



KRUCIBLE METALS LTD

Mineral Discovery Company

ABN: 12 118 788 846 ASX Code: KRB

ASX ANNOUNCEMENT PROGRESSIVE UPDATE FOR YTTRIUM RARE EARTH DEPOSIT 7th SEPTEMBER 2011

About KRUCIBLE

Krucible Metals Ltd is a diversified, Australian owned minerals explorer with a proud discovery history. The main focus is western Queensland. The company has 62.8 million fully paid shares on issue – the stock is tightly held with the top 20 holding 55.8%. The directors hold about 15.8%. All of the tenements (except one) are 100% owned by Krucible.



Drilling for Yttrium at Korella in open grassland

Its Korella Phosphate & Rare Earth Inferred Resources are immediately adjacent to the fully integrated fertiliser plant at Phosphate Hill near Mt Isa Queensland.

Depending upon economic feasibility, Krucible aims to undertake trial mining then upscale production from late 2012.

Also Krucible discovered virgin Copper mineralisation by drilling conceptual targets. The next phase of drilling for 2011 will be guided by 3D geological & geophysical modelling to test for potentially large and high grade Copper orebodies.

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JORC INFERRED RESOURCE FOR YTTRIUM INCREASED FROM 4.2million tonnes @ 0.96kg per tonne Y₂O₃ to 6.05million tonnes @ 0.92kg per tonne Y₂O₃ INCREASE OF 40%, MORE DRILLING RESULTS TO COME

The directors of Krucible Metals Ltd are pleased to announce that drilling analytical results have been received for 15 of the 39 western resource R.C. percussion holes (11CBRC157-171) drilled to date at the Korella Phosphate & Rare Earth Project within the Corella Bore EPM 15572 in NW Queensland (see **FIGURE 1**).

A summary of the statistics for the recently completed drilling program at Korella was outlined in an ASX Announcement on the 31st August 2011.

A number of anomalous Yttrium zones were returned from the recent drilling in the **Western Zone** (see **FIGURE 2**) as well as from holes (not previously assayed) in the **Eastern Zone**. Results from holes CBRC157-171 are shown in **TABLE 1**.

As a result of these early positive results an update of the Inferred Resource for Yttrium Oxide (Y₂O₃) has been estimated. The previously announced JORC Inferred Resource was **4.2 million tonnes @ 0.96kg per tonne Y₂O₃**. The updated JORC Inferred Resource is **6.05 million tonnes @ 0.92kg per tonne Y₂O₃**. **This represents an increase of 40% in contained Y₂O₃**. Drill Results from the **Western Zone** only account for 0.7km strike length of the 1.9km strike length drilled to date. It is likely that when all analytical results have been received for the drilling the JORC Inferred Resource at Korella will be further increased – this is expected to be announced in 3-5 weeks time.



KRUCIBLE BOARD

Tony Alston – Managing Director & Acting Chairman
Dennis Lovell – Non-Executive Director & Company Secretary
Ray Koenig – Non-Executive Director



The total strike potential for the **Western Zone** is estimated to be 5.0km in length (see **FIGURE 2**) so there is scope to further increase the relatively shallow and flat lying sedimentary Yttrium sedimentary deposit.

The recent drilling has demonstrated that the shallow dipping Yttrium enrichment zone is closely associated with the boundaries of the Beetle Creek Formation sediments (BCF). In the **Eastern Zone** the Yttrium (plus Neodymium and Dysprosium) occurs blanket like on TOP of the BCF whilst in the **Western Zone** it occurs at the BOTTOM of the up-faulted BCF. The target potential within MLA 90209 is thought to be 7-10 million tonnes @ 0.6-1.0kg per tonne Y_2O_3 . Then there is further scope for defining Rare Earth enrichment at the Yttro EPM 19145 Application, (located 10km to the NW of MLA 90209 see **FIGURE 3**) where previous surface sampling has returned up to 1.8kg per tonne Y_2O_3 .

However as previously stated, extensive metallurgical and acid leach test work needs to be carried out to ascertain if the low grade but valuable heavy Rare Earths can be economically recovered from the host mineral Xenotime (YPO_4) which is generally fine grained and encapsulated within secondary clay-phosphate minerals (see ASX Quarterly Report Announcement on 28th July 2011).

Metallurgical test work is expected to commence in 3-4 weeks time when all analytical results for the recent metallurgical holes have been received.

**Attached: FIGURES 1-3
TABLE 1**

Tony Alston
Managing Director
Krucible Metals Ltd.

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WEB SITE: www.kruciblemetals.com.au



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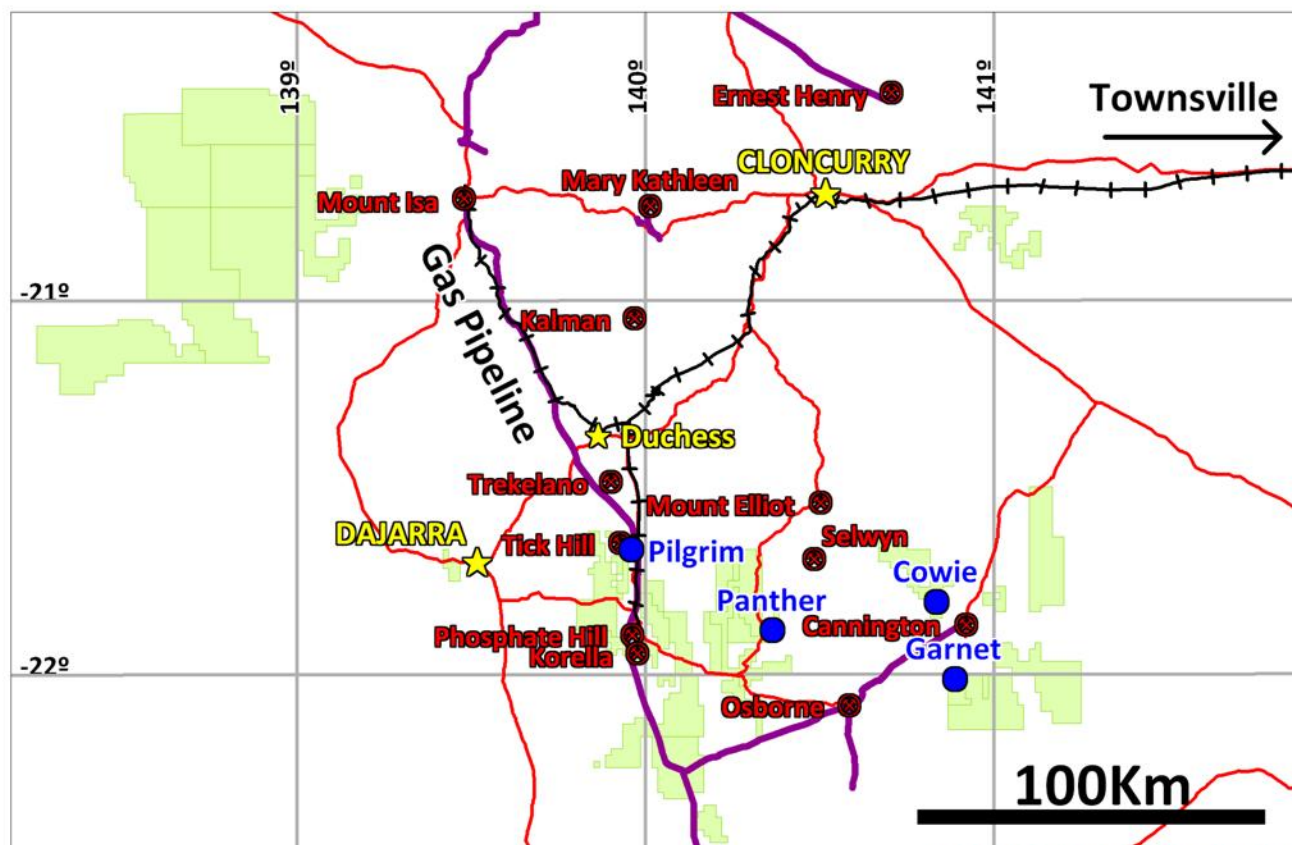
ASX CODE: KRB

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

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

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

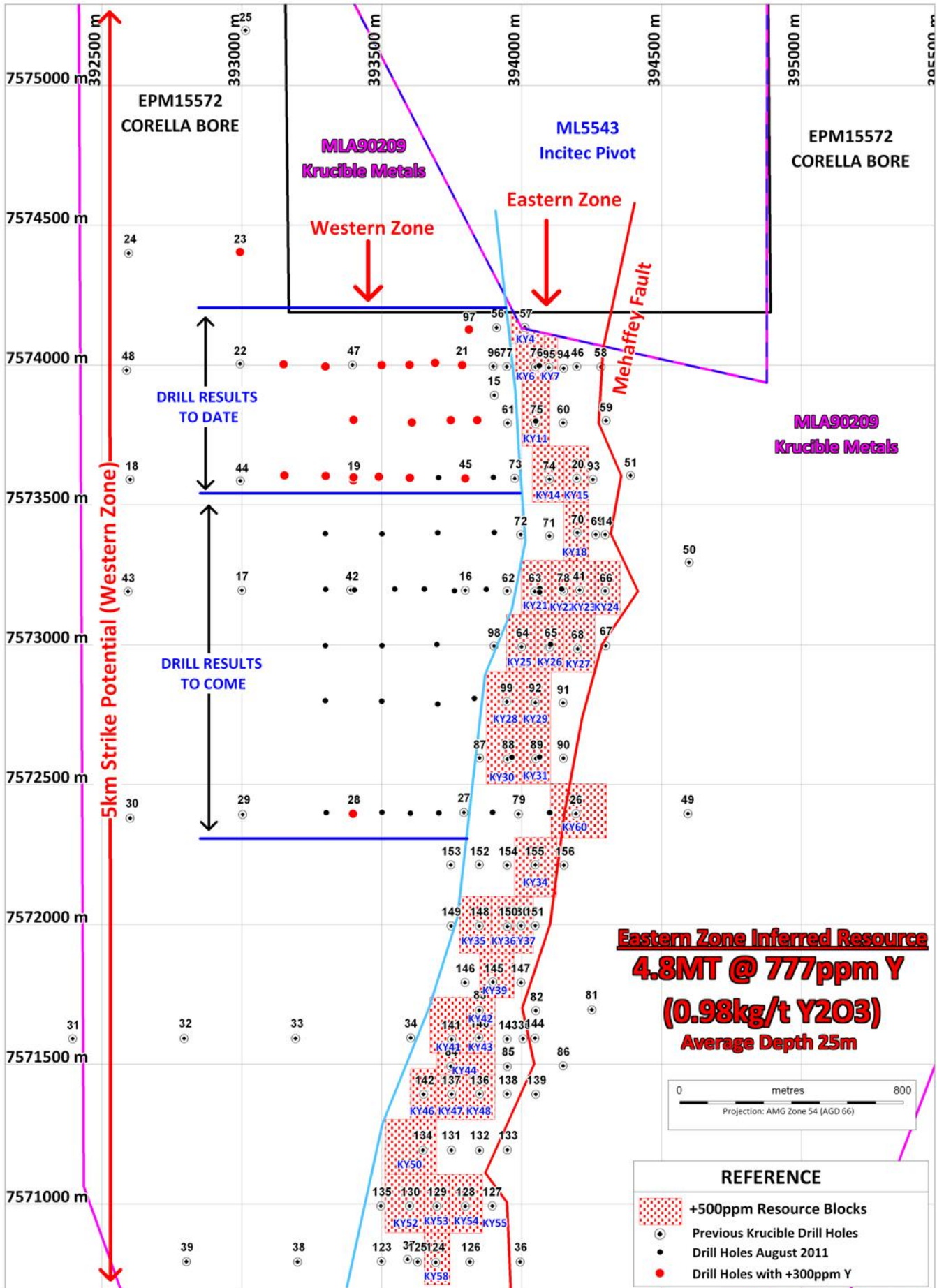
Information in this Announcement relating to the Korella Deposit Scoping Study and preliminary Rare Earth metallurgical investigations have been documented by Mr Ray Koenig, who is a Senior Project Metallurgist and Chartered Professional and Fellow of the AusIMM. Mr Koenig consents to this information being included in the ASX Announcement.



BH.2010.84_MtIsaSouth_LocatPlan_Jul2011

Isa South Showing Mines and Infrastructure
Krucible EPMs (green) Prospects (blue)

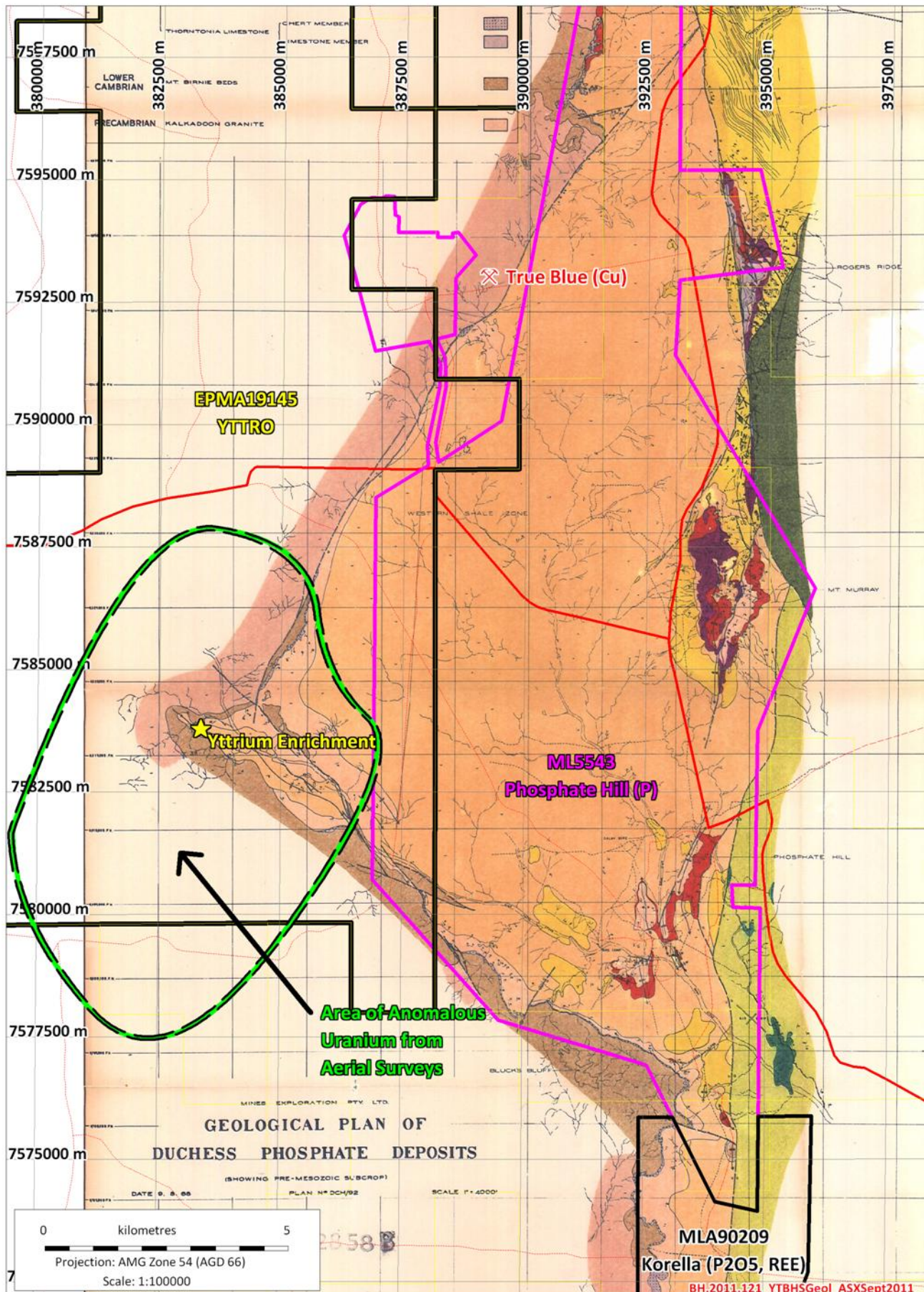
FIGURE 1



Korella Project Yttrium Resource Blocks 4.8MT

FIGURE 2

BH.2010.20_YttriumResBlocks_4.8MTASXSept2011



Mines Exploration (1968) Mapped Geology Showing Yttr EPMA19145 and MLA90209

FIGURE 3

TABLE 1

RESULTS FOR KORELLA REE DRILLING - HOLES 11CBRC157-171

(Results 11CBRC172-203 still to come)

Hole Number	AMG Co-Ords (AGD66)		Depth (metres)	Inclination	Interval		Length (metres)	Yttrium ppm	Y ₂ O ₃ (Yttrium Oxide) kg per tonne	P ₂ O ₅ %	Comments
	Easting	Northing			From	To					
* 11CBRC157	393692	7574009	49	Vertical	39	42	3	603	0.77	7.12%	NB 3m @ 532ppm Neodymium from 13m
11CBRC158	393600	7574002	52	Vertical	35	37	2	477	0.61	3.02%	
11CBRC159	393500	7574001	46	Vertical	35	40	4	425	0.54	4.51%	
11CBRC160	393300	7573995	37	Vertical	26	27	1	217	0.28	1.47%	
11CBRC161	393150	7574004	31	Vertical	14	15	1	253	0.32	4.23%	
* 11CBRC162	393400	7573804	49	Vertical	35	37	2	553	0.70	5.98%	No significant assays
11CBRC163	393609	7573795	55	Vertical	40	41	1	334	0.42	2.69%	
11CBRC164	393748	7573803	58	Vertical	42	44	2	395	0.50	1.98%	
11CBRC165	393899	7573600	64	Vertical							
11CBRC166	393703	7573599	55	Vertical							
11CBRC167	393601	7573597	52	Vertical	41	42	1	303	0.39	1.00%	No significant assays
* 11CBRC168	393491	7573601	49	Vertical	38	41	3	550	0.70	1.26%	
* 11CBRC169	393400	7573599	46	Vertical	33	35	2	575	0.73	0.53%	
* 11CBRC170	393301	7573604	43	Vertical	34	36	2	855	1.09	1.92%	
11CBRC171	393153	7573606	34	Vertical	26	28	2	480	0.61	0.60%	

* Additional Inferred Resource Hole