. Through the Prospectus, KRB intends to raise \$5 000 000 by issuing 25 000 000, 20-cent fully paid ordinary shares, with a minimum issue of 20 000 000, 20-cent fully paid ordinary shares. An over-subscription of 5 000 000, 20-cent fully paid ordinary shares, to raise an extra \$1 000 000, can be accepted.

Mr. L W Davis, who is a duly authorised representative and director of VWPL, has supervised the preparation of the Report. Mr Davis has had over 40 years experience in the minerals industry, is a registered Chartered Professional (Geology) and is affiliated with The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He specialises in mineral resource/reserve estimations, advanced project assessment and exploration management.

The exploration projects of KRB are situated in the Mount Isa Inlier, north-west Queensland. The target in Queensland is base-metals, uranium and gold in large deposits of the diverse Mount Isa styles.

Mr Davis has had experience in the Mount Isa region since 1970. VWPL affirms that L Davis is both a Fellow of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, with a minimum of five years' experience in the estimation, assessment and evaluation of mineral resources and ore reserves that is relevant to the styles of mineralisation and the types of deposits under consideration. Previous geological reports are publicly available from an open-file register, or website of a department of mines of a state or territory, or an open register or website of the Australian Stock Exchange or publications in the public domain. All references to previous geological sources of information fairly represent the contents of the previous geological reports. Reports and publications attributed to organisations and persons are referenced only to support the technical (scientific) aspects within the Independent Geologist's Report and are not used for promotional reasons. Consent for the use of any public domain information has not been sought.

KRB supplied Mr Davis with exploration information which KRB warrants is accurate and complete. Mr Davis visited the Queensland project areas of KRB in April 2007.

Mr Davis has at his own discretion relied on the observations and interpretations of previous explorers, exploration consultants and KRB geological staff. Independent checking at other organisations which may have been previously involved in exploration and mining activities in the area of the KRB tenements was not carried out. KRB has indemnified both L Davis and VWPL for liability arising from reliance on information provided or from available information not provided and for any further activities relating to enquiries from the Australian Stock Exchange and the Australian Securities and Investment Commission ("ASIC") with regard to the Report.

The views and conclusions expressed in this Report are solely those of VWPL and L W Davis. Generally these views concur with the views of KRB and there are no material differences.

An appraisal of all the above mentioned information forms the basis of this Report.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC).

In this Report, VWPL observes the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The Valmin Code), which is referred to by the Australian Securities Investment Commission ("ASIC") and as well, ASIC Practice Notes 43 and former National Companies Security Commission Release 149 are observed.

L Davis observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the Independent Report is not financial product advice but is intended to provide investors with expert opinion on matters relevant to an investment in KRB. L Davis and VWPL are not operating under an Australian financial services licence and the advice in the Independent Report is an opinion on matters other than financial products and does not include advice on a financial product.

2.0 SUMMARY

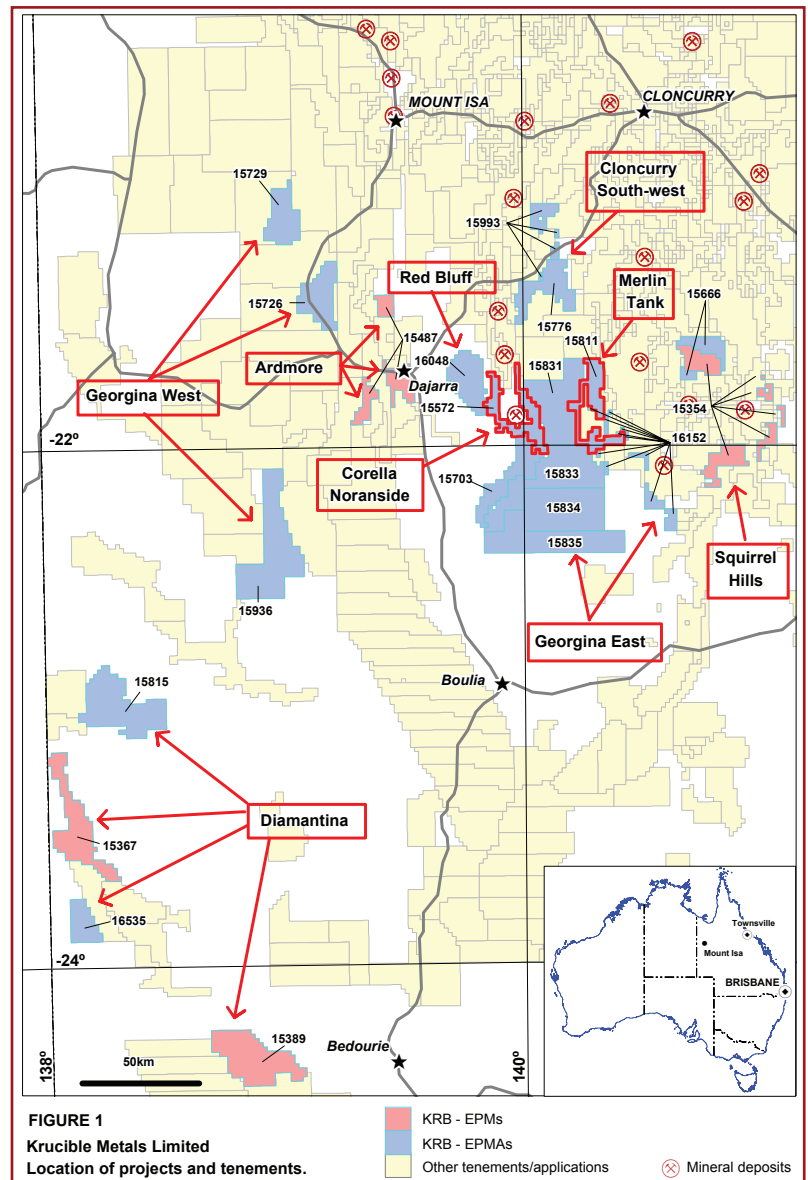
KRB has secured approximately 8700 km² of exploration title in north-west Queensland, five granted Exploration Permits for Minerals and 16 applications (see Figure 1).

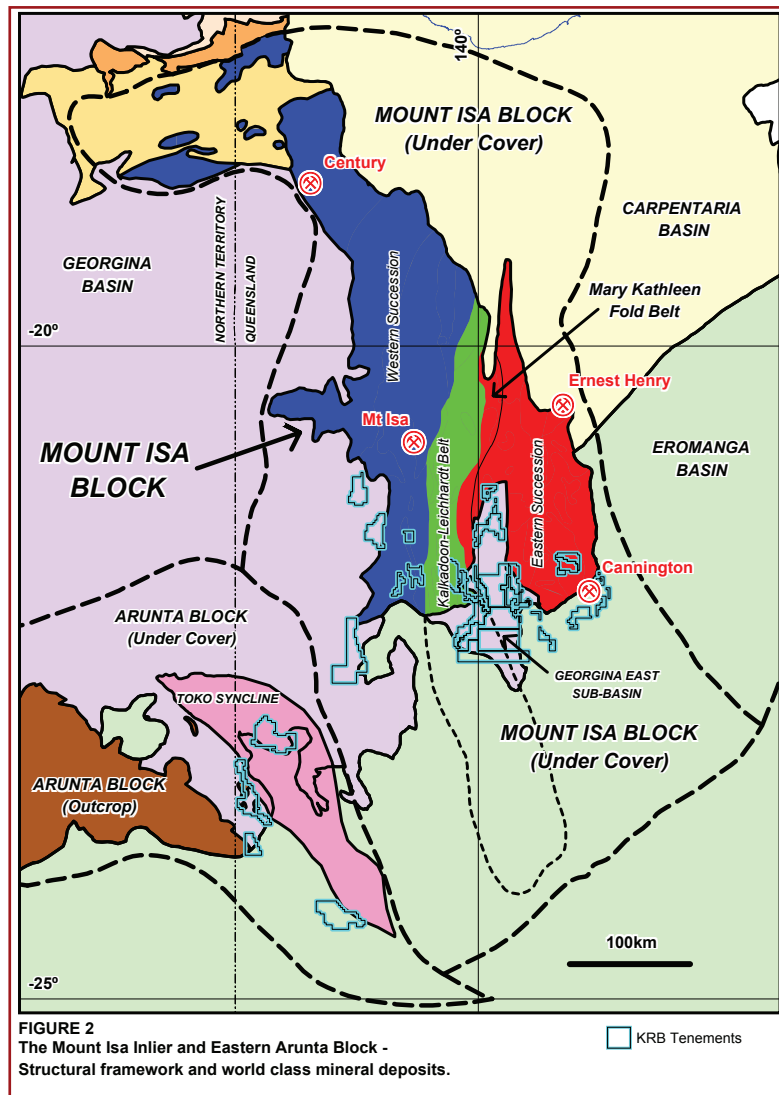
Most of the tenements lie within the southern half of the Proterozoic Mount Isa Inlier, from some 20 km south of Mount Isa to the outcrop extent and further south under cover. One project is located in the Diamantina region to the south-west of the Mount Isa Inlier, in the Proterozoic Arunta Block, near the Northern Territory border.

The Proterozoic rocks of the Mount Isa Inlier host some of the largest base-metal ore bodies in the world of which Mount Isa copper and lead-zinc operations are the most famous. Such world-class deposits become the basis for operating mines lasting for decades. There are as well, numerous smaller deposits at which, smaller but highly profitable operations have been established in the past and will be in the future (see Figure 2).

The mineralisation of the Mount Isa Inlier is geologically very diverse in metal content, host rocks, age and genesis: mainly base-metal styles of lead-zinc-silver, copper and copper-gold and a few others containing uranium, molybdenum, rare earths and gold. KRB has varying opportunity throughout the tenement holding to search for the following mineralisation styles found in the Proterozoic:

- Stratiform shale hosted (sedex) lead-zinc-silver deposits
- Cannington style lead-zinc-silver deposits
- Mount Isa copper deposits
- Iron oxide copper gold (IOCG) deposits
- Other deformational/magmatic related deposits – gold, copper (base metals) usually with ironstone
- Shear controlled base metal mineralisation
- Tick Hill style gold deposits
- Mary Kathleen style uranium - rare earth deposits
- Valhalla style uranium deposits





In the cover rocks – Palaeozoic and Mesozoic basins – there is opportunity to search for uranium.

The KRB tenements have been divided into nine Project areas. The geology of each has been appraised to assess which styles of mineralisation should be targeted.

The Ardmore Project contains Mount Isa Group stratigraphy – equivalent to the host rocks at Mount Isa itself. These sedex-type deposits characteristically occur in rocks of similar age and depositional environment. KRB has selected several geochemical and geophysical anomalous targets for investigation and drilling.

At the Squirrel Hills Project, there are two major mineralisation targets, Cannington style lead-zinc-silver and iron oxide copper gold (IOCG) deposits. BHP are farming into 36 km² of the EPM in a covered area only 15 km south-east of the Cannington Mine, where there are geophysical targets in favourable stratigraphy. BHP is committed to drilling at least one diamond drill hole.

To the north-west, large outcrops of the Williams Batholith are considered to belong to the Hiltaba supersuite, an association of the Roxby Downs – Olympic Dam IOCG mineralising event in South Australia. KRB has copper occurrences and uranium anomalism to prospect. Note that uranium is an important ingredient of IOCG mineralisation.

The Merlin Tank – Mistake Creek Project contains strong geochemical anomalism in rocks (partly iron-rich sediments) that host the Selwyn and Osborne copper-gold deposits. The prospect is on

the margin of a strong magnetic trend and peripheral to possible mineralising Williams Granite intrusives. Future work will include RC percussion drilling.

The Corella Bore-Noranside Project is covered by Cambrian carbonate rocks, but the principal target is lead-zinc sulphide mineralisation, which is normally conductive, in the Proterozoic basement. There is a minor occurrence of lead in the Cambrian carbonates that in theory, may have been derived from the basement. Electromagnetic conductive features from previous investigations are available to test and more modern surveys are planned prior to selecting drill targets.

Georgina East Project is a large tenement holding sited over Proterozoic, covered by sediments of the Georgina Basin of mainly Cambrian age. By analysing geophysical information and water bore drilling logs, KRB have mapped the depth of cover so that the Proterozoic stratigraphy within reasonable drill-target depth is known. The eastern side of the Georgina East Project should contain favourable stratigraphy, situated west of the Williams Batholith – a target for IOCG deposits and the ironstone-associated Osborne and Selwyn deposits. Sedex silver-lead-zinc mineralisation, Mary Kathleen style uranium mineralisation and Tick Hill style gold deposits are theoretically possible in the formations projected into the tenements. However the depth of cover increases southwards, making drilling more costly. Uranium enrichments are likely in the Cambrian and Mesozoic in the Georgina East and Corella Bore-Noranside projects.

The Georgina West Project is another covered region. The Sybella granite batholith is situated to the east of the three tenement areas in the project. This granite is widely believed to have been the source for uranium mobilised during later deformation events that has been concentrated to form deposits such as the Valhalla and several other uranium prospects. A corridor of ground prospective for uranium can be interpreted, trending through the project area. KRB will focus on subtle radiometric responses and geochemical anomalism in the Georgina West areas and also the company's Ardmore Project.

The Red Bluff Project is considered prospective for base-metals and gold in the Proterozoic basement, uranium mineralisation within cover rocks and uranium associated with the unconformity between the basement and cover rocks. The cover is not thick and several targets have been developed from previous work which has only identified minor mineralisation.

At the Cloncurry SW Project, KRB has generated a number of geochemical targets containing anomalous base-metals, molybdenum and uranium. The area is considered to be especially prospective for IOCG mineralisation because of the presence of dolerite associated with the Williams Granite. The Pilgrim Fault may be a primary controlling structure for some mineralisation: Kalman Prospect, about 8 km to west-north-west of the project is a recent discovery with wide intersections containing copper, uranium and molybdenum.

The Diamantina Project is covered by the sediments of the Eromanga Basin, mainly the Cretaceous Toolebuc Formation, which in places is known to be uranium bearing.

Structurally, the Diamantina Region is considered to be prospective in the Proterozoic basement because of the presence of a major thrust zone known as the Toomba Fault. The south-western most Proterozoic block in Queensland, the Arunta Complex, is represented by minor granite outcrops along the Toomba Fault.

Major structural zones at craton boundaries are considered to be important in enabling the emplacement of large complexes of igneous rocks into the crust. The formation of large mineral deposits such as the Olympic Dam IOCG deposit is associated with magmatic activity. The prime exploration target at the Diamantina is iron oxide related, Olympic Dam style IOCG mineralisation associated with demonstrated strong magnetic and gravity features close to the Toomba Fault. Second order targets are gold and copper mineralisation associated with strong magnetic anomalies, unconformity and fault-related uranium mineralisation.

Programs and budget

The majority of KRB's proposed exploration is early-stage and much of the target geology is under cover rocks, but these are sometimes prospective for uranium.

Drilling is committed at Ardmore, Squirrel Hills, Merlin Tank-Mistake Creek, Corella Bore-Noranside and Diamantina (geophysical targets) and is highly likely at all the other projects. In the covered areas such as Georgina East, drilling will be the only direct way forward.

KRB have generated targets using structural interpretation in conjunction with geological, geochemical and geophysical information - magnetic and gravity surveys. Structural synthesis shows several trends, some of which are not reported in previous regional surveys.

The significance of some of these major faults and lineaments with respect to locating base-and precious-metal mineralisation, is at this stage uncertain but it is accepted that in areas of crustal extension, major faults with subsidiary faulting create deep crustal weaknesses that will host magmatic intrusive and volcanic rocks and channel accompanying hydrothermal fluids that are rich in base-and precious-metals.

KRB has and will continue to use structure to generate sites for geochemical sampling, as known mineralisation can be seen to be closely spatially associated with faults and lineaments at several projects. The importance of faulting to the investigations for uranium is not doubted and local faulting, observed in radioactive areas creates natural targets, which KRB will systematically process.

KRB management has developed geochemical techniques to assist with exploration under cover rocks and has been successful elsewhere in discovering mineralisation using its own methodology. KRB is confident that similar techniques can be applied in the Mount Isa and Diamantina terranes.

KRB will apply the most up-to-date geophysical electromagnetic techniques to locate sulphide bearing mineralisation under cover.

KRB has allocated expenditure in excess of \$1.1 million in the first year of operations on granted tenements and a further \$0.8 million on others as they become granted. Most of these funds will be spent on those projects which are scheduled for geophysics and drilling.

VWPL considers that, although sometimes the exploration will be expensive because on occasions the targets will be deep, the potential value of the targets fully justifies the programs.

3.0 TENEMENTS

KRB controls approximately 8700 km² of exploration title in north-west Queensland under Exploration Permits for Minerals ("EPMs") or applications (EPMA's), (see Table 1).

Identification Tenement No EPM	Grant (Expiry)	Project or Tenement Name	Applicant Registered Holder	Sub- Blocks	Area km ² @ Approx. 3 km ² per sub block	Minerals	2007 Year Expenditure Requirement \$
Project							
15354	29/03/2007 (28/03/2012)	Squirrel Hills	* AJ Alston	142	426	All Excl. coal	\$50 000
15367	26/02/2007 (25/02/2012)	Toomba	* AJ Alston and MJ Glasson	159	477	All Excl. coal	\$40 000
15389	12/03/2007 (11/03/2012)	Kamaran Downs	* AJ Alston	184	552	All Excl. coal	\$40 000
15487	02/05/2007 (01/05/2012)	Ardmore	* AJ Alston	100	300	All Excl. coal	\$35 000
15572	12/09/2007 (11/09/2012)	Corella Bore	Krucible Metals Limited	99	297	All Excl. coal	\$30 000
15703	Offer of Grant	The Bluff	Krucible Metals Limited	100	300	All Excl. coal	\$20 000
15936	Application	McCabes Knob	Krucible Metals Limited	244	732	All Excl. coal	\$30 000
15729	Application	Big Toby	Krucible Metals Limited	88	264	All Excl. coal	\$20 000
15726	Application	Khekor Dam	Krucible Metals Limited	100	300	All Excl. coal	\$20 000
15666	Application	Bustard Creek	Krucible Metals Limited	50	150	All Excl. coal	\$20 000
15776	Application	Bronzewing	Krucible Metals Limited	98	296	All Excl. coal	\$20 000
15811	Offer of Grant	Merlin Tank	Krucible Metals Limited	100	300	All Excl. coal	\$20 000
15815	Application	Toko Range	Krucible Metals Limited	201	603	All Excl. coal	\$25 000
15831	Application	GE 1 (Georgina East)	Krucible Metals Limited	173	346	All Excl. coal	\$35 000
15833	Application	GE 2 (Georgina East)	Krucible Metals Limited	213	639	All Excl. coal	\$35 000
15834	Application	GE 3 (Georgina East)	Krucible Metals Limited	200	600	All Excl. coal	\$35 000
15835	Application	GE 4 (Georgina East)	Krucible Metals Limited	200	600	All Excl. coal	\$35 000
15936	Application	McCabes Knob	Krucible Metals Limited	244	732	All Excl. coal	\$30 000
15993	Application	O'Hara's Gap	Krucible Metals Limited	43	129	All Excl. coal	\$25 000
16048	Offer of Grant	Red Bluff	Krucible Metals Limited	99	297	All Excl. coal	\$20 000
16152	Application	Pathungra	Krucible Metals Limited	55	165	All Excl. coal	\$40 000
16535	Application	Simpson Desert	Krucible Metals Limited	60	180	All Excl. coal	\$30 000

Table 1. KRB tenements

All the granted EPMs are subject to the Native Title Protection Conditions with respect to Native Title. Details of these tenements are set out in the Tenement Report in Section 6 of the Prospectus.

* The above granted tenements are in the process of being transferred to Krucible (refer to Section 9).

4.0 GEOLOGY AND MINERALISATION

The Mount Isa Inlier is an exposed part of a major Proterozoic sedimentary sequence - the McArthur/Mount Isa basins – extending over a large area in northern Australia. The mining history of the Inlier is extensive and it is most famous for hosting giant sediment-hosted lead-zinc deposits (Mount Isa, Hilton, George Fisher, Century, and Cannington) and the Mount Isa copper deposit.

The tenement holding lies within the southern half of the Inlier, from some 20 km south of Mount Isa to the outcrop extent and further south under cover. KRB have secured substantial portions of favourable stratigraphy and batholith both in outcrop and under cover.

Blake, 1987 and Stewart and Blake, 1992, divide the Mount Isa Inlier into three tectonic units, (see Figure 2). These are, from west to east, the Western Succession (Western Fold Belt or Leichardt River Fault Trough), the Kalkadoon-Leichardt Belt (largely composed of the Kalkadoon granite batholith) and the Eastern Succession (Eastern Fold Belt which includes the Mary Kathleen Fold Belt).

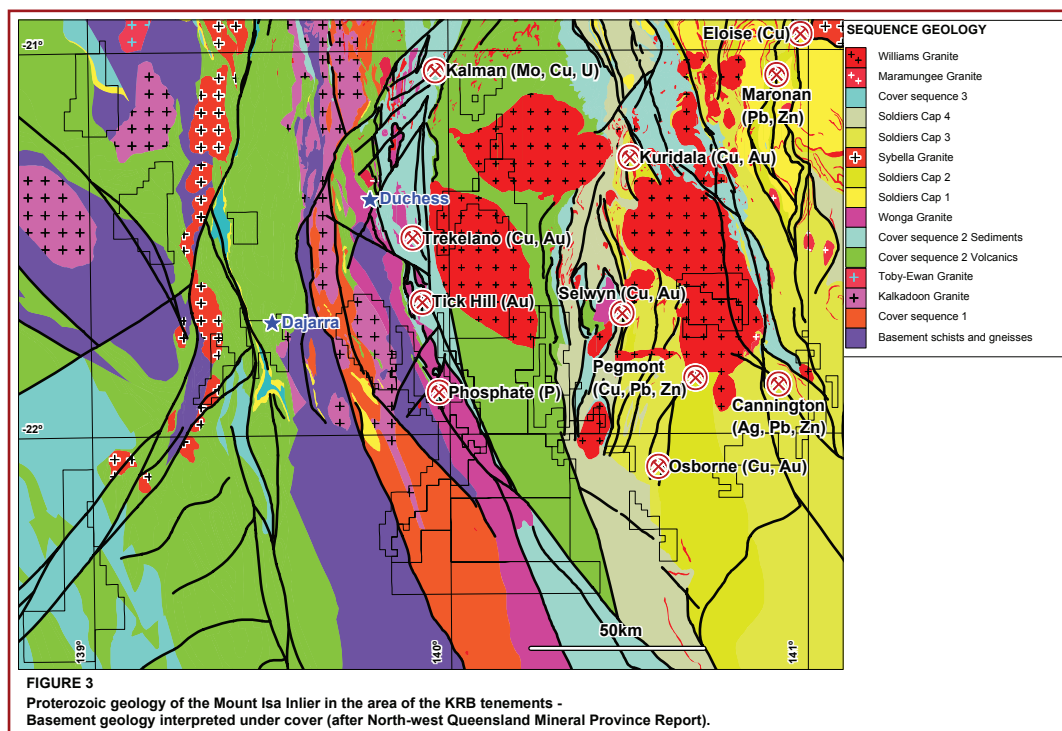
According to Blake (1987) the basement in the Mount Isa Inlier, consists of a package of predominantly quartzo-feldspathic sediments which were deformed and metamorphosed by about 1875 Ma. It was overlain by cover sequences ranging in age from about 1875 Ma to 1580 Ma in the Western and Eastern Successions. Each of these contains clastic and calcareous sequences, interbedded with felsic and basic volcanic rocks, either of which can be dominant. The metamorphic grade ranges from greenschist facies to amphibolite facies. Prominent faults, north-trending generally, but sinuous, bound and transect the tectonic units.

The amount of volcanics within the Cover sequences decreases throughout time. Granites were intruded at various periods during the Proterozoic. Most are I-type, with a few S-types. The earliest known granites (Kalkadoon Batholith) are dated at ~1860 Ma, and the youngest at ~1490 Ma. The most mineralised granite event is at ~1510 Ma, the Williams Supersuite (Williams and Nakaru batholiths) which intrudes the Eastern Succession.

Figure 3 (after North-west Queensland Mineral Province Report (“NWQMP”), which was prepared by the Department of Minerals and Energy and a team of consultants) shows for the region of the KRB tenements, the geology of the Mount Isa Inlier that crops out and the interpreted basement geology beneath the younger sedimentary basins to the south. These basins range from Neoproterozoic to Cambro-Ordovician (Georgina Basin) to Jurassic-Cretaceous (Eromanga Basin) in age. The cover rocks are generally flat lying but unconformable on the Proterozoic.

Correlation of Proterozoic sedimentary packages across the tectonic units and major faults is often tentative as there is usually a change in terrane. Interpreted ages from the dating of igneous rocks assist correlation which is seen as a key to exploration for the syngenetic and stratabound deposits that are hosted in sediments similar in age to those at Mount Isa.

Cover Sequences 2 and 3 (1790 to 1690 Ma) contain the Haslingden Group (Cover Sequence 2) which, in the Western Succession, includes the Eastern Creek Volcanics and the Mount Isa (Group Cover Sequence 3) and equivalents.



In the Eastern Succession rocks of similar estimated age (Soldiers Cap Group, Fullarton River Group, Staveley Formation, Kuridala Formation and Corella Formation) can only be tentatively correlated with those of the Western Succession. Such correlations are always controversial with some formations being placed in either Cover Sequence 2 or 3. The matter of correlation is complicated by the differing structural regime applicable to rocks of similar age. The NWQMP provides the most up-to-date correlative information that is available.

4.1 Mineralisation

The North-west Queensland McArthur-Mount Isa Basin province is indisputably one of the largest sources of metal in the world. Estimates and production for mines in the area surrounding the KRB tenements are tabulated in Section 4.2.10 and the localities are shown on Figure 4.

4.1.1 Zinc and lead

The NWQMP produces statistics to demonstrate that it is “the premier zinc region in the world based number and tenor of world-class zinc deposits in terms of contained zinc in economic reserves. Hilton-George Fisher is the third largest single reserve of zinc, Century is sixth and Mount Isa is tenth.

DEPOSIT	LOCATION	MT Zn
BROKEN HILL	New South Wales, Australia	35.53
RED DOG	Alaska, USA	26.7
HILTON/GEORGE FISHER	North-west Queensland	15.35
McARTHUR RIVER	Northern Territory, Australia	14.62
BRUNSWICK No. 12	New Brunswick, Canada	11.63
CENTURY	North-west Queensland	11.42
GAMSBERG	South Africa	10.65
SULLIVAN	British Columbia, Canada	9.77
REOCIN	Spain	9.57
MOUNT ISA	North-west Queensland	8.75

Table 2. Ranking of world class zinc mines(reserves), after NWQMP (note MT = million tonnes)

The province contains 45.52 million tonnes of zinc and 24.19 million tonnes of lead. Hilton/George Fisher is the third largest economic source of lead in the world, Mount Isa is sixth and Cannington is seventh.

4.1.2 Copper

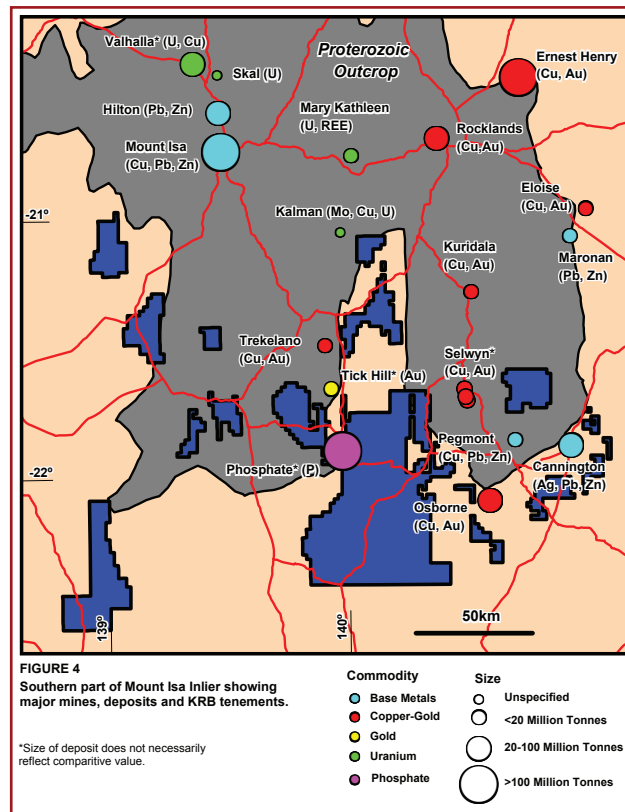
Total deposit reserve estimates for Mount Isa - 255 million tonnes grading at 3.3% copper, and Ernest Henry - 127 million tonnes grading 1.1% copper and 0.55 g/t gold are world class but the province does not compare with major copper porphyry and sediment-hosted copper elsewhere on the globe.

4.1.3 Silver

Silver is usually a bi-product of lead-zinc mining. Cannington is an exception. The four largest known deposits of bi-product derived silver are Broken Hill (1016 million ounces) in New South Wales, followed by, Cannington (757 million ounces), Mount Isa (643 million ounces) and Hilton/George Fisher (517 million ounces). The grade at Cannington is extremely high and reported resources in 1997, ranged from 317 g/t silver to 626 g/t silver. In terms of annual production, Cannington (~22.5 million ounces per annum) is currently the world's largest single silver producer, yielding an amount equivalent to 4.7% of total western world silver production in calendar 1999.

4.1.4 Other metals (non metallic minerals are not discussed)

The Mount Isa district contains valuable deposits of uranium and gold that have been mined but they are not world class. The uranium deposits of Mary Kathleen and Valhalla styles are still important economic exploration targets at current prices. At 22.6 g/t gold grade, Tick Hill was very profitable. In time, rare earth elements (“REE”) and molybdenum may be exploited in the region.



4.2 Mineralisation (exploration targets) in the region of KRB's tenements.

In the region of the KRB tenements, numerous mineral deposits exhibit great diversity in commodity, associated rocks, age and interpreted genesis. The Mount Inlier is essentially a base-metal province but not exclusively with economically important gold and uranium deposits distributed widely. The major deposits are shown on Figure 4 and described in the Appendix, Section . They are classified under the following headings:

- Stratiform shale hosted (Sedex) lead-zinc-silver deposits
- Cannington style lead-zinc-silver deposits
- Mount Isa copper deposits
- Iron oxide copper gold (IOCG) deposits
- Other deformational/magmatic related deposits – gold, copper (base metals) usually with ironstone
- Shear controlled base metal mineralisation
- Tick Hill style gold deposits
- Mary Kathleen style uranium - REE deposits
- Valhalla style uranium deposits

4.2.1 Stratiform shale hosted (Sedex) lead-zinc-silver deposits

These are economically the most important and widespread. The Proterozoic Mount Isa and Macarthur inliers are one of the most productive regions in the world with major mining operations in progress at Mount Isa (copper and lead-zinc-silver), Hilton (lead-zinc-silver), Century (lead-zinc-silver), McArthur River (lead-zinc-silver) and perhaps, Cannington (lead-zinc-silver), which may be a metamorphosed and deformed Sedex deposit.

Stratiform shale hosted lead-zinc-silver deposits comprise stratiform massive sulphide deposits usually with multiple lenses hosted in pyritic shales, which are commonly evaporitic and interbedded with calcareous units. The lenses are effectively beds within the sedimentary sequence in which they occur and they commonly have dimensions of many hundreds of metres along strike and dip and widths of the order of a few metres to perhaps tens of metres. They are usually strongly banded with a more finely laminated or 'bedded' character at low metamorphic grades.

Large sedex deposits tend to cluster in time periods within rocks deposited under similar conditions. The Mesoproterozoic Period (rocks younger than 1600 million Ma) was the first time that the crustal growth had progressed to the extent that large sedimentary basins were formed and these host large base-metal deposits. The time correlation can be seen generally throughout the globe and within a region, it is often within a narrow age range. At Mount Isa, this is apparently the Mount Isa Group, which KRB will prospect for Sedex deposits when the equivalent formations crop out in the EPM holding.

There is considerable debate about the origin of the large Sedex deposits in the Mount Isa Inlier. Although individual deposits may possibly have an intrusive or volcanic association, the majority are not closely associated with igneous rocks. Large deposits exist in areas where intrusives are not known.

The most favoured model does not source the metal directly from igneous activity. To produce the metal for so many large Sedex deposits by leaching the large amounts of metals from the source areas and then concentrate the metal in the depositional sites would require large hydrothermal cells. Burial and low-grade metamorphism of earlier Proterozoic evaporitic sediments may have been required to provide the brines necessary for the development of highly effective leaching fluids. The metal sources are the volcano-sedimentary sequences of older formations. Sedex deposits are formed at shallow levels pene-contemporaneous with the host sediments and near fault systems.

Growth faults are often identified as spatially associated with the large Sedex deposits in north-west Queensland and the Northern Territory. At Mount Isa the Paroo Fault or Crystallina Fault which underlies the copper mineralisation is generally accepted as such a fault. The Western Fault at HYC is believed to have been active at the time of ore formation. At Century the Termite Range Fault is considered to be the important growth fault.

KRB will search for Sedex deposits when favourable sedimentary sequences – usually the Mount Isa Group and their equivalents – are contained within the company's tenements.

4.2.2 Cannington style lead-zinc-silver deposits

All of the large Proterozoic lead-zinc-silver deposits, except perhaps Cannington, are of the stratiform sediment hosted type. The ores at Cannington are hosted by quartzo-feldspathic gneisses containing garnet, and calc-silicate minerals, migmatite, amphibolite and pegmatite. Mineralogically, the Cannington deposit is considered to be possibly a Broken Hill type deposit and certainly at a similar grade of metamorphism, but many also consider that these deposits are effectively sediment hosted deposits that have been subjected to higher grade metamorphism. The two principle theories for the genesis are:

- Late metasomatic (skarn) mineralisation which post-dates the main metamorphic and deformation events
- Syndepositional sedex which has been remobilised and deformed.

Cannington has a magnetic signature.

KRB is active in the Cannington district in joint venture and in its own right searching for this deposit style.

4.2.3 Mount Isa copper deposits

The Mount Isa copper deposit is the largest copper deposit in the area and economically and geologically is in a class of its own. Unlike Sedex deposits, there are no similar types. The very close proximity to the Mount Isa lead-zinc-silver Sedex type suggests an association between the two.

The association of copper deposits with intermediate to basic rocks is recognised and explained by an initial high copper content of these rocks. The basic volcanic rocks – Eastern Creek Volcanics - of the Mount Isa Inlier contain anomalous copper contents. The Mount Isa copper deposit, may have been produced by hydrothermal leaching of the Eastern Creek Volcanics and concentration by replacement within adjacent chemically receptive sediments (pyritic and dolomitic shales). The copper mineralisation is accompanied by silica and dolomite alteration and the copper ore occurs only within the silica-dolomite. The copper-silica-dolomite extends in places parallel to bedding and fold axes but the evidence is for transgressive replacement not stratabound mineralisation.

KRB will search for copper in areas which contain interpreted Eastern Creek Volcanics and their equivalents.

4.2.4 Iron oxide copper gold (IOCG) deposits

The Ernest Henry copper-gold deposit and the new Rocklands copper discovery are distinctly different from the Mount Isa copper deposit. These are interpreted to fall into a class generally described as an Olympic Dam or iron-oxide type deposit. The style of mineralisation contains a considerable amount of iron oxides and breccias are common.

IOCG deposits are considered genetically associated with intrusive granitic rocks. A simplified interpretation considers that metal-bearing hydrothermal fluids, heated by underlying granitic magma, are erupted to sub-volcanic levels. The eruptive area is extensive, unlike a simple volcano. Widespread fracturing and brecciation (fragmentation) of the brittle surrounding rocks results from repeated volcanic and hydrothermal activity. The hydrothermal fluid mixes with meteoric water and massive iron oxide alteration of the brecciated rocks takes place. Copper, gold and other metals precipitate out, within the zone of iron oxide alteration.

At Olympic Dam, a central funnel-shaped core of barren hematite (iron oxide) breccia is surrounded by variable hematite and magnetite-granite breccias carrying concentrations of copper, uranium and gold.

Economically the class is very important. The Olympic Dam deposit contains a total mineral resource of 3810 million tonnes grading 1.1% copper and 0.04% U3O8, containing proved and probable reserves of 761 million tonnes grading 1.5% copper, 0.06% U3O8 and 0.5 g/t gold. The deposit also contains rare earth elements ("REE"). Bornite-chalcocite zones make up about a third of the resource tonnage and chalcopyrite zones comprise the remainder.

In the Mount Isa Inlier, Ernest Henry is the largest IOGC deposit so far discovered (see Appendix). It is hosted mainly by felsic volcanic breccias but diorite is present in the sequence. The mineralisation contains pyrite-chalcopyrite with magnetite-carbonate gangue. As well as copper and gold the mineralisation is highly anomalous in REE, molybdenum, cobalt, arsenic, fluorine and barium. There is a strong magnetic signature.

Recently with the discovery of deposits such as Ernest Henry, Osborne, Eloise and Selwyn (Starra) the spatial and probable genetic association of granites (Williams and Nakaru) with mineralisation in the Eastern Succession is recognised (Wyborn and Heinrich 1993). Another probable mineralising granite is the well fractionated Wonga Batholith which crops out as a series of small plutons in the Mary Kathleen Fold Belt and part of the Leichardt-Kalkadoon Belt. In contrast, the Kalkadoon Batholith and the Sybella Batholith within the Western Succession are generally poorly mineralised.

KRB has a lot of ground which is considered prospective for IOGC mineralisation style.

4.2.5 Other deformational/magmatic related deposits – gold, copper (base metals) usually with ironstone

Some deposits in the Eastern Succession (Selwyn/Starra, Osborne, Eloise) contain gold and copper disseminated in ironstone rich sediments and are grossly stratabound. The host ironstones are banded quartz, magnetite and apatite (Osborne), hematite (Starra) or pyrrhotite (Eloise) bearing. Although syngenetic processes have been proposed, radiometric dating has proved conclusively that the mineralisation is epigenetic and about the ages of associated felsic intrusives. It post dates the main metamorphic events. Hydrothermal activity could have been controlled by retrograde metamorphism or magmatic activity or both.

Some geologists are classifying this style of mineralisation as IOGC type and indeed the deposits are all situated in the region of the Williams Granite supersuite but they are distal from any associated igneous rocks and not direct analogues to the Olympic Dam styles.

The mineralisation is an attractive target for both copper or gold as either can dominate. KRB holds favourable stratigraphy and the style contains a host of pathfinder elements so is well suited to KRB's geochemical methods for exploring for concealed mineralisation.

4.2.6 Shear controlled base metal mineralisation

Low tonnage veins are common, especially in the Mary Kathleen Fold Belt and Kalkadoon-Leichardt Belt but are not an exploration target for KRB.

4.2.7 Tick Hill style gold deposits

The Tick Hill deposit which is hosted by quartzite and calc-silicate rocks within the Corella Formation lies immediately above the Argylla Formation.

Scapolite and red albitisation are common in the area reflecting the original evaporitic content of the sequence prior to metamorphism.

The gold mineralisation occurs within or associated with strongly laminated rocks referred to locally as 'laminites' which contain high-grade gold-bearing, generally thin pale pink feldspar - quartz bands, alternating with grey quartz and silicate bands.

The average grade of the mined gold mineralisation at Tick Hill was 22.6 g/t gold. The gold largely occurs within thin 'laminite' horizons with spectacular grades. The thin gold bearing 'laminite' bands vary in width from 1 cm to 50 cm. All gold occurs as free gold. The gold apparently has little associated sulphides although the country rock has a minor sulphide content. No identifiable and clear association are recorded with base metals or any of the elements that commonly are associated with gold such as arsenic, antimony, bismuth, tellurium and silver.

Two theories for the origin of the deposit are considered.

- a) formation by deposition from gold-bearing solutions of unknown origin during deformation
- b) a deformed alluvial origin

The lack of geochemical pathfinders and geophysical characteristics render the Tick Hill gold style a difficult exploration target. KRB will keep in mind the possibility of this valuable style of mineralisation occurring on its EPMs near Tick Hill.

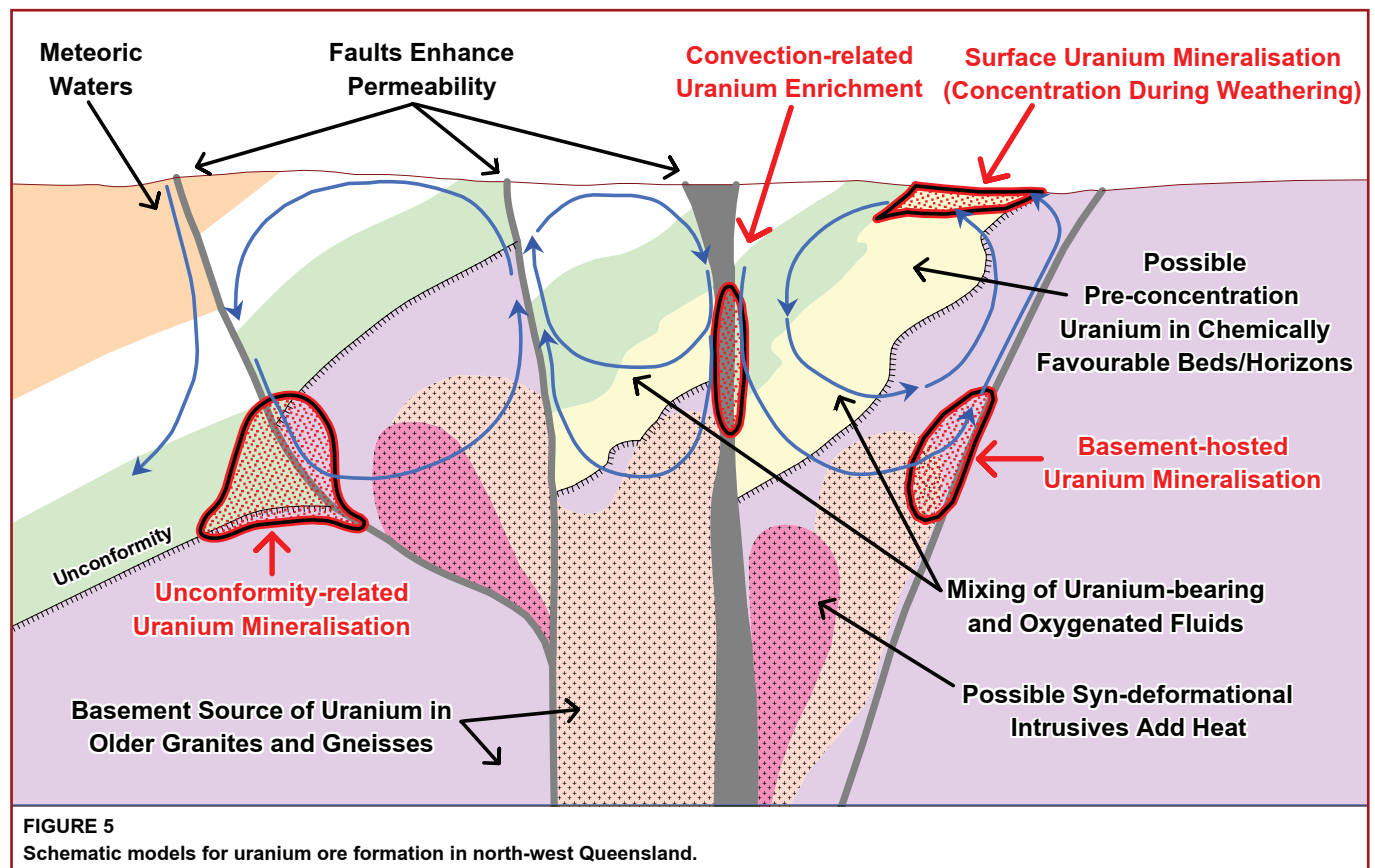
4.2.8 Mary Kathleen style uranium - REE deposits

Mary Kathleen is the only uranium deposit that has been mined in Queensland. It is hosted by a sequence of metamorphosed evaporitic calc-silicate and marble bearing metasediments and minor metavolcanic rocks of the Corella Formation. Located within the Mary Kathleen Fold Belt the rock sequence has been subjected to regional metamorphism, deformation and skarn development associated with nearby granite intrusion. The introduction of uranium and rare earth element mineralisation is considered to be associated with a further phase of deformation and hydrothermal activity some 200 million years after the granite emplacement and skarn development.

Production by Mary Kathleen Uranium Limited, a Rio Tinto subsidiary, commenced in 1958. During the period from 1958 to 1982, 8882 tonnes of U_3O_8 were recovered at a grade of about 0.13% (U_3O_8).

The allanite-uraninite-garnet ore body initially contained 12 000 t of U_3O_8 at 1.2 kg/t and a larger tonnage of rare earth elements, with grades up to 7.6% REE. Although the mineralisation with 3% REE and 0.025% thorium oxide make it a rare earth element ore body containing uranium, the company was never able to find a market for the REE.

KRB is prospecting uranium anomalous zones in the district with the Mary Kathleen style of mineralisation and the recently discovered Kalman prospect geology in mind. The Kalman deposit contains copper as well as molybdenum, gold and uranium.



4.2.9 Valhalla style uranium deposits

The second largest uranium deposit in Queensland and the fourth largest of the known Australian uranium resources is the Valhalla deposit. Other significant uranium deposits include Skäl and Andersons Lode and these as well as a number of prospects in the district are currently being assessed and actively investigated by small number of mineral resource companies.

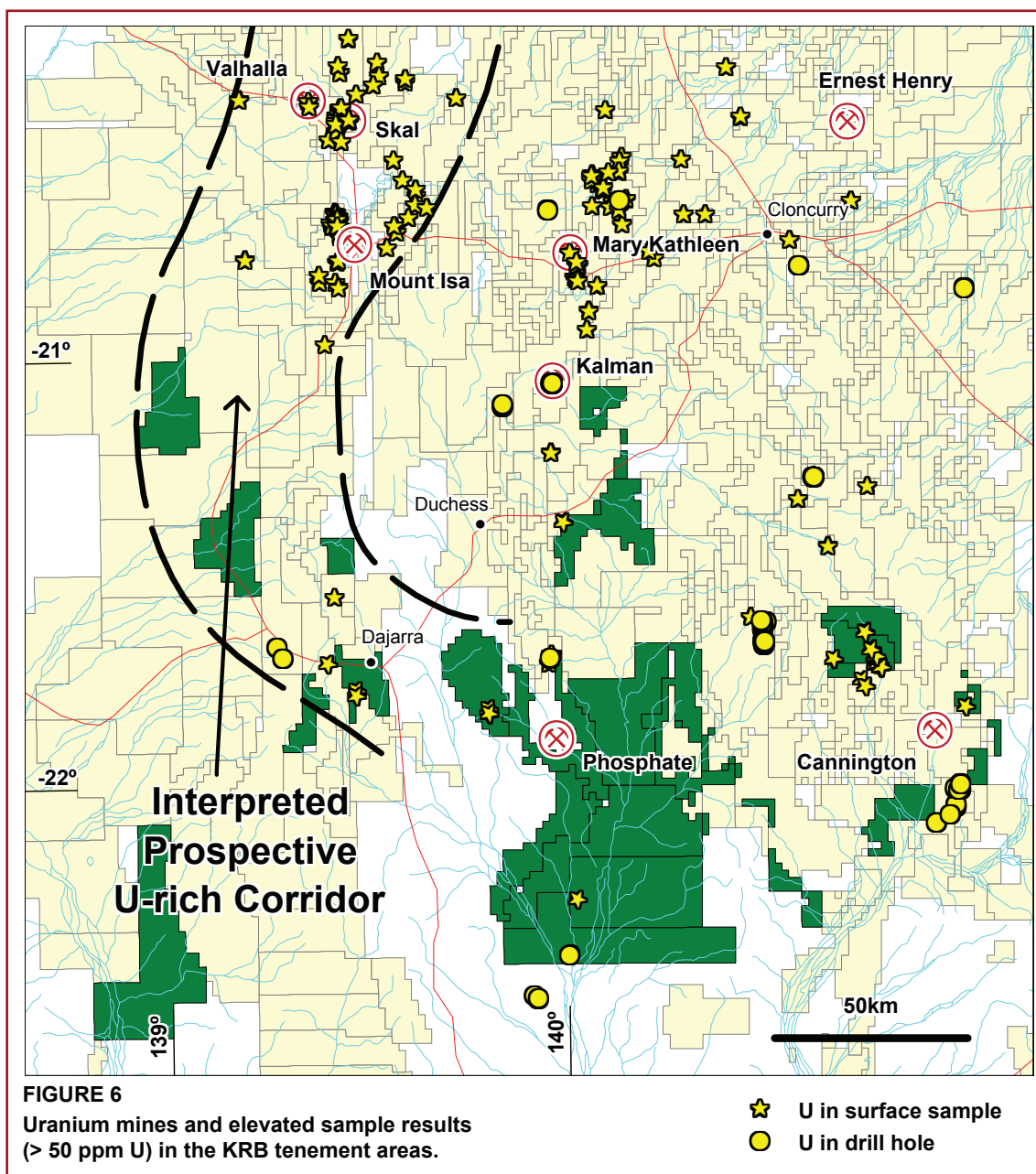
At Valhalla, the host rock to uranium mineralisation is a ferruginous tuff bed; at Skäl, the host is brecciated, carbonated and silicified siltstone and at Andersons Lode, the host is a mylonitised, carbonated, magnetite bearing greywacke. As most of the uranium mineralisation is located in areas that have been subjected to strong faulting it is conjectured that the mineralisation was introduced along structures which acted as conduits allowing access and deposition of minerals in favourably reactive sites in adjacent sedimentary rocks.

Often associated with copper, uranium occurrences are present in graphitic and carbonaceous slates of the Answer and Marimo Slate and equivalent units in the region south of Cloncurry. This mineralisation is considered to be structurally controlled and the reducing nature of the slates suggests a chemical trap to fix the uranium. The mineralised occurrences within the Leichhardt Metamorphics, such as those at Miranda and Foxhole, are located where felsic volcanics and fractionated granites of the basement rocks are the likely source of the mineralisation and chlorite schists are the likely trap rocks.

Strong uranium radiometric anomalies occur in Cambrian phosphate rich horizons that on lap the southern portion of the Mount Isa Inlier in the Duchess and Ardmore regions and elsewhere. During uplift and weathering uranium is likely to have migrated in oxygenated groundwater from enriched basement rocks to become fixed when coming in contact with the overlying Cambrian phosphatic horizons. Other chemical trap-sites for uranium are graphitic, pyritic, manganiferous and iron rich units.

KRB has elevated radioactive results within EPMs covering a range of geological environments and will prospect then systematically with reference to the possible generative models. A general model for fault-controlled uranium deposition in the Mount Isa region is shown on Figure 5. KRB consider that a second, more specific model with an unconformity acting as a trapping mechanism is applicable; also portrayed on Figure 5.

A regional scale map recording anomalous uranium (above 50 ppm) shows widespread localities and several present in KRB Projects at Ardmore, Squirrel Hills, Merlin-Mistake Creek and Georgina East (see Figure 6). Possibly uranium is associated with an intrusive suite of rocks, extending westward in an arc from the Valhalla region, southwards to KRB's Ardmore tenements and beyond.



4.2.10 Review of major deposits types in the region of KRB tenements

Deposit	Style – genesis	Host units	Estimated age - Ma
	Resources and reserves (note MT = million tonnes; t = tonnes)		
Western Succession			
Mount Isa Pb-Zn-Ag / Hilton / Hilton North- George Fisher	sediment-hosted stratiform (Sedex) deposit		Mount Isa Group ~1670
	Mount Isa: Mined 77 MT; Resources 47 MT @ 6.8% Zn, 5.9% Pb and 148 g/t Ag. (Forrestal 1990) Hilton Resources 49 MT @ 9.3% Zn, 6.5% Pb and 151 g/t Ag. (Forrestal 1990) Hilton North (George Fisher) Resources 23 MT @ 12.1% Zn, 6.4% Pb and 110 g/t Ag. (Forrestal 1990) As of mid-2005, underground Mount Isa lead mine had proved reserves of 0.4 MT grading 5.9% zinc, 4.7% lead and 140 g/t silver, and measured resources of 1 MT at approximately 7.3% Zn, 6.3% Pb and 180g/t Ag. The Black Star open-pit mine is based on reserves of 23.9 MT grading 5.1% zinc, 3.1% lead and 60g/t silver. Outside the Black Star project, the Mount Isa area has an open-pit mineable resource of 84.5 MT grading 4.1% zinc, 3.5% lead and 82g/t silver. In 2005, The mines delivered 4.78 MT of ore, of which 4.4 MT were treated, yielding 231 000 t of zinc in concentrates, 160 000 t of lead-in-bullion and 11.36 million oz of silver in crude lead.		
Mt Isa Copper	Epigenetic replacement - brecciated sediment-hosted copper		Mt Isa Group adjacent Eastern Creek Volcanics ~1510-1480
	Mount Isa: Mined 105 MT; Resources ~91 MT @ ~3.3% Cu and <0.03 g/t Au. (Perkins 1990) (255 million tonnes grading at 3.3% copper; NWQMP) As of mid-2005, X41 mine (1,100 and 1,900 ore bodies): 35 MT proved ore grading 2.2% Cu with measured resources of 61 MT at 2.3% copper. In 2005, Mount Isa milled 5.6 MT of ore, yielding 694 000 t of concentrates containing 177 500 t of copper.		
Valhalla	Fault controlled deposition in chemically favourable sites		Sediments associated with Eastern Creek Volcanics ~1550
	20.5 MT @ 0.13% U ₃ O ₈		
Eastern Succession and Mary Kathleen Fold Belt (MKFB)			
Mary Kathleen	magmatic and metasomatic replacement of calcareous rocks to form skarns		Corella Fm ~1550- 1470 minimum
	~12 000 tonnes of U ₃ O ₈ (~9.5 MT @ 0.12% U ₃ O ₈ and ~2-3% REE		
Kalman	Cu, Mo, U.	Syndeformational /magmatic	Corella Fm
	No resources but intersections of: 47m from 155m to 202m (end of hole) @ (0.55% Cu, 0.30g/t Au, 541g/t Mo) 62m from 138 to 200m (end of hole) @ (0.35% Cu, 0.18g/t Au, 156g/t Mo) 26m from 157m @ (0.70% Cu, 0.38g/t Au, 0.34% Mo)		
Osborne	Syndeformational/magmatic and ironstone associated		Soldiers Cap equivalent ~1520
	Pre mining - resource11.3 MT @ 2.9% Cu and 1.18 g/t Au included proved and probable reserve of 10.8 MT @ 2.96% Cu and 1.21 g/t Au (Adshead, Voulgaris, 1996) At December 2005, proved/probable reserves were 5.95 MT at 2.2% copper and 0.8 g/t gold for contained 132 449 t Cu and 161 000 oz gold. In 2006, production at Osborne totalled approximately 30 000 ounces of gold and 59 million pounds of copper. The proved and probable mineral reserves at December 31, 2006 are estimated at 155 000 ounces of gold and 316 million pounds of copper. (Barrick reports)		
Cannington	Sedex deposit modified by syndeformational/magmatic event (favoured) or epigenetic only		Soldiers Cap equivalent 1520 - 1620
	47 MT @ 10.2% Pb, 3.3% Zn, and 470 g/t Ag (BHP ASX release 1993) 43.8 MT @ 11.6% Pb, 4.4% Zn and 538 g/t Au (? 1996) At the end of 2005, the ore body contained proved sulphide ore reserves of 18.0 MT grading 477g/t silver, 10.7% lead and 3.9% zinc. Measured resources totalled 2.3 MT at 536g/t Ag, 11.94% Pb and 4.49% Zn. (www. mining-technology.com) For the financial year ending 30 June 2005, Cannington achieved a production record for the operation's history with 3.4 million tonnes of ore mined and 3.1 million tonnes of ore processed (cannington bhpbilliton. com)		
Ernest Henry	iron oxide copper-gold ("IOCG") style deposit related to the Olympic Dam copper-uranium deposit)		Top of Cover Sequence 2 ~1480: ~1530
	1997 Resource 166 MT @ 1.1% Cu and 0.55 g/t Au Reserves of 89 million tonnes at an average of 1% copper (as at 30 June, 2002) June 2005, proved reserves stood at 48 MT @ 1.0% Cu and 0.5g/t gold. Open-pit resources also totalled 48 MT at 1% copper and 0.5g/t gold. (www. mining-technology.com) Resource/ Reserves: At June 2005, open pittable proved-probable reserves were 70 Mt at 1.9% copper and 0.9%g/t gold within open pittable measured –indicated inferred resources at 71 Mt at 1.4% copper and 1.1 g/t gold. In addition there were underground indicated-inferred resources of 44 Mt at 2.9% copper and 1.4 g/t gold. Production Aim of 300 000 tpa copper (Register of Australian Mining 2006/2007)		
Eloise	Syndeformational/magmatic and ironstone associated		Soldiers Cap equivalent
	1.77 MT at 4.10 % Cu June 2003		

Deposit	Style – genesis	Host units	Estimated age - Ma
	Resources and reserves (note MT = million tonnes; t = tonnes)		
Pegmont	Syndeformational/magmatic and ironstone associated	Soldiers Cap equivalent	
	Inferred ~10 MT @ 3 % Zn, 7 % Pb, 0.05 % Cu (Vaughan and Stanton 1986).		
Selwyn (Starra), Mount Elliott (historical) and Mount Dore, Swan and others	Syndeformational –magmatic/ metasomatic with skarn development	Soldiers Cap equivalent – Staveley Fm- Kuridala Fm	~1500 1790 - 1760
	Selwyn Starra: Pre mining - 5.3 MT @ 5.0 g/t Au, 1.98 % Cu (Switzer1988) 7.0 MT (Kary and Harley 1990) Resource of the known mineralized system (~6km of strike) - global resource (253 MT @ 0.34% Cu and 0.48g/t Au at a 0.2% equivalent Cu cut off). Measured and Indicated resource of 22 MT tonne @ 1.13% Cu and 1.81 g/t Au, using a 1.5% equivalent Cu cut off. At the 222 Mine 1 MT of Measured and Indicated resources Mt Dore (Mount Elliott Mine) : (global resource @ 0.5% equivalent Cu cut-off of 20 MT @ 1.11% Cu and 0.57g/t Au) (global resource @ 0.2% eCu cut off of 78.3mt @ 0.5% Cu and 0.1g/t Au). Swan deposit : (global resource @ 0.5% eCu cut-off of 43 MT @ 0.58% Cu and 0.38g/t Au) Lady Ella Mine : (global resource @ 1.0% eCu cut off of 0.66 MT @ 1.48% Cu and 1.33g/t Au); Victoria mine : (2.4 MT @1.3% Cu and 0.2g/t Au @ 0.5% eCu cut off); The Selwyn Line shear hosted FeOx-Cu-Au mines (the 222, 244, 251, 257 and 276 mines). Historically these mines exploited the high gold portions of the mineralized system and produced 6.84mt @ 2.1% Cu and 4.6g/t Au. However these deposits formed part of a larger pre-mining global resource of 95.1mt @ 0.74% Cu and 1.11g/t Au using a 0.5% eCu cut off (Sleigh 2002).		
Tick Hill	Syndeformational –magmatic/ metasomatic deformed ancient alluvial deposit.	Corella Fm MKFB	~1530 (1500 – 1740)
	705 000 t @ 22.6 g/t Au Production 1991-1995		
Rocklands	Probable iron oxide copper-gold (“IOCG”) style deposit	Corella Fm	
	An Inferred Resource of 25 million tonne @ 2% Cu equivalent (1.6% Cu, 0.18% Co and .25 g/t Au) was identified from drilling up to July 2006.		
Trekalano	Shear related vein style	Corella Fm MKFB	
	Resource ~2.3 MT @ ~2.7% Cu and ~0.7 g/t Au Reserve - 540 000 t grading 3% copper and 0.8 g/t gold, 2004.		

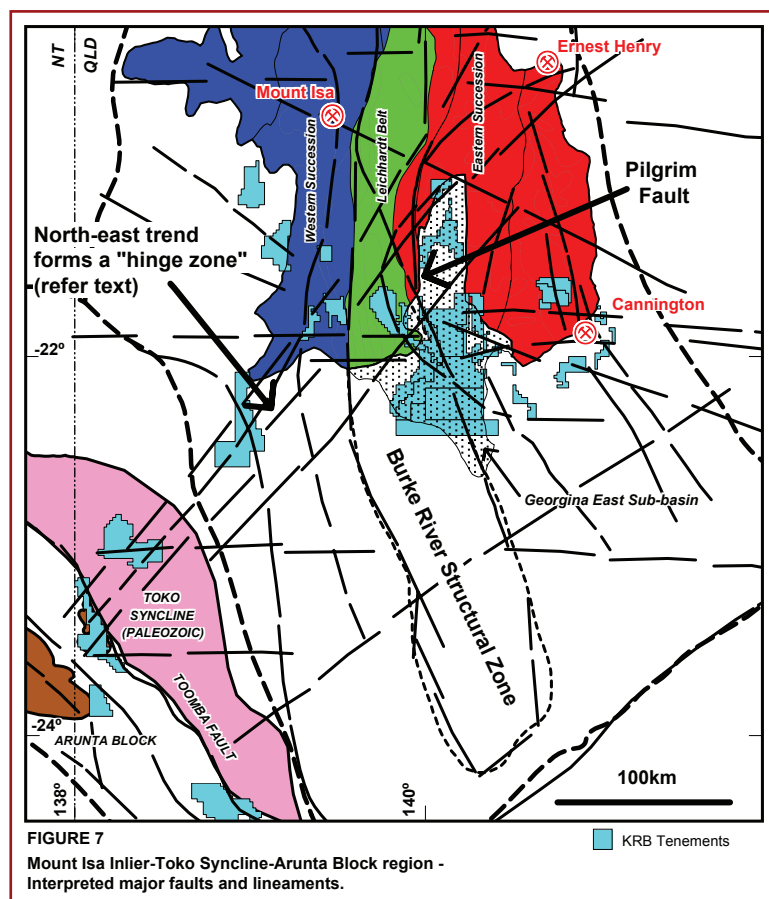
4.3 Exploration methods - Mineralisation and structure

Structural analysis is universally recognised as a powerful tool for predicting the location of new mineralisation because of fault controls and associations in a variety of deposits. KRB have generated targets using structural interpretation in conjunction with geological, geochemical and geophysical features, (see Figure 7). The key imagery, magnetic and gravity surveys, for the interpretation is portrayed in Figure 8. KRB's structural synthesis shows several trends, some of which are not reported in previous regional surveys:

- a) The extension of a wide south-east trending fault system which is traced from The Ernest Henry-Mary Kathleen district in the north-east, south-west to Toko Range and Toomba EPMs. The system appears to form a hinge which divides the Mount Isa inlier into two blocks: a north block where the regional faulting generally trends north to north-east and a southern block where the regional trend is clearly south-westerly.
- b) Strong east trending lineaments of which four are seen from south of Mount Isa:
 1. a corridor, about 10 km wide, passes through Ernest Henry and some 20 to 30 km north of Mount Isa Mine.
 2. a corridor, about 10 km wide, trending from Cannington, west through the Pegmont deposit to the Ardmore district in the Western Succession.
 3. a lineament in the concealed Mount Isa Inlier, some 50 km south of Cannington.
 4. a less pronounced lineament similarly in the covered area located at the Toko Syncline.
- c) Strong north-west trending lineaments, especially in the Squirrel Hills Project.

The significance of some of these major faults and lineaments with respect to locating base- and precious-metal mineralisation, is at this stage uncertain and at a regional scale the association may be misleading. Generally, in areas of crustal extension the crust breaks along deep-seated normal faults with subsidiary faulting creating deformation zones: deep crustal weaknesses that will host magmatic intrusive and volcanic rocks and channel accompanying hydrothermal fluids that are rich in gold and base-metals.

At the prospect scale, KRB will use the structure to generate sites for geochemical sampling, as known mineralisation can be seen to be closely spatially associated with faults and lineaments at several projects, see below.

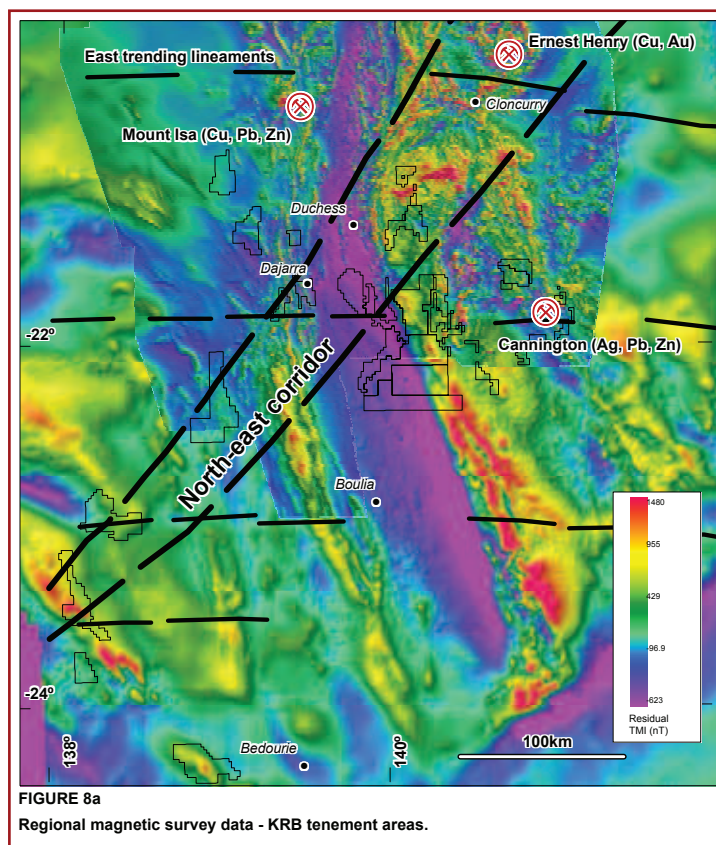


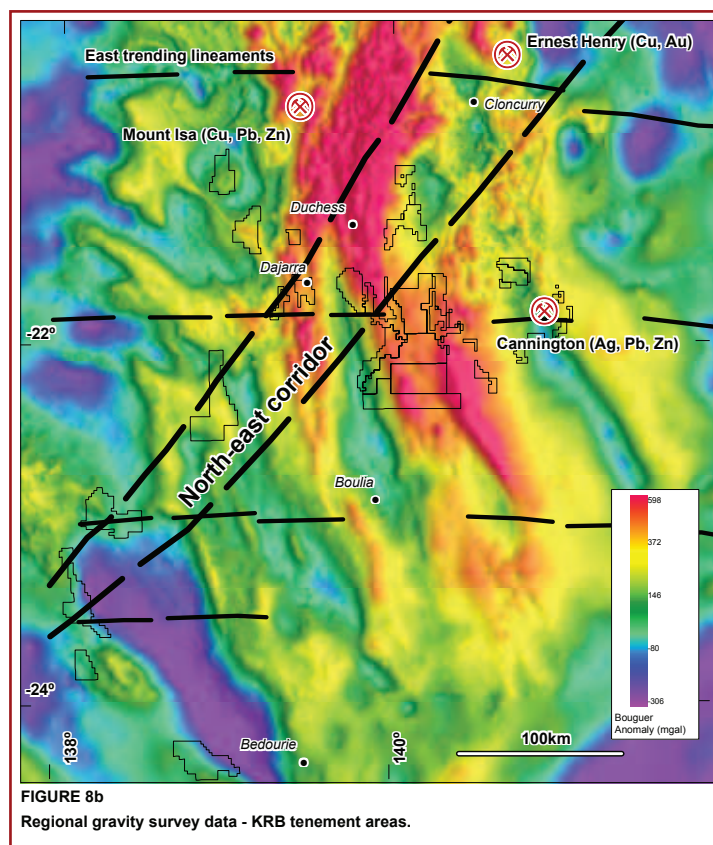
The importance of faulting to the investigations for uranium is more direct, (see Figure 5) and local faulting in radioactive areas creates natural targets, which KRB will systematically process.

4.4 Exploration - Geochemical methods

Many explorers sample soils, pisolitic laterite and selective iron rich materials (deflation lag samples) in an attempt to define blind bedrock mineralisation in covered terranes. Others prefer to ignore these materials and drill shallow holes, usually to bedrock and then sample the hole profile in part or full. Drilling is very much more definitive, but it is also much more expensive than surface sampling, especially in the reconnaissance phase of exploration. KRB recognises that the surface of the regolith in covered terrane often contains low levels of metal elements in abundances greater than the soils immediately beneath the surface. The metal element enrichment occurs in lag samples. The explanation for the surface enrichment of metal elements might be complex and caused by a number of factors, such as movement of ground water (capillarity and solifluction) and precipitation, extraction by vegetation and preferential deposition in weathering products.

Recently developed analytical methods allow for cost effective determination of multiple elements in lag samples at previously undetectable low levels of detection. Multivariate analysis is then used to define metal element anomalies.





KRB management have personally experienced the discovery of mineralisation using lag sampling. At a locality named Glen Eva, south of Charters Towers, Queensland, lag sampling was successful in outlining “blind” gold mineralisation beneath 20m to 30m of barren cover where previous drilling failed to reveal the continuity and orientation of the mineralisation (Alston, Hewitt and Shepherd, 1996). Similarly lag sampling south of Leonora led to the discovery of the covered Ulysses gold orebody (Harris, Fleming, Dudfield and Savage, 2003).

KRB has enhanced the technique of lag sampling, with promising results. The method is sensitive to the size range of the sample, the site chosen for the sample and finally the interpretation of analytical results. It is not expensive and can provide a better result (stronger and with more dispersion) especially if the bed rock is too deep to sample thoroughly anyway.

KRB is confident that its enhanced lag sampling technique can be applied successfully to its tenements in the Mount Isa and Diamantina terrains, saving time and money in identifying potential drill targets.

4.5 Geophysical Methods

Following up to the high quality airborne magnetic and radiometric surveys will involve the application of the most modern ground geophysical systems: - magnetic, radiometric, induced polarisation (“IP”) and electromagnetic (“EM”) surveys. In particular, the application of up-to-date airborne EM techniques to search for conductive sulphide targets, at depth and under cover is recommended.

The large massive sulphide ore bodies of the Mount Isa style are highly conductive and are excellent EM targets. Fine grained shale which host Mount Isa style mineralisation are commonly conductive and represent EM targets. The exploration targets of IOCG and gold-, copper (base metals) hosted in ironstone are all likely to cause some response in EM and IP surveys.

KRB is planning programs of airborne EM surveying over prospective stratigraphy; in fact, one program has been commissioned (see Corella Bore Project, Section 8.0).

A time-domain electromagnetic system (VTEM) EM method, which is sold by Geotech of Canada, is an advanced system that KRB will use in the Mount Isa Inlier. This is a helicopter borne system with the transmitter and receiver towed at 30 metres above the ground surface, which is relatively easy to accomplish in the generally flat terrain at Mount Isa.

Geotech’s time-domain electromagnetic system (VTEM) utilizes modern advances in digital electronics and signal processing in the area of precision electromagnetic measurements, and claims are made for deep penetration (up to 400 metres below surface), exceptional resistivity discrimination and detection of weak anomalies. Case histories of recent surveys indicate that the Geotech system has picked up a number of anomalies left undetected by previous airborne EM surveys. The system has not been widely used in Australia.

5.0 ARDMORE PROJECT

EPM 15487, Ardmore, is situated within the Western Succession of the Mount Isa inlier about 100 km south-south-west of Mount Isa. The EPM of 100 sub blocks was granted on 2nd May 2007 for a period of 5 years. It is in three parts (see Figure 1).

The EPM was acquired because of the presence of volcanics and sediments that are interpreted to be equivalent to the Mount Isa Group. Therefore, the prime exploration targets at Ardmore are Mount Isa style Sedex and copper mineralisation (refer Section 4.).

5.1 Geology and mineralisation

The area is covered by Geological Survey of Queensland mapping; 1:100 000 Ardmore (6754).

The overall strike length of the Mount Isa Group sediments equivalent within the EPM is about 12 km (see Figure 9).

Structurally the target stratigraphy at Ardmore is contained within a major rift zone, bounded by north-north-west trending faults, interpreted to be major strike slip faults. The EPM is also located on a north-east-trending corridor; a lineament that is seen on regional geological and geophysical maps (see Figures 7 and 8). Such structures might be conduits for hydrothermal fluids and prospective sites for mineralisation.

Mineralisation

No mining is being carried out in the immediate Ardmore Project area and only minor mineralisation occurrences exist. However, the project lies approximately 100 km south-south-west of the Mount Isa copper and lead-zinc-silver mining operations, approximately 160 km west of the Cannington lead-zinc-silver mining operation and approximately 120 km west of the Osborne copper-gold mining operation. A phosphate deposit occurs at some 35 km south-west of the Ardmore Project area.

Some small historic workings located to the east and north-east of the Mount Isa Group are hosted by the Eastern Creek Volcanics. Narrow (1 to 2 m) veins contain copper and lead, trend north-north -west over a strike length of about 1.5 km. While not targets themselves, the extension of this trend to the south-south-east may be prospective, where it approaches the Mount Isa Group sediments and where outcrop is poor.

The secondary target is Valhalla-style uranium mineralisation associated with sediments within the Eastern Creek Volcanics. There are several weak to moderate elevated uranium responses from sampling within the northern part of the EPM. An anomaly interpreted from airborne radiometric surveys lies in the north-west of the EPM (see Figure 9).

Much of the prospective ground is covered by recent colluvial/alluvial deposits.

5.2 Previous investigations and results

Considerable exploration for base metal deposits has taken place over the outcropping rocks of the Ardmore district. Airborne geophysics has aided this search. Base metal exploration has mostly been carried out in the Proterozoic rocks and occasionally in Cambrian sediments.

Extensive exploration for phosphate deposits in Cambrian sediments has been completed in the area. Some exploration for oil shale deposits has taken place.

A number of companies have carried out exploration in the KRB EPM areas but only minor drilling has been carried out.

In the 1980s, Anaconda Australia Inc. carried out extensive work: mapping and rock chip sampling followed by an airborne radiometric and magnetic survey. Follow up exploration in the Mount Isa Group sediments comprised SIROTEM surveys, extensive RAB drilling (1145 holes for 5195 m), geochemical sampling, percussion drilling and costeaning.

RAB drilling to a maximum depth of 20 m took place over about 1.5 km strike length of the Mount Isa Group sediments. Maximum assay results of 550 ppm copper, 310 ppm lead and 760 ppm zinc were obtained from sampling in the central part. Anaconda did not follow up these results but did carry out some geophysics, percussion drilling and diamond drilling in the Mount Isa Group sediments a few kilometres south-east of the KRB EPM. Pyritic and carbonaceous shales, with occasional pyrrhotite were intersected.

In the early 1990s, MIM Exploration Pty Limited ("MIM") flew the whole Mount Isa region, including the Ardmore area, for magnetic and radiometric data. The surveys were flown at 200 m line spacing and this data has been acquired by KRB to assist exploration, particularly in areas of cover.

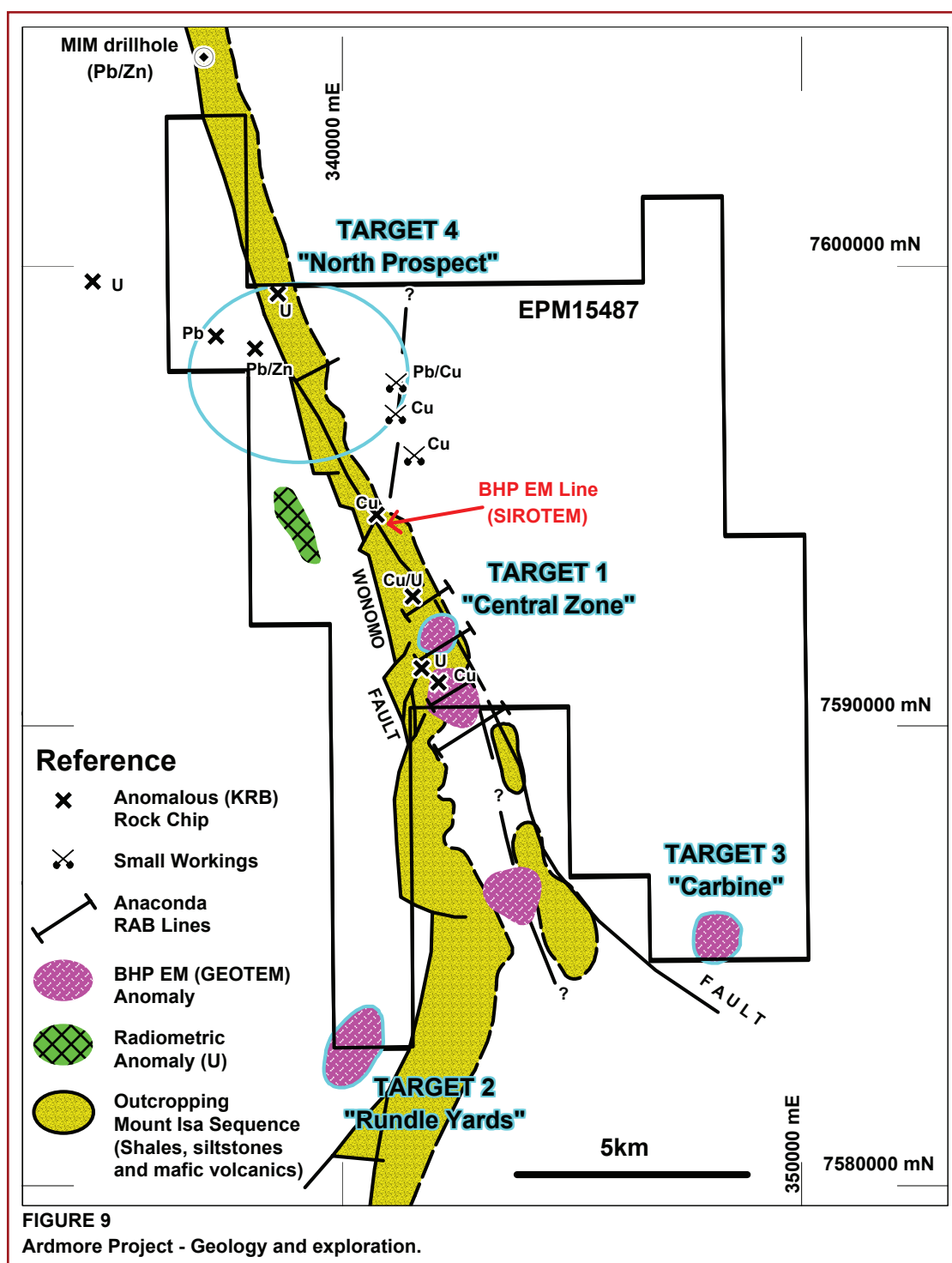
MIM carried out one small SIROTEM survey over the Mount Isa Group within the EPM and reported weak EM anomaly at about 340762 E-7594487 N. Malachite staining was reported near this locality at the contact of the Mount Isa Group and the underlying Warrina Park Quartzite. No follow up work was carried out.

MIM recorded a one metre sample grading 0.23% lead and 0.83% zinc from percussion drilling located 1 km to the north of the EPM (AMG ~ 340760 E-7594487 N).

In the early to mid 1990s, Aberfoyle Resources Limited ("Aberfoyle") explored for base metal deposits in Mount Isa Group sediments. An airborne EM (GEOTEM 75Hz) survey was flown over the area in 1991. Several anomalies were located and three were followed up by inspection, ground magnetics and ground EM surveys using a fixed loop.

Aberfoyle farmed out the area to BHP Minerals Pty Ltd ("BHP") in 1995, who completed extensive geophysical work including another airborne EM survey (GEOTEM 25Hz), with flight line spacing of 500 m. PROTEM and SIROTEM ground EM surveys generated several anomalous features.

In the airborne EM survey completed by BHP, a strong EM feature was located, possibly caused by conductive rocks, situated close to Rundle Yards (Rundle Prospect) centred at about 340500 E, 7583500 N. BHP completed ground EM over this anomaly but did not drill. Some moderate EM anomalies were also outlined over the main body of the Mount Isa Group centred on 340200 E, 7591500 N.



5.3 KRB investigations, targets and future programs

Interpretation of the mapped geology and aeromagnetic/radiometric data has been followed up with surface sampling:

- up to 3580 ppm lead and 1425 ppm zinc from (?) gossan float centred on 337800 E-7598300 N
- 1070 ppm copper from quartz veined mafic rocks at 341516 E, 7596350 N (1.2 km south of copper workings)
- up to 374 ppm copper from reconnaissance soil sampling at 341970 E-7591327 N
- up to 42 ppm uranium from reconnaissance soil sampling at 341820 E-7591217 N
- up to 39.7% copper from boulder float centred on 340770 E-7595195 N. This is close to the inferred Contact of mafic volcanics and sediments of interpreted equivalent Mount Isa stratigraphy.

This has generated four target areas, all associated with Mount Isa Group rocks (see Figure 9):

- Target 1 – Central zone – AMG ~ 341500 E-791500N (anomalous geochemistry co-incident with prospective host rocks and EM anomalies). Although the area has been drilled by previous explorers, there is still ample scope to generate more EM targets using modern improved EM techniques and drill deeper.
- Target 2 – South-west zone (Rundle Yards) – AMG ~ 340500 E-7583300 N (strong EM anomaly co-incident with prospective host rocks). This anomaly has not been drilled in the past, but KRB intend to drill the anomaly.
- Target 3 – South-east zone (Carbine) - AMG ~ 348500 E-7585500N (anomalous geochemistry co-incident with moderate EM anomaly over prospective host rocks). This anomaly has not been drilled in the past.
- Target 4 – North zone - AMG ~ 339000 E-7587000 N (anomalous lead, zinc and uranium geochemistry over prospective host rocks west of base-metal veins).

Programs and budgets

A 200 m by 200 m grid-based lag and soil sampling initiative is planned for Target 1: this will include analysing for base metals, gold and uranium.

Reconnaissance soil and rock chip sampling is planned for Targets 2 and 3.

KRB will apply the most up-to-date geophysical EM techniques to locate sulphide mineralisation that is buried or under cover. VTEM surveys (a low level helicopter supported EM method) are planned for Targets 1, 2 and 3.

It is expected that collation and interpretation of results from the above surveys will lead to valid drill targets for both base metals and uranium.

KRB has allocated a expenditure in excess of \$300 000 in the first year of operations. Most of this will be spent on acquiring EM surveys and drilling. VWPL considers the program and expenditure fully justified.

6.0 SQUIRREL HILLS PROJECT

EPM 15354, Squirrel Hills, of 142 sub blocks (approximately 450 km²) comprises four separate areas (see Figures 1 and 10). It was selected primarily because of the proximity to the Cannington silver-lead-zinc mine which is the biggest silver producing mine in the world. It was considered that the area was under-explored because of the difficulties presented by substantial Mesozoic and Recent sedimentary cover rocks.

To the north-west, an application (Bustard Creek, EPMA 15666) of 50 sub blocks (approximately 160 km²) was lodged on 19 June 2006.

KRB has generated targets by examining the intersections of lineaments and structures with stratigraphy and intrusive rocks which, based on the associations of important deposits in the region, were considered favourable. Discrete magnetic and radiometric features are of course also extremely important because the principal exploration target contains magnetite. The prime base-metal exploration targets are Cannington style and Ernest Henry IOGC style. Various models are considered for uranium, molybdenum and REE.

Within EPM 15354, 13 sub blocks (~36 km²) has been farmed out to BHP - the South Cannington joint venture area containing the G6 anomaly. BHP has committed to spend a minimum of \$100 000 in the first year and drill at least one diamond drill hole. BHP can eventually earn 80% equity by spending \$2.5 million over a maximum of five years.

6.1 Geology, mineralisation and targets

Base metals

The Cannington silver-lead-zinc deposit is hosted by metamorphosed sediments of the Proterozoic Soldiers Cap Group that includes gneisses, schists, quartzites and banded iron formations ("BIFs"). The BIFs are iron rich clastic rocks and calc-silicate rocks.

The sulphide ores of Cannington are hosted by quartzo-feldspathic gneisses containing garnet, and calc-silicate minerals, migmatite, amphibolite and pegmatite. The Cannington deposit is considered to be possibly a Broken Hill type deposit and certainly at a similar grade of metamorphism.

Cretaceous sediments cover the Proterozoic basement to depths of 20 m to more than 200 m. Cannington is under approximately 60 m of cover. The Cannington sulphide mineralisation contains pyrrhotite and magnetite and testing of positive airborne magnetic anomalies was critical to the discovery. The position of magnetic features close to basement 'highs' is also considered a favourable exploration criterion.

About 20 km south-south-east of Cannington at the G6 area there is a relatively strong magnetic anomaly in interpreted Soldiers Cap sediments under 100 m of cover – this is within the joint venture between KRB and BHP. Drilling is planned for the second half of 2007.

Lower Proterozoic rocks are intruded by plutons of the Williams Batholith: granite, granodiorite, diorite and dolerite dykes. In the KRB EPM areas the Squirrel Hills Granite crops out to the north-west of Cannington. It is a post tectonic, non-foliated, A-type granite, considered to have been emplaced about 1500 to 1550 Ma. The granite is a pink, sometimes porphyritic rock type that contains elevated uranium.

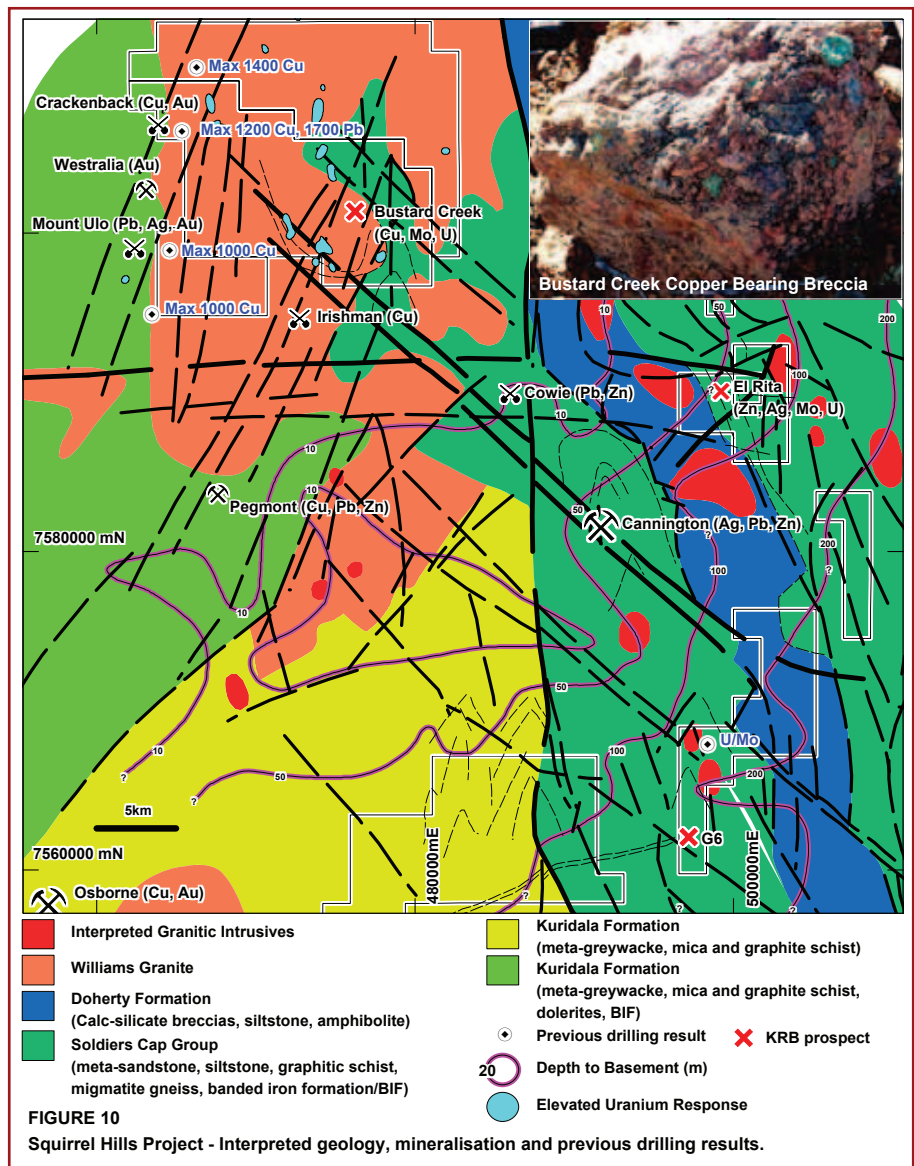
The Williams Supersuite is classified in the Hiltaba Association (Wyborn 1998). The Hiltaba Association (type locality, Roxby Downs in South Australia) contains a spectrum of granite types from oxidised, hematite to magnetite-stable suites. The Williams Granite is in the oxidised suite. Copper-gold is spatially associated with the more oxidised type, whilst gold-tin is with the more reduced type. Copper is apparently associated with high temperature, oxidised granitic melts that are late in the history of any province/terrane. Unlike most mineralised granite suites, mineralisation is often close to or internal to the granitoid itself (Wyborn 1998).

The Bustard Creek Prospect, 25 km north-west of Cannington, contains shears with iron and copper mineralisation hosted by Squirrel Hills Granite, part of the Williams Supersuite. In the same area, scattered elevated uranium (up to 200 ppm) occurs over a north-trending zone of about 10 km, near the contact of the granite and meta-sediments to the east, at the intersection of prominent north-north-east and north-west trending fault systems (see Figure 10).

Some 100 km to the north of the Bustard Creek Prospect, the copper deposits of Ernest Henry and Rocklands are associated with the aureole of the Williams Granite. KRB considers that the IOCG mineralisation is widespread within the Williams Supersuite and constitutes a valid target at Bustard Creek Prospect.

The Westralia (alluvial gold), Crackenback (gold) and Mount Ulo (lead-silver-gold) workings are situated 35km north-west of Cannington, near the western boundary of the Bustard Creek EPM and close to the geological contact of the Kuridala Formation (equivalent to Soldiers Cap Group) and the Squirrel Hills Granite (see Figure 10). A number of gold and base-metal anomalous sample sites are located within the KRB ground.

Much of the Bustard Creek area is covered by younger sediments. In the east, an interpreted contact between Squirrel Hills Granite and Soldiers Cap Group is obscured by alluvium. KRB consider the metasediments close to the contact to be prospective for Cannington style mineralisation.



Uranium

The Lower Cretaceous Toolebuc Formation contains clastic sediments and limestones. There is a good radiometric response which is caused by anomalous uranium. Molybdenum is also anomalous Toolebuc Formation crops out 4 km east-north-east of Cannington at KRB's El Rita Prospect.

The uranium, within the Toolebuc Formation, is likely to have been mainly sourced from the Williams Batholith and to have been transported in ground waters to this area down river systems. The material causing deposition of the uranium in the Toolebuc Member is uncertain but it could be phosphate, carbonate, sulphide or organic material. The presence of economic deposits of uranium in the area, will probably depend on the presence of a sufficient quantity of precipitating agent at any particular site, to result in an economic concentration being reached.

6.2 Previous investigations and results

BHP has had a strong presence in the area and held a large group of tenements, eventually held as its Soldiers Cap Project. The exploration targets were Proterozoic Broken Hill type base-metal and IOGC systems.

BHP carried out geophysical surveys and drill testing over several targets during the 1990s. Pasminco, under joint venture, also completed a variety of exploration surveys on the BHP tenements between June 2000 and July 2001.

In the early 1990s, BHP drilled several holes in the G6/M8 area. The best results were returned from hole AND 037 (AMG 497352 E-7561406 N), drilled to test the G6 magnetic and gravity anomaly. Basement was intersected at 142m and the hole intersected relatively strong alteration including semi massive pyrite/pyrrhotite veins with a maximum of 3000 ppm zinc over a 1.0 m interval at 414 m depth.

In 2002, Glengarry Resources Limited ("Glengarry") drilled eight RC percussion holes testing various structural and geochemical targets. The deepest hole was 162 m. All the holes intersected basement at depths of between 120 m and 150 m. The best results from the basement material was 5 m grading 179 ppm copper and 472 ppm zinc from hole 02CANRC 01 (AMG 497097 E-7562003 N).

Most of the holes also intersected anomalous uranium and molybdenum from the Toolebuc Formation at shallow depths. These included:

- 02CANRC 05 (AMG 497800 E-7566400 N) 5 m grading 66 ppm uranium and 163 ppm molybdenum from 20 m.
- 02CANRC 07 (AMG 498390 E-7568000 N) 5 m grading 72 ppm uranium and 151 ppm molybdenum from 20 m.

In 1977, Marathon Petroleum Limited drilled a number of shallow rotary holes, south and south-west of Cannington. This drilling was aimed at uranium mineralisation in the younger cover sediments, although most holes were drilled to basement and provided valuable information for basement depth modelling. Up to 50 ppm uranium was intersected in the drilling and several wire line gamma ray anomalies were also reported but do not appear to have been assayed. Several holes also intersected alteration: garnets, sillimanite and sulphides that may be pathfinders to base-metal mineralisation.

In 1993 and 1994, Aberfoyle carried out some work in the southern portion of the Bustard Creek area, targeting IOGC mineralisation associated with the radioactive Squirrel Hills Granite. This work consisted of rock chip sampling, geological mapping and ground magnetic surveys. Up to 2.5% copper was returned from sampling at narrow historic workings in the granite. Although no scintillometer surveys were carried out, rock chip samples were routinely assayed for uranium and returned several anomalous values from 50 ppm to 160 ppm uranium in a north-north-east corridor. No drilling was carried out by Aberfoyle.

6.3 KRB investigations, targets and future programs

KRB has carried out integration and interpretation of the mapped geology and airborne magnetic/radiometric data, together with structural interpretation. Processing and modelling of both magnetic and radiometric survey data has also been carried to produce a Proterozoic geological map and generate target areas.

All previous work has been researched.

Rock chip sampling has been carried out at the identified prospects of El Rita and Bustard Creek.

El Rita Prospect–

Surface samples of ferruginous Toolebuc Formation centred at 499250 E-7589600 N assayed up to 7.4 ppm silver, 3410 ppm zinc, 1070 ppm molybdenum and 50 ppm uranium. This is co-incident with a strong uranium/thorium radiometric anomaly.

Bustard Creek Prospect –

Up to 7.38% copper (with associated values up to 834 ppm molybdenum, 190 ppm uranium and 1070 ppm zinc) has been obtained from samples of narrow chlorite/breccia zones in the granite, at AMG 476370 E-7602090 N.

In sub-outcrop material, a 10 m composite sample grading 1240 ppm copper was obtained at AMG 476500 E-7601030 N.

Quartz/granite/fluorite breccia float material near the boundary in the south of the EPM is thought to be draining from the EPM. Results of 4.0% copper, 200 ppm uranium and 9% fluorine were obtained at AMG 473720 E-7594086 N.

The base of Mesozoic sediments over the granite contains up to 100 ppm uranium.

To the north of Bustard Creek, up to 129 ppm uranium was returned from granite at AMG 473500 E-7608060 N.

Much of the outcrop at Bustard Creek is obscured by younger sediments and alluvium. A north-north-east trend of over 10 km within the EPM contains anomalous uranium and uranium plus copper elevated sample results. The trend is considered to represent a mineralised fracture zone, close to the interpreted granite / Soldiers Cap sediment contact, concealed under cover rocks. The Pegmont base-metal (copper-lead-zinc-silver) deposit is located about 15 km south-south-west of Bustard Creek on the same fracture zone (see Figure 10).

Programs and budgets

KRB has allocated an expenditure in excess of \$250 000 in the first year of operations.

So far, four prospective areas have been discovered; G6 (Cannington style), Bustard Creek (IOGC style), El Rita (uranium) and possible gold and base metal mineralisation near sediment / granite contact near Crackenback, which cannot be categorised at this stage.

G6 / M8 area for base metals and silver. BHP will drill test this anomaly in 2007. Drill testing of uranium targets is planned for 2008.

El Rita Prospect for uranium. KRB plans RC percussion drill testing of this area in 2008 to test both shallow uranium/molybdenum. The basement will be tested for Cannington style mineralisation. KRB will apply the most up-to-date geophysical EM techniques to locate sulphide mineralisation under cover.

Bustard Creek Prospect for IOGC style mineralisation and uranium mineralisation. Geological mapping, data compilation, ground magnetic and radiometric (scintillometer) surveying is planned in 2007/2008. This will be followed by the appropriate geophysical surveys and RC percussion drill testing in 2008.

Crackenback Prospect for gold and base-metals. Data compilation is planned together with modelling of airborne magnetic and radiometric survey results. Generated target areas will be followed up in 2008.

VWPL considers that all these programs are justified.

7.0 MERLIN TANK PROJECT

EPM 15811, Merlin Tank, of 100 sub blocks, has been offered for grant. It is situated about 135 km south-east of Mount Isa and is in the north-eastern part of the Georgina East group of tenements, which are selected to explore a concealed part of the Eastern Succession.

KRB interprets favourable stratigraphy containing copper-gold styles of mineralisation is the likely targets.

7.1 Geology and mineralisation

The EPM is located on the southern end of a major north-north-west trending structural zone within the Eastern Succession covered by Palaeozoic sediments (mainly dolomites and siltstones) of the Georgina East intracratonic sub-basin (see Figures 2 and 7).

KRB interprets from aeromagnetic data and regional compilations that the basement geology contains Answer Slate, Overhang Jaspilite and Mitakoodi Quartzite with mafic dyke swarms. In the north-east portion of the EPM area near Mistake Creek, this interpretation is confirmed by some sub-outcrops of sandstones and siltstones, jaspers, BIFs and dolerites (see Figure 11 and b). Sampling of these rocks has produced encouraging geochemical results: up to 0.78 ppm gold, 3.4 ppm silver and 2870 ppm copper.

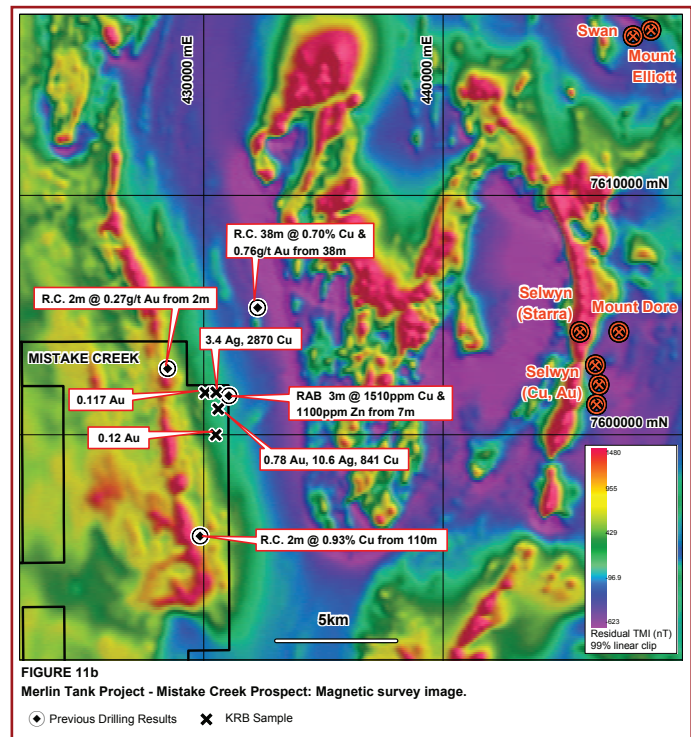
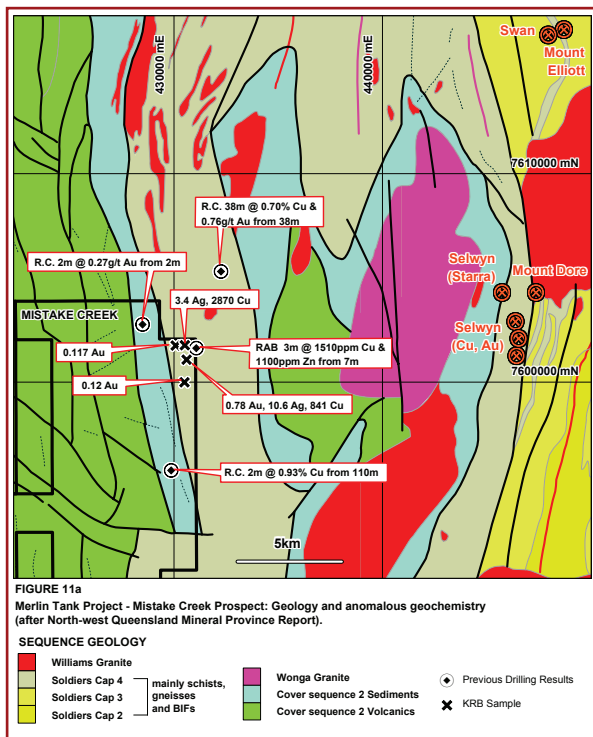
This is the Mesoproterozoic stratigraphic package that hosts the copper and gold mineralisation of Selwyn, 15 km to the east, (see Figure 11) and Rocklands, 90 km to north (refer Figure 4).

Within the EPM interpreted favourable stratigraphy is situated west of an unexposed part of the Williams Batholith, which is considered to be the most likely magmatic event associated with many of the regions copper-and gold-bearing

mineral deposits: - the Ernest Henry and Rocklands IOCG deposits and the ironstone-associated Osborne and Selwyn deposits. These two mineralisation types represent the prime exploration targets at Merlin Tank Project.

An east trending structural corridor can be seen to pass through the Cannington – Osborne district and extend west through the Georgina group of EPMs and beyond (see Figure 7). There are also a number of strong positive magnetic features, under cover which have not been drill tested. These features represent both general and specific exploration targets which KRB will eventually drill.

Uranium mineralisation is a secondary target within the Merlins Tank EPM. At the contact of the interpreted Mitakoodi Quartzite there are some relatively strong uranium anomalies discovered by airborne radiometric surveys that require follow up investigation.



7.2 Previous investigations and results

Several companies have carried exploration on the tenement, including some drilling – these are Sons of Gwalia N L (Dominion Mining Limited) (“SOG”) circa 1990 and RGC Exploration Limited (Pancontinental Resources Pty Ltd) (“RGC”) circa 1995.

Most of this work concentrated on a north trending magnetic feature. Anomalous drill intersections, also shown on Figure 11, are:

- RGC – hole 93MCRC 001 (AMG 430000 E-7596000 N) intersected 2 m grading 0.93% copper from 110 m.
- SOG – 93MCOP 005 (AMG 428640 E-7603000 N) intersected 2 m grading 0.27 g/t gold from 2 m. RAB drilling over a 2 km strike length intersected anomalous values up to 369 ppb gold and 1270 ppm copper which have not been systematically followed up.

In addition drilling by Arimco Mining Pty Limited (“Arimco”) outside the tenement boundary produced some very encouraging results: approx 2.5 km north-east of the KRB tenement, SRRC-001 (AMG 432400 E-7605550 N), intersected 38 m grading 0.7% copper and 0.76 g/t gold with 1 m intervals up to 8% copper and 15 g/t gold. From the bottom of a shallow (10 m deep) RAB hole just outside the EPM (431050 E-7601700 N), a 3 m composite sample analysed 1500 ppm copper and 1100 ppm zinc.

7.3 KRB investigations, targets and future programs

Some reconnaissance surface sampling within the north-east corner of the Merlin Tank EPM and close to the Arimco RAB anomaly has produced some anomalous results, locations as follows:

- (430613 E-7601122 N) 0.77 ppm gold, 10.6 ppm silver, 841 ppm copper
- (430685 E-7601888 N) 3.4 ppm silver, 2870 ppm copper
- (430080 E-7601799 N) 0.117 ppm gold

There has been no systematic drilling carried out in this prospective area.

As well as the above mentioned reconnaissance sampling KRB has carried out interpretation of the mapped geology and aeromagnetic/radiometric data, including depth to basement modelling. Systematic research of previous work has been carried out; the results collated and interpreted.

Programs and budgets

KRB has allocated a expenditure in excess of \$200 000 in the first year of operations.

The main Target area is in the vicinity of Mistake Creek centred on 430500 E-7601500 N (see Figure 11) where outcrop is poor but where limited previous work indicates the host rocks are prospective. This area is on the margin of a strong magnetic trend and peripheral to possible mineralising intrusives.

Future work will include ground magnetic surveys, geological mapping and geochemical surveys followed by RAB/air core drilling and RC percussion drilling.

VWPL considers the planned investigations are appropriate and justified.

8.0 CORELLA BORE PROJECT

EPMA 15572 (Corella Bore) of 99 sub blocks was applied for in April 2006. It is situated close to the phosphate operations near Dajarra, about 250 km south-east of Mount Isa. The area was selected because of its proximity to the Tick Hill gold mine and an interpreted favourable structural and lithological setting. It contains the small Noranside lead workings.

The more likely exploration targets at Corella Bore Project are Cannington style silver-lead-zinc mineralisation and Mary Kathleen style uranium/ REE mineralisation. Lower priority targets are Tick Hill style gold mineralisation and unconformity-related and fault-related uranium mineralisation. Previous workers have searched for Mississippi Valley type lead-zinc style mineralisation.

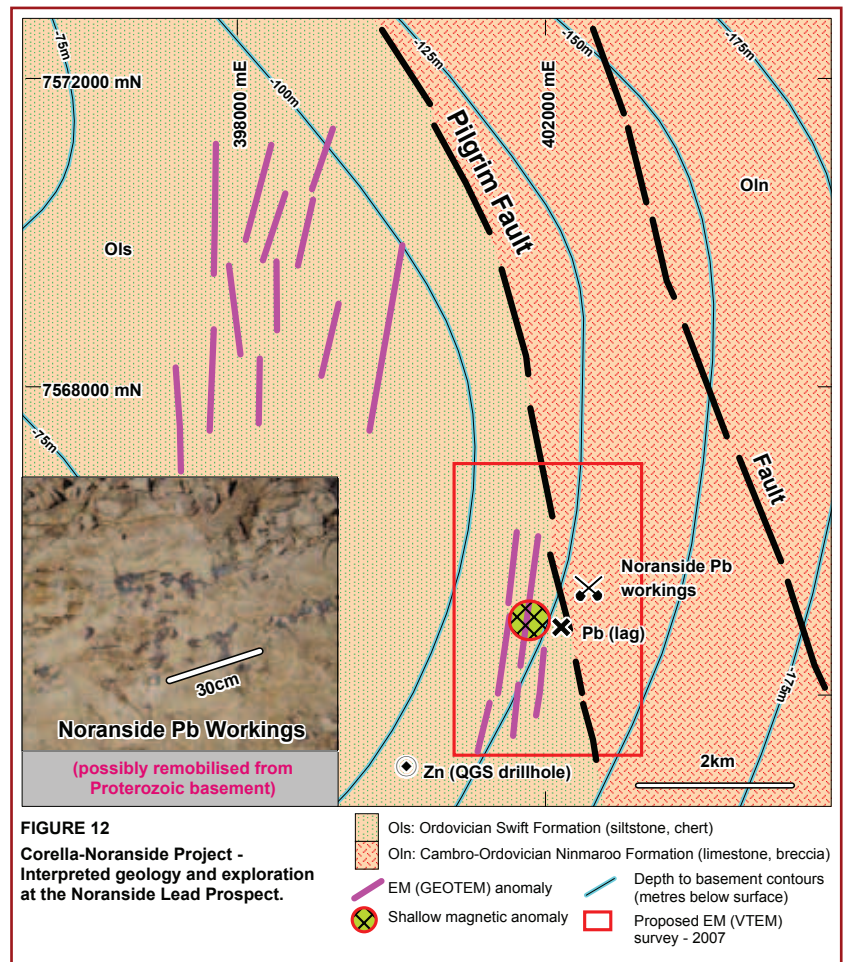
8.1 Geology and mineralisation

The Corella Bore EPM is on the edge of the outcropping Proterozoic Mount Isa Inlier basement, in Cambrian rocks unconformably overlapping the basement. The EPM is within the east-trending structural corridors that KRB has interpreted to pass through the Cannington district and within a major north-north-west trending zone - the Burke River Structural Zone - which intersects the north-trending Pilgrim Fault (see Figure 7).

Most of the EPM area is covered by Cambrian sediments but evaluation of geophysical surveys and water bore information records, circa 1970s, by KRB suggests that much is less than 50 m thick, above a basement of Corella Formation. The major Pilgrim Fault might terminate the Corella Formation in the east.

Based on outcrop to the north, the Corella Formation comprises mainly calc-silicate rocks that are commonly brecciated. To the east, the Corella Formation is flanked by older meta-sediments, most likely equivalent to the Soldiers Cap Group. Both these units host economically important mineralisation: Tick Hill gold and the Mary Kathleen uranium-REE deposit are hosted by the former; Cannington silver – lead- zinc and several copper-gold deposits are hosted by the latter.

The small historic workings at Noranside consist of shallow pits, exposing narrow galena lenses along bedding planes in flat-lying Cambrian dolomite (see Figure 12). The Explanatory Notes for the Boulia 250000 Sheet explain that these workings are located in a local fault



bounded anticline structure approximately 100 m above the Proterozoic basement. The galena is encased in travertine suggesting deposition from ground water, possibly in a hot spring environment. KRB hypothesises that mineralisation is possibly re-mobilised from basement Proterozoic base-metal mineralisation. The location near the interpreted Pilgrim Fault zone is favourable for channelling fluid.

8.2 Previous investigations

Only investigations that are specifically relevant to KRB's program are discussed. These comprise the locations of anomalous metal.

Major explorers were prospecting for the lead-zinc style of mineralisation known as the Mississippi Valley type. The mineralisation is always hosted in carbonate rocks and it can be very irregular.

Selective sampling at Noranside by CRA Exploration Limited ("CRAE") returned up to 10.5% lead (AMG 403023 E-7565154 N).

MIM outlined a shallow (~100 m) magnetic anomaly west of Noranside with co-incident EM conductors detected in airborne GEOTEM surveys (AMG 401800 E-7565000 N). EM anomalies were also discovered to the north-west around AMG 398000 E-7568500 N.

The Bureau of Mineral Resources, Geology and Geophysics intersected 3.6 m grading 2250 ppm zinc from 5 m depth in stratigraphic drill hole Boulia 7 at 400239 E-7563159 N.

BHP intersected up to 3 m grading 1700 ppm lead and 1600 ppm zinc at shallow depths when drilling Cambrian sediments to the east of the Pilgrim Fault.

CRAE reported up to 7100 ppm zinc from shallow drilling in Cambrian sediments at Digby Peaks (AMG 412200 E-7555800 N). Up to 1450 ppm copper, 35 ppm molybdenum and 230 ppm uranium were analysed in rock chips from the Plumtree Mountain Formation (around 386000 E – 7578000 N). This unit is a basement gneiss. KRB postulates that uranium might be deposited on the flanks of basement, close to radioactive granites. No specific locations are given in the CRAE report but there are uranium anomalies in this general area interpreted from the airborne radiometric data.

8.3 KRB investigations, targets and future programs

KRB has carried out interpretation of the mapped geology and airborne aeromagnetic / radiometric survey data. The depth to Proterozoic basement has been modelled from water bore and aeromagnetic information. Prospective structural zones have been interpreted where Cambrian cover is relatively shallow – much less than 100 m.

Reconnaissance lag samples from 402288 E-7564750 N returned 512 ppm lead, close to MIM's magnetic anomaly west of Noranside.

Samples of clays from a recent water bore, to the north-west of Noranside at 395577 E-7566430 N, assayed up to 500 ppm lead and 1100 ppm zinc.

At Digby Peaks (411852 E-7555190 N), samples of manganese-rich sediments assayed up to 5770 ppm cobalt and 3760 ppm zinc.

Programs and budgets

KRB will apply the most up-to-date geophysical EM techniques to locate sulphide mineralisation under cover at the targets of Noranside West / North-west, the Pilgrim Fault and the contact of the Corella-Soldiers Cap Formations.

A helicopter mounted EM survey (VTEM) is planned for the Noranside area (see Figure 12) in September 2007 followed by surface geochemical sampling in September/October 2007. Drilling of EM features and geochemical survey results is planned for November 2007.

KRB has allocated an expenditure in excess of \$300 000 in the first year of operations. VWPL considers that, although the exploration will be expensive and some of the targets deep, the potential value of discoveries fully justify the programs.

9.0 GEORGINA EAST PROJECT

The Project consists of six contiguous EPMA's, situated approximately 150 km south-east of Mount Isa: 941 sub blocks, about 2650 km² (see Figure 1). One EPMA, The Bluff, has been offered for grant.

EPM 15811 (Merlin Tank-Mistake Creek) and EPM 15572 Corella Bore-Noranside adjoin the block but are discussed separately (see Sections 7 and 8).

The tenement holding is designed to prospect favourable Proterozoic geology that extends under cover and for this reason is under-explored.

9.1 Geology and mineralisation

The Georgina East Project occupies the majority of the Georgina East sub-basin and part of the Burke River Structural Zone - a major rift zone flanking the eastern side of the Kalkadoon – Leichardt Belt which, separates the Eastern and Western Succession of the Proterozoic Mount Isa Block (Figures 2 and 7).

Most of the project area is outcrop of the Georgina East sub basin: clastic sediments and carbonates of Neoproterozoic to Cambro-Ordovician age. The sub-basin is partly fault bounded graben and in the west a deep crustal fault system, the western edge of the Burke River Structural Zone. To the south the Georgina East sub basin is unconformably overlain by sediments of the Mesozoic Eromanga Basin.

The Proterozoic geology has been interpreted under younger rocks. Figure 3 is after the NWQMP report.

Apparently, rock-types of the Kalkadoon – Leichardt Belt and the Eastern Succession are considered to be represented in the Georgina East Project area: the Corella Formation comprising mainly calc-silicate rocks and older meta-sediments, most likely equivalent to the Soldiers Cap Group. These have not been explored as thoroughly as other parts of the Mount Isa Inlier because of the cover rocks. Given the observed dense distribution of large and economically important deposits within the outcropping Inlier (see Figure 4), it would seem statistically likely that economically important mineralisation could exist within the large Georgina East Project area.

EPM 15811, Merlin Tank and EPM 15572, Corella Bore are technically part of the Georgina East Project but because of specific targets these have been discussed separately. The eastern side of the Georgina East Project should contain favourable stratigraphy situated west of the Williams Batholith, which is considered to be the most likely magmatic event associated with the Ernest Henry and Rocklands IOCG deposits and possibly the ironstone-associated Osborne and Selwyn deposits. These two mineralisation types represent the prime exploration targets at Merlin Tank Project and elsewhere in the easternmost tenements of the Georgina East Project. The Mitakoodi Quartzite in contact with the Overhang Jaspilite are expected to occur under cover on the eastern side. This contact is interpreted to host the Rocklands copper discovery.

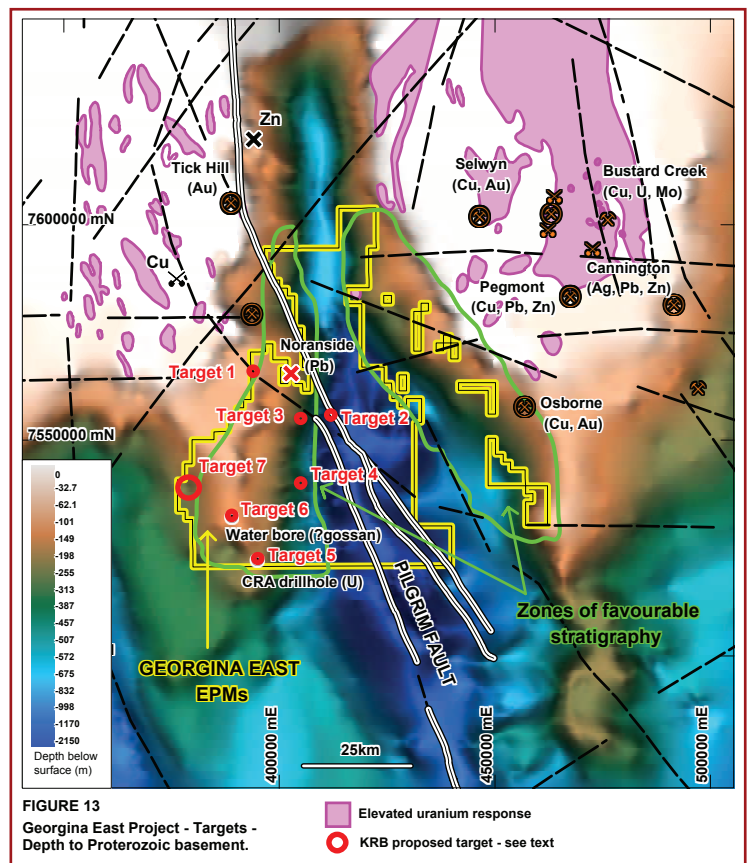
Other highly prized exploration targets at Georgina East Project are Sedex silver-lead-zinc mineralisation and Mary Kathleen style uranium/ REE mineralisation. The Eastern Succession that hosts these possible mineralisation types extends south-easterly through the tenements and is strongly associated with the Pilgrim Fault system (see Figure 13). Tick Hill gold deposit is also hosted by this tectonic unit. However the depth of cover increases onerously southwards.

KRB has researched water bore information, particularly in relation to depth to basement, which has been integrated with airborne geophysical survey and gravity data to produce a depth-to-basement and structural model.

The thickness of cover rocks is clearly a limiting factor in proposed exploration. Figure 13 reveals the challenge presented to prospect in the south of the Georgina East Project. KRB is obliged to concentrate effort in the areas where the basement target is less than 300 m and within the range of some modern geophysical techniques.

Modelling shows that there are extensions of the Pilgrim Fault, Corella Formation, Soldiers Cap equivalent and the Mitakoodi / Overhang contact under relatively shallow cover of 50 m to 100 m depth. Several branches and splays off the Pilgrim Fault are interpreted. Some north-east, north-west and east trending structures have not been previously recognised. All these lineaments provide focus for exploration.

Elevated uranium values are known to occur in the phosphatic-bearing sediments of the Georgina East sub basin, but limited information is available for other possible chemical trap sites where uranium might precipitate and concentrate, such as graphitic, carbonaceous, pyritic, iron and manganese rich units. KRB intends to focus on radiometric response, especially where close to radiogenic heat sources, unconformities and major structures.



In summary, the prime exploration targets at Georgina East are Ernest Henry style IOCG, Mary Kathleen style uranium/REE, sedex and Cannington style lead-zinc-silver mineralisation.

Second order targets are secondary uranium deposits and Mississippi Valley style lead-zinc in the Georgina sediments as well as Tick Hill style gold in the Proterozoic.

9.2 Previous investigations

There has been little previous exploration with respect to drilling and this has been for lead-zinc and uranium mineralisation in the Georgina Basin sediments. KRB has not found any work directed at the underlying prospective Proterozoic units.

Drilling was carried out by CRAE and BHP targeting Mississippi Valley style lead-zinc in limestones of the Ninmaroo Formation. PNC Exploration (Australia) Pty Ltd ("PNC") tested some roll-front uranium targets in the sediments. Anomalous results are few.

In 1977 and 1978, CRAE carried out percussion drilling in the Digby Peaks area. The best hole was 77 DP01 (~AMG 412200 E-7555800 N), which intersected 45 m grading 984 ppm lead and 990 ppm zinc from 45 m hole depth; within siltstones and sandstones above the limestone, which was the target formation.

In the period 1981 to 1982, BHP carried out diamond drilling in the Pilgrim Fault area – All three holes were mineralised:

- a) ND01 (~395580 E-7566430 N) No results were documented in the BHP report but KRB sampling of clay and sediment chips from a bore at the same locality returned 503 ppm lead and 1110 ppm zinc.
- b) ND02 (~394200 E-7566400 N), 5 m grading 1000 ppm lead and 1800 ppm zinc from 7 m.
- c) ND03 (~393800 E-7566400 N), 5m grading 530 ppm lead and 1410 ppm zinc from 16 m.

These intersections were in the sediments overlying the limestone and were not followed up. The holes were all drilled to the east of the Pilgrim Fault and did not reach basement.

The Queensland Government stratigraphic hole, Boulia 07 (~AMG 400240 E-7563160 N) intersected 3.6m grading 2250 ppm zinc from 5 m depth.

In 1982, PNC in shallow drilling recorded:

- a) ~ AMG 397000 E-7523500 N; 2 m grading 95 ppm uranium from 62 m.
- b) Around AMG ~ 388000 E-751300 N, some holes to the south of the Georgina East ground contained samples with greater than 100 ppm uranium.

9.3 KRB investigations, targets and future work

During the course of interpreting the available water bore information, airborne geophysical survey information and gravity data to produce a depth-to-basement and structural model, KRB carried out some surface and water bore sampling.

A water bore at ~ AMG 389000 E-7532500 N, has a record describing strong iron oxide alteration in probable basement sediments in the Corella Formation at 70 to 72 m, end of hole. This may be a gossan after sulphides and will be tested for this.

Two anomalous rock chip samples were collected at:

- a) Digby Peaks (AMG 411850 E-7555170 N). A manganese rich sediment assayed 5770 ppm cobalt and 3760 ppm zinc.
- b) Windsor Park (AMG 399167 E-7538690 N). An isolated lag sample returned 38 ppm uranium, south-west of some uranium/thorium anomalies, which have not yet been tested.
- c) KRB has the following targets to process in the short term (see Figure 13).
- d) Target 1 – AMG ~ 394000 E-7566000 N. The area north-west and east of the BHP drilling with anomalous lead-zinc samples near the Pilgrim Fault.
- e) Target 2 – AMG ~ 412000 E-7555800 N. The area around the CRAE drilling at Digby Peaks.
- f) Target 3 – AMG ~ 405000 E-7555000 N. A flexure in the Pilgrim Fault (from north-north-east trend to north-north-west) is interpreted as a possible basement 'high', representing Corella Formation under shallow cover and the source of nearby uranium/thorium ratio anomalies.
- g) Target 4 – AMG ~ 405000 E-7540000 N. A co-incident magnetic and gravity feature located on splay from the Pilgrim Fault.
- h) Target 5 – AMG ~ 395000 E-7522500 N. A magnetic feature located on splay from the Pilgrim Fault, near previous drilling for uranium.
- i) Target 6 – AMG ~ 389000 E-7532500 N. A possible gossan intersected at the end of a water bore.

- j) Target 7 Around AMG 379000 E-7539000 N, (accurate to about 1 km). The 1:250,000 Geological Series - Explanatory Notes for Boulia (1968), page 23, state: "Manganese minerals occur at the base of the scarp near the northern end of The Bluff in the De Little Range...Specimens of manganese collected by the manager of Buckingham Downs also assayed 3 dwt (~4.5 ppm) of gold per ton." There is no record of follow up.

Future work will include:

- a) Water bore sampling (both water and chips where available) for uranium and ground radiometric traverses over all interesting airborne radiometric responses
- b) Regional lag and termite nest sampling over areas of interpreted shallow cover (less than 50 m) and multi-element analysis
- c) Appropriate ground geophysical surveys (magnetic, IP and EM surveys) over geological, geochemical and radiometric anomalies.

Drill testing of results is scheduled for 2008.

Programs and budgets

KRB has allocated a expenditure in excess of \$350 000 in the first year of operations. Most of this will be spent on targets in the western areas of the Georgina East Project but the departmental commitments will be satisfied for all six EPMs.

VWPL considers that, although the exploration will be expensive and some of the targets deep, the potential value of discoveries fully justify the programs.

10.0 GEORGINA WEST PROJECT

The project consists of three widely spaced EPMA areas, 15726 (Khekor Dam), of 100 sub blocks, 15729 (Big Toby), of 100 sub blocks and 15936 (McCabes Knob) of 244 sub blocks, located between 60 km and 150 km south-south-west of Mount Isa.

The Georgina West ground was selected to prospect for base metals and/or uranium with the most likely targets of epigenetic emplacement mineralisation - brecciated sediment-hosted copper and fault controlled base-metals and uranium.

10.1 Geology, mineralisation and exploration targets

There are no exposed Proterozoic rocks (see Figure 14a). Most of the areas are covered by Quaternary and Mesozoic sediments. Much of the McCabes EPMA, especially the northern part contains outcropping Palaeozoic sediments of the Georgina Basin. This basin covers the Proterozoic basement at estimated depths of 10 to 200 m. Just to the east of Khekor Dam the Sybella Granite crops out and a small outcrop of granite is present in the south-east corner of the EPM.

The Proterozoic basement geology, an interpretation from SRK Consulting Pty Limited, Figure 14b, shows that the Sybella Batholith extends from approximately 40 km north of Mount Isa southwards to the north-east of the McCabes EPMA area, about 180 km.

This batholith is the type example of the Sybella Suite of the Mount Isa Inlier which consists of series of elongate plutons which extends over 1600 km². The Sybella Suite was emplaced some 60 Ma prior to the main deformation and metamorphic events that affected the Western Fold Belt so the suite was affected by this deformation.

The main phase ranges from a granodiorite to an alkali-felspar granite and is even grained to porphyritic. It is a fractionated I-type granite with a mineral suite that reflects a high oxidation state and elevated iron, fluorine, thorium, phosphorous, REE and uranium. (Wyborn 1998)

Despite this the only mineralisation associated with the Sybella Suite are tin and beryllium bearing pegmatites. However, some of these granites are believed to have been the source for uranium mobilised during later deformation events (Wyborn 1998). Rarely is mineralisation hosted by the granites: it is more commonly hosted in the country rock several kilometres from the granite contact. The spatial association the Sybella Batholith with the Valhalla and several other uranium deposits would tend to support this interpretation.

It follows that uranium mineralisation may exist near the contacts of the Sybella granite bodies elsewhere. On Figures 6 and 14b, the distribution of uranium anomalism is shown to be strong in the Valhalla-Mount Isa region in the north and around Dajarra in the south. A corridor of prospective ground can be interpreted which extends through the area of cover where exploration is hampered. KRB will concentrate on subtle radiometric responses and geochemical anomalism in the Georgina West EPMA areas and also the company's Ardmore EPM.

The Georgina West ground was also selected for base-metal exploration. A regional south-south-west trending gravity lineament from Mount Isa may be caused by a deep seated crustal fault. This lineament follows the western side of the Sybella Granite. KRB interpret a fault system in this position to be a likely mineralising structure.

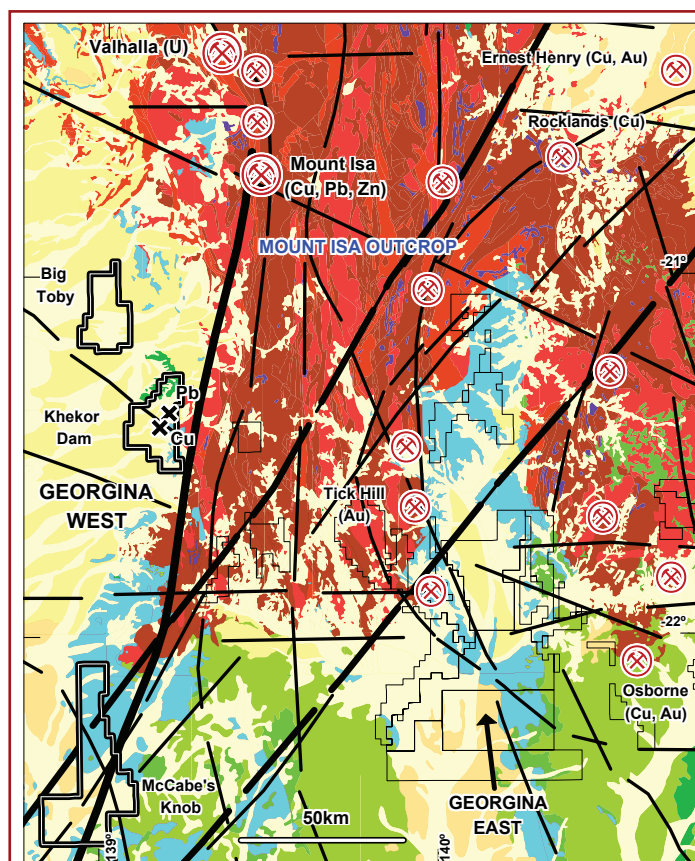


FIGURE 14a
Georgina West Project - Outcrop geology.

RECENT COVER	MESOZOIC (Eromanga Basin)	✕ KRB sample
PALEOZOIC (Georgina Basin)	PROTEROZOIC (Mount Isa Block)	

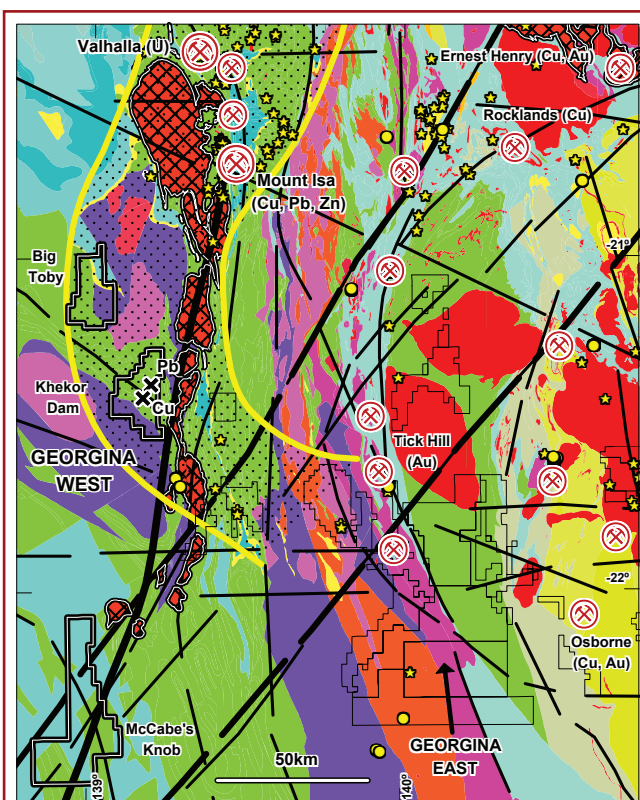


FIGURE 14b
Georgina West Project - Interpreted solid geology
(after North-west Queensland Mineral Province Report).

Cover sequence 3 Sediments	Sybella Granite sequence	Interpreted prospective U-rich corridor
Soldiers Cap Formation	U in surface sample	
Cover sequence 2 Volcanics	U in drill hole	
Kalkadoon-Leichhardt Belt	✕ KRB sample	
Basement schists and gneisses		

Recent government gravity surveying in this area at 1 km spacings has shown an east-trending gravity 'high' at the Khekor Dam EPMA. This is probably caused by a basement 'high' at the intersection of major interpreted faults, trending south-east, south-south-west and south-west.

Another structure of interest to KRB is the strong north-east fault system which passes through the McCabes Knob EPMA and across the inlier. It is a broad zone and hosts a range of deposit types. In the Mount Isa outcrop to the north-east this has been mapped as the Rufus Fault but there are other faults with a similar trend. Figure 7 shows the full extent of the fault system.

The Sybella date of intrusion has been dated at around 1670 Ma but some workers are claiming younger dates up to 1550 Ma are more likely. A younger age is similar to the 1550 Ma aged Williams Batholith which is associated with IOCG mineralisation - Ernest Henry (copper-gold with anomalous uranium).

Lithology similar to the sediments hosting the Mount Isa and Valhalla mineralisation is possible in the basement on the western side of the Sybella Batholith. Mount Isa group rocks may also extend into part of the McCabes tenement.

The prime exploration targets at Georgina West are Mount Isa style, Sedex lead-zinc-silver- mineralisation, copper mineralisation and Valhalla style uranium mineralisation.

Lower priority targets are metasomatic replacement gold style mineralisation and secondary uranium mineralisation associated with the Proterozoic-Phanerozoic unconformity and uranium deposited within the Georgina sediments.

10.2 Previous investigations

Because of cover very little exploration has been undertaken in the EPMA areas. Only investigations relevant to KRB's programs are discussed.

At Khekor Dam, in 1975, Australian Fertilizers Limited drilled six holes for phosphate exploration, to a maximum depth of 53 metres. None of these holes were analysed for gold or base metals.

In 1882, at Big Toby, MIM drilled a diamond hole of 434 metres depth (AMG 295000 E-7664000 N). Unfortunately this hole was not assayed. Drill logs recorded bitumen in Cambrian sediments as well as hematitic and graphitic sediments that may be prospective for uranium deposition. The depth to basement granite contact was 358 m).

In 1975, at McCabes Knob, CRAE drilled three shallow water bores but no anomalous base metal results were recorded. However a water bore (Hartig's Bore) drilled 3 km to the west of the EPMA (AMG 274780 E-7532420 N) returned anomalous values: 5 m grading 266 ppm lead and 1110 ppm zinc, from 3.0 m, in (?) Cretaceous limestone. There were no analyses for uranium.

10.3 KRB investigations, targets and future work

KRB has carried out interpretation of the mapped geology and aeromagnetic / radiometric data. This has resulted in a depth to basement estimate map as well as delineation of broad structural / stratigraphic target areas.

Some reconnaissance lag and soil sampling has been carried out on the Khekor Dam EPMA. Peak values of 179 ppm lead (AMG 313077 E-7633990 N) and 106 ppm copper (AMG 310210 E-7629640 N) were obtained in samples from termites-nest material. These results are considered to warrant further investigation and are encouraging as they plot near the margins of a prominent gravity feature.

Programs and budgets

KRB has allocated a expenditure in excess of \$125 000 in the first year of operations.

Future work will include preferential surface geochemical sampling in areas where interpreted depth to basement is substantially less than 100 m. Further processing and modelling of available gravity, magnetic and radiometric data is required and new ground surveys will be applied when appropriate.

Noah and Aster satellite remote sensing data will be acquired to assist in palaeo-drainage and unconformity interpretation for uranium exploration. Integration and interpretation of all the above information is anticipated to generate drill targets for 2008.

VWPL agrees that this program and expenditure is justified.

11.0 RED BLUFF PROJECT

The EPMA of 99 sub blocks (approx. 590 km²) is situated about 120 km south-south-east of Mount Isa and has been offered for grant.

The Little Bit ML 5554 of approximate dimensions 300 m by 150 m (4.5 ha) lies within the KRB application is owned 100% by Don Symons of Mount Isa.

The region was considered prospective for copper, gold and uranium mineralisation.

11.1 Geology and mineralisation

Examination of geological / geophysical data as well as research of previous exploration on open file indicated that this belt may be prospective for copper, gold and uranium mineralisation. The Red Bluff area was applied for after a sample of possible drill cuttings from a phosphate drill hole next to the Dajarra – Phosphate Road was found to contain anomalous uranium.

Red Bluff Project lies within the north-west trending older Proterozoic Wonga Belt and Kalkadoon – Leichardt Block, comprising granites (Kalkadoon Batholith), meta-sediments and meta-volcanic rocks. This tectonic unit separates the Eastern and Western Successions of the Mount Isa Block (see Figure 2).

The EPMA area is close to the contact with the calc-silicate breccias of the Corella Formation within the Eastern Succession and intrusives of the younger Williams Granite. Structural interpretation suggests that there may be concealed plutons of the Williams Granite intruding the older basement rocks. Dolerites of uncertain age intrude both the Kalkadoon Batholith and metamorphic rocks.

Proterozoic outcrop exposure is poor because much of the area is covered by a veneer of soils and alluvium / colluvium and remnants of sediments of the Georgina Basin.

The Red Bluff area is located within a broad east-trending lineament corridor that passes through the Cannington silver-lead-zinc deposit (see Figure 7). The Tick Hill gold deposit is located on an interpreted north-east trending structure that extends into the KRB tenement. Numerous points of intersection of north-east, north-west, north- and east-trending lineaments (faults) provide abundant channel ways for mobilised magmatic/hydrothermal mineralising fluids.

Likely targets for uranium are the margins of the unconformity between the basement and overlying sediments/volcanic cover, especially where it is close to radioactive intrusions and/or porous fault zones. Models for uranium concentration are shown on Figure 5.

Interpretation of airborne radiometric data reveals numerous sites showing above background uranium response.

Zones of relatively strong potassic alteration may identify the Williams Granite considered to be prospective for IOCG mineralisation. The presence of uranium in this ore-type means that it can be used as a pathfinder element.

Within the KRB ground there is a small mining lease held by Mr. Don Symons over a fissure vein deposit where erratic high-grade supergene copper mineralisation, close to dolerite shears and contacts with granite, has been mined and prospected at shallow depths of 20 m to 60 m. This style of mineralisation may be of limited economic significance due to the easy access by road to the operating Osborne copper-gold mine, located approximately 80 km east-south east. The mine currently processes ore trucked from Trekelano copper deposit for a similar distance.

11.2 Previous investigations and results

A summary of results from limited exploration and considered relevant is:

At the Little Bit copper deposit, Longreach Minerals Limited ("Longreach") drilled several holes and intersected up to 8 m grading 4.5% copper from 40 m (around AMG 376125 E-7575805 N). Don Symons has carried out diamond drilling to assess mineralised ground ahead of mining and reports 5% to 10% copper grades. No records have been kept of this drilling but assaying by KRB of some of the core confirmed this range of grade but the widths are unknown.

Outside the ML and within KRB's ground, Longreach drilled four diamond holes. The best results were:

- a) DDH02 (AMG 376033 E-7575662 N), 1 m grading 1% copper from 78 metres
- b) DDH03 (AMG 375892 E-7575560 N), 3.5 m grading 0.4% copper from 44 metres
- c) DDH04 (AMG 376405 E-7575762 E), 1 m grading 0.65% copper and 1.2 g/t gold from 58 metres

In 1982, CRAE followed up a helicopter borne radiometric and magnetic survey. Anomalous results to the south-east of the Red Bluff EPM, but inside the KRB Corella Bore tenement, from auger rock-chip sampling were up to 230 ppm uranium and 1550 ppm copper.

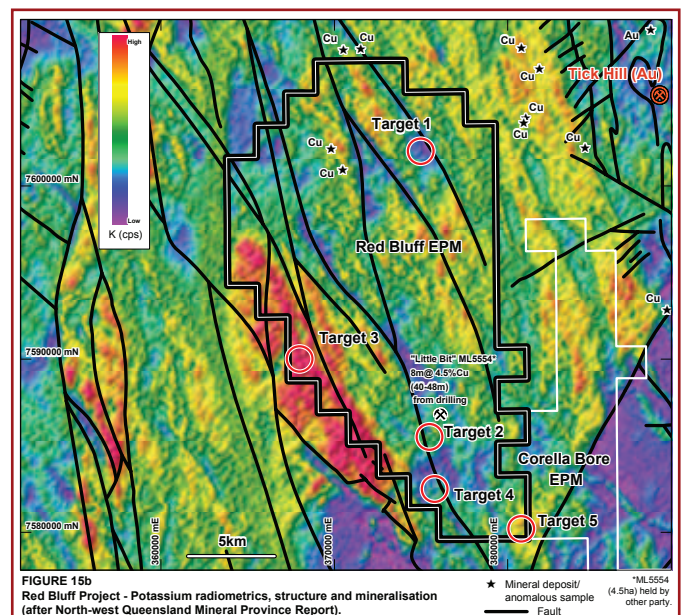
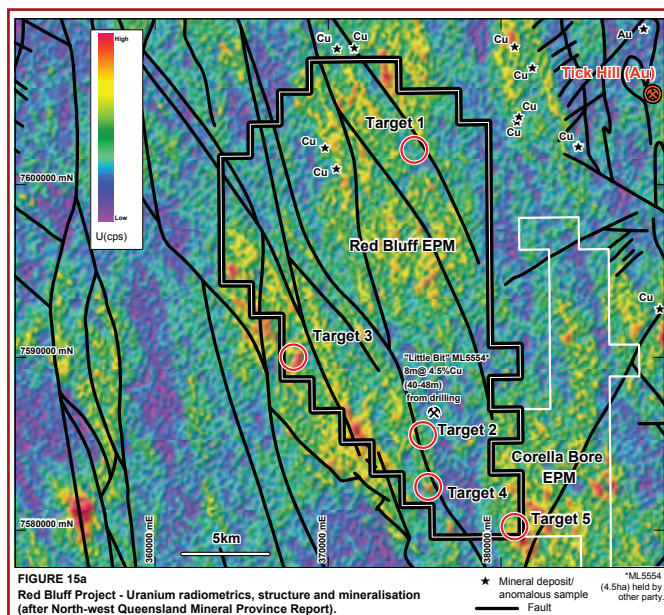
CRAE recorded rock-chip sample results of up to 31% copper (AMG 370520 E-7601020 N) from a vein located about 15 km south-west of Tick Hill gold mine. Several anomalous stream sediment gold results reported from this area that do not appear to have been followed up – the area is considered to be contain similar host rocks to the Tick Hill gold deposit.

11.3 KRB investigations, targets and future work

KRB has re-interpreted available geological mapping and airborne magnetic/radiometric survey data and integrated these with interpreted structure and results of previous investigations. Broad macro-target areas have been defined in which field work will need to be applied.

A sample of possible drill cuttings from a phosphate drill hole next to the Dajarra–Phosphate Road was found to contain 46 ppm uranium, 272 ppm yttrium and 83 ppm lanthanum (AMG 376115 E-7588060 N). This confirms generally elevated copper and REE for the district as CRAE reported anomalous uranium, lanthanum and copper samples located about 8 km to the south-east.

Several target areas have been developed (see Figures 15a and 15b):



- a) Target 1 – AMG ~ 375000 E-7602000 N (15 km south-west of Tick Hill gold mine). A circular area has been interpreted from magnetic/radiometric survey data, co-inciding with a prominent north-west trending structure, in an area of poor outcrop.
- b) Target 2 – AMG ~ 375500 E-7575500 N (1.5 km south-west of the Little Bit ML). An interpreted major north-west trending structure close to a previous copper-gold drill intersection.
- c) Target 3 – AMG ~ 368000 E-7590000 N. A relatively strong uranium anomaly on a north-north-west trending structure, in an elevated potassic zone.
- d) Target 4 – AMG ~ 375800 E-7582500 N. A relatively strong uranium anomaly on a north-north-west trending structure, in an elevated potassic zone.
- e) Target 5 – AMG 380800 E-7580200 N. Radiometric anomalies close to interpreted contact with Corella Fm and previous CRA sampling.

Future work will include surface geological mapping and geochemical sampling of the above targets, followed by compilation and interpretation. Prospects expected to emerge from this work are scheduled for drilling in 2008.

Programs and budgets

KRB has allocated a expenditure in excess of \$50 000 in the first year of operations.

VWPL considers that a sustained exploration effort is warranted at Red Bluff, especially where there is the possibility of locating the highly-prized Tick Hill style gold mineralisation.

12.0 CLONCURRY SW PROJECT

The project consists of two tenements, EPMA 15776 (Bronzewing) of 98 sub blocks, ~290 km² and EPMA 15993 (O'Hara's Gap), of 43 sub blocks, ~130 km², situated about 60 km south-west of Cloncurry.

This area was selected for proximity to known deposits - Ernest Henry, Rocklands (~60 km to the north-north-east) and Kalman deposits (15 km to north-west) – and favourable structures interpreted from the geology and results of geophysical information: gravity, airborne magnetic and radiometric surveys.

12.1 Geology and mineralisation

The EPMA's lie within the Eastern Succession of the Proterozoic Mount Isa Block. Most of the area is underlain by felsic volcanics of the older Argylia Formation which is dated about 1760 Ma and basement to the Corella Formation and Mount Isa Group equivalent rocks of Cover Sequence 2. In the Cloncurry district these are the Marraba Volcanics (meta-basalts) which in turn are overlain by sediments of the Mitakoodi Quartzite (see Figures 16 a and b).

Cover sequence 2 is intruded by dolerite dyke swarms that are considered likely to be of similar age (~1550Ma) to the nearby Williams Granite. Both Ernest Henry and Rocklands are close to the margin of the Williams Granite. (The Williams granite plutons of the Williams Supersuite are in the Hiltaba Association, (see Section 6.1.1 Squirrel Hills Project) and IOCG mineralisation is likely to exist in this environment).

The north-trending Pilgrim Fault occurs immediately to the west of the EPMA area. Calc-silicate breccias of the Corella Formation are bound to the east by this fault. A variety of mineralisation styles are hosted by the Corella Formation - Mary Kathleen (uranium, REE), Kalman (copper-uranium-molybdenum-gold), Trekelano (copper-uranium) and Tick Hill (gold).

The south-west trending Duck Creek anticline axis passes through part of the EPMA areas. Several sub parallel south-west trending lineaments interpreted from magnetic surveys are sympathetic with the fold and a number of discrete uranium and thorium anomalies occur along these.

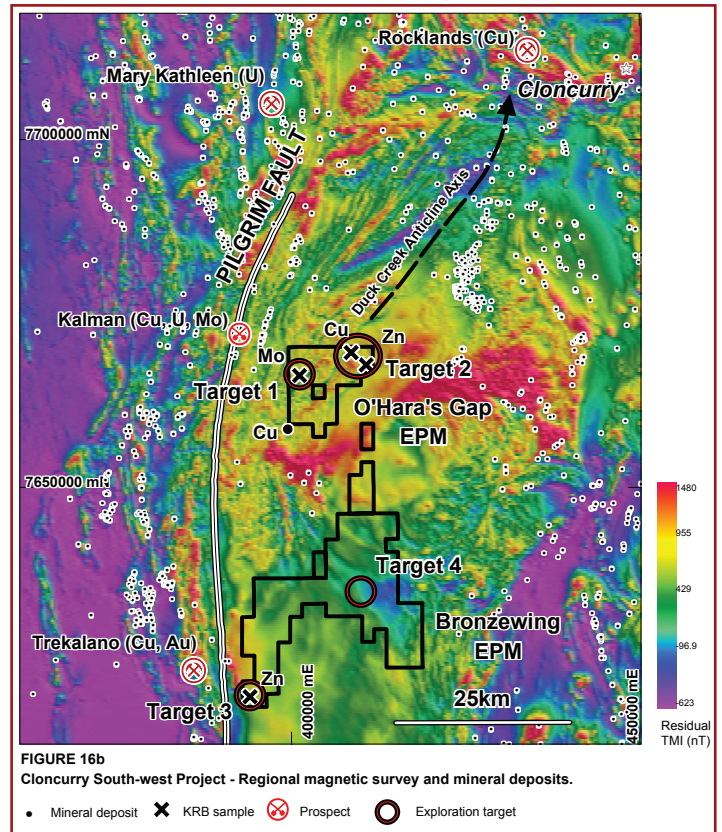
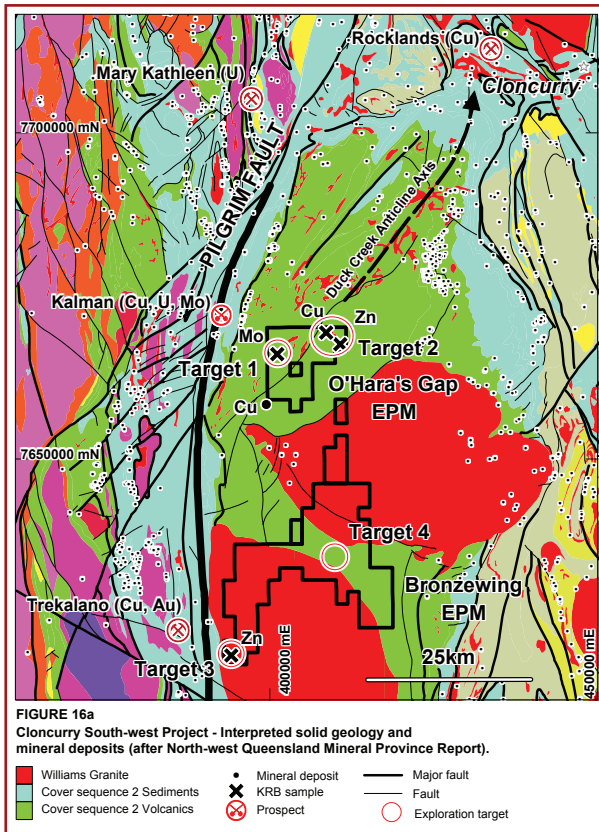
Interpretation of gravity data suggests that the EPMs are located within a wedge of sediments and volcanics, flanked by a gravity 'high' to the west and an ovoid shaped gravity 'low' to the east, which might be caused by granitoid rocks at depth.

The area is considered to be especially prospective for IOCG mineralisation because of the presence of dolerite. (Mafic/ultramafic intrusive magmatism is considered an important component in IOCG mineralisation – Geoscience Australia 2005). Rocklands is associated with dolerite dyke swarms (Beams 2007).

The Pilgrim Fault may be a primary controlling structure for some mineralisation: Kalman Prospect, about 8 km to west-north-west of O'Hara's EPMA is on the fault. Molybdenum and zinc elevated sample results from KRB sampling near the fault are encouraging.

In summary, the prime exploration target is IOCG mineralisation similar to Rocklands and Ernest Henry.

Second order targets are Corella Formation breccia hosted copper-uranium-molybdenum mineralisation (Mary Kathleen, Kalman) and shear related high grade copper-gold mineralisation similar to Trekelano.



12.2 Previous investigations

There has been little previous exploration carried out in this area. No drilling has been recorded in open file reports for EPMs.

Eagle Mining Corporation reported some anomalous results from rock chip sampling carried out in 1993. These are just outside the south-west corner of the O'Haras Gap EPMA, centred on AMG 399500 E - 7658600 N. Values of up to 12.6% copper and 0.31 g/t gold were obtained from sampling in this area, with seven samples assaying well above 1000 ppm copper.

12.3 KRB investigations, targets and future programs

KRB has re-interpreted the mapped geology and airborne magnetic/radiometric and gravity data. Mineral occurrence information has been incorporated in the evaluation (see Figures 16 a and b).

Some minor reconnaissance sampling has been carried out and this has achieved some anomalous results:

- 69 ppm molybdenum and 21 ppm uranium from an iron rich dyke located ~10 km south-east of Kalman (401213 E-7666250 N).
- 0.014 ppm gold and 510 ppm zinc in dolomite cuttings from a recent water bore (AMG 410835 E-7667790 N).
- 717 ppm copper and 33 ppm molybdenum in ironstone/quartz breccia at AMG 408690 E-7669550 N.
- 2060 ppm zinc in laterite at AMG 393900 E 7669790 N, located ~ 6 km south-east of Trekalano.

Four target areas are generated from the above work (see Figure 16):

- Target 1 – AMG ~ 401300 E-7666200 N. A north-east trending structure with anomalous molybdenum.
- Target 2 – AMG ~ 410800 E-7667700 N, A north-east trending structure with poor outcrop and anomalous zinc in a water bore.
- Target 3 – AMG ~394000 E-7620300 N. A north trending structure, possibly within Corella Formation under laterite and with anomalous zinc
- Target 4 – AMG ~ 410000 E-7635000 N. A north-west trending structure in poor outcrop between granites at the edge of a gravity feature.

Programs and budgets

Programs will comprise further modelling and interpretation of geophysical and geological data followed by geochemical and radiometric surveys and geological mapping on the four target areas. This work is expected to generate drill targets.

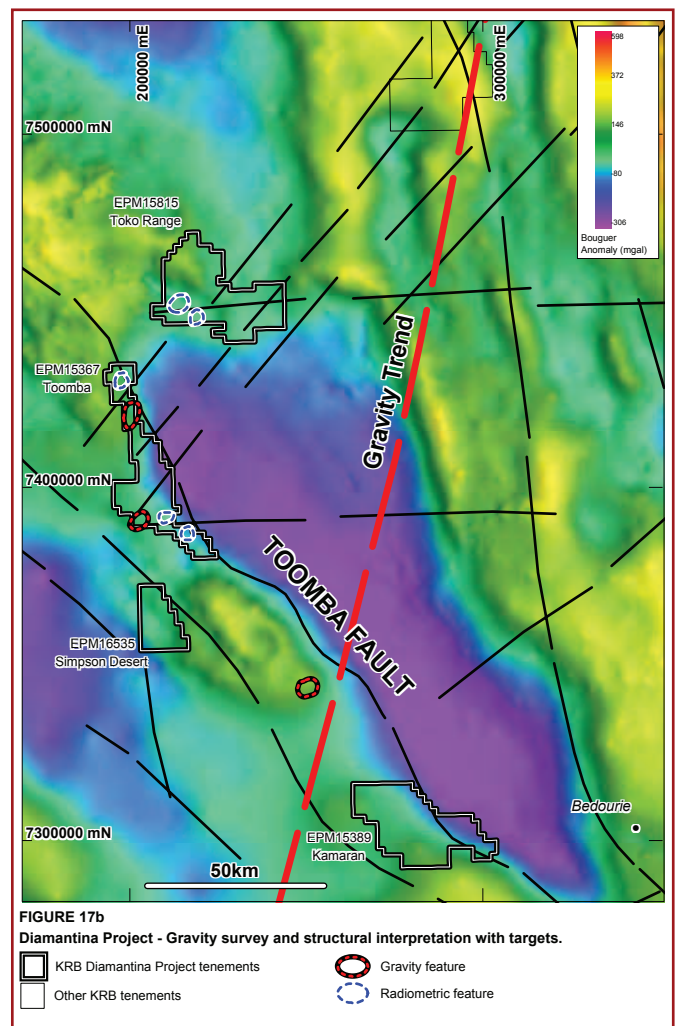
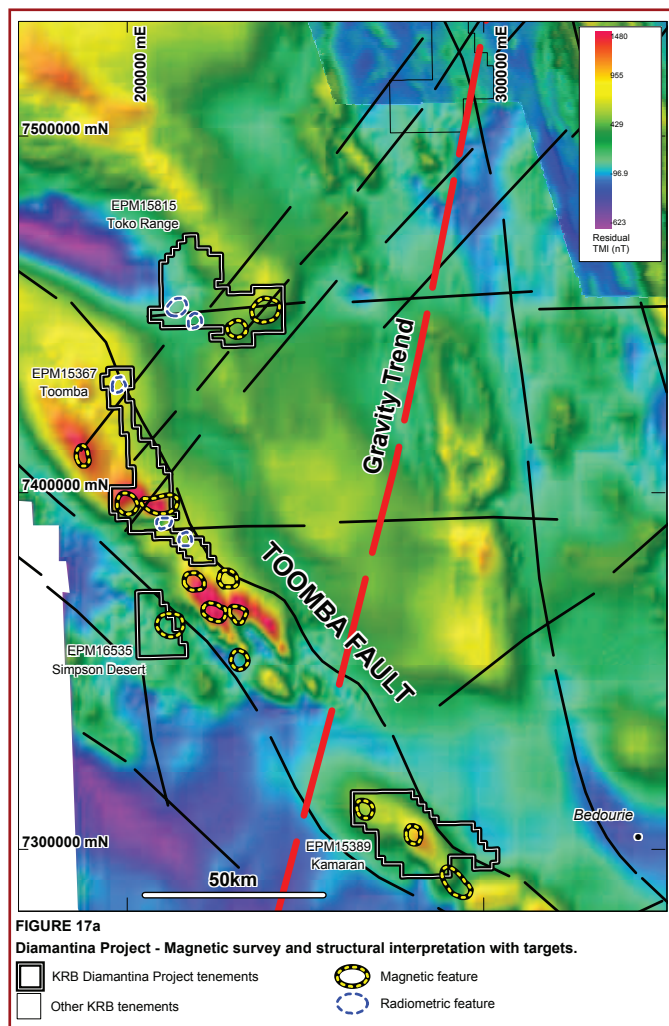
KRB has allocated a expenditure in excess of \$50 000 in the first year of operations.

VWPL considers that this early-stage exploration in favourable ground is warranted.

13.0 DIAMANTINA PROJECT

The project comprises EPMs 15367 (Toomba) of 159 sub blocks (approx. 510 km²), 15389 (Kamaran Downs) of 184 sub blocks (approx. 590 km²), EPMA 15815 (Toko Range) of 201 sub blocks (approx. 640 km²) and EPMA 16535 (Simpson Desert) of sub blocks km².

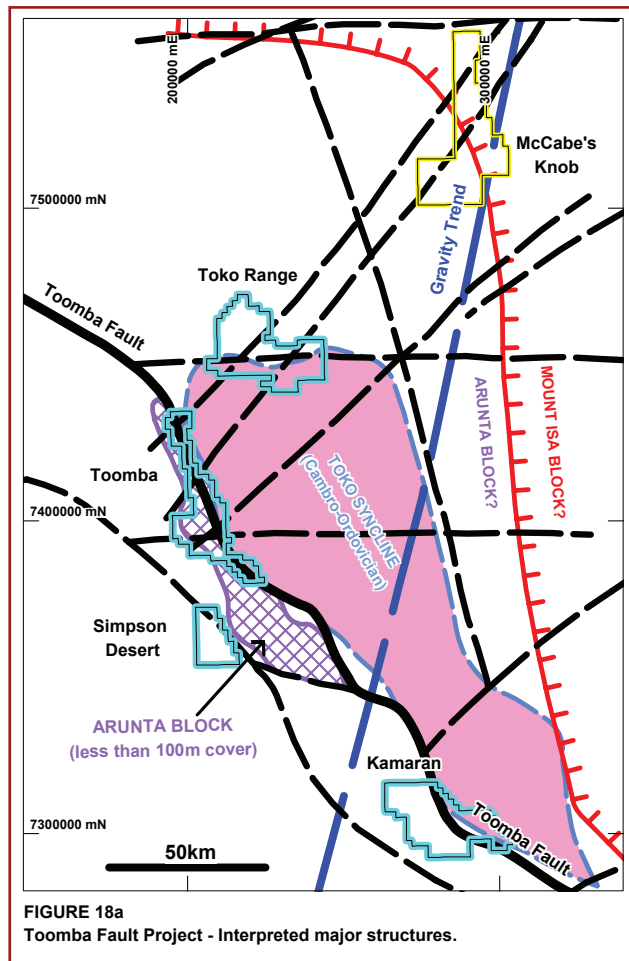
There are no native title claims over the EPM areas apart from the application area of Toko Range but no objections to the EPM have been lodged to date.



13.1 Geology and mineralisation

The Diamantina Province is located close to the Northern Territory / Queensland border, about 400 km south-south-west of Mount Isa.

Most of the EPM areas are covered by the sediments of the Eromanga Basin, mainly the Cretaceous Toolebuc Formation. In places these are known to be uranium bearing especially where close to Proterozoic basement. The Eromanga Basin overlies the older Georgina Basin of Neoproterozoic to Cambro-Ordovician age which crops out in the Toko Syncline. The Georgina Basin has received attention by oil explorers in the Northern Territory and Queensland and there is some useful drilling to the Proterozoic basement. The Georgina Basin formed on a basement comprising three major Proterozoic blocks, the Arunta Complex, the Mount Isa Inlier and the 'Aljawarra Craton' (Tucker and others, 1979). The south-western



Major structural zones at craton boundaries and are considered to be important in enabling the emplacement of large complexes of igneous rocks into the crust. The formation of large mineral deposits, such as the Olympic Dam IOCG deposit, are associated with magmatic activity.

The Toomba Fault has a long and complicated geological history and because of complexity and poor surface exposure, the structural history of the Toomba Fault is difficult to determine. It is reverse fault, trending north-north-west and dipping west-south-west, extending for over 150 km close to the interpreted Proterozoic craton boundary of the Mount Isa Block and the Arunta Block. The movement juxtaposes Proterozoic crystalline basement of the Arunta Block with Palaeozoic sedimentary units of the Toko Syncline.

The Toko Syncline axis is parallel the Toomba Fault and the younger (Neoproterozoic to Palaeozoic) sediments are interpreted to have formed in a half-graben to the east of the fault, while the older Proterozoic in the east, was a structural 'high'. In this tectonic event the system would be dominated by normal faulting - an extensional regime. Magmatic activity might be expected within a deep seated extensional fault system.

Re-activation of the Toomba Fault in a compressional environment has produced the reverse faulting (thrust) seen today. The Toomba Fault has an interpreted throw of 7 km which seems in accord with an estimated 5 km of sediment in the Toko Syncline. The Toomba Fault has been active from the Proterozoic to the Cretaceous and this would have provided the channel way for large scale fluid movement.

most block in Queensland, the Arunta Complex, is represented by minor granite outcrops along the Toomba Fault (see Figures 17 and 18).

Neither state and federal geological surveys nor the mineral industry has carried out a great deal of work because of relatively poor access and the perception of deep cover by younger sediments over the prospective Proterozoic basement.

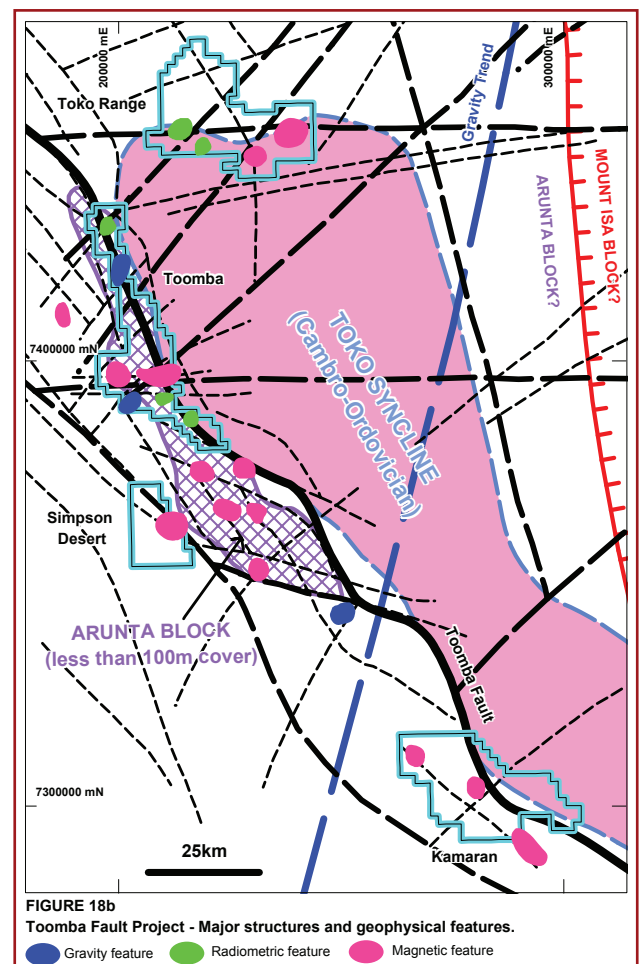
In the last three to four years exploration companies have outlined areas of outcropping or shallow buried Proterozoic basement in the Simpson Desert.

Large-scale government regional geophysical surveys (airborne magnetic/radiometric and gravity surveys) over the Diamantina within the last two years has made available valuable new databases which will assist in defining prospective target areas in zones of relatively shallow cover.

The surge in exploration for uranium over the last two has provided models for the deposition of uranium that are applicable to the Diamantina Region - uranium enrichment at the unconformity margin of younger sediments and the basement rocks (see Figure 5).

Recent aerial radiometric surveys have discovered several uranium-rich features in younger cover rocks that have not yet been investigated. These cover rocks contain graphitic, calcareous and pyritic layers that are receptive lithology for uranium concentration.

Structurally, the Diamantina Region is considered to be prospective because of the presence of a major thrust zone known as the Toomba Fault (see Figure 18).



Work by government and industry interprets the presence of deep seated radioactive granites which are likely to be drivers for hydrothermal fluids especially those containing uranium. Outcropping radioactive alkali granites have been mapped by the government geological surveys (see Figure 18).

Dating of granites along the Toomba Fault in Queensland shows a felsic crustal event at 1795 ± 17 Ma and a magmatic event at 1744 ± 7 Ma (Berents & Rutley, 1996). Other basement granitoids in the Northern Territory return ages between 1750 and 1850 Ma. Late to post-tectonic granitoids are defined by gravity 'lows' in conjunction with a lack of magnetic trends.

Some previous explorers have likened the Toomba Fault structure to the tectonic setting in South Australia that hosts the Olympic Dam mineralisation but these explorers have not tested the theories with drilling. BHP drilled some holes in 1993, (see below).

The prime exploration target at the Diamantina is Iron Oxide related, Olympic Dam style IOCG mineralisation associated with demonstrated strong magnetic and gravity anomalies close to the Toomba Fault (see Figure 18).

Second order targets are gold and copper mineralisation associated with strong magnetic anomalies, unconformity and roll front related uranium mineralisation.

13.2 Previous investigations

There has been very little previous exploration carried out in the Diamantina region by mineral companies. However work has been carried out by petroleum companies as well as government water bore drilling and researching of this information by KRB has proved productive for information pertinent to mineral exploration, such as depth to basement and evidence of hydrothermal alteration and uranium anomalism.

Kamarran Downs EPM

In 2002, Glengarry flew a regional airborne / radiometric survey over the area at line spacings of 800 m and lines oriented in a north-east direction. The digital data for this survey has been acquired as well as the recent government survey (flown in 2006 with east trending lines spaced 400m apart). Interpretation and modelling of this survey revealed several structural and magnetic features for investigation. It is intended to combine these two surveys together to achieve better quality magnetic/radiometric data for modelling.

Glengarry also carried out some reconnaissance sampling work that produced a maximum value of 36 ppm uranium and 2900 ppm barium from a calcrete sample (AMG 285118 E-7298735 N). This sample is close to the Toomba Fault and has not been followed up.

In 1979, Amax Iron Ore Company worked about 35 km south-south-east of the Kamarran Downs tenement, along the Toomba Fault. Sampling of Cretaceous limestone material at AMG 312000 E-7263000 N produced up to 0.13% U_3O_8 .

Government water bore drilling (KAM 02 and KAM06) intersected Proterozoic granite basement at about 250 m depth, close to the Toomba Fault. It is not known if this material was radioactive.

Much of the Eromanga Basin in the Bedourie area contains the uranium bearing Cretaceous Toolebuc Limestone. The 1: 250,000 Geological Series -Explanatory Notes for the Bedourie Sheet state, "the thickness of the radioactive interval is very consistent in bores in the Bedourie area and nearby; four show 65 feet (19.5m) and one is 71 feet (21.3 m). This is much greater than the outcrop thickness of the Toolebuc...". Therefore uranium mineralisation is present beneath the Toolebuc Formation in the Georgina Formation.

Toomba EPM

BHP conducted a wide-spaced airborne magnetic / radiometric survey with 500 m line spacing over most of the Toomba Prospect area. KRB has acquired and processed these data. The Queensland government has recently also flown the area at 400 m line spacing – KRB is considering merging these two datasets.

Limited ground field work has been carried out by previous explorers. BHP carried out a small RAB drill program (in their diamond search program) that intersected pyritic sediments with no anomalous base metal values. These holes were not analysed for uranium.

BHP also carried out a ground magnetic traverse over a strong magnetic anomaly centred on 206800 E-7396000 N. This indicated a relatively shallow (much less than 100 m) depth for the cause of the magnetism. A water bore test-hole drilled near this magnetic feature at 206600 E-7397120 N intersected some basement quartz from a shallow depth.

Work by Glengarry outlined an extensive area of Proterozoic outcrop and sub-crop west of the Toomba Fault, comprising granites, metamorphics and sediments. Sampling of these returned values of up to 490 ppm zinc, 3.0 ppm silver, 88 ppm lanthanum and 93 tungsten centred on AMG 7383500 N-222000 E.

In 1993, BHP also carried out some drilling about 15 km to the south-east of the Toomba EPM. This drilling intersected shallow basement (5 m to 100 m) in a number of holes. Maximum values (5m composites) were 0.21 ppm gold, 200 ppm zinc, 204 nickel, 38 ppm tungsten and 3130 ppm barium.

In 2007, KRB made a helicopter reconnaissance trip to check out access and inspect some geophysical anomalies. Some anomalous uranium samples were collected from the Toko Range EPM: lateritic sediments containing up to 60 ppm uranium (AMG 215140 E-7449450 N).

Sub-cropping radioactive (?) Proterozoic granite was discovered within the Toomba EPM at AMG195650 E-7432924 N.

Toko EPM

The only previous work carried out on this EPM was a small stream sediment program out by CRAE in 1985. Samples were analysed for gold only and returned low values; the maximum being 0.05 ppb gold.

Simpson Desert EPM

No previous work has been carried out on this EPM apart from the recent government airborne magnetic/radiometric surveys and ground gravity survey.

Modelling of the magnetic data by KRB shows a strong circular magnetic 'low' that truncates stratigraphic trends and is considered to be caused by a shallow intrusive or hydrothermal alteration destroying magnetic minerals.

13.3 KRB investigations, targets and future programs

KRB has carried out interpretation of the mapped geology and airborne magnetic/radiometric data as well as researching previous work. This work is still in progress and should continue to generate exploration targets (see Figures 17 and 18).

Those magnetic, gravity and radiometric target areas generated from work to date require further modelling followed by ground investigation to define the exploration programs.

These will include helicopter supported ground magnetic, gravity and radiometric surveys and orientation geochemical surveys. Investigation of gamma ray wire line logs from petroleum holes and deep water bores will be carried out to determine uranium concentrations.

KRB will endeavour to consider the Olympic Dam IOCG mineralisation model and secondary uranium mineralisation models while carrying out interpretation.

In the exploration for IOGC deposits, the strength of magnetic and gravity features does not necessarily rate their importance and the coincidence of geophysical features is not an essential requirement. One new significant IOCG discovery in South Australia appears on, or near, a very weak gravity feature. Such a subtle feature contrasts markedly with the strong anomalies in both magnetic and gravity surveys associated with Olympic Dam, so clearly less intense geophysical features are important and should be tested.

The IOCG target is a large and valuable target for which drilling to considerable depth is justified. Uranium is a pathfinder element to the IOCG mineralisation style which is principally base-metal and gold rich but contains uranium.

Programs and budgets

KRB will apply the most up-to-date geophysical EM techniques to locate sulphide mineralisation under cover.

KRB has allocated a expenditure in excess of \$400 000 in the first year of operations with a high proportion on drilling.

VWPL considers that, although the exploration will be expensive and the targets deep, the potential value of the discoveries fully justify the programs.

14.0 GLOSSARY OF TECHNICAL TERMS

Terms not included in the glossary are used in accordance with their definition in the Concise Oxford Dictionary.

Aster advanced Spaceborne Thermal and Reflection Radiometer.

breccia a rock composed of angular rock fragments.

Cainozoic an era of geological time, from the beginning of the Tertiary Period (about 65 million years ago) to the present.

Cambrian a time period, approximately 545 million to 505 million years ago.

chargeability a unit of measurement in induced polarisation (IP) geophysical surveys. A high chargeability may indicate the presence of sulphide mineralisation.

Cretaceous a time period, approximately 131 million to 65 million years ago.

dip the angle at which any planar feature is inclined from the horizontal.

dyke a tabular igneous intrusion which cuts across the bedding or other planar structures in the country rock.

dwt imperial measurement for precious metals; about 1.5 grams.

Electromagnetic Survey or EM Survey an electromagnetic geophysical exploration technique based on measuring resultant magnetic fields from currents usually artificially induced into the ground.

GEOTEM a fixed wing airborne EM method which uses a transmitter loop on the aeroplane frame and a towed 'bird' receiver.

VTEM (Versatile Time-Domain ElectroMagnetics) a helicopter airborne EM method which uses a slung transmitter loop and a central receiver; time domain method.

SIROTEM a ground EM method either with a large fixed rectangular loop transmitter or a smaller moving rectangular loop; time domain method.

epithermal a hydrothermal mineral deposit formed at a relatively low temperature near the Earth's surface, mainly in veins.

felsic a light coloured igneous rock, typically containing an abundance of feldspar and quartz.

g/t grams per tonne.

gossan rock composed of hydrated oxides of iron that forms a superficial cover over sulphides of iron and/or other metals.

gravity 'low' an area of low gravity expression relative to the surrounding area. Gravity "high" is the opposite.

IP (Induced Polarisation) a geophysical exploration method which measures changes in magnetic and electrical fields induced in the earth by the application of an electrical current to the ground.

Ma geological estimate for million years: 1 Ma equals one million years.

mafic a dark coloured rock composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.

magnetic 'low' an area of low magnetic expression relative to the surrounding area. Magnetic "high" is the opposite.

Mesozoic an era of geologic time, from the end of the Palaeozoic to the beginning of the Cainozoic, or from about 250 to about 65 million years ago.

metamorphic descriptive of a rock which has changed its structure and properties due to the effects of heat and/or increased pressure over time.

percussion a type of drilling method whereby the rock is broken by a hammering action into small chips.

ppm parts per million; **ppb** parts per billion.

Proterozoic a time period, older than 570 million years old. **Paleoproterozoic**- 1600 to 2500; **Mesoproterozoic** – 1000 to 1600, **Neoproterozoic** – 545 to 1000 million years.

pyrite a common iron sulphide mineral (FeS₂).

RC (reverse circulation percussion) a drilling method in which the sample is brought to the surface inside the drill rods, thereby reducing contamination. Conventional percussion drilling retrieves the sample exterior to the rods between the rods and the wall of the drill hole.

reduced to pole (RTP) the transformation from a directional magnetic survey to the earth's magnetic field.

rhyolite a volcanic rock composed chiefly of potassium feldspar and quartz.

sericite a mineral; a fine grained white mica of similar composition to muscovite.

stratabound a deposit confined to a single stratigraphic unit, it may or may not be conformable.

stratiform said of a special type of stratabound deposit in which the desired rock or ore constitutes, or is strictly coextensive with, one or more sedimentary, metamorphic, or igneous layers.

supersuite a higher rank than suite or complex, which includes two or more suites or complexes having a degree of natural relationship to one another, either in the vertical or the lateral sense, but not necessarily a close geographic relationship.

terrane a rock or group of rocks together occurring as a discrete structural block.

travertine a dense, finely crystalline massive or concretionary limestone, formed by rapid chemical precipitation of calcium carbonate from solution in surface and ground waters.

ultrabasic said of rocks with less than 35% silica, which are dense, composed of calcic feldspars and ferro-magnesian silicate minerals.

15.0 SOURCES OF INFORMATION

15.1 Major sources of regional information

As part of the study of the northwest Queensland, KRB acquired a number of regional datasets and where appropriate processed these to provide images and maps to assist in assessing the potential of the Mount Isa Inlier:

- a) MIM Exploration Pty Ltd - aeromagnetic-radiometric data.
- b) The Australian Geological Survey Organisation - regional and detailed aeromagnetic and gravity data.
- c) Terra Search Pty Ltd - geochemical and exploration data sets.
- d) The Department of Natural Resources and Mines, Queensland, water bore data; Borehole data. The Queensland Petroleum Exploration Database (QPED) is a comprehensive database of subsurface geological information on Queensland's sedimentary basins.
- e) The Department of Natural Resources and Mines, Queensland; *Mineral Occurrence Data (MINOCC)*.
- f) The North-west Queensland Mineral Province Study (NWQMP). The study was initiated by the Queensland Department of Mines and Energy (DME) with a view to enhancing the level and effectiveness of exploration activity in the region.

15.2 Regional mapping

1:250 000 Geological Maps 1:250 000: Urandangi (SF 5405), Duchess (SF 5406), Glenormiston (SF 5409), Boulia (SF 5410).

1: 100 000

1:100 000: Ardmore (6754), Dajarra (6854), Lake Katherine (6653), Leslie Peak (6753), Buckingham Downs (6853), Bedourie (6541), Boulia (6852).

15.3 General and commercial sources

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15.4 Websites

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Department of Natural Resources, Queensland – www.dnr.qld.gov.au

Australian Government – www.fed.gov.au

Australian Geological Survey Organisation - www.agso.gov.au

ESRI AU - www.ersia.com.au

AUSLIG - www.auslig.gov.au

Commonwealth Scientific and Industrial Research Organisation (CSIRO) – www.csiro.au

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Co-operative Research Centre for Landscape Evolution and Mineral Exploration – www.leme.anu.edu.au

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Dong-In Stone Sydney Pty Ltd, 1992. EPM 8595, CR 27091.

Esso Australia Limited, 1978. EPM 2094, CR 7526, 7695.

Getty Oil Development Company Limited (includes Little River Resources Pty Limited), 1982. EPM 3618, CR 13259, 14270, 15385.

Glengarry Resources Limited, 2003. EPM 13680, CR 35654, 37436, 39818.

Hunter Resources Limited (Eagle Mining Corporation NL), 1993. EPM 8722, 8723, 8753, CR 24088; 1992. (BHP joint venture, EPM 9109, 8195), CR 25956, 25727, 26084, 26549, 27802, 28747, 29733, 30759, 30782, 31331, 32413; 1994. EPM 10033, CR 29996, 30026, 30416, 30828; 1997. EPM 10394, CR 30828, 31473, 31482, 33210, 30343.

Jones Mining NL, 1984. EPM 3797, 4320, 4321, CR 14658.

Longreach Minerals Pty Limited, 1965. EPM 288, CR 2214; EPM 464, CR 2412; 1970. EPM 700, CR 4075; 1971. EPM 780, CR 4076, 4077.

Marathon Petroleum Australia Limited, 1974. EPM 1467, 1559, 1600, CR 6004, 6224.

Mines Exploration Pty Ltd, 1966. EPM 331, 332, CR 2234, 2225; 1978. EPM 1965, CR 7078; 1980. EPM 2327, 2331, CR 8182, 8710.

Newmont Pty Ltd, ICI Australia Ltd and Dampier Mining Company Ltd, 1975. EPM 1506, CR 5648, 5887; 1975. EPM 1526, CR 5683, CR 5874.

Placer Exploration Ltd, 1991. EPM 5329, CR 22938, 23255, 24455; 1991. EPM 7912, 7950, CR 23473, 23820, 24850; 1991. EPM 8605, CR 24443; 8216.

Newmont Proprietary Limited, ICI Australia Limited and Australian Fertilizers Ltd, 1975. EPM 1595, CR 6035, 6713.

Newmont Pty Ltd, 1977. EPM 1794, CR 6436.

Normandy Exploration Limited, 1994. EPM 9993, CR 26047, 27154.

North Limited, 1996. EPM 10942, 11032, CR 28561.

Otter Exploration NL, 1975. EPM 1522, CR 5866; 1975. EPM 1759, CR 6432, 7005, 7205.

Pechiney Queensland Pty Ltd, 1969. EPM 437, CR 2995; EPM 483, CR 2851.

Phelps Dodge Australasia Inc. (Red Metal Limited), 2001. EPM 13454, 13455, CR 33782, 34038, 35795, 35796, 37772, 40060.

PNC Exploration (Australia) Pty Ltd, 1981. EPMs 3055, 3056, CR 10026, 11106, 10023, 10474, 11445, 12486.

Reliance Minerals Limited, 2003. EPM 13695, CR 36771.

RGC Exploration Limited (Pancontinental Resources Pty Ltd), 1995. EPM 10549, CR 28988.

Seltrust Mining Corporation Pty Ltd, 1987. EPM 2998, CR 9707, 11127.

Sons of Gwalia N L (Dominion Mining Limited), 1990. EPM 6997, CR 22602, 23323, 23381, 24275, 25526, 26097, 26144.

The Shell Company of Australia (Acacia Resources Limited), 1984. EPM 3702, 3831; 1993. EPM 9431. CR 26274, 26784, 26785, 28079; 1993. EPM 9156, CR 25964, 26794.

Utah Development Company Limited, 1971. EPM 933, CR 4143.

Wells Fargo Resources NL, 1993. EPM 9506, 9507, CR 26985.

Western Mining Corporation Limited, 1983. EPM 3494, 3495, CR 13286, 13287, 14237, 14328, 14869, 15719, 14237, 14238, 14869, 15344, 15719.

16.0 DECLARATION

16.1 Qualifications and Experience

This Report has been prepared for Veronica Webster Pty Limited through its duly authorised and qualified representative, Mr Leslie William Davis, Minerals Exploration Consultant and Director of the company. Veronica Webster Pty Limited has operated in Australia serving the mining industry since 1980.

Mr Davis has had over 40 years experience in the Australian minerals industry, particularly exploration for precious metals and base metals, mining geology, ore resource/reserve estimation and property evaluation. He held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals Incorporated and Amad NL before joining Veronica Webster Pty Limited in 1985.

His principle qualification is Bachelor of Science (Special Geology) Leics. UK. His professional affiliations are as follows:-

Fellow - The Australasian Institute of Mining & Metallurgy - FAusIMM

Chartered Professional Geology – CP Geo

Fellow - Australian Institute of Geoscientists - FAIG

Member - Geological Society of Australia - MGSA

16.2 Independence

Veronica Webster Pty Limited and L W Davis have no conflict of interest in preparing this independent Report. The independent Report has been commissioned by KRB with payment to be made for services rendered solely on a standard time-fee basis. The companies and consultants preparing this independent report have no association with KRB nor have they any financial interest in or entitlement to KRB and/or associates of KRB.

16.3 Limitations

The views expressed in this independent Report are solely those of Veronica Webster Pty Limited, and L W Davis. When conclusions and interpretations credited specifically to other parties are discussed within the report, then these are not necessarily the views of Veronica Webster Pty Limited or L W Davis.

16.4 Consents

Veronica Webster Pty Limited hereby consents to the inclusion of its independent Report in the Prospectus referred to above, in both electronic and paper form, in the form and context in which it appears. As at the date of the independent Report set out above, Veronica Webster Pty. Limited has not withdrawn its consent.

Veronica Webster Pty Limited was only commissioned to prepare, and has only authorised issue of this independent Report on KRB's exploration tenements specified in the Independent Report. It has not been involved in the preparation of, or authorised issue of, any other part of the Prospectus in which this independent Report is included.

For and on behalf of

VERONICA WEBSTER PTY LIMITED



L W Davis



Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000
PO Box 7822, Waterfront Place Qld 4001

PHONE 61 7 3024 0000 FACSIMILE 61 7 3024 0300

INTERNET www.hopgoodganim.com.au

13 September 2007

The Directors
Krucible Metals Limited
68 Railway Avenue
RAILWAY ESTATE QLD 4810

Dear Sirs

RE: SOLICITORS' REPORT ON TENEMENTS (DRAFT)

This report has been prepared in response to instructions by Krucible Metals Limited (**Company**) to Hopgood Ganim requesting that Hopgood Ganim conduct a due diligence review of specific Queensland tenements of which the Company holds an interest in, for inclusion in a prospectus to be issued on or about the date of this report. Hopgood Ganim Lawyers consents to this report being included in the prospectus.

The report relates to mining tenements held in Queensland (**Tenements**). For the purpose of this report, we have arranged for searches of the Tenements in the register maintained by the Department of Mines and Energy (**DME**) pursuant to the Mineral Resources Act 1989 (Qld) (**MRA**). In addition, searches were undertaken at the National Native Title Tribunal (**NNTT**), the Department of Natural Resources and Water (**DNRW**) and the Environmental Protection Agency (**EPA**).

On the basis of the searches we consider that this report provides an accurate statement as to the status of the Queensland mining tenement applications as at 10 July 2007 and the granted Queensland mining tenements as at 13 September 2007 and of the Company's interests therein.

1. GOVERNING LEGISLATION

The MRA governs the exploration for and production of minerals in Queensland. The MRA establishes a tenures regime that enables the exploration for and testing and production of minerals. Following is a summary of the tenures established under the MRA.

PARTNERS

Joe Ganim Paul Hopgood Tony Baldwin Bruce Humphrys Brian Moller Mark Peacock Paul Cullen Bruce Prescott James Bottomley
Darrell Jardine Geoff Wilson Don Battams Susan Purdon Martin Klapper David Nicholls Nicole Radice Meryl Snow Michael Smith
Freda Wigan Michael Hansel Adam Carlton-Smith

Australia's *Best Value* Professional Services Firm - 2005 and 2006 *BRW*-St.George Client Choice Awards

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1.1 ***Exploration Permits***

S 133 MRA provides that a person may apply to the Minister for an exploration permit EP. After native title has been addressed by the applicant (if applicable), the Minister may grant the EP in accordance with s 137. An EP allows the holder to carry on any activity authorised by the EP with or by such vehicles, vessels, machinery and equipment as may be necessary or expedient for the purpose of exploring any mineral to which the EP applies and enables the EP holder to enter any part of the land that is not the surface of a restricted area for the purposes of facilitating the exploration for the minerals to which the EP applies. However, written notice must be given to the owner of the land prior to initial entry under the EP in accordance with s 163 MRA.

An EP may be granted in respect of either all minerals other than coal under s 130(1)(a) MRA (known as an EPM) or for coal under s 130(1)(b) MRA (known as an EPC).

The Minister on granting an EP will determine the area to be held and the terms, rent and the conditions, provisions and stipulations on which the EP is granted. Failure to pay rental or other monies or to submit progress, relinquishment and final reports, including details of expenditure may render the EP liable to be cancelled by the Minister.

S 139 MRA states that unless the Minister otherwise decides, the area of an EP must be reduced by 50% at the end of the first 2 years after its grant and by 50% of the remainder at the end of each subsequent year. S 146 MRA states that, unless the Minister otherwise determines, the initial term of an EP shall be for a period not exceeding 5 years from the commencement date. The EP holder is able to apply for a renewal of the EP not more than 6 months and not less than 3 months (unless allowed by the Minister) prior to the expiration of the current term for the renewal of the EP in accordance with s 147 MRA.

Compensation is payable to an owner of land within the area of an EP in accordance with s 145 MRA. Compensation payable under the MRA may be agreed between the parties or determined by the LRT.

S 151 MRA provides that the holder of an EP may apply for the Minister's approval to assign the holder's interest in the EP to another person or persons. Upon approval, any such assignment shall be entered into the register and on the EP.

1.2 ***Mineral Development Licence***

A MDL is a tenure granted under the MRA that allows the holder to undertake such activities as drilling, seismic surveys, mining feasibility studies, metallurgical testing and marketing, environmental, engineering and design studies in order to evaluate the potential for the development of a resource. Further, a MDL can be granted to the holder of an EPM for a period of up to 5 years without the relinquishment requirements that are imposed on an EPM.

The boundaries of a MDL must be prescribed and mapped by reference to survey marks and defined points that are acceptable to the Mining Registrar. Landowners must be notified within 20 business days of the grant of a MDL. The Minister may require payment of security prior to



granting a MDL. The security ensures compliance with the MRA and the conditions of the MDL as well as rectification of any damage caused under the MDL and ensuring payment of any other penalties imposed by the State under the MRA.

A MDL holder must pay rent yearly. The applicant for a MDL must address native title prior to the grant of the tenure.

A MDL may be renewed and the renewal application must be applied for no more than 1 year and no less than 6 months prior to the end of the current MDL. The Minister may grant a renewal for not more than 5 further years.

A MDL holder is required to give landowners written notice of entry before entering upon the land for the first time under the MDL. Notice must be given at least 5 business days before the initial entry. The initial notice of entry permits the MDL holder to enter the land for 3 months from the day stated in the notice and must be renewed after this point. The notice of entry must contain details of activities proposed to be carried out and where the activities will be carried out. A copy of the notice of entry must be given to the Mining Registrar.

The Minister may give a direction that the MDL holder must apply for a ML in order to commence actual mining operations in the area of the MDL. A failure to apply for a ML may result in cancellation of the MDL.

1.3 ***Mining Lease***

S 232 MRA provides that, unless otherwise approved by the Minister, a ML may be applied for by a person in respect of contiguous land comprised in a prospecting permit, an EP or a MDL. The ML allows the holder to carry out any activity authorised by the ML for the purpose for which the ML is granted or for any purpose permitted or required under the lease or by the MRA. In accordance with s 236 MRA the grant of a ML also entitles the holder to access any sand, gravel or rock, following payment of any royalties to the person with property in the sand, gravel or rock, which the holder of the ML may utilise for any purpose permitted under the ML.

After satisfying the eligibility criteria for a ML application an applicant will receive a certificate of application. S 252 MRA requires the applicant to deliver copies of this certificate to all the owners of land underlying the ML within 5 business days. Members of the public are able to make objections to the grant of the ML in accordance with s 260 MRA. Any objections will be heard by the LRT in accordance with s 268 MRA. The LRT then makes a recommendation to the Minister regarding the grant of the ML in accordance with s 269 MRA.

The Governor in Council in deciding to grant or not to grant a ML will, following recommendations from the LRT to the Minister, determine the area to be held and the terms, rent and conditions on which the ML is granted. Failure to pay rent or royalties or to furnish all prescribed reports, returns, documents and statements may render the ML liable to be cancelled by the Minister.

It is a condition that a ML shall not be granted unless compensation has been determined by the LRT in accordance with s 281 MRA or agreed between the parties in accordance with s 279 MRA. Compensation is payable by the ML applicant to the owner of any land the subject of the ML. At any time before an agreement is made between the parties, the ML holder or landowner can apply in writing to the Mining Registrar to have the LRT determine the compensation and the terms, conditions and times of payment thereof.

A ML holder is able to apply for a renewal of the ML not more than 1 year and not less than 6 months prior to the expiration of the current term for the renewal of the ML in accordance with s 286 MRA. The ML cannot be renewed unless compensation is agreed between the parties or determined by the LRT.

2. **SEARCHES**

This report concerns the Tenements. The searches undertaken for this due diligence were register searches of the:

- (a) DME;
- (b) NNTT;
- (c) DNRW; and
- (d) EPA.

The results of the searches are recorded in the body of this report. Please note that the DME did not provide us with access to departmental files for the purposes of this report.

3. **EXCLUSIONS**

Please note that this due diligence report did not consider:

- (a) searches of the real properties underlying the Tenements to provide details of the real properties, of the impact of any notices issued or of any crown land reservations underlying the Tenements. The term "reservations" includes any areas of land within the Tenements which may not be available to the holder to conduct activities such as "protected land" pursuant to s 14 NCA;
- (b) non-legal environmental matters such as environmental requirements that do not directly affect the standing of the Tenements; and
- (c) searches of the Queensland Cultural Heritage European/Non Indigenous Register for the Tenements.

4. **QUALIFICATIONS**

In the preparation of this report we have made the following assumptions:



- (a) Our searches were confined to searches of public registers maintained by DME, DNRW, EPA and NNTT. We note that this report is accurate and complete only to the extent that the reports extracted from the registers are accurate and complete as at 10 July 2007 when the searches were conducted.
- (b) There have been no material changes in the standing of the Tenements since the dates of our searches.
- (c) The Ministers administering the acts and each of their delegates have been validly appointed and have acted within the scope of their power, authority and discretion in granting the Tenements and are able and willing to grant any required consents and approvals under relevant legislation.

5. REVIEW OF TENEMENTS

The Tenements reviewed in this report are listed in Annexure A. An application to transfer the granted tenements from Anthony Alston to Krucible Metals Limited was lodged with the DME on 10 August 2007. We are still awaiting approval of those transfers.

We note that the details shown in Annexure A are those recorded on the DME register. The DME files can also contain copies of agreements that have been entered by holders in relation to a mining tenement. Such agreements may provide a party (other than the holder) with contractual rights to require the holder to act in accordance with that agreement in relation to the mining tenure, eg a farmin agreement. As noted in section 2 of this report, we have not been granted access to these files. The DME register for the Tenements does not disclose the existence of any such agreements.

6. RENT

The holders of granted mining tenements in Queensland are required to pay rent on the tenements.

S 138 MRA requires rent to be paid for each sub-block of an EP. Rent is to be paid on the anniversary of the date of granting of the EP. Under the Mineral Resources Regulation 2003 (Qld) the rent payable on each sub-block of an EP is \$121.50 (as of 2 July 2007).

Rent is payable only on EPs that have been granted. No rent is payable on applications. However, once an application has been granted, S 138 MRA requires that rent be paid within 20 business days. The total combined rent that is payable upon the grant of each EP application included in the Tenements will be approximately \$329,022.

The table in Annexure B outlines the rent payable for the Tenements (or in the case of the applications, the rent payable once they are granted), based upon the rent figures obtained from the Mineral Resources Regulation.

7. SECURITY

Holders of granted mining tenements in Queensland are required to pay security by way of financial assurance on the granted tenements. The following is a review of the applicable legislation and details of security deposits payable for the Tenements.

Security for a mining tenement in Queensland is required under the MRA. An amount of money must be paid at the commencement of a term as security for payment of environmental costs and rental payments for the tenement. The amount of security is determined by the Minister and is calculated as reasonable security for compliance with the conditions of the tenement, compliance with any environmental authority and environmental management plan, compliance with the MRA and rectification of damage and other amounts payable to the State under the MRA. The holder of an environmental authority under s 364 EP Act may also be required to give the administering authority financial assurance as security for compliance with the environmental authority, environmental management program or site management plan and any conditions of the program or plan, and costs or expenses mentioned in s 367 EP Act. The administering authority decides the form and amount of security.

The amount of security held for each granted tenement is \$10,000.

With regards to the applications, we are not aware of any security being requested at this time.

8. EXPENDITURE

It is a condition of a mining lease that the holder comply with minimum expenditure requirements. A tenement will be liable to forfeiture if the expenditure conditions, specified within the terms of grant, are not complied with.

The following table outlines the minimum expenditure requirements for each granted tenement:

TENURE NO.	MINIMUM EXPENDITURE	
	2007	2008
EPM 15367	\$40,000	\$60,000
EPM 15389	\$40,000	\$60,000
EPM 15354	\$50,000	\$70,000
EPM 15487	\$35,000	\$55,000

9. ENCUMBRANCES OR THIRD PARTY INTERESTS

The DME maintains registers of encumbrances and third party interests on mining tenements in Queensland. The DME advises that it only registers encumbrances or third party interests that are lodged by the tenement holder. There may be encumbrances or third party interest on the Tenements that are not registered with the DME. Likewise, DME will only remove an encumbrance or third party interest if notified of the completion of the encumbrance or third party interest by the tenement holder.



Encumbrances or third party interests cannot be registered for a tenement application. The DME register does not disclose any registered encumbrances or third party interests for the granted Tenements.

10. OVERLAPPING TENURES

A number of Tenements are subject to exclusions or restrictions on certain activities due to the existence of an overlapping ML, ATP or PPL.

10.1 *Overlapping MLs*

The table below outlines those EPMs that overlap current MLs:

TENURE NO.	OVERLAPPING ML	DETAILS OF ML
EPM 15572	ML 5543	Held by Southern Cross Fertilisers Pty Ltd Granted 13.10.74; Expires 31.10.35
EPM 16048	ML 5554	Held by Donald James Symons Granted 04.11.76; Expires 30.11.17

S 132 MRA excludes any land the subject of a current ML from the area granted under an EP, regardless of whether the ML has been granted or is still in the application stage. Further, upon termination of the ML, this land will not automatically revert to the EP if the EP was granted after 23 December 1996. In order to acquire land that has expired from a mining tenure a separate EP application must then be made and native title addressed.

As noted in the table above, EPMs 15572 and 16048 overlap current MLs. The area of these MLs will be excluded from the area of the tenements upon their grant.

10.2 *Overlapping ATPs*

Tenements that overlap with current ATPs are outlined in the table below:

TENURE NO.	OVERLAPPING ATP	DETAILS OF ATP
EPM 15367	ATP 582	Held by Cooper-Eromanga Oil Inc Granted 30.06.94; Expires 31.07.98*
EPM 15389	ATP 582	Held by Cooper-Eromanga Oil Inc Granted 30.06.94; Expires 31.07.98*
EPM 15815	ATP 582	Held by Cooper-Eromanga Oil Inc Granted 30.06.94; Expires 31.07.98*
EPM 16535	ATP 673	Held by Tri-Star Petroleum Company Still in application stage.

* Tenement is pending renewal.

An EPM may be granted over land in the area of an ATP. However, activities conducted under the EPM cannot be carried out on the overlapping land with the ATP if conducting the activity adversely affects the carrying out of an authorised activity for the ATP, or if the authorised activity for the ATP has already started.

If the EPM holder applies for a ML over land subject to an ATP, then the ATP holder must give written consent to the making of the application. Under s 318AP MRA, the application must include a CSG statement and proposed development plan. If consent is not given, the ML applicant is required to use reasonable attempts to consult with the ATP holder and enter into an appropriate testing arrangement under s 318AT MRA. If a testing arrangement is not agreed and consent is not given then it is likely that the Minister will be required to make a preference decision to determine which resource will proceed to production first (s 318CB MRA).

If a person wishes to apply for a ML which overlaps a current PL, then the parties must use reasonable attempts to agree a coordination arrangement about matters relating to coal mining and any incidental coal seam gas production. A ML cannot be granted over land within the area of a PL unless a coordination arrangement is agreed.

10.3 **Overlapping PPL**

Tenements that overlap a current PPL are outlined in the table below:

TENURE NO.	OVERLAPPING PPL	DETAILS OF PPL
EPM 15572	PPL 41	Held by Roverton Pty Ltd Status: operational Granted 20.03.97
EPM 15703	PPL 41	Held by Roverton Pty Ltd Status: operational Granted 20.03.97
EPM 15833	PPL 41	Held by Roverton Pty Ltd Status: operational Granted 20.03.97
EPM 15834	PPL 41	Held by Roverton Pty Ltd Status: operational Granted 20.03.97
	PPL 42	Held by ATP Pipelines (Qld) Pty Ltd Status: operational Granted 14.05.98
EPM 15835	PPL 41	Held by Roverton Pty Ltd Status: operational Granted 20.03.97



There is no express legislative provision under the MRA or PGA dealing with the overlap of an EPM and a PPL. However, under s 805 PGA, a person must not without reasonable excuse obstruct a petroleum authority holder from entering or crossing land to carry out an authorised activity for the petroleum authority, or carrying out an authorised activity for the petroleum authority on the land. In addition, under s 807 PGA, a person other than the holder of the petroleum authority must not construct or place a structure on the land unless the PPL holder consents. A 'petroleum authority' includes a PPL (s 18 PGA).

Under s 400 PGA, a holder of a petroleum authority may not obtain a PPL within the area of an existing ML without a written agreement between the parties being lodged with DME.

As noted in the table above, EPMs 15572, 15703, 15833, 15834 and 15835 overlap current PPLs.

11. SAFETY

Under s 31 MQSHA, the holders of mining tenements for minerals have a health and safety obligation. Where there are overlapping tenures (with other mining or petroleum tenures), the respective mining tenement holder is required to meet its safety obligations regardless of the activities being carried out by the other holder. The MQSHA provides that the duty can be discharged in the following ways:

- (a) by following methods or processes prescribed in regulations or guidelines to achieve an acceptable level of risk [s 34(1)];
- (b) by obeying prohibitions on exposure to certain risks [s 34(2)]; or
- (c) where no regulations or guidelines exist, by taking reasonable precautions and proper diligence to ensure the obligation is discharged [s 35].

12. ENVIRONMENT

12.1 *Queensland Environmental Legislation*

The EP Act regulates activities that are likely to have environmental impacts. Such activities are referred to in the EP Act as "environmentally relevant activities" or ERAs.

In respect of mining activities (defined in the EP Act to include activities conducted pursuant to a tenure granted under the MRA), an environmental authority is required to be obtained for the mining activities. The authority is referred to as an "Environmental Authority (Mining Activities)" and once obtained is deemed to be a licence for all of the ERAs set out in the EP Act and its regulation that are carried out under the relevant mining tenure provided those activities were described in the application for the authority.

The specific activities to be described in an application for a particular project are dependant on the nature and extent of that project. Applications for EAs must be made to the EPA with relevant supporting information.

Application fees and annual licensing fees are payable in respect of EAs and conditions are imposed such as conditions requiring specific monitoring and/or reporting and potentially conditions requiring financial security for environmental performance.

12.2 *Environmental authorities for granted tenements*

EAs will be required once the Tenements have been granted. For the purposes of the EP Act, an exploration permit that satisfies the criteria for “low impact” activities under the EP Regulations will be classified a “level 2 mining project”.

If the exploration permit cannot comply with the prescribed criteria set out in schedule 1A of the EP Regulations, the project would then be classified a “level 1 mining project” and requires a non-code compliant environmental authority (mining activities) for a level 1 mining project.

The table below outlines details of current Environmental Authorities held over the granted Tenements:

Tenement	Permit Number	Approval Date	Office Responsible
EPM 15367	MIC200398206	23/01/2006	Mt Isa
EPM 15389	MIC200402506	15/02/2006	Emerald
EPM 15354	MIC200390605	20/12/2005	Mt Isa
EPM 15487	MIC200411406	28/03/2006	Mt Isa

13. **RESTRICTED OR CONSTRAINED LAND WITHIN THE QUEENSLAND TENEMENTS**

Our review of the DME’s Interactive Resource and Tenure Maps has indicated that certain excluded areas exists within the Tenements.

13.1 *Nature refuges*

EPM 16535 overlaps a proposed nature refuge.

The Minister may confer ‘protected area’ status on a nature refuge, coordinated conservation area or a wilderness area under s 46.1 NCA. If such a declaration is made, the affected parcel of land may then be subject to a conservation agreement between the State and the landholder. Conservation agreements are a negotiated agreement and can include agreed management principles for the area and prohibited land uses. The conservation agreement binds all persons with an interest in the land, including the holders of mining claims, MDLs or MLs. It does not bind

¹ A list of declared nature refuges is provided under Schedule 5 of the *Nature Conservation (Protected Areas) Regulation 1994* (Qld).



the holders of EPs. However, the holder of an EP will be bound by the conservation agreement once a ML is granted over the land.

The EP holder is not required to obtain the landholder's consent prior to entry, as a nature refuge is not considered a 'reserve' for the purposes of the MRA. However, an entry notice in accordance with s 163 MRA must be given prior to the initial entry.

The Code provides guidelines in respect of protected areas falling under the NCA. Any proposal to conduct exploration activities which the EPA considers to be a standard mining activity must be conducted under the Code. The Code classifies nature refuges as category C environmentally sensitive areas. Prior to carrying out activities in category C environmentally sensitive areas, the holder of an EP is required to consult with the relevant administering authority and the EPA. If it is determined through the consultation that additional conditions are necessary, the holder must comply with those conditions. Any additional conditions cannot prohibit exploration activities.

13.2 ***Aboriginal Site***

EPMs 15487, 15572, 15726 and 16048 overlaps an Aboriginal site. The MRA's provisions dealing with 'reserves' apply to Aboriginal reserves pursuant to S 87 of the Aboriginal Land Act 1991. Therefore, the holder of an EP may only carry out activities over an Aboriginal reserve if the consent of either the land owner or the Governor in Council is obtained (s 54 MRA). If the Mining Registrar is not satisfied that an owner of a reserve (in this case the Governor in Council) has consented to an application for an EP over the reserve, the matter may be referred to the LRT to determine if access should be granted.

14. **NATIVE TITLE ISSUES**

14.1 ***Commonwealth native title law***

Following the High Court decision in *Mabo v Queensland (No 2)* (1992), the Commonwealth Government introduced the NTA. The NTA establishes:

- (a) a framework of standards governing the recognition of native title;
- (b) the protection of native title in relation to dealings and land; and
- (c) the extinguishment of native title in accordance with prescribed conditions.

The States and Territories are able to legislate for their own native title provisions provided these act concurrently with and meet the standards set in the NTA. The goal of the Commonwealth scheme is to adopt a nationally consistent approach to the recognition, protection and management of native title while still leaving responsibility for land management with the States as granted under the Constitution.

Native title land is land over which native title holders have rights, which usually co-exist with the rights of other users. The native title rights are related to the Aboriginal peoples' traditions and

customs. In respect of these rights, the NTA grants a number of procedural rights that must be satisfied in order for a future act to be validly undertaken. The grant of a mining tenement is generally a “future act” and therefore must first proceed through one of two options: the “right to negotiate” or an ILUA.

In areas where native title has been found to exist and in areas where a current application for native title recognition has been lodged, any future acts must be undertaken in accordance with the NTA. The native title holders or claimants must be given the right to negotiate or the ability to negotiate an ILUA with the prospective grantee of the mining interest. Failure to do so could mean that the grant of the interest is invalid.

14.2 ***Native title in Queensland***

Native title in Queensland is governed by the NTA and by complementary State legislation - the Native Title (Queensland) Act 1993. The NTA prescribes a regime by which persons claiming to hold native title may lodge a claim to that effect for determination; by which any future act affecting native title (such as the grant of mining tenements) may be validly undertaken; and by which registered claimants may be afforded certain procedural rights including the “right to negotiate”.

Under the NTA, native title is extinguished by grants of private freehold title and exclusive possession tenures such as freeholding and urban leases. Validly granted mining tenements solely over such tenures are not subject to native title considerations.

Tenures which may coexist with native title are generally non-exclusive leases such as pastoral leases, pastoral development holdings, some special leases and term leases for grazing or pastoral purposes, occupation licences, permits to occupy, road licences, etc.

MLs, MDLs and EPs created on or before 23 December 1996 were validated by State legislation as a result of amendments to the NTA in 1998. So long as activities are conducted under those tenements in accordance with the tenement, the miner is not subject to the right to negotiate with native title holders or claimants.

Renewals of mining tenements created on or before 23 December 1996 can be effected without recourse to the right to negotiate process, so long as the renewed mining tenement is on the same terms as previously existed.

The NTA will affect the Tenements in different ways, depending on the nature of the Tenement, the date of its grant or proposed grant and the nature of the underlying land tenures.

The Queensland government has adopted a policy whereby mining tenures are only granted over land where native title is considered to be extinguished. This is given effect by the granting of tenements only over land in the following categories:

- (a) current or past private freehold land and “exclusive possession” land as defined in schedule 1, part 3 NTA. Land previously held under tenure of this type which:



- (i) is now held or is currently set aside for the benefit of Aboriginals and Torres Strait Islanders; or
 - (ii) is unallocated State land that is occupied by Aboriginal people or Torres Strait Islanders,
- is not included;
- (b) validly dedicated road reserves up to a maximum width of 120.7 m that are surrounded by private freehold land or exclusive possession tenures as defined in (a) above;
 - (c) those parts of the area of the road (other than roads defined in (b) above, and either dedicated or otherwise legally available for public use) that contain a constructed road, to a maximum distance of 60.35 m either side of the centre line of the constructed road;
 - (d) railway reserves containing constructed railways and/or associated infrastructure.

As a result, all mining tenements granted after 23 December 1996 are only granted over land within the tenure boundaries that fall within (a) to (d) above (**Extinguished Land**).

An ML can only be granted over Extinguished Land. An applicant for a mining tenement over areas other than Extinguished Land must first undertake the “right to negotiate” process as detailed in the NTA with the registered title claimants or be a party to an ILUA.

14.3 ***Native title claims over Tenements***

Our searches of the NNTT register have revealed that the Tenements do not overlap with any native title determinations. However, a number of current applications overlap the Tenements, which are summarised in Annexure C(i).

We note that there is a delay of up to 48 hours between a native title determination application being lodged in the Federal Court and its transfer to the NNTT. The application summary may therefore not show applications recently lodged with the court.

It is also possible that a native title claim could be made in the future. We have not conducted research on this matter. However, to determine the impact of native title on the Tenements, considerable legal, historical, anthropological and ethnographic research would be necessary to form an opinion as to whether a native title claim if made would succeed, and if so what the implications would be for the holders and any interested parties.

14.4 ***Indigenous Land Use Agreements***

An ILUA is a voluntary agreement between a native title claimant group and others about the use and management of land and waters. ILUAs may deal with topics such as access to an area, how native title rights coexist with the rights of others, native title holders agreeing to a future development and matters of compensation. Once registered, the ILUA will bind all parties and all native title holders to the terms of the agreement.

Searches have indicated a number of overlapping ILUAs, summarised in Annexure C(ii). The majority of those ILUAs are designed to either bind a specific tenement holder, or only relate to backlog projects, neither of which would bind the Company. However, the Company does fall within the ambit of the Kerg ILUA, which relates to large scale mining operations and is designed to effect tenement holders generally within the overlapping areas. The Company has the option of either acknowledging the terms of the Kerg ILUA, or choose to negotiate a new agreement with the relevant native title parties.

15. ABORIGINAL CULTURAL HERITAGE

15.1 *ACHA duty of care*

The ACHA aims to protect Aboriginal areas and objects of cultural significance, irrespective of the underlying tenure of the land. The existence of ACH is in no way an indication that native title exists in an area.

Under the ACHA, "ACH" is defined as:

- (a) a significant Aboriginal area in Queensland; or
- (b) a significant Aboriginal object; or
- (c) evidence of archaeological or historic significance of Aboriginal occupation of an area of Queensland.

Whether or not an area or object is a significant Aboriginal area or object is determined by reference to:

- (a) (aboriginal tradition, that is, the body of traditions, observances, customs and beliefs of Aboriginal people generally or of a particular community or group of Aboriginal people, and includes any such traditions, observances, customs and beliefs relating to particular persons, areas, objects or relationships;
- (b) the history, including contemporary history, of any Aboriginal party of the relevant area.

A significant Aboriginal area does not need to contain markings or other physical evidence indicating Aboriginal occupation, and these areas may include ceremonial, birthing and burial places, and sites of massacre.

When carrying out an activity a person will owe a duty of care to not cause harm to an area or object of ACH. A person is required to exercise due diligence and reasonable precaution before undertaking an activity that may cause harm. When carrying out an activity a person must take all reasonable and practical measures to avoid harm to ACH. The maximum penalty for a breach of this provision is \$75,000 for an individual or \$750,000 for a corporation. When considering whether a person has complied with the duty of care a court may take into account:

- (a) the nature of the activity and the likelihood of its causing harm to ACH;



- (b) the nature of the ACH likely to be harmed by the activity;
- (c) the extent to which the person consulted with Aboriginal parties about the carrying out of the activity, and the results of the consultation;
- (d) whether the person carried out a study or survey, of any type, of the area affected by the activity to find out the location and extent of ACH, and the extent of the study or survey;
- (e) whether the person searched the database and register for information about the area affected by the activity;
- (f) the extent to which the person has complied with cultural heritage duty of care guidelines; and
- (g) the nature and extent of past uses in the area affected by the activity.

In conjunction with the commencement of the ACHA, the Minister released the cultural heritage duty of care guidelines (**Guidelines**). The Guidelines are gazetted under the ACHA and have legal status.

The ACHA does not operate using a permit or licensing system. Instead, when undertaking activities in an area a person must meet the ACH duty of care by complying with the Guidelines or by entering into an agreement with the Aboriginal party for the area.

The Cultural Heritage Coordination Unit of the DNRW maintains an inventory of all recorded ACH sites. However the DNRW does not guarantee the accuracy of its records. Further, the ACHA requires persons to take all reasonable and practical measures to ensure an activity does not cause harm to ACH. This is regardless of whether the ACH site is recorded in a register, or on private land, or not yet discovered. Under the Guidelines, for ACH that lies undiscovered or below ground or not yet visible a person must consult with the relevant Aboriginal party before proceeding to remove or excavate.

15.2 ***Search results of ACH in Queensland***

The table in Annexure D details the results of a search of the register held by the Cultural Heritage Coordination Unit. The table outlines those Tenements that contain registered ACH sites. Upon grant of the Tenement and prior to the commencement of any activities under the Tenement, the holders must dispose of the duty of care obligations under s 23(3) ACHA (such as an agreement or approved plan) or they will be exposed to a significant risk of breaching the ACHA.

Further, s 24 ACHA makes it unlawful to harm ACH if the person knew or ought to have known that ACH existed on the site. Therefore, even on tenements where no cultural heritage sites have been identified, there is a possibility that sites exist undiscovered and that with reasonable steps should have been found. Without a management plan or a cultural heritage agreement in place

The Directors
Krucible Metals Limited

13 September 2007

for the Tenements, the holder could be liable for breaching its duty of care if yet unidentified cultural heritage sites are harmed.

16. CULTURAL HERITAGE

In addition to the ACHA which protects ACH, the QHA allows for authorised persons to inspect places or objects of cultural heritage significance. The Minister may place a stop order on any work or activity likely to damage a cultural heritage site. The maximum penalty for contravening a stop order is \$1,275,000. Further the executive officer of a corporation must ensure that a corporation complies with the QHA. If a corporation commits an offence against the QHA the executive officer also commits an offence.

The Queensland Cultural Heritage register currently lists 1463 protected sites throughout Queensland. We have not received instructions to undertake searches of this register.

17. CONCLUSION AND OPINION

Subject to the comments and qualifications set out in this report, Hopgood Ganim reports that at the date of review of the DME, DNRW, NNTT and EPA registers there is nothing that indicates that the Tenements are not in good standing.

Yours faithfully



HOPGOOD GANIM

Contact: Tony Nunan/Andre Dauwalder
Email: a.nunan@hopgoodganim.com.au
Our Ref: 0726192
Partner Responsible: Martin Klapper

Direct Phone: 61 7 3024 0343
Direct Fax: 61 7 3024 0043



Annexure A

Tenements

EPM No.	Holder	Date Granted	Date Expires	Term Sought	Area (sub-blocks)
15354	Anthony James Alston	29.03.07	28.03.12	5 years	142
15367	Anthony James Alston (70%) Michael J Glasson (30%)	26.02.07	25.02.12	5 years	159
15389	Anthony James Alston	12.03.07	11.03.12	5 years	184
15487	Anthony James Alston	02.05.07	01.05.12	5 years	100
15572	Krucible Metals Limited	12.09.07	11.09.12	5 years	99
15703*	Krucible Metals Limited	N/A	N/A	5 years	100
15729*	Krucible Metals Limited	N/A	N/A	5 years	88
15726*	Krucible Metals Limited	N/A	N/A	5 years	100
15666*	Krucible Metals Limited	N/A	N/A	5 years	50
15776*	Krucible Metals Limited	N/A	N/A	5 years	98
15811*	Krucible Metals Limited	N/A	N/A	5 years	100
15815*	Krucible Metals Limited	N/A	N/A	5 years	201
15831*	Krucible Metals Limited	N/A	N/A	5 years	173
15833*	Krucible Metals Limited	N/A	N/A	5 years	213
15834*	Krucible Metals Limited	N/A	N/A	5 years	200
15835*	Krucible Metals Limited	N/A	N/A	5 years	200
15936*	Krucible Metals Limited	N/A	N/A	5 years	244
15993*	Krucible Metals Limited	N/A	N/A	5 years	43
16048*	Krucible Metals Limited	N/A	N/A	5 years	99
16152*	Krucible Metals Limited	N/A	N/A	5 years	55
16535*	Krucible Metals Limited	N/A	N/A	5 years	60

* Still in application stage.

Annexure B

Rent

EPM No.	Holder	Sub-blocks	Rent Payable
15354 ²	Anthony James Alston	142	\$17,253
15367 ³	Anthony James Alston	159	\$19,318.50
15389 ⁴	Anthony James Alston	184	\$22,356
15487 ⁵	Anthony James Alston	100	\$12,150
15572	Krucible Metals Limited	99	\$12,028.50
15703	Krucible Metals Limited	100	\$12,150
15729	Krucible Metals Limited	88	\$10,692
15726	Krucible Metals Limited	100	\$12,150
15666	Krucible Metals Limited	50	\$6,075
15776	Krucible Metals Limited	98	\$11,907
15811	Krucible Metals Limited	100	\$12,150
15815	Krucible Metals Limited	201	\$24,421.50
15831	Krucible Metals Limited	173	\$21,019.50
15833	Krucible Metals Limited	213	\$25,879.50
15834	Krucible Metals Limited	200	\$24,300
15835	Krucible Metals Limited	200	\$24,300
15936	Krucible Metals Limited	244	\$29,646
15993	Krucible Metals Limited	43	\$5,224.50
16048	Krucible Metals Limited	99	\$12,028.50
16152	Krucible Metals Limited	55	\$6,682.50
16535	Krucible Metals Limited	60	\$7,290
		Total	\$329,022

² A rent payment of \$17,253.00 was made on 12 April 2007.

³ A rent payment of \$19,318.50 was made on 14 March 2007.

⁴ A rent payment of \$22,356.00 was made on 19 March 2007.

⁵ A rent payment of \$12,150 was made on 15 May 2007.



Annexure C

(i) Native Title Claims

SEARCH AREA	OVERLAP (SQKM)	TRIBUNAL NUMBER	FED. COURT NUMBER	NAME	REGISTRATION DATE
EPM15726	319.72	QC97/5	QUD6115/98	Waluwarra/Georgina River People	06/02/1997
EPM15729	276.07	QC97/5	QUD6115/98	Waluwarra/Georgina River People	06/02/1997
EPM15936	774.84	QC97/5	QUD6115/98	Waluwarra/Georgina River People	06/02/1997
EPM15703	2.82	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15835	464.98	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15354	47.54	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15811	5.57	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15833	344.77	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15834	553.80	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM16152	37.90	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15572	312.86	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15703	250.64	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM16048	315.16	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15835	1.13	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15831	549.31	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15354	101.91	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15666	35.20	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15776	168.75	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15811	310.78	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15833	310.33	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15834	58.17	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM16152	37.61	QC99/9	QUD6012/99	Yulluna People	20/04/1999
EPM15835	161.04	QC99/27	QUD6025/99	Pitta Pitta People	05/03/2001
EPM15834	5.26	QC99/27	QUD6025/99	Pitta Pitta People	05/03/2001
EPM16152	97.70	QC99/27	QUD6025/99	Pitta Pitta People	05/03/2001
EPM15703	27.41	QC02/5	QUD6004/02	Yulluna People 2	05/07/2002
EPM15354	150.30	QC02/5	QUD6004/02	Yulluna People 2	05/07/2002
EPM15666	101.55	QC02/5	QUD6004/02	Yulluna People 2	05/07/2002
EPM15833	0.96	QC02/5	QUD6004/02	Yulluna People 2	05/07/2002
EPM15487	64.41	QC02/6	QUD6006/02	Waluwarra People 2	09/04/2003
EPM15354	156.44	QC03/4	QUD6004/03	Mitakoodi People 3	28/07/2003
EPM15666	124.42	QC03/4	QUD6004/03	Mitakoodi People 3	28/07/2003
EPM15572	2.07	QC05/12	QUD579/05	Kalkadoon People 4	04/09/2006

SEARCH AREA	OVERLAP (SQKM)	TRIBUNAL NUMBER	FED. COURT NUMBER	NAME	REGISTRATION DATE
EPM15993	137.74	QC05/12	QUD579/05	Kalkadoon People 4	04/09/2006
EPM16048	0.23	QC05/12	QUD579/05	Kalkadoon People 4	04/09/2006
EPM15776	143.18	QC05/12	QUD579/05	Kalkadoon People 4	04/09/2006



(ii) Indigenous Land Use Agreements

SEARCH AREA	OVERLAP (SQKM)	TRIBUNAL NUMBER	NAME	REGISTRATION DATE
EPM15572	0.47	QI2001/007	Kerg ILUA	17/05/2002
EPM15729	5.80	QI2001/007	Kerg ILUA	17/05/2002
EPM15993	114.54	QI2001/007	Kerg ILUA	17/05/2002
EPM16048	0.41	QI2001/007	Kerg ILUA	17/05/2002
EPM15831	2.22	QI2001/007	Kerg ILUA	17/05/2002
EPM15776	1.41	QI2001/007	Kerg ILUA	17/05/2002
EPM15811	1.79	QI2001/007	Kerg ILUA	17/05/2002
EPM15833	0.28	QI2001/007	Kerg ILUA	17/05/2002
EPM16152	0.26	QI2001/007	Kerg ILUA	17/05/2002
EPM15572	0.47	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15729	5.80	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15993	114.54	QI2001/046	Kalkadoon MIM	17/05/2002
EPM16048	0.41	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15831	2.22	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15776	1.41	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15811	1.79	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15833	0.28	QI2001/046	Kalkadoon MIM	17/05/2002
EPM16152	0.26	QI2001/046	Kalkadoon MIM	17/05/2002
EPM15354	114.65	QI2003/016	Yulluna Indigenous Land Use Agreement for backlog Exploration Permits	24/11/2003
EPM15666	35.20	QI2003/016	Yulluna Indigenous Land Use Agreement for backlog Exploration Permits	24/11/2003
EPM15811	3.19	QI2003/016	Yulluna Indigenous Land Use Agreement for backlog Exploration Permits	24/11/2003
EPM15833	178.19	QI2003/016	Yulluna Indigenous Land Use Agreement for backlog Exploration Permits	24/11/2003
EPM15834	130.35	QI2003/016	Yulluna Indigenous Land Use Agreement for backlog Exploration Permits	24/11/2003
EPM15487	255.51	QI2003/030	Kalkadoon Waluwarra Backlog EP Project	22/03/2004
EPM15572	130.66	QI2003/031	Kalkadoon Yulluna Backlog EP Project	28/05/2004
EPM15703	34.98	QI2003/031	Kalkadoon Yulluna Backlog EP Project	28/05/2004
EPM15831	19.13	QI2003/031	Kalkadoon Yulluna Backlog EP Project	28/05/2004
EPM15833	140.06	QI2003/031	Kalkadoon Yulluna Backlog EP Project	28/05/2004

Annexure D

Aboriginal Cultural Heritage

EPM	Site ID	Latitude	Longitude	Attribute	Aboriginal Party
15348 (non current)					
15354					Yulluna, Mitakoodi Juhnjar, QC02/5, QC03/4
15367					
15389					
15487	CHDLA			Stanbroke Pastoral Development Holding DLA	QC99/32
15572	BH:A49	-21.72427	139.88443	ARTEFACT	Yulluna, QC05/12
	BH:A65	-21.78353	139.96811	ARTEFACT	Yulluna, QC05/12
	BH:A70	-21.70404	139.96868	ARTEFACT	Yulluna, QC05/12
	BH:A71	-21.94247	139.96019	ARTEFACT	Yulluna, QC05/12
	BH:C37	-21.80046	139.88514	ARTEFACT	Yulluna, QC05/12
	BH:C46	-21.79050	139.96976	QUARRY	Yulluna, QC05/12
	BH:C49	-21.78298	139.96818	ARTEFACT	Yulluna, QC05/12
	BH:C61	-21.72010	139.97259	ARTEFACT	Yulluna, QC05/12
	BH:C65	-21.79136	139.91025	ARTEFACT	Yulluna, QC05/12
	BH:D09	-21.92148	139.96611	ARTEFACT	Yulluna, QC05/12
	BH:D28	-21.78735	139.97028	ARTEFACT	Yulluna, QC05/12
15703	BG:A58	-22.064958	139.987798	ARTEFACT	Yulluna, QC02/5
15729					QC97/5
15726					QC97/5
15666	BH:D44	-21.703597	140.653616	PAINTING	Yulluna, QC02/5, QC03/4
15776					Yulluna, QC05/12
15811					Yulluna
15815	AF:A20	-23.071105	138.365837	ENGRAVING	
15831					Yulluna
15833	BH:A88	-21.466533	140.644053	PAINTING,ENGRAVING	Yulluna
	BG:A21	-22.106043	140.125735	EARTHEN, ARTEFACT	Yulluna
	BG:A40	-22.112128	140.082071	ARTEFACT	Yulluna
	BG:A20	-22.122209	140.108183	ARTEFACT	Yulluna
15834	BG:A51	-22.19586	140.26547	QUARRY	Yulluna
	BG:A52	-22.18943	140.29453	HEARTH	Yulluna
	BG:A60	-22.24898	140.0749	ARTEFACT	Yulluna
	BG:A61	-22.32353	140.13013	HEARTH, QUARRY, ARTEFACT	Yulluna
	BG:A62	-22.21233	140.04829	STONE, Stone Cairn	Yulluna
	BG:A63	-22.25211	140.09626	HEARTH, ARTEFACT	Yulluna
	BG:A64	-22.24094	140.06887	ARTEFACT	Yulluna
	BG:A66	-22.18400	140.31502	ARTEFACT	Yulluna
	BG:A67	-22.19074	140.29428	HEARTH, Stone axe	Yulluna
	BG:A90	-22.18988	140.29314	ARTEFACT	Yulluna
15835	BG:A11	-22.36625	139.84441	QUARRY, ARTEFACT	Yulluna
	BG:A13	-22.40311	139.95097	STONE, ARTEFACT, tula, pirri	Yulluna
	BG:A16	-22.32808	139.94279	ARTEFACT	Yulluna
	BG:A17	-22.39216	139.93454	ARTEFACT	Yulluna
	BG:A18	-22.38313	139.9346	ARTEFACT	Yulluna



	BG:A56	-22.35064	140.13921	ARTEFACT	Yulluna
	BG:B01	-22.39493	139.97381	HEARTH	Yulluna
	BG:B04	-22.39260	139.98397	ARTEFACT	Yulluna
15936	AG:A06	-22.15994	138.974432	ARTEFACT	QC97/5
	BG:A12	-22.365108	138.988947	QUARRY, ARTEFACT	QC97/5
15993					QC05/12
16048	CHDLA			Stanbroke Pastoral Development Holding DLA	Yulluna
	BH:C39	-21.809754	139.832474	ARTEFACT	Yulluna
16152	BG:A19	-22.192591	140.518076	HEARTH, ARTEFACT	QC99/27
16535					

GLOSSARY

Term	Meaning
ACH	Aboriginal cultural heritage
ACHA	<i>Aboriginal Cultural Heritage Act 2003 (Qld)</i>
ATP	Authority to prospect
CMSHA	<i>Coal Mining Safety and Health Act 1999 (Qld)</i>
DME	Department of Mines and Energy
DNRW	Department of Natural Resources and Water
Code	The Code of Environmental Compliance for Exploration and Mineral Development Projects (prepared by the EPA)
EP	Exploration permit
EA	Environmental authority under the EP Act
EPA	Environmental Protection Authority
EP Act	<i>Environmental Protection Act 1994 (Qld)</i>
EP Regulations	<i>Environmental Protection Regulations 1998 (Qld)</i>
EPC	Exploration permit for coal
EPC(A)	Application for exploration permit for coal
EPM	Exploration permit for minerals
EPM(A)	Application for exploration permit for minerals
EPS	Exploration Permit (Special)
ERA	Environmentally relevant activity
FA	<i>Forestry Act 1959 (Qld)</i>
Guidelines	ACHA duty of care guidelines
ILUA	Indigenous land use agreement
LRT	Land and Resources Tribunal
MDL	Mineral development licence
ML	Mining lease
MQSHA	<i>Mining and Quarrying Safety and Health Act 1999 (Qld)</i>
MRA	<i>Mineral Resources Act 1989 (Qld)</i>
NCA	<i>Nature Conservation Act 1992 (Qld)</i>
NCR	<i>Nature Conservation (Protected Areas) Regulation 1994 (Qld)</i>
NNTT	National Native Title Tribunal
NTA	<i>Native Title Act 1993 (Cth)</i>
PGA	<i>Petroleum and Gas (Production and Safety) Act 2004 (Qld)</i>
PL	Petroleum lease
PPL	Petroleum pipeline licence
QHA	<i>Queensland Heritage Act 1992 (Qld)</i>
Tenements	The EPMs and EPCs mentioned in ss 5A and 5B
WRA	<i>Wild Rivers Act 2005 (Qld)</i>
WA	<i>Water Act 2000 (Qld)</i>



SECTION 7

INDEPENDENT ACCOUNTANT'S REPORT AND FINANCIAL SUMMARY



BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999

12 September 2007

The Directors
Krucible Metals Ltd
PO Box 908 Castletown
TOWNSVILLE QLD 4810

Dear Directors

INDEPENDENT ACCOUNTANTS REPORT

1. Introduction

We have prepared this independent accountants report on the pro forma historical financial information of Krucible Metals Limited (Krucible Metals or company) for inclusion in a prospectus dated on or about 14 September 2007, for the proposed issue by the company of 25,000,000 ordinary shares at a price of 20 cents to raise \$5,000,000, and to list on the Australian Stock Exchange (ASX).

This report does not address the rights attaching to the shares to be issued in accordance with the prospectus, the risks associated with the investment, nor forms the basis of an independent expert's opinion with respect to a valuation of Krucible Metals or a valuation of the share issue price pre listing.

References to the company and other terminology used in this report have the same meaning as defined in the Glossary of the prospectus in which this report appears.

2. Pro forma Historical Financial Information

We have been requested to prepare a report covering the pro forma historical financial information described below and disclosed in the Krucible Metals Prospectus at section 7.1:

- the Pro forma Income Statement for Krucible Metals for the year ended 30 June 2007;
- the Pro forma Cash Flow Statement for Krucible Metals for the year ended 30 June 2007;
- the Pro forma Balance Sheet for Krucible Metals as at 30 June 2007;
- the Pro forma Statement of Changes in Equity for Krucible Metals for the year ended 30 June 2007;
- the pro forma transactions described in note 2, section 7.1 of the Krucible Metals Prospectus; and
- notes to the financial information for the year ended 30 June 2007.

together, the "Krucible Metals Pro forma Historical Financial Information".

The Krucible Metals Pro forma Historical Financial Information presented in the Krucible Metals Prospectus has been derived from the audited financial report of Krucible Metals for the year ended 30 June 2007 after reflecting the Pro forma transactions detailed in note 2, section 7.1 of the Krucible Metals Prospectus.

The financial report of Krucible Metals for the year ended 30 June 2007 was audited by BDO Kendalls. Our audit of Krucible Metals was conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free from material misstatement. The audit opinion expressed by BDO Kendalls to the members of Krucible Metals relating to that financial report was unqualified.

The directors of Krucible Metals are responsible for the preparation and presentation of the Krucible Metals Pro forma Historical Financial Information, including the determination of the Pro forma transactions.

The Krucible Metals Pro forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial reports prepared in accordance with the Corporation Act 2001.

3. Scope

We have reviewed the Krucible Metals Pro forma Historical Financial Information in order to report whether anything has come to our attention which causes us to believe that the Krucible Metals Pro forma Historical Financial Information set out in the Krucible Metals Prospectus, does not present fairly in accordance with the recognition and measurement requirements of Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- Review procedures applied to the financial data;
- Review of work papers, accounting records and other documents;
- Review of the Pro forma transactions described in note 2, section 7.1 of the Krucible Metals Prospectus; and
- Inquiry of Directors, management and others.

These review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards, the purpose of which is the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion on the Krucible Metals Pro forma Historical Financial Information.

The review statement expressed in this report has been formed on the above basis.

4. Review Statement

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Krucible Metals Pro forma Historical Financial Information set out in the Krucible Metals Prospectus does not present fairly in accordance with the recognition and measurement requirements of Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

5. Subsequent Events

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material items, transactions or events outside of the ordinary business of Krucible Metals have come to our attention which would require comment on, or adjustment to, the information referred to in our report or that would cause the information to be misleading or deceptive.

6. Independence Disclosure

BDO Kendalls does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased statement in relation to this matter. BDO Kendalls will receive a normal professional fee for the preparation of this report. BDO Kendalls are the appointed auditor of Krucible Metals.

7. Responsibility

Consent to the inclusion of the Independent Accountants Report in this Prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn. BDO Kendalls has not authorised the issue of the Prospectus, accordingly BDO Kendalls makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Yours faithfully

BDO Kendalls (QLD)

BDO Kendalls



A J Whyte
Partner



7.1. Financial Information

Krucible Metals Limited
ABN 12 118 788 846

Pro-Forma Income Statement for the year ended 30 June 2007

	Note	Audited \$	Pro-Forma \$
Revenue		18,207	18,207
Depreciation and amortisation expense		(1,521)	(1,521)
Share-based payment remuneration expense		(100,000)	(256,336)
Employee entitlements		(74,213)	(74,213)
Administration expenses		(95,946)	(95,946)
Exploration expenses		(53,306)	(53,306)
Loss before income tax		(306,779)	(463,115)
Income tax expense		-	-
Loss for the period		(306,779)	(463,115)

The above income statement should be read in conjunction with the accompanying notes.

Pro-Forma Balance Sheet at 30 June 2007

	Note	Audited \$	Pro-Forma \$
ASSETS			
Current assets			
Cash and cash equivalents	3	860,151	5,510,151
Trade and other receivables		30,858	30,858
Total current assets		891,009	5,541,009
Non-current assets			
Property, plant and equipment		8,974	8,974
Intangible Assets	4	252,185	252,185
Total non-current assets		261,159	261,159
Total assets		1,152,168	5,802,168
LIABILITIES			
Current liabilities			
Trade and other payables		66,719	66,719
Total current liabilities		66,719	66,719
Total liabilities		66,719	66,719
Net assets		1,085,449	5,735,449
EQUITY			
Contributed equity	5	1,396,004	6,046,004
Option reserve		-	156,336
Retained earnings		(310,555)	(466,891)
Total equity		1,085,449	5,735,449

The above balance sheet should be read in conjunction with the accompanying notes.

Pro-Forma Cash Flow Statement for the year ended 30 June 2007

	Note	Audited \$	Pro- Forma \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(203,208)	(203,208)
Interest received		18,207	18,207
Net cash inflow/(outflow) from operating activities		(185,001)	(185,001)
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,884)	(8,884)
Payment for exploration expenses		(128,168)	(128,168)
Net cash inflow/(outflow) from investing activities		(137,052)	(137,052)
Cash flows from financing activities			
Proceeds from issue of shares		746,000	5,396,000
Net cash inflow/(outflow) from financing activities		746,000	5,396,000
Net increase in cash and cash equivalents		423,947	5,073,947
Cash and cash equivalents at beginning of period		436,204	436,204
Cash and cash equivalents at end of period	3	860,151	5,510,151

The above cash flow statement should be read in conjunction with the accompanying notes.

Pro-Forma Statement of Changes in Equity for the year ended 30 June 2007

	Issued Capital \$	Option Reserve \$	Retained earnings \$	Total \$
Audited				
At 30 June 2006	440,004	-	(3,776)	436,228
Loss for the year	-	-	(306,779)	(306,779)
Issue of shares	956,000	-	-	956,000
At 30 June 2007	1,396,004	-	(310,555)	1,085,449
Pro Forma				
At 30 June 2006	440,004	-	(3,776)	436,228
Loss for the year	-	-	(463,115)	(463,115)
Share Issue costs	(350,000)	-	-	(350,000)
Total income and expenses for the year	(350,000)	-	(463,115)	(813,115)
Options issued to directors	-	156,336	-	156,336
Issue of shares	5,956,000	-	-	5,956,000
At 30 June 2007	6,046,004	156,336	(466,891)	5,735,449

The above statement of changes in equity should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial information complies with the recognition and measurement principles prescribed in Australian Accounting Standards. The financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Basis of Preparation

The financial information has also been prepared on an historical cost basis.

The financial information is prepared in Australian Dollars.

The following significant accounting policies have been adopted in the preparation and presentation of the financial information.

(a) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(b) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits held at call with financial institutions, and short-term highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(d) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid and unsecured and on credit terms ranging from 7 to 60 days.

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserve.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(f) Share-based payments.

The Company has provided benefits to directors of the Company in the form of share-based payments for services rendered. The cost of these share-based payments transactions is measured by reference to the fair value of the company's shares or options at the date at which they were granted.

(g) Employee Benefit Provisions

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of balance sheet date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries and annual leave are included as part of Other Payables.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at balance sheet date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(h) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(i) GST

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Critical accounting estimates and other accounting judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

The company has not identified any account balances that require judgment.

No impairment has been recognised during the year ended 30 June 2007 in respect of capitalised exploration and evaluation costs.



2. Assumptions Used in Compiling the Pro-Forma Financial Statements

The pro-forma Financial Statements have been prepared consistently with the accounting policies described in note 1.

The purpose of the pro-forms Financial Statements is to incorporate the effect of the following proposed events subsequent to 30 June 2007 as if they had occurred on that date.

- a) Receipt of \$5,000,000 from the issue of 25,000,000 shares at an issue price of 20 cents per share pursuant to this prospectus; and
- b) Payment of costs associated with the issue of shares estimated to be \$350,000. These costs are charged to issued share capital; and
- c) The issue to the directors of the Company of 3,100,000 options at 25 cents each exercisable within a period of four years commencing from the date of the Company listing on the ASX. These options have been valued by the directors using the Black Scholes model and commercial assumptions in line with market practice as at grant date. The value of the options has been credited to an Option Reserve account and the resultant cost has been expensed in the income statement.

3. CASH AND CASH EQUIVALENTS

	Audited 2007 \$	Pro- Forma 2007 \$
Cash at bank	860,151	5,510,151
Reconciliation of Pro-Forma movement:		
Cash per audited balance sheet		860,151
Proceeds of share issue pursuant to this prospectus		5,000,000
Payment of costs associated with share issue under this prospectus		(350,000)
Cash per Pro-Forma balance sheet		5,510,151

4. INTANGIBLE ASSETS

	Audited 2007 \$	Pro- Forma 2007 \$
Capitalised exploration and evaluation expenditure		
Kamaran EPM15389 at cost	63,038	63,038
Toomba EPM 15367 at cost	58,849	58,849
Ardmore EPM 15487 at cost	67,873	67,873
Squirrel Hills EPM 15354 at cost	60,893	60,893
Total exploration and evaluation expenditure	250,653	250,653
Formation Expenses		
At cost	1,532	1,532
Total intangible assets	252,185	252,185

5. CONTRIBUTED EQUITY

	Note	Audited		Pro-Forma	
		2007	2007	2007	2007
		Shares	\$	Shares	\$
Issued and Paid Up Capital					
Ordinary Shares Paid Up		22,960,100	1,300,004	47,960,100	5,950,004
Movements in shares on issue:					
Shares on issue at beginning of year		11,000,100	440,004	11,100,000	440,004
Shares issued during the year-seed capital	(i)	8,460,000	756,000	8,460,000	756,000
Shares issued during the year-acquisitions of mining tenements	(ii)	2,500,000	100,000	2,500,000	100,000
Shares issued during the year-services rendered	(iii)	1,000,000	100,000	1,000,000	100,000
Reconciliation of Pro-Forma movements:					
Shares issued pursuant to the prospectus	(iv)			25,000,000	5,000,000
Prospectus issue costs	(iv)				(350,000)
Shares on issue at end of year		22,960,100	1,396,004	47,960,100	6,046,004

- i) Shares issued during the year-seed capital.
During the year the company issued 1,500,000 shares at 4 cents per share and 6,960,000 shares at 10 cents per share to raise working capital of \$756,000.
- ii) Shares issued during the year-acquisitions of mining tenements.
The issue of 2,500,000 shares at 4.0 cents per share as consideration for the acquisition of mining tenements
- iii) Shares issued during the year for services rendered.
The issue of 1,000,000 shares at 10 cents per share as consideration for services rendered.
- iv) Shares issued pursuant to the prospectus.
 - (a) Assumed issue of 25,000,000 shares at an issue price of 20 cents per share pursuant to this prospectus; and
 - (a) Payment of costs associated with the issue of shares.



SECTION 8 - RISK FACTORS

8.1 INTRODUCTION

An investment in the Shares being offered under this Prospectus is not risk free. Exploration and evaluation for minerals is generally considered a high-risk activity, and the worst case scenario is that most or all of the investment could be lost.

The future performance of Krucible and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Board. Prior to making any decision to accept the Offer, investors should carefully consider the following risk factors applicable to the Company.

Careful consideration should be given to the following risk factors, as well as the other information contained in this Prospectus and the Applicant's own knowledge and enquiries, before an investment decision is made. Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risk may be outside the control of Krucible and not capable of mitigation. There are also general risks associated with any investment in Shares.

The risks described below are not to be taken as exhaustive. The specific risks considered and others not specifically referred to may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

8.2 GENERAL RISKS

A summary of the major general risks are described below.

Share Market Risk

The market price of Shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

General Economic Conditions

Changes in the general economic climate in which Krucible operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation and other economic factors. The price of commodities and level of activity within the mining industry will also be of particular relevance to Krucible.

Legislative Change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company. Krucible is not aware of any current or proposed material changes in relevant regulations or policy.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

8.3 RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

In addition to the general market and economic risks noted in Section 8.2, investors should be aware of the risks specific to an investment in the Company. The major risks are described below.

Changes in Commodity Price

Krucible's possible future revenues will probably be derived mainly from gold, basemetals and uranium and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, Krucible's potential future earnings could be closely related to the price of any of these commodities.

Metal prices fluctuate and are affected by numerous industry factors including demand for those metals, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, eg inflation, interest rates, currency exchange rates and global and regional demand for, and supply of those metals. Should Krucible decide to undertake a mining venture, and the market price of gold or other basemetals sold by or on behalf of Krucible were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to curtail or suspend some or all of its proposed mining activities. In such circumstances, Krucible would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

Exploration and Evaluation Risk

Potential investors should understand that mineral exploration and development are high-risk undertakings. While the Company has attempted to reduce this risk by selecting projects that have identified advanced mineral targets, there is still no guarantee of success. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Operational Risk

If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

Sustainability of Growth and Margins

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors outside of the Company's control. Industry margins in all sectors of the Company's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

Financing

Krucible's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

Reliance on Key Personnel

Whilst Krucible has just a few executives and senior personnel, its progress in pursuing its exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's exploration program develops. The resulting impact from such loss would be dependent upon the quality and timing of the employee's replacement.

Although the key personnel of Krucible have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

Exchange Rate Risk

The revenues, earnings, assets and liabilities of Krucible may be exposed adversely to exchange rate fluctuation.

Industrial Risk

Industrial disruptions, work stoppages and accidents in the course of Krucible's operations could result in losses and delays, which may adversely affect profitability.



Environmental Risk

The Company's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by the Company or previous owners of property acquired by the Company or its subsidiaries (including damage that results from mining and exploration activities), or non compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

Insurance Arrangements

The Company intends to ensure that insurance is maintained within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Management Actions

Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security.

Land Access Risk

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which propriety knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Commonwealth). These land ownership rights and obligations are set out further in Section 6 of this Prospectus. Rights to mineral tenements carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

Government Policy

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company.

The Queensland Minister for Natural Resources, Mines and Energy does conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. At present the Company is not aware of any proposed changes to policy that would affect its tenements.

In Queensland, the Aboriginal Cultural Heritage Act 2003 and the Torres Strait Islander Cultural Heritage Act 2003 (which commenced on 16 April 2004) impose duties of care which require persons, including the Company, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage. This obligation applies across the State and requires the Company to develop suitable internal procedures to discharge its duty of care in order to avoid exposure to substantial financial penalties if its activities damage items of cultural significance. Under this legislation, indigenous people can exercise control over land with respect to cultural heritage without necessarily having established the connection element (as required under native title law). This creates a potential risk that the tenement holder may have to deal with several indigenous individuals or corporations, where no native title has been established, to identify and manage cultural heritage issues. This could result in tenement holders requiring lengthy lead times to manage cultural heritage for their projects.

Changing attitudes to environmental, land care, cultural heritage and indigenous land rights issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

Native Title Risk

The effect of the Native Title Act 1993 (Commonwealth) (NTA) is that existing and new tenements held by the Company may be affected by native title claims and procedures. The Company has not undertaken the historical, legal or anthropological research and investigations at the date of this Prospectus that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement.

There is a potential risk that a Native title claim could be registered or determination that native title exists could be made in relation to land the subject of a tenement held or to be held by the Company which may affect the operation of the Company's business and development activities for future tenements granted from the area of that tenement (although it will not affect activities conducted under the authority of that tenement). In the event that it is determined that native title does exist or a native title claim is registered, the Company may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights such as a Mining Lease. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve a requirement to negotiate for access rights, and require the payment of compensation to those persons holding or claiming native title in the land which is the subject of a tenement. The administration and determination of native title issues may have a material adverse impact on the position of the Company in terms of cash flows, financial performance, business development, ability to pay dividends and the Share price. There is a potential risk that the Company's Native Title and land access rights may not be exercised or may be delayed if a dispute arises between the Native Title parties and the Company regarding an applicable access arrangement.

The Directors believe that the impact of Native Title with respect to land access on the granted tenements for the purpose of exploration, other than causing delays, is likely to be minimal. A summary of these Native Title and land access rights and obligations are set out further in Section 9. The Native Title status of each tenement held by the Company and the land access rights and obligations are set out in Section 6.

Prohibition on Uranium Mining

Uranium mining in Australia is regulated by State and Federal governments. Currently there is no official policy document that exists to restrict the grant of mining leases for uranium in Queensland. Neither the Federal Labor Party nor the Nuclear Facilities Prohibition Act 2007 (Qld) expressly prohibits uranium exploration or mining. In April 2007, the Labor party's policy prohibiting new uranium mines was discarded, and states were left to make their own decision regarding uranium mining. As a result, the Queensland State Labor Government seems intent on maintaining its policies that prohibit uranium mining but generally permit exploration.

Even if successful in its exploration activities, in order for the Company to be successful in achieving mine production, the Company must obtain approval from Queensland's Governor in Council (State cabinet) to the grant of a mining lease for uranium production. Such a grant is unlikely if the Queensland State Government's renewed opposition to uranium mining in Queensland continues. While debate continues at both a State and Federal level regarding whether uranium mining in Queensland should be authorised, no guarantee can be given that the outcome of such debate will be favourable to the Company.

Contractual Risks

The Company's present interest in certain Tenements described in this Prospectus, including Squirrel Hills, Toomba, Karaman and Ardmore, are by virtue of the Tenement Transfer Arrangements. Full details of the terms and conditions of the Tenement Transfer Arrangements are described in Section 9 of this Prospectus. As at the date of this Prospectus, the relevant transfers forms transferring these tenements from the registered holders (**Holders**) to the Company have been lodged with the Department of Mines and Energy for approval by the Queensland Minister for Natural Resources, Mines and Energy and subsequent registration of such transfers. Any delay in completing these matters will require the Company to rely on and enforce its rights under the Tenement Transfer Arrangements. To the extent that the Holders default in their obligations under the Tenement Transfer Arrangements it may be necessary for the Company to approach a court to seek legal remedy. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms. Whilst it is considered unlikely (given the 100% Holder of most of these tenements is Mr Tony Alston, Director and major shareholder of the Company) any failure by the Holders to comply with its obligations under the Tenement Transfer Arrangements may have a material adverse impact on the position of the Company in terms of its exploration programme, financial performance business development and Share price generally.

8.4 GENERAL

Any combination of the above factors may materially affect any individual mineral project assets, operations or the financial performance of Krucible and the value of its securities. To that extent the Shares offered in this Prospectus are subject to significant risk and uncertainty with respect to return or preservation of capital, the price (if any) at which the Shares may trade and the payment of dividends in any future time.



SECTION 9 - SUMMARY OF MATERIAL CONTRACTS

A summary of the material agreements to which the Company is a party is set out below:

BHP Farm-in Agreement

The Company and Mr Tony Alston have entered into a Farm-in Agreement with BHP Billiton Minerals Pty Limited (**BHP**) dated 20 June 2006 (**Agreement**).

The Agreement entitles BHP to earn an interest in designated sub-blocks within EPM 1535, held (previously by Mr Alston) and currently by the Company (**Tenement**).

BHP is entitled to earn an 80% interest in the Tenement by expending:

- a) \$100,000 (**Minimum Expenditure**); and
- b) a further \$2,400,000,

on the Tenement (**Total Expenditure**).

BHP is required to expend the Total Expenditure within sixty (60) months after the date of grant of the Tenement.

Upon contributing the Total Expenditure, the Agreement provides that a joint venture is formed with the respective joint venture interests being:

- a) BHP - 80%;
- b) Company - 20%.

On formation of the joint venture, BHP and the Company are required to contribute their share of expenditure in the further exploration and development of the Tenement in accordance with their respective joint venture interests. Any party failing to contribute in accordance with their respective joint venture interests shall be subject to their joint venture interest being diluted. Upon a party's interest being diluted to less than 10%, that party shall be deemed to have elected to transfer their remaining joint venture interest to the other party in consideration for a 1.5% net smelter return. The net smelter return is equal to 1.5% of the total revenue received from the sale of minerals produced from the Tenement less costs of transportation, smelting, refining or otherwise treating the minerals and all other costs of sales including sales tax, royalties and other imposts.

Either party is entitled to withdraw from the Agreement upon giving the other party thirty (30) written days' notice. BHP may not withdraw from the Agreement unless:

- a) it has expended the Minimum Expenditure;
- b) expenditure from the date of the Agreement until the date of withdrawal incurred by BHP satisfies the minimum expenditure obligations relating to the Tenement; and
- c) BHP has rehabilitated or restored all areas disturbed in its exploration activities within the Tenement in accordance with the Mineral Resources Act 1989 (Qld).

Upon withdrawal from the Agreement, the withdrawing party is required to transfer to the other party (for nominal consideration) any interest in the joint venture or tenement held by that party and, if a joint venture has been formed, the withdrawing party must also provide any outstanding pro rata joint venture expenditure owing as at the date of the withdrawal.

The Agreement provides that BHP shall be the manager of the exploration and joint venture activities whilst BHP:

- a) is solely funding the Total Expenditure (ie until the joint venture is formed); or
- b) holds an interest in the joint venture of at least 50%.

The Agreement provides that exploration development and mining of any uranium deposit is outside the scope of the joint venture formed under the Agreement. However, if the Company wishes to conduct uranium exploration within the Tenement, it must provide BHP with 30 days' written notice whereupon the parties shall negotiate in good faith to enter into appropriate co-ordination agreements which shall contemplate the exploration under the Agreement and any future uranium exploration. The Agreement also provides that, should there be any conflict arising between the exploration under the Agreement and any exploration or mining of uranium by the Company, the Agreement shall take precedence.

Executive Services Agreement – Managing Director and CEO – Tony Alston

The Company has entered into an Executive Services Agreement with Tony Alston dated 29 August 2007 under which Tony Alston has agreed to provide certain services to the Company and be appointed as the Managing Director and Chief Executive Officer of the Company.

The agreement is conditional on the successful listing of the Company on the ASX.

Mr Alston will receive a base remuneration totalling \$150,000 per annum (exclusive of superannuation).

The Company is obliged to reimburse Mr Alston for all reasonable and necessary expenses incurred by him in the performance of his duties and provide Mr Alston with the use of a motor vehicle. The Company is entitled to terminate the agreement upon the Board giving six (6) months' written notice (**Notice**). Prior to giving Notice, the Board:

- a) is required to outline key performance indicators and objectives expected of Mr Alston (**KPIs**);
- b) afford Mr Alston three (3) months to achieve the KPIs (**Set Period**); and
- c) find and be satisfied that, at the end of that Set Period, the KPIs have not been met.

Further, the Company is entitled to terminate the agreement upon the happening of various events in respect of Mr Alston's solvency or other conduct.

The agreement provides for renewal of the initial three year term of the agreement if the parties mutually agree on such extension.

Consultancy Agreement – Lovell & Co Pty Ltd

The Company has entered into a consultancy contract dated 29 August 2007 with Lovell & Co Pty Ltd (**Lovell**), a company associated with Mr Dennis Lovell, a Director of the Company.

Under this agreement, Lovell will provide services in the field of company secretarial, corporate governance advice, general accounting and financial services and any other services that may be reasonably required by the Company (**Services**).

In consideration for the provision of the Services, the Company shall pay to Lovell remuneration at a rate of \$120 per hour exclusive of GST.

Both the Company and Lovell are entitled to terminate the Agreement upon given four (4) weeks' notice in writing. Additionally, the Company is entitled to terminate the Agreement upon Lovell being in breach of certain provisions within the agreement or upon the occurrence of certain events relating to the insolvency or conduct of Lovell.

Directors' Indemnity and Access Deeds

Each of the Directors of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those directors and to effect and maintain insurance in respect of directors and officers liability and provide certain indemnities to each of the Directors, to the extent permitted by law.

Native Title - Ancillary Agreements

The grant of an EPM is considered a future act for the purposes of the Native Title Act 1993. In order for the grant to take place in an area where native title has not been extinguished, the native title claimants must provide their consent to the State granting the tenure. To facilitate this consent, the applicant for an EPM generally enters into a commercial agreement with the native title claimants which is known as an "ancillary agreement".

We have reviewed the following ancillary agreements between the Company and:

- a) Pearl Joyce Connelly on behalf of the Mitakoodi People with respect to EPM 15666 (undated);
- b) Pearl Joyce Connelly on behalf of the Mitakoodi People and Anthony James Alston with respect to EPM 15354 (undated); and
- c) various people on behalf of the Kalkadoon People No. 4 for EPMs 15993 and 16048 dated 14 August 2007.

Each of the ancillary agreements reviewed are substantially similar and contemplate the native title parties consenting to the grant of the EPMs to the Company. The Company agrees to comply with its environmental obligations under the exploration permit and any applicable environmental law once the EPM is granted. In addition, the Company must notify the native title parties if it finds any artefact or evidence of indigenous occupation that amounts to a cultural heritage find.

The Company agrees not to enter upon the EPM area unless such activity is in accordance with a work program that has been submitted to the native title party and approved in accordance with the ancillary agreement. While each of the ancillary agreements provides a process under which work programs are submitted to the native title parties for them to determine if, for example, aboriginal monitors are required to attend the EPM during some activities (such as drilling activities) to ensure that no cultural heritage is disturbed, there is no obligation on the native title parties to approve the work program.

Under the ancillary agreement, the Company also agrees to make reasonable efforts to ensure that all of its employees are given indigenous cultural awareness training. Compensation payments must also be made to the native title parties under the ancillary agreements:



- a) at the rate of \$425 per day for the provision of monitors and field inspectors under the ancillary agreements with the Mitakoodi People plus the reimbursement of costs; and
- b) up to \$600 per day for the provision of monitors and field inspectors under the ancillary agreements with the Kalkadoon People plus a one off payment of \$1,000, annual payments of \$1850 and the reimbursement of costs.

The Company also agrees to give first preference to employing contracting members of the native title group where they are capable of carrying out in a satisfying manner the work required at the EPM. The ancillary agreements will continue in force until the surrender or relinquishment of the EPM and any renewals or replacements of the EPM.

The ancillary agreements may be assigned by the Company if they also assign ownership in the EPM. There is an obligation to notify the native title parties of such assignment. The ancillary agreement includes dispute resolution procedures where either party considers that a term or condition of the agreement has been breached by the other party.

Tenement Transfer Arrangements

The Company and the registered holder of certain tenements described in this Prospectus have entered into various arrangements for the purposes of transferring to the Company all right, title and interest in those tenements. These arrangements are summarised as follows:

Relinquishment of Tenement

Pursuant to a letter dated 18 May 2006, Michael J Glasson (a registered 30% holder in EPM 15367) (**Glasson**) relinquished all interest held in that tenement in favour of the 70% holder Mr Tony Alston. Under this arrangement, Mr Glasson confirmed that as a consequence of the relinquishment of his interest in this tenement that he would not be contributing for any additional costs or expenditure in relation to this tenement.

Transfer and Trust Arrangement

Pursuant to a Transfer Agreement and Declaration of Trust, Mr Tony Alston (**Alston**) agreed to transfer to Krucible all right, title and interest held by him in the following EPMs:

- a) 15348;
- b) 15349;
- c) 15354;
- d) 15367;
- e) 15389; and
- f) 15487,

in consideration for Krucible issuing to Alston 2,500,000 ordinary shares in the Company at a deemed issue price of \$0.04 per Share.

Under these agreements, Alston has covenanted for the benefit of the Company not to dispose or otherwise deal with the interest of the Company in relation to the above tenements without the Company's prior written consent.

[Prior to entering into the Co-operation Deed, the Company in conjunction with Alston withdrew the applications for EPMs 15348 and 15349.]

Co-operation Deed

Pursuant to a Deed dated 11 September 2007 (**Co-operation Deed**) both Alston and Glasson (as registered holders of EPM 15367) and Alston, as registered holder of the following tenements:

- a) EPM 15354;
- b) EPM 15389; and
- c) EPM 15487,

(**Tenements**) have agreed, pending ministerial approval and registration of the transfer of the Tenements to co-operate with the Company and procure that each Tenement is transferred as soon as possible.

In addition, until the Tenements are transferred, both Alston and Glasson have agreed to:

- a) Act as directed by the Company in relation to the Tenements;
- b) As between Glasson, Alston and the Company, the obligations of the holders of those Tenements and Krucible in respect of the Tenements shall in all respects be as though Krucible was the registered 100% unencumbered legal and beneficial holder of the Tenements.

Both Alston and Glasson irrevocably appoint each director of Krucible as their attorney to perform and observe the respective obligations of Alston and Glasson under the Co operation Deed.

Tenement Transfer Forms

Alston, Glasson and the Company have completed, executed and lodged with the Department of Mines and Energy of Queensland tenement transfer forms to effect the transfer of the Tenements to Krucible.



SECTION 10 - ADDITIONAL INFORMATION

10.1 CORPORATE GOVERNANCE

Introduction

The Directors are responsible for protecting the rights and interests of the Shareholders through the implementation of sound strategies and action plans and the development of an integrated framework of controls over the Company's resources, functions and assets.

Set out below is a summary of the corporate governance charter, policies and practices which are contained in the Constitution of the Company and the Board's Corporate Governance Charter.

General

The Company will have formally constituted committees of the Board of Directors.

The Directors consider that the Company is of a size that its affairs are of such complexity as to justify the formation of special or separate committees. The Board as a whole is able to address the governance aspects of the Company's activities and ensure that it adheres to appropriate ethical standards.

This information below outlines the main corporate governance policies which the Directors have adopted.

Composition of the Board

The Board comprises three Directors. The names, qualifications and relevant experience of each Director are set out in Section 2 of this Prospectus. There is no requirement for any Director's shareholding qualification.

Board policy is that the Board will constantly review and monitor its performance. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the Board may seek to appoint persons who, in the opinion of the Board will provide specialist expertise required for the Board to adequately perform its role.

Board Membership

The Board acts as a nomination committee. Members of the Board have been brought together to provide a blend of qualifications, skills and national and international experience required for managing a company operating within the mining industry.

Appointment and Retirement of Directors

The Company's Constitution provides that Directors are subject to retirement by rotation, by order of length of appointment. Retiring Directors are eligible for re-election by shareholders at the annual general meeting of the Company.

Duties of Directors

Directors are expected to accept all duties and responsibilities associated with the running of a public company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

Directors are required to take into consideration conflicts when accepting appointments to other Boards. Accordingly, Directors wishing to accept appointment to other Boards must first seek approval from the Board, approval of which will not be unreasonably withheld.

Independent Professional Advice

The Board has determined that individual Directors may, in appropriate circumstances engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board, which will not be unreasonably withheld.

Compensation Arrangements and Remuneration Committee

The maximum aggregate amount payable to non-executive Directors as Directors' fees has been set at \$200,000 per annum. The Constitution provides that Director's fees can only change pursuant to a resolution at a general meeting.

The Company has established a remuneration committee comprising Messrs Harris and Lovell with the objective of maintaining and reviewing the Company's remuneration policies and practices and reporting to the Board on such matters. An extract of the Remuneration Committee Charter is available on the Company's website at www.kruciblemetals.com.au.

Audit and Risk Management Committee

The Board presently has an audit and risk management committee comprising Messrs Harris and Lovell. The Company has adopted an Audit and Risk Management Charter setting out the composition, purpose, powers and scope of the audit and risk management committee as well as reporting requirements to the Board as a whole. An extract of this Charter is available at the Company's website, www.kruciblemetals.com.au.

Internal Management Controls

The Company's main assets are located in Australia. Control over the operations is exercised by the exploration and operation managers.

The Board also monitors the performance of outside consultants engaged from time to time to complete specific projects and tasks.

Identifying Significant Business Risks

The Board regularly monitors the operational and financial performance of the Company's activities. In conjunction with the Audit and Risk Management Committee, it monitors and receives advice on areas of operation and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the Company's Shares, however, the Directors recognise that mineral exploration and evaluation is inherently risky.

ASX Corporate Governance

To further enhance listed entities' disclosure of corporate governance issues, the ASX Corporate Governance Council (CGC) was established on 1 August 2002. The CGC was established for the purpose of setting an agreed set of corporate governance principles and recommendations for Australian listed entities. The CGC has recently released its Corporate Governance Principles and Recommendations (ASX Guidelines) which will apply to the Company's financial statements upon listing on the ASX. The ASX Guidelines articulate eight (8) core principles that CGC believes underlie good corporate governance. The ASX Guidelines provide that a listed entity's Annual Report is required to disclose its main corporate governance practices and also the extent to which the entity complies with the ASX Guidelines and where it does not, to explain why.

The information below outlines the main corporate governance policies of the Company which the directors have adopted as well as addressing in some detail the ASX Guidelines.

Before referring to the specific principles set out in the ASX Guidelines and the steps being taken by the Company to comply with those, the following factors should be noted:

- Each of the Directors dedicates considerable time and effort to the affairs of the Company. The Directors manage to do so within busy schedules for other work and business commitments and as a consequence, the principal focus of their endeavours (while operating within a sound base for corporate governance) must necessarily be promotion of the Company's activities and improving shareholder value;
- Whilst following successful listing, the market capitalisation of the Company will be reasonably significant (approximately \$9.5 million at the Issue Price on full subscription), the Company does not expect to be included within the ASX 200 upon listing. Accordingly, the ASX Guidelines will not automatically become binding on the Company. That said, the Company is committed to adopting corporate governance policies commensurate with its business activities and has adopted a formal Corporate Governance Charter, setting out the roles and responsibilities of the independent committees described above.



ASX Guidelines	Summary of Krucible's position
<i>Principle One – Lay solid foundations for management and oversight</i>	The Company has one (1) executive director (Mr Alston) who is subject to a contract regulating his role as Chief Executive Officer of the Company, and who is required to report to the board
<i>Principle Two – Structure Board to Add Value</i>	Members of the Company's Board with extensive public company experience. Refer to Section 2 for further details on the Board members respective qualifications and experience.
<i>Principle Three – Promote Ethical and Responsible Decision Making</i>	The Company has adopted both: • A Corporate Ethics Policy – regulating the duties of directors and their deals with the company (and Shares) both internally and externally; and • A Corporate Code of Conduct – regulating the Company's external dealings and dealings with Shareholders.
<i>Principle Four – Safeguard Integrity in Financial Reporting</i>	The Company has established a separately constituted Audit and Risk Management Committee. The Committee comprises Messrs Harris and Lovell.
<i>Principle Five – Make Timely and Balanced Disclosure</i>	The Company has defined, under its Corporate Ethics Policy, an internal protocol for the reporting of material information to Shareholders and ASX.
<i>Principle Six – Respect the Rights of Shareholders</i>	The Company is committed to all Shareholders and stakeholders having equal and timely access to material information regarding the operations and results of the Company. The Company will make regular ASX announcements and make these available on its website.
<i>Principle Seven – Recognise and Manage Risk</i>	The Audit and Risk Management Committee has under its Charter responsibility for overseeing the Company's risk management and internal control framework and implementation of the processes to undertake and assess risk management and internal control compliance.
<i>Principle Eight – Remunerate Fairly and Responsibly</i>	A Remuneration Committee has been established which is charged with making recommendations as to all aspects of executive and non-executive director and management and committee remuneration packages. The Committee comprises Messrs Harris and Lovell.

10.2 RIGHTS ATTACHING TO SHARES IN THE COMPANY

A summary of the rights which relate to all Shares which may be issued pursuant to this Prospectus are set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

Dividends

The Shares will rank equally with all other issued Shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

Winding Up

Upon paying the application moneys, Shareholders will have no further liability to make payments to the company in the event of the company being wound up pursuant to the provisions of the Corporations Act.

Transfer of Securities

Generally, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

Sale of Non-Marketable Holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company.

10.3 SHARES ON ISSUE

As at the date of this Prospectus, there are 22,960,100 Shares on issue. These share issues have occurred progressively since incorporation at the following different issue prices:

- a) 100 Shares at an issue price of \$1 - representing the initial incorporation shares (**Founder Shares**);
- b) 2,500,000 Shares (at a deemed issue price of \$0.04 per Share) in consideration for the transfer by Mr Tony Alston of certain tenements to the Company (refer to Section 9 for the details) (**Transfer Shares**);
- c) 12,500,000 Shares were issued to 12 seed capital investors at \$0.04;
- d) 4,400,000 Shares were issued to 12 seed capital investors at \$0.10 per Share;
- e) 1,000,000 Shares were issued to Mr Tony Alston (at a deemed issue price of \$0.10 per Share) in lieu of salary owing by the Company to Mr Alston for past employment services rendered to the Company (**Payment Shares**); and
- f) 2,560,000 Shares were issued to 14 seed capital investors at \$0.10 per Share.

The different issue prices reflect the different stage of development of the Company and its assets from time to time. In determining the issue price of these Shares, the following factors were taken into account by the Board of the Company:

- a) In the case of the Founder Shares, the issue price was determined by a balance of convenience and for the purposes of incorporating the Company;
- b) In the case of the Transfer Shares, these Shares reflected the agreed value as between the Company and Mr Tony Alston in relation to the tenements that were the subject of the transfer (being a deemed issue price of \$0.04);
- c) In the case of the seed capital shares issued at \$0.04 and \$0.10 respectively (**Seed Capital Shares**), the fact that whilst the Company's prospects may have advanced from the granting of the first tranche of the Seed Capital Shares to the second tranche, there was still risk attaching to an investment in the Company given that further moneys were needed to advance the exploration programme of the Company and at the time of issue, the Company was not listed on any recognised exchange (such as ASX). Accordingly, the issue prices necessarily are reflective of those aspects and level of risk;
- d) In the case of the Seed Capital Shares, the lack of certainty that the Company would be successful in an initial public offering and subsequent listing on a recognised exchange (such as ASX) was reflected in the issue price of those Seed Capital Shares being less than the issue price under the Offer;
- e) In the case of the Payment Shares, it was agreed as between Mr Alston and the Company that the issue of those Payment Shares would be, at that time, the most appropriate form of remuneration in order to protect the Company's cash reserves which were to be dedicated towards undertaking further exploration and the Issue under this Prospectus.

10.4 RIGHTS OF DIRECTORS' OPTIONS

On 28 August 2007 the Shareholders of the Company approved the issue of a total of 3,100,000 Options to the Directors of the Company.

A summary of the rights which relate to the Options held by the Directors of the Company are set out below:

- a) The Options were issued for nil consideration for the purposes of binding the Directors to the performance of the Company.
- b) While the Options have been issued, the exercise of the Options is subject to the Company listing on the ASX (**Listing**).
- c) The commencement date (**Commencement Date**) for the exercise of the Options shall be the date of the Listing.
- d) The Options will, except to the extent earlier exercised, expire four (4) years from the Commencement Date (**Expiry Date**).
- e) The exercise price for each Option shall be twenty five cents (\$0.25) (**Exercise Price**).
- f) The Option Exercise Period shall be the period commencing on the Commencement Date of the relevant Options and expiring on the Expiry Date of the relevant Options.
- g) The Options will not be transferable.
- h) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the exercise price to the Company at any time during the Option Exercise Period.



- i) The number of Options that may be exercised at one time must be not less than 5000.
- j) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued Shares of the Company.
- k) The Option holder will be permitted to participate in new issues of securities of the Company on the prior exercise of the Options, in which case the holder of the Options will be afforded the period of at least 10 business days notice prior to and inclusive of the books closing date (to determine entitlements to the issue) to exercise the Options.
- l) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - i. the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on share-holders; and
 - ii. subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- m) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - E \frac{[P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying securities into which one Option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- n) The Company shall not apply for listing of the Options on the ASX.
- o) The Company shall apply for listing of the resultant Shares of the Company issued upon exercise of any Option.
- p) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- q) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.

10.5 EMPLOYEES' SHARE OPTION PLAN

The Company has established the Krucible Employee Share Option Plan (**ESOP**) to assist in the retention and motivation of employees by providing them with the opportunity to acquire Shares.

Under the ESOP, options over unissued Shares (**Options**) in the Company will be offered. This Prospectus does not comprise an offer or invitation to acquire Options under the ESOP.

The ESOP contains usual provisions dealing with matters such as the administration, variation, termination or suspension of the plan.

Other features of the ESOP are as follows:

- The persons who are eligible to participate in the ESOP are employees and certain consultants of the Company (**Eligible Employee**) or their nominee who have been selected by the Board to participate in the ESOP;
- The Options will not be transferable or assignable to any person other than an Eligible Employee's nominee;
- The Options may be exercised at any time to be determined by the Board.
- The Options may be exercised wholly or in part by notice in writing to the Company received at any time during the relevant exercise period together with a cheque for the exercise price and the option certificate (if any) for those Options for cancellation by the Company;

- The Company shall allot the number of Shares the subject of any exercise notice and apply at its cost for listing of the Shares;
- The Options will be exercisable at a price to be determined in the absolute discretion of the Board.

Shares issued on the exercise of the Options will rank pari passu with all existing Shares of the Company from the date of issue.

The number of Shares which may be acquired on the exercise of an option and the exercise price will be adjusted, as is appropriate, following any pro-rata bonus issue, rights issue, reconstruction or re-organisation of the issued ordinary capital of the Company.

The maximum number of Options that may be offered to participants under the ESOP is 5% of the issued capital of the Company at the time. If there is to be a reorganisation of the issued shares in the Company unexercised Options will be reorganised in accordance with the requirements of ASX Listing Rules.

Options not exercised lapse on the first to occur of the following:

- The expiration of such period nominated by the Board at its sole discretion, but being not less than 3 years after the date of issue;
- The expiry of thirty (30) days, or any longer period which the Directors determine, after the Eligible Employee ceases to be employed by the Company or a subsidiary of the Company; or
- The Eligible Employee ceasing to be employed by the Company or a subsidiary of the Company due to fraud or dishonesty.

Quotation of Options on the ASX will not be sought. The Company will apply for quotation of Shares arising upon the exercise of Options.

The above description is a summary only of the principal terms and conditions of the ESOP. A copy of the ESOP Rules are available for inspection at the offices of Hopgood Ganim, Level 8, Waterfront Place, 1 Eagle Street, Brisbane, QLD 4000.

10.6 LIMITATION ON FOREIGN OWNERSHIP

The only limitations under Australian law on the rights of non-Australian residents to hold or vote the Shares of an Australian company are set forth in the Foreign Acquisitions and Takeovers Act (**the FATA**). The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares.

The FATA prohibits:

- any natural person not ordinarily resident in Australia; or
- any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA); or
- two or more such persons or corporations,

from entering into an agreement to acquire Shares if after the acquisition such person or corporation would hold a substantial interest in a corporation, or where two or more persons or corporations would hold an aggregate substantial interest (defined below), without first applying in the prescribed form for approval thereof by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15 percent of the voting power in the corporation or holds interests in not less than 15 percent of the issued Shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40 percent of the voting power in that corporation or hold not less than 40 percent of the issued Shares in that corporation. The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

10.7 LITIGATION

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

10.8 SUBSEQUENT EVENTS

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company.



10.9 LIABILITY OF OTHER PERSONS NAMED IN THIS PROSPECTUS

Notwithstanding that they may be referred to elsewhere in this Prospectus:-

Hopgood Ganim Lawyers are named in the Corporate Directory as Solicitors to the Issue. They were involved in the preparation of the Report set out in Section 6 of this Prospectus and they have been involved in the process of reviewing this Prospectus for consistency with the material contracts. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. Hopgood Ganim will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$85,000 at the date of this Prospectus.

Veronica Webster Pty Ltd are named in the Corporate Directory as Independent Geological Consultants to the Company. They were involved in the preparation of the Independent Geologist's Reports, an outline of which is set out in Section 5 of this Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. They will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$29,000 at the date of this Prospectus.

BDO Kendalls are named in the Corporate Directory as Auditor and Investigating Accountants to the Company. They were involved in the preparation of the Investigating Accountants Report set out in Section 7 of this Prospectus. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. They do not make any other statement in this Prospectus. BDO Kendalls will be paid for work performed in accordance with usual time based charge out rates and estimate their professional costs at \$12,500 at the date of this Prospectus.

Link Market Services Limited has given its written consent to be named as the Share Registrar in the form and context in which it is named and has not withdrawn its consent prior to lodgement of this Prospectus within ASIC. Link Market Services Limited has not authorised or caused the issue of this Prospectus and does not make or purport to make any statement in this Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

10.10 CONSENT OF EXPERTS

Hopgood Ganim Lawyers, Veronica Webster Pty Ltd and BDO Kendalls have acted as experts and have given, and have not before the lodgement of this Prospectus, withdrawn their written consent to the issue of this Prospectus, with the statement purporting to be made by them or to be made on a statement by them, included in the form and context in which it is included. To the extent permitted by law, they each disclaim any responsibility for any misleading statements or omissions in this Prospectus.

10.11 INSPECTION OF DOCUMENTS

Copies of following documents may be inspected free of charge at the registered office of the Company and at the offices of Hopgood Ganim Lawyers, Level 8, 1 Eagle Street, Brisbane during normal business hours:

- the Material Contracts in Section 9 of this Prospectus;
- the Constitution of the Company;
- the consents referred to in Section 10.10 of this Prospectus; and
- the Employee Share Options Plan (ESOP) summarised in Section 10.4 of this Prospectus.

10.12 COSTS OF THE ISSUE

If the Issue proceeds, the total estimated costs of the Issue including capital raising fees and commissions, advisory, ASIC and ASX fees, prospectus printing and miscellaneous expenses will be approximately \$300,000 at minimum subscription, and \$350,000 at full subscription, and \$370,000 at maximum over-subscription.

10.13 DIRECTOR'S FEES

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the directors agree and, in default of agreement, equally. The aggregate maximum remuneration currently determined by the Company is \$200,000 per annum. Additionally, non-executive Directors will be entitled to be reimbursed for properly incurred expenses.

At present, the Board of the Company is constituted by one executive Director and two non-executive Directors.

The executive Director has been engaged by the Company pursuant to a service agreement, the terms of which are summarised in Section 9 of this Prospectus. The Board has agreed that the executive Director shall not be paid Director's fees in addition to his salary package set forth in his service contract and that the non-executive Chairman shall be paid a fee of \$35,000 per annum and the non-executive Director shall be paid a fee of \$25,000 per annum.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. To this end, the Company has engaged Lovell & Co Pty Ltd, a company associated with Mr Dennis Lovell (a non-executive director of the Company) to perform additional services for the Company. The terms of this service arrangement are summarised in Section 9 of this Prospectus. The fees payable by the Company are in addition to Mr Lovell's director's fees. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of any executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits but may not be by commission on, or a percentage of, operating revenue. Except as disclosed in Section 9, no remuneration will be payable to executive Directors.

10.14 INTERESTS OF EXPERTS AND ADVISERS

The nature and extent of the interests (if any) that:

- a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- a promoter of the Company; or
- a stockbroker or underwriter (but not a sub-underwriter) to the Issue; holds, or held at any time during the last two years in:
 - the formation or promotion of the Company;
 - property acquired or to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer,

is set out in Section 1.7, Section 9 and this Section 10.

The amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give for services provided by:

- a person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- a promoter of the Company; or
- a stockbroker or underwriter (but not a sub-underwriter) to the Issue;

in connection with:

- the formation or promotion of the Company; or
- the Offer,

is set out in Section 1.7, Section 9 and this Section 10.

10.15 DIRECTOR'S INTERESTS

The nature and extent of the interest (if any) that the Directors of the Company hold, or held at any time during the last two years in:

- the formation or promotion of the Company;
- property acquired or to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer,

is set out in Section 1.7, Section 9 and this Section 10.

The amount (if any) that anyone has paid or agreed to pay, or the nature and the value of any benefit anyone has given or agreed to give to a Director of the Company, or proposed Director of the Company:

- to induce them to become, or to qualify as, a Director of the Company; or
- or services provided by a director in connection with:
 - the formation of the Company; or
 - the Offer,

is set out in Section 1.7, Section 9 and this Section 10.



10.16 PRIVACY

By submitting an Application Form for Shares you are providing to the Company personal information about you. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Link Market Services Limited (**Link**), an external service provider. The Company requires Link to comply with the National Privacy Principles with performing these services. The Company's register is required by law to contain certain personal information about you such as your name and address and number of Shares and Options held. In addition the Company collects personal information from members including contact details, bank accounts, membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- when you agree to the disclosure;
- when used for the purposes for which it was collected;
- when disclosure is required or authorised by law;
- to other members of the Krucible group of companies;
- to your broker;
- to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Link except in limited circumstances. If you wish to access, update or correct your personal information held by Link or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

10.17 ELECTRONIC PROSPECTUS

An electronic version of this Prospectus is available from the Company at www.kruciblemetals.com.au.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

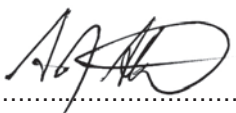
The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Issue period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or a financial adviser.

10.18 CONSENT TO LODGEMENT

Each of the Directors of the Company has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Company by:



Managing Director

SECTION 11 - GLOSSARY OF DEFINED TERMS

Applicants	a person applying for Shares offered by this Prospectus.
Application Form	the application form enclosed with and forming part of this Prospectus for use by investors.
ASIC	Australian Securities and Investments Commission.
ASTC Settlement Rules	the operating rules of the ASX Settlement and Transfer Corporation Pty Limited which apply while the Company is an issuer of CHESS-approved securities, each as amended or replaced from time to time.
ASX	ASX Limited ABN 98 008 624 691.
Board	the board of Directors of the Company from time to time.
business day	has the meaning ascribed to it in the ASX Listing Rules.
CHESS	Clearing House Electronic Sub-registry System operated by ASX.
Closing Date	24 October 2007 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice).
Company or Krucible	Krucible Metals Limited ABN 12 118 788 846.
Constitution	the Constitution of the Company.
Corporations Act	the Corporations Act 2001 (Commonwealth).
Directors	the Directors of the Company.
ESOP	the Employee Share Option Plan adopted by the Company.
EST	Australian Eastern Standard Time.
Existing Shareholders	all holders of Shares in the Company at the date of this Prospectus.
Exposure Period	the 7 day period from the date of lodgement of the Prospectus.
Issue and Offer	the issue and offer, respectively, of a minimum of 20,000,000 Shares and a maximum of 25,000,000 Shares at 20 cents each with provision to accept oversubscriptions of an additional 5,000,000 Shares.
JORC	Joint Ore Reserve Committee (JORC) of the Australasian Institute of Mining and Metallurgy. Australian Institute of Geoscientists and Minerals Council of Australia.
Official List	the Official List of ASX.
Official Quotation	quotation on the Official List of ASX.
Opening Date	26 September 2007
Options	options to subscribe for Shares.
Prospectus	this Prospectus.
Shareholders	holders of Shares in the Company.
Shares	fully paid ordinary shares in the capital of the Company.

References in this Prospectus to Sections and paragraphs are to Sections and paragraphs of this Prospectus.

References in this Prospectus to dollars (\$) are to the currency of Australia unless stated otherwise.



Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are Krucible Metals Ltd ("KRB") shares. Further details about the shares are contained in the Prospectus dated 14th September 2007 issued by Krucible Metals Ltd. The Prospectus will expire 13 months after the date of the Prospectus. While the Prospectus is current, Krucible Metals will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the shares. You should read the Prospectus before applying for shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Krucible Metals Ltd will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Krucible Metals Ltd and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Krucible Metals Ltd's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount should agree with the amount shown in section B. Make your cheque or bank draft payable to "Krucible Metals Ltd – IPO Account" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or bank draft to the Application Form where indicated. If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (Brisbane time) on 24 October 2007 at:

Krucible Metals Ltd Share Offer
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Krucible Metals Ltd Share Offer
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney New South Wales
(do not use this address for mailing purposes)

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

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- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
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Sydney South NSW 1235

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Sydney New South Wales
(do not use this address for mailing purposes)

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

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Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

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KRUCIBLE METALS LTD

MINERAL DISCOVERY COMPANY

website: www.kruciblemetals.com.au