

KRUCIBLE METALS LIMITED

ABN 12 118 788 846

Notice of Extraordinary General Meeting and Explanatory Statement

Extraordinary General Meeting to be held at 1/68 Railway Avenue,
Townsville, Queensland 4810, Australia at 10.00 a.m. on Tuesday 21
May 2013.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT

Notice is given that an Extraordinary General Meeting of shareholders of Krucible Metals Limited (ACN 118 788 846) (**Krucible, Company**) will be held at the Company's offices at 1/68 Railway Avenue, Townsville, Queensland 4810, Australia at 10.00 a.m. on Tuesday 21 May 2013 (**Extraordinary General Meeting**).

ORDINARY BUSINESS:

1. Resolution 1. – Sale of Phosphate Assets to Daton Group Australia Limited (Daton)

"That the proposed sale of the Company's and its wholly owned subsidiary's Phosphate assets, described in the Explanatory Statement, to Daton Group Australia Limited (**Daton**) for twelve million Australian dollars (\$12,000,000.00), be approved."

Voting exclusion statement

The Company will disregard any votes cast on this resolution by Daton, any associate of Daton and any other person who might obtain a benefit, except a benefit solely in the capacity of ordinary securities if the resolutions are passed.

However, the Company need not disregard any such votes if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

2. Resolution 2. – Sale of Phosphate Assets to any other purchaser

"That the Company provide the Directors with a general authority to sell the Company's and its wholly owned subsidiary's Phosphate assets, as described in the Explanatory Statement, to any other purchaser on terms no less favourable to the Company than those contained in the offer of Daton Group Australia Limited, until 30 September 2014."

Voting exclusion statement

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of ordinary securities if the resolutions are passed and any associates of that person.

However, the Company need not disregard any such votes if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

General Exemption to Voting Exclusion Statement

The Company will not disregard any votes cast on this resolutions if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Point at Which Voting Rights are Determined

The regulations of the Corporations Act 2001 permit the Company to specify a time, not more than 48 hours before the Extraordinary General Meeting, at which a "snap-shot" of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Extraordinary General Meeting.

The Company's Directors have passed a resolution to the effect that all shares of the Company that are quoted on the Australian Stock Exchange (**ASX**) on Sunday 19 May 2013 at 7:00 p.m., shall, for the purposes of determining voting entitlements at the Extraordinary General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion is not specified each proxy is entitled to cast half of the number of votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Corporate Representative

In order to vote on behalf of a company that is a shareholder in the Company, a valid Appointment of Corporate Representative form must be either lodged with the Company prior to the Extraordinary General Meeting or be presented at the meeting before registering on the Attendee Register for the Extraordinary General Meeting. An Appointment of Corporate Representative form is attached to this Notice.

By Order of the Board

A handwritten signature in black ink, appearing to be 'M C Meintjes', written on a light-colored background.

M C Meintjes
Company Secretary

Dated: 17 April 2013

EXPLANATORY STATEMENT

This Explanatory Memorandum has been prepared for the information of shareholders in the Company in connection with the proposed sale of the Company's Phosphate assets (see further details set out below). It should be read in conjunction with the accompanying Notice of Meeting and the Company's announcements to the ASX.

This Explanatory Memorandum does not take into account the investment objectives or financial circumstances of any particular shareholder. Accordingly, you may wish to seek your own financial, legal or taxation advice before making a decision as to how to vote on any of the resolutions, and indeed you are urged to do so.

Purpose of the Extraordinary General Meeting

ASX Listing Rule 11.2 requires that the Company obtains approval from shareholders by way of an Ordinary Resolution for the disposal of one of the Company's main undertakings. The purpose of the proposed Extraordinary General Meeting is to consider and vote on the resolutions associated with that proposed transaction.

At the meeting shareholders will be asked to consider two resolutions.

The first resolution is to approve the proposed sale of Phosphate assets to Daton Group Australia for \$12,000,000.00.

The second resolution is to provide the Directors with the general authority to sell the Phosphate assets on the same terms (or no less favourable) as the Daton transaction if the Daton transaction does not proceed for any reason (for example, if Daton withdraws from the transaction or if other conditions in the sale and purchase agreement are not completed). The authority sought by the second resolution has an expiration date of 30 September 2013.

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in favour of both resolutions to be put to the meeting provided no better proposal is received prior to the meeting, and intend to vote in favour of the resolutions with respect to their own shareholdings.

The Directors advise that they have no interest in Daton or in the resolutions to be considered by shareholders other than as a result of their respective shareholdings in the Company. The Directors also recommend that shareholders read this Explanatory Memorandum in its entirety and, if desired, seek their own financial advice prior to voting.

Rationale for the Proposed Sale of Phosphate Assets

Krucible has been successful in its purpose of mineral exploration and has developed a portfolio of leases and lease applications in north western Queensland which hold known phosphate resources or phosphate potential. In the past twelve months the Company has been exploring options to develop the most advanced phosphate deposit situated on the Korella Mining Lease. Krucible also holds prospective leases and lease applications that the Company wishes to continue exploring for base metals, precious metals and rare earths among others. This ongoing exploration, which is the Company's main unchanged activity, will be the expected post completion scenario.

Krucible has been operating for several years on funds raised in various public offerings, and has exhausted those funds. The options currently available to the Company in order to meet the stated corporate objectives are to raise additional funds for continued exploration, to sell some assets, and/or to develop mineral discoveries into mining operations.

In Australia, the mining sector has been depressed and raising additional funds of the amount necessary to secure the Company's ongoing exploration program for the next several years is considered by the Directors to be unlikely. The alternative option of transitioning to a mining company in order to generate free cashflows also requires investment of an amount outside the Company's capacity. Furthermore development funding negotiations with a third party are

considered to be difficult in the current economic environment. The Directors therefore believe that the best and most expedient option is to sell off the existing Phosphate asset portfolio for cash and to use those funds raised for ongoing exploration activities.

Krucible has negotiated such a sale opportunity with Daton, and has signed an Indicative Proposal which was announced to the ASX on 23 January 2013. Daton and Krucible are now finalising a formal agreement called the Sale and Purchase Agreement or SPA to consummate the sale. The sale requires shareholder approval and consequently is a Condition Precedent in the SPA.

Terms of Proposed Sale and Purchase Agreement with Daton

The terms of the SPA were announced to the market on 23 January 2013. The SPA is an asset sale agreement wherein Daton will pay \$12 million Australian dollars in cash to buy 12 phosphate bearing or potentially phosphate bearing exploration leases or applications for leases (see table below), once certain Conditions Precedent are met.

1. Daton will buy the eleven prospective phosphate bearing tenements held by Krucible plus Mining Lease 90209 held by a wholly owned subsidiary, Korella Phosphate Pty Ltd, including all other mineral rights on those tenements/mining lease.
2. Krucible will have a first right of refusal to enter into joint ventures up to 50% with Daton over other mineral rights, at the behest of Daton.
3. Daton will pay \$12m in cash for the tenements, structured as a \$960k deposit within 2 days of execution of the SPA (refundable if the tenement transfers do not occur), and a balance of \$11.040m within 7 days of completion of the agreement.

The Conditions Precedent requires the assets to have proven unencumbered title by Krucible and to be prepared for transfer to Daton unhindered other than state departmental procedures. In addition Krucible needs to complete the acquisition of 100% of the rights to EPM 15072 under its Joint Venture Agreement with Deep Yellow Limited (DYL).

Indicative Timetable

An indicative timetable of certain events relating to the Proposed Transaction is set out below:

Event	Date
Completion of acquisition of 100% of rights to EPM 15072	30 April 2013
Target date for finalisation of the SPA with Daton and receipt of the \$960k deposit within 2 days of execution	26 April 2013
Meeting of shareholders to approve the proposed sale of Phosphate Assets	21 May 2013
Target date for completion of the SPA Conditions Precedent	31 May 2013
Target date for Completion under the SPA	19 July 2013
Expected receipt of the balance of sale proceeds- \$11.040m	19 July 2013

Phosphate Assets Subject to the Proposed Sale Agreement with Daton

The proposed sale of the Phosphate assets involves twelve of the Company's portfolio of almost thirty tenements and specifically relates to the following:

Tenements		
Applicant	EPM Name	EPM No.
KOR 100% (*)	Korella	ML90209
JV with DYL	Pilgrim	15072
KRB 100%	Corella Bore	15572
KRB 100%	Templeton River	19092
KRB 100%	Merlin Tank	15811
KRB 100%	GE2 (Georgina East)	15833

Applications		
Applicant	EPM Name	EPM No.
KRB 100%	Stranger Creek	18105
KRB 100%	Yttro	19145
KRB 100%	Lily Hole Creek	19090
KRB 100%	Taringa Creek	19091
KRB 100%	Brumby Dam	19093
KRB 100%	Conkerberry Dam	19094

(*)- held by a wholly owned subsidiary, Korella Phosphate Pty Ltd

Advantages and Disadvantages of the Proposed Transaction

The Directors believe that the proposed transaction with Daton is in the best interests of the shareholders as following completion of the proposed transaction, the Company will:

- (a) have the working capital required to ensure the Company can continue active exploration activities and meet minimum expenditure commitments on its tenement holdings;
- (b) hold positive cash balances in order to take advantage of acquisition or joint venture opportunities associated with the key mineral commodity focus of the Company; and
- (c) establishment of a relationship with Daton that could result in future joint venture arrangements in other minerals.

Disadvantages of the proposed transaction include that the Company will no longer have an interest in phosphate related tenements and will not have the opportunity to convert the Korella deposit into an operating mine. This is partly mitigated by the potential for a working relationship with Daton in activities at Korella or elsewhere in joint ventures or other activities associated with developing the sold assets. In addition, the Directors draw your attention to the consequences of the sale not proceeding as set out below.

Consequences if the Proposed Sale of the Phosphate Assets Does Not Proceed

The Company has liquid assets sufficient to stay in business in the short term. Raising sufficient funds to overcome the current cash constraints would require a significant share issue that, if successful, would materially dilute existing shareholders. The Directors believe that without the funds from the Phosphate asset sale, the Company faces an uncertain future where (i) assets may need to be sold off under unfavourable negotiating conditions and (ii) there being limited prospect of retaining the current tenement portfolio due to default on expenditure commitments

Financial Effect of the Proposed Sale on the Financial Position of the Company

The pro-forma effect of the proposed transaction on the Company's financial position at the date of the last publicly released financial report (being the half-year ended 31 December 2012) is expected to be as follows:

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	BEFORE	AFTER
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	271,379	12,067,379
Trade and other receivables	9,587	9,587
Total current assets	280,966	12,076,966
Non-current assets		
Trade and other receivables	82,500	82,500
Property, plant and equipment	41,686	41,686
Exploration and evaluation assets	5,124,780	1,670,780
Total non-current assets	5,249,066	1,794,966
Total assets	5,529,932	13,871,932
LIABILITIES		
Current liabilities		
Trade and other payables	59,096	2,532,896
Total current liabilities	59,096	2,532,896
Total liabilities	59,096	2,532,896
Net assets	5,470,836	11,339,036
EQUITY		
Contributed equity	10,728,758	10,824,758
Option reserve	583,089	583,089
Accumulated losses	-5,841,011	-68,811
Total equity	5,470,836	11,339,036

Use of Asset Sale Proceeds

On completion of the proposed transaction the Directors anticipate conducting a strategic review of available options to pursue the Company's stated objectives of identifying and evaluating economic mineral deposits and progressing these through to production. This is expected to include considering opportunities that exist on the Company's remaining tenement holdings, applying for the grant of new tenements, acquisition of prospective tenements and farm-in arrangements through joint ventures.

Accordingly the net proceeds raised through the proposed transaction with Daton are expected to be used over the forthcoming three years to enable:

- (a) ongoing and expanded exploration activities;
- (b) allow the identification of, and application for, new tenements to replace those being sold to Daton;
- (c) contribute to its rare earths research program;
- (d) support ongoing joint venture or asset acquisition negotiations;
- (e) satisfy the Company's general working capital expenses; and
- (f) return of value to shareholders.

The indicative flow of funds arising from these activities during the forthcoming three years is expected to be as follows:

	\$
Asset sale proceeds	12,096,000
Less: transaction costs	-300,000
Less: taxation	-2,473,800
Net proceeds	<u>9,322,200</u>

	\$
Exploration & tenement acquisition	6,322,200
Working capital	3,000,000
	<u>9,322,200</u>

ASX Listing Rule 10.1

The Directors confirm that this proposed transaction does not involve the disposal of a substantial asset to a substantial shareholder or an associate of a substantial shareholder.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 1 by Daton, any associate of Daton and any other person (and any associates) who might obtain a benefit, except a benefit solely in the capacity of ordinary securities if the resolutions are passed.

The Company will disregard any votes cast on Resolution 2 by a person who might obtain a benefit, except a benefit solely in the capacity of ordinary securities if the resolutions are passed and any associates of that person.

However, the Company will not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

About Daton

Listed on Australia Securities Exchange since 2011 (ASX Code: DTG), Daton is an Australian fertiliser manufacturer with a new plant being built in Brisbane. Through its wholly owned subsidiary company, Apollo Fertiliser Queensland Pty Ltd, Daton has expanded the business in Australia. Daton has a professional technology research team and a management team with extensive experience. With focus into Australia and the dynamic future of the agribusiness, Daton is confident in its long term growth and returns to its shareholders.

KRUCIBLE METALS LIMITED

(ABN 12 118 788 846)

Proxy form

Section 1: Name and address of member

All correspondence to:

Krucible Metals Limited
PO Box 499, Hyde Park
Castletown, QLD 4812
Telephone (07) 4772 5880
Facsimile (07) 4772 4999

Email: admin@kruciblemetals.com.au

<NAME>

<ADDRESS LINE 1>

<ADDRESS LINE 2>

HIN/SRN: <TY><HOLDER NO>

Section 2: Appointment of proxy

I, being a member of the Company and entitled to attend and vote appoint

☐ the Chairman of the meeting
(mark with an 'X') OR

Write here the full name of the person or body corporate you are appointing if this person is **someone other than** the Chairman of the meeting.

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the meeting, as my proxy to attend, to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit), and to act generally on my behalf, at the Extraordinary General Meeting of the Company to be held at:

Location	1/68 Railway Avenue, Railway Estate, Townsville
Date	Tuesday, 21 May 2013
Time	10.00 am

and at any adjournment of that meeting.

Section 3: Voting instructions

Voting directions to proxy – please mark ☒ to indicate your directions.

Resolution 1. Sale of Phosphate Assets to Daton Group Australia

Resolution 2. Sale of Phosphate Assets to any other purchaser

For	Against	Abstain*
☐	☐	☐
☐	☐	☐

*If you mark the Abstain box for a particular item, you are directing your proxy **not** to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you do not wish to direct the Chairman as your proxy to vote, please place a mark in this box.

☐

By marking this box you acknowledge that the Chairman may exercise your proxy even if he or she has an interest in the outcome of the resolution, and that votes cast by him or her, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your votes on a resolution and your votes will not be counted in calculating the required majority if a poll is called on a resolution.

The Chairman intends to vote all undirected proxies in favour of the resolutions to be put to the meeting.

Section 4: Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary
(delete one)

Member 3 (if joint holding)

Director

Please provide the information below in case we need to contact you.

Contact name

Contact day time telephone

Date

Instructions for completion of proxy form

Section 1: Name and address of member

- 1 This is your address as it appears in the register of members of the Company. If this information is incorrect, please advise the Share Registry – Link Market Services Ltd of any changes.

Address: Level 15, ANZ Building, 324 Queen Street, Brisbane, QLD 4000

Level 12, 680 George Street, Sydney NSW 2000

Postal address: Locked Bag A14, Sydney South, NSW 1235

Phone within Australia: 1300 554474

Phone outside Australia: +61 282807100

Internet: www.linkmarketservices.com.au

Members sponsored by a broker (in which case your reference number will commence with an 'x') should advise their broker of any changes. **Please note you cannot change the ownership of your shares using this form.**

Section 2: Appointment of proxy

- 2 If you wish to appoint the Chairman of the meeting as your proxy, mark the box. If the person or body corporate you wish to appoint as your proxy is someone other than the Chairman of the meeting, write the full name of that person or body corporate in the space provided. A proxy may be an individual or a body corporate. If you leave this section blank or your named proxy does not attend the Meeting, the Chairman of the meeting will be your proxy. A proxy need not be a member of the Company.
- 3 If you are entitled to cast two or more votes at the Extraordinary General Meeting, you are entitled to appoint two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company. Alternatively you may copy this form.
- 4 To appoint a second proxy:
- (a) on each of the first proxy form and second proxy form state the percentage of your voting rights or number of shares applicable to that form (if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes, and fractions of votes will be disregarded); and
 - (b) return both forms in the same envelope.

Section 3: Voting instructions

- 5 You may direct your proxy how to vote on an item of business by placing a mark in one of the three boxes opposite that item of business. All of your shares will be voted in accordance with your direction unless you indicate a proportion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may decide whether or how to vote on that item. If you mark more than one box on an item, your vote on that item will be invalid.

Section 4: Signing by member

- 6 You must sign this form as follows in the spaces provided:

Individual	Where the holding is in one name, the member must sign.
Joint holding	Where the holding is in more than one name, all of the members must sign.
Power of Attorney	To sign under power of attorney, either the power of attorney must have already been lodged with the Company's share registry for notation or the original (or a certified copy) of the power of attorney must accompany this document.
Companies	In the following cases, subject to the Company's constitution, the following person must sign: (a) Australian proprietary company with a sole director who is also the sole company secretary - that person must sign; (b) Australian proprietary company with a sole director and no company secretary - that person must sign; (c) other Australian companies - two directors, or one director and one company secretary must sign; and (d) foreign company - in accordance with the laws of the jurisdiction of incorporation and constituent documents.

Section 5: Lodging of proxy

- 7 This proxy form (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company not later than close of business on the date set out below, by mail, hand delivery, or facsimile.

Last time and date for lodgement *	17 May 2013 at 17.30 pm (Brisbane time)
By mail	Krucible Metals Limited, P.O. Box 499, Hyde Park, Castletown QLD 4812
By delivery	Krucible Metals Limited, 1/68 Railway Ave, Railway Estate, Townsville QLD 4810
By facsimile	(07) 4772 4999

* Any proxy form received after that time will not be valid.

For Further Information

If you need any further information about this form or attendance at the Company's Extraordinary General Meeting, please contact Mike Meintjes, Company Secretary or Kate Hopkins on 07 47725880.

Appointment of Corporate Representative

Section 250D of the Corporations Act

This is to certify that by a resolution of the Directors of:

..... (Company)

Insert name of shareholder

the Company has appointed:

.....

Insert name of Corporation Representative

in accordance with the provisions of section 250D of the Corporations Act, to act as the body corporate representative of that company at the meeting of Krucible Metals Limited to be held on 21 May 2013 and at any adjournments of that meeting.

DATED

Executed by the Company)

in accordance with its constituent documents)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

INSTRUCTIONS FOR COMPLETION

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately.

Please follow the instructions below to complete the Certificate of Appointment:

1. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
2. Print the name and position (e.g. director) of each company officer who signs this Certificate on behalf of the company.
3. Insert the date of execution where indicated.
4. Send or deliver the Certificate to the Company at P.O. Box 499 Hyde Park, Castletown QLD 4812, or 1/68 Railway Ave, Railway Estate, Townsville QLD 4810, or by facsimile to the registered office on 07 47724999. Alternatively the Certificate of Appointment may be presented upon attendance at the Extraordinary General Meeting of the Company.