KRUCIBLE METALS LTD

Mineral Discovery Company

ABN: 12 118 788 846 ASX Code: KRB

ASX ANNOUNCEMENT
INFERRED RESOURCE UPDATE FOR KORELLA YTTRIUM DEPOSIT
10 OCTOBER 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 59%. 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.

KORELLA JORC INFERRED RESOURCE FOR YTTRIUM (HEAVY RARE EARTH) INCREASED BY 65% FROM 4.2million tonnes @ 0.96kg per tonne Y_2O_3 TO 7.03million tonnes (M.T) @ 0.93kg per tonne Y_2O_3

At lower cut-offs (+300ppm Yttrium & 20% Phosphate)
THE **COMBINED** INFERRED RESOURCES EQUAL ABOUT **22M.T** (Comprising 9.6MT @0.72kg/t Y_2O_3 and 8.3MT @ 27.3% P_2O_5).
At higher cut-offs (+500ppm Yttrium & 25% Phosphate)
THE **COMBINED** INFERRED RESOURCES EQUAL ABOUT **12M.T**

GEOLOGICAL/GEOCHEMICAL MODELLING OF AVAILABLE DATA SUGGESTS THAT MORE ZONES OF YTTRIUM ENRICHMENT ARE LIKELY TO BE DELINEATED, BOTH AT KORELLA AND IN SURROUNDING AREAS.

The directors of Krucible Metals Ltd are pleased to announce that all analytical results have been received for the recent R.C. percussion drill program carried out at Korella, which is within EPM 15572 and MLA 90209 (see **FIGURE 1**)

A total of 47 holes were drilled for 2101 metres; comprising 1999 metres R.C. percussion and 102 metres Air Core (A.C.). 8 of the 47 holes were drilled to supply meaningful samples for metallurgical Rare Earth test work. A breakdown of the drilling, together with survey information is outlined on **TABLE 1**.

A number of Yttrium enriched zones were returned from the recent drilling as well as from former holes that were not previously assayed for Rare Earths.

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As a result of the positive results from the recent drilling, a revised JORC Code Inferred Resource for the Yttrium Oxide (Y_2O_3) has been estimated - using a polygonal method for flat lying bodies. A conservative specific gravity of 2.2 has been used for the resource estimates. The Inferred Resources are documented in **TABLE 2** (see below) whilst the anomalous Yttrium intersections from the recent drilling are attached in **TABLE 3**.

TABLE 2. **KORELLA - JORC INFERRED RESOURCE SUMMARY**

(MANUAL POLYGONAL METHOD)

Yttrium

Eastern Zone		**Western Zone**
9.6MT @ 0.72kg/t Y_2O_3	← +300ppm Y (0.38kg/t Y_2O_3) →	4.12MT @ 0.63kg/t Y_2O_3
4.8MT @ 1.01kg/t Y_2O_3	← +500ppm Y (0.64kg/t Y_2O_3) →	2.25MT @ 0.77g/t Y_2O_3
(Average Depth approx. 25 metres)		*(Average Depth approx. 33 metres)*

TOTAL Yttrium (Y)	+300ppm Y →	13.72MT @ 0.70kg/t Y_2O_3
	+500ppm Y →	7.03MT @ 0.93kg/t Y_2O_3
Phosphate	+25% →	5.0MT @ 30.8% P_2O_5
	+20% →	8.3MT @ 27.3% P_2O_5

Total Tonnes Yttrium + Phosphate

Low Grade	(+20% P_2O_5 / +300ppm Y)	**22.02MT**
High Grade	(+25% P_2O_5 / +500ppm Y)	**12.03MT**

Modelling and interpretation of the drilling information has shown that there are 2 separate north-south zones of Yttrium enrichment (see **FIGURE 2**)
- The Eastern Zone where the enriched Yttrium layer sits immediately above the high grade phosphate (+20% P_2O_5) layer or immediately to the west where the Yttrium overlaps lower grade phosphate (usually less than 15% P_2O_5)
- The Western Zone where the Yttrium zone is associated with clays/low grade phosphate at a low level, that has been up faulted (see cross section/**FIGURE 3**).
- There is also a 3rd possible zone of Yttrium enrichment, East of the Mehaffey Fault (see hole 26/**FIGURE 2**) where the mobile Yttrium enrichment zones have not yet been adequately drill tested.

Anomalous Neodymium (Nd) and Scandium (Sc) values were also returned (one metre intervals up to **831ppm Nd & 336ppm Sc**) from hole CBRC 161, which is open to the north.

In the Western Zone only about 1.8km of the 5.0km possible strike length, has been drill tested to date; so it is considered likely that more zones of the Yttrium enrichment will be revealed when further drilling is carried out in this corridor.

As mentioned in Krucible's ASX Announcement of 7th September 2011; mineralogical investigations have indicated that the Yttrium is contained in the phosphate mineral Xenotime (YPO_4) which is generally encapsulated within larger clay-silica-phosphate secondary minerals.

At present the Korella Yttrium Inferred Resources have no quantifiable economic value due to the fact that no metallurgical processes have yet been defined to extract the HREE from the lode material. However, as previously mentioned, preliminary mineralogical test work has shown that the Yttrium is contained in XENOTIME – this mineral occurs in a number of HREE deposits around the world and is usually amenable to hydro-metallurgical extraction.

Over the next 6 months Krucible will be commencing metallurgical test work, from recent drill samples, to determine likely value adding options; including beneficiation upgrades and acid digest – solvent extraction processes as well as possible direct shipping ore (DSO). However the shallow (20-40 metres) flat lying nature of the Yttrium layers in relatively soft rocks should facilitate cost effective mining **IF** the metallurgy can be solved.

ECONOMIC SIGNIFICANCE OF HEAVY RARE EARTHS

The price of Rare Earths have escalated rapidly in the last two years due to embargoes on exports by China (who control over 90% of the world market) and increased consumption for high-tech materials such as computers, mobile phones, laser communication, hybrid cars, wind turbines etc – "heavy" Rare Earths such as Yttrium, Neodymium and Dysprosium are vital (and non replaceable elements) for super alloys, conductors and magnets that are integral to the efficient miniaturisation of the high-tech modern industries. The price of Yttrium powder (Y_2O_3) has risen from about $30/kg in 2010 to about $170/kg in 2011.

Creek face at Yttro returned 1.8 kg/t Y_2O_3

Chert breccia on Creek Bank - +500cps

The Sedimentary PHOSPHATE-HEAVY RARE EARTH DISCONFORMITY MODEL developed by Krucible from drilling and interpretation at Korella has provided a platform for outlining prospective areas that have similar depositional environments to Korella. The "Yttro" EPM application (see **FIGURE 4**) has returned up to 1.8kg/tonne Y_2O_3 from preliminary outcrop sampling as well as up to 330ppm Neodymium and 826ppm Scandium. Further geochemical sampling has recently been carried out at Yttro and results are expected in 1-2 weeks.

Attached: **FIGURES 1-4**
TABLE 1 & 3

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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

The analyses for Rare Earth Elements quoted in this Report for Resource estimation have been carried out on one metre drill samples by the ALS-CHEMEX/BRISBANE using a specialist Mass Spectroscopy Method ME-MS81.

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.

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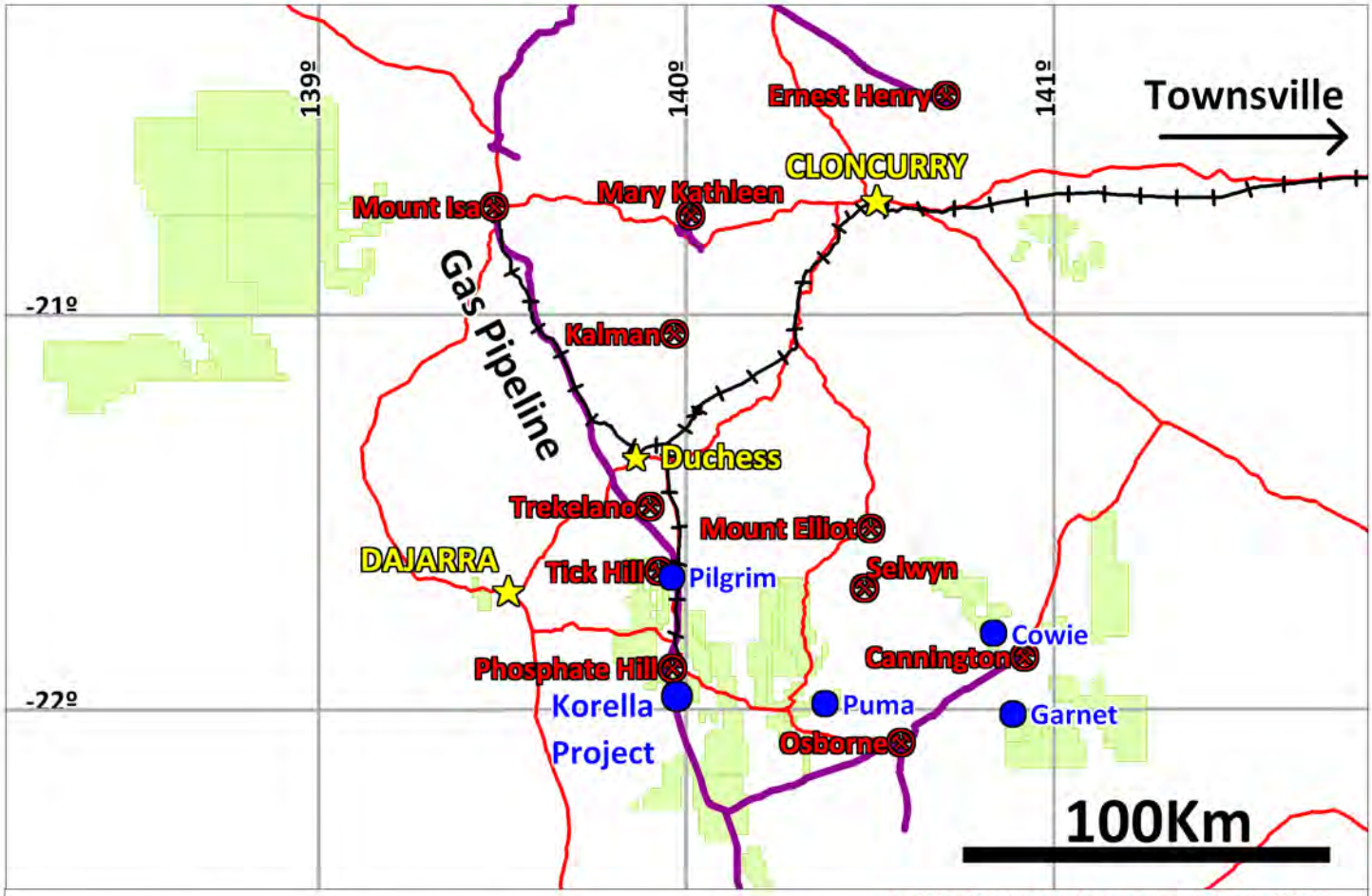
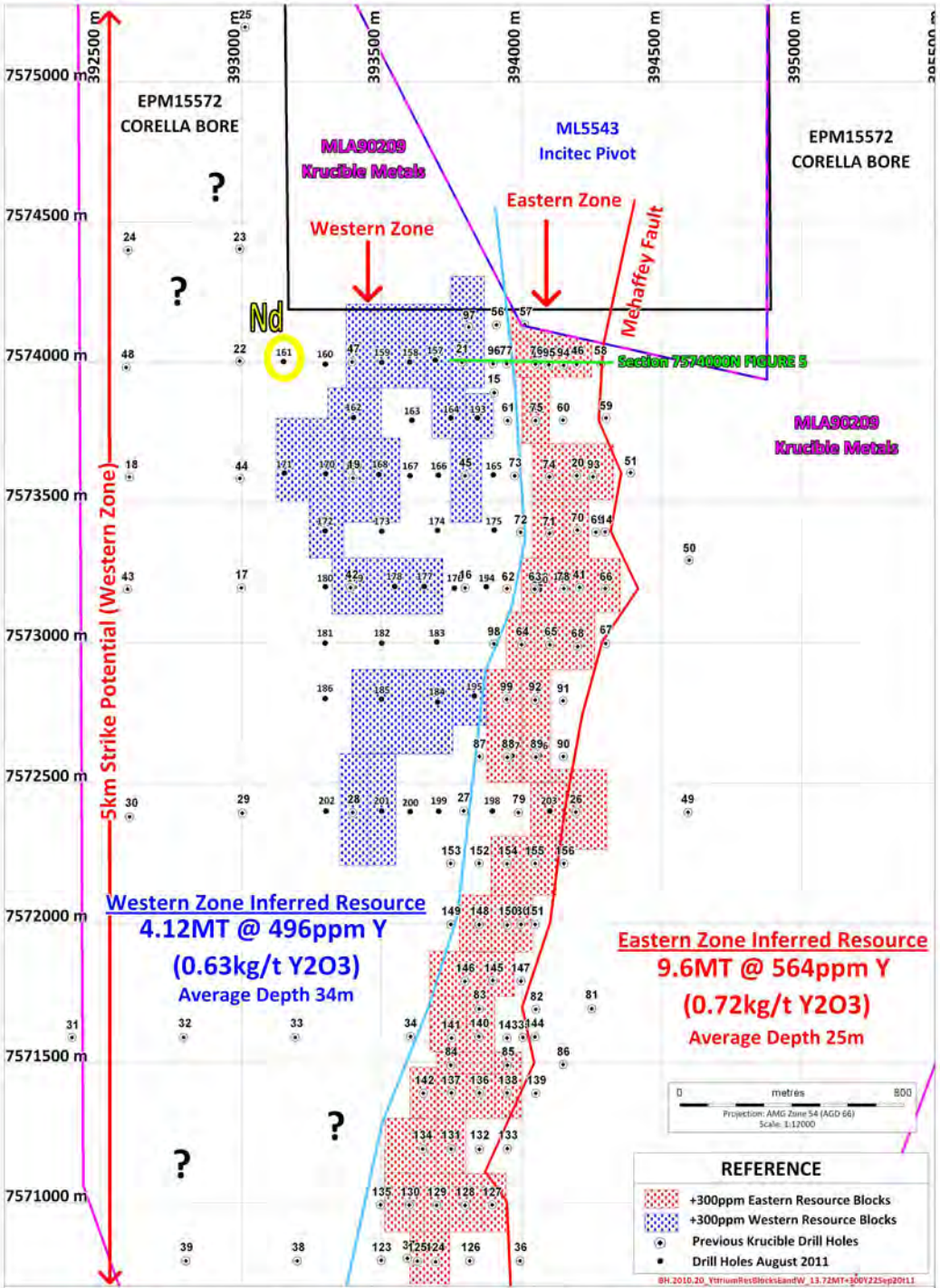
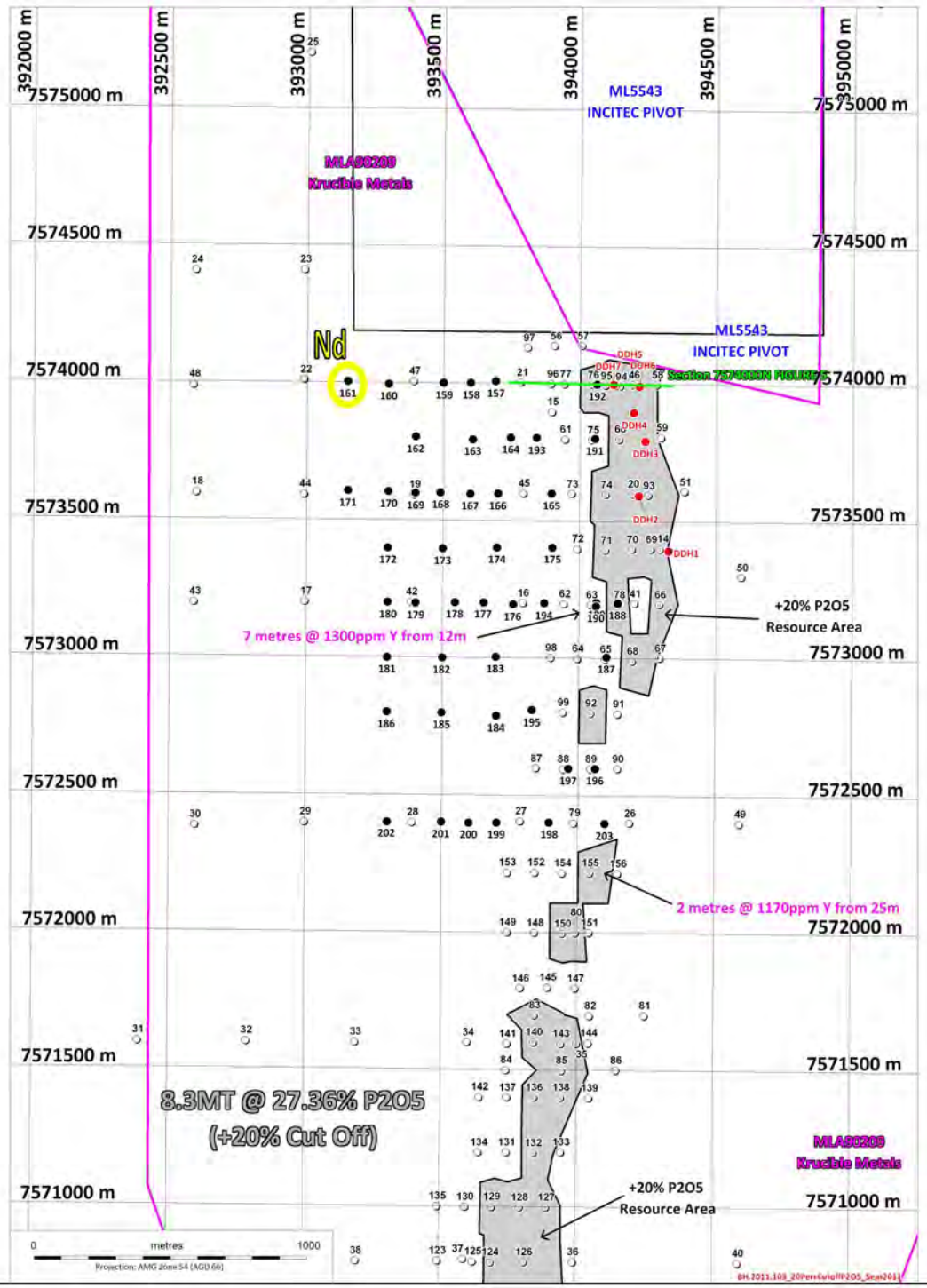


Isa South Showing Mines and Infastructure
Krucible EPMs (green) Prospects (blue)

FIGURE 1

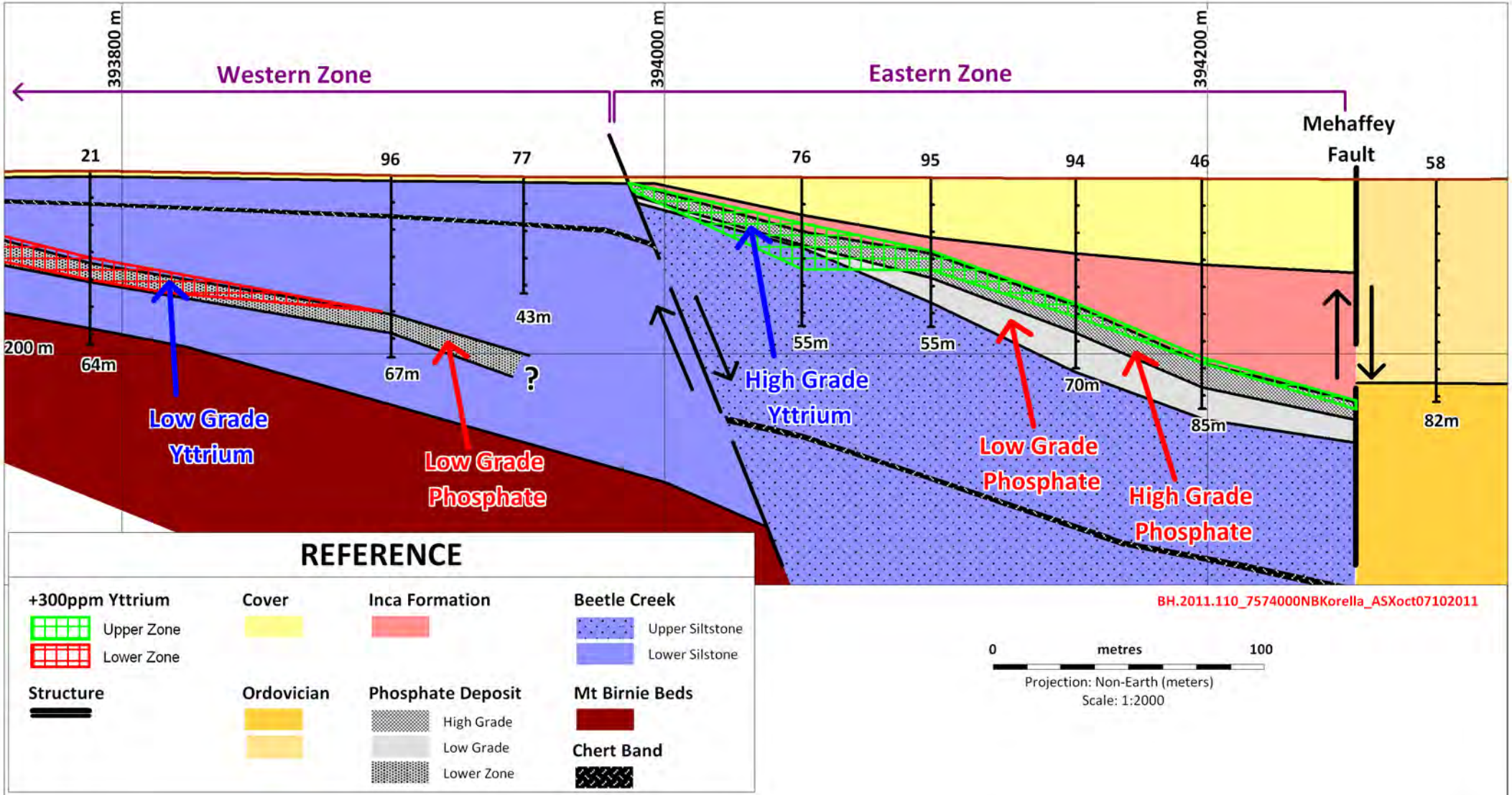




Corella Bore EPm15572—Korella Project

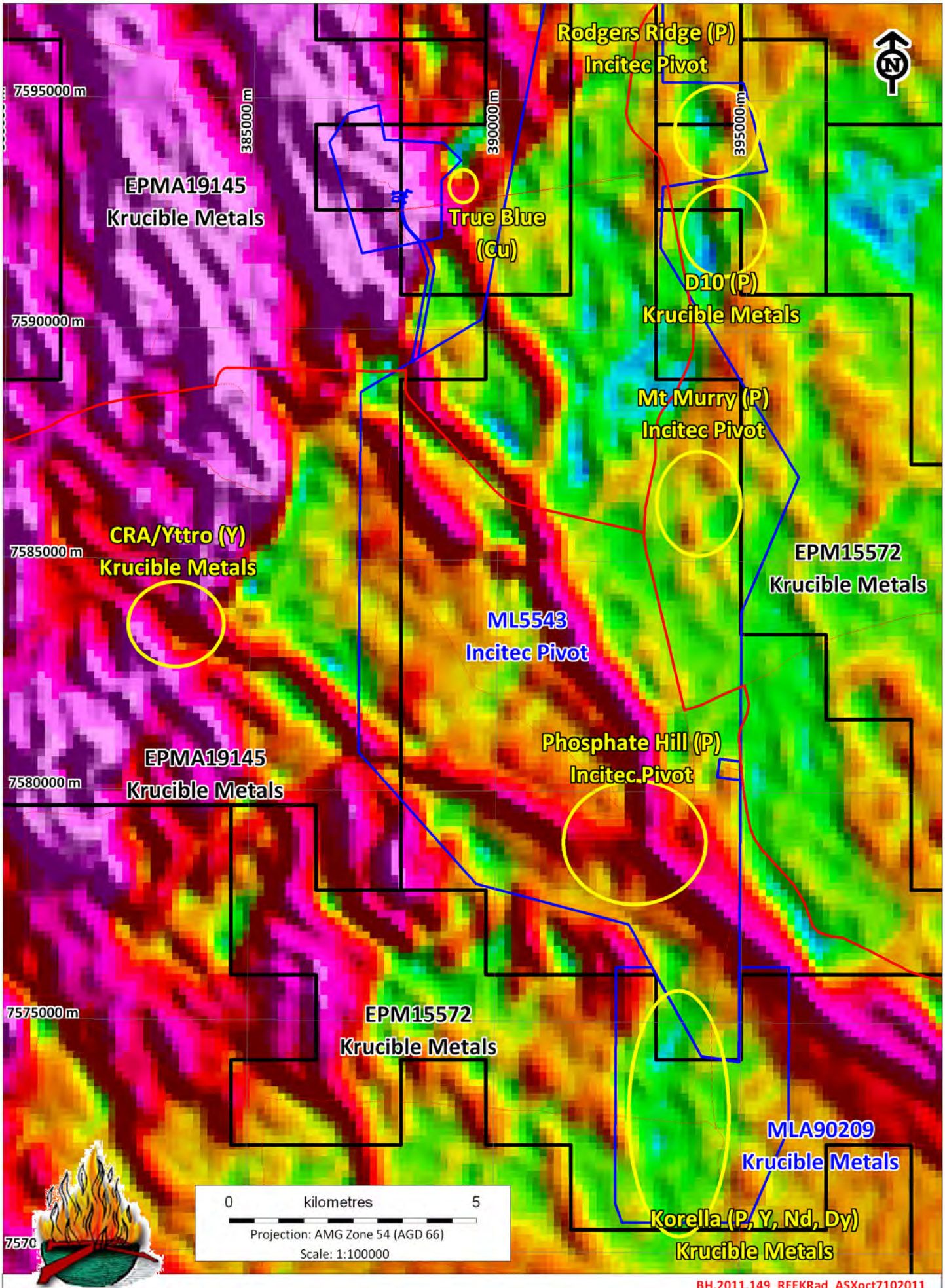
Yttrium +300ppm Resource Blocks on Left and Phosphate +20% Resource Blocks on Right

FIGURE 2



Corella Bore - Korella Project Section 7574000N Showing Anomalous Yttrium Values

FIGURE 3



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Krucible Metals

Potassium Radiometrics Image of Corella Bore, Ytto and Pilgrim EPMs

FIGURE 4

TABLE 1. DRILL SURVEY DATA/KORELLA (AUGUST 2011)

Hole_ID		Depth (metres)	Inclination	AMG Coordinates (AMG 66)		ZONE	Drill Type		Comments
				Easting	Northing		Reverse circulation (RC)	Air Core (AC)	
11CBRC -	157	49	*Vertical*	393692	7574009	Western Zone	RC		REE Resource Hole
11CBRC -	158	52	*Vertical*	393600	7574002	Western Zone	RC		REE Resource Hole
11CBRC -	159	46	*Vertical*	393501	7574001	Western Zone	RC		REE Resource Hole
11CBRC -	160	37	*Vertical*	393300	7573995	Western Zone	RC		REE Resource Hole
11CBRC -	161	31	*Vertical*	393150	7574004	Western Zone	RC		REE Resource Hole
11CBRC -	162	49	*Vertical*	393400	7573804	Western Zone	RC		REE Resource Hole
11CBRC -	163	55	*Vertical*	393609	7573795	Western Zone	RC		REE Resource Hole
11CBRC -	164	58	*Vertical*	393748	7573803	Western Zone	RC		REE Resource Hole
11CBRC -	165	64	*Vertical*	393899	7573600	Western Zone	RC		REE Resource Hole
11CBRC -	166	55	*Vertical*	393703	7573599	Western Zone	RC		REE Resource Hole
11CBRC -	167	52	*Vertical*	393601	7573597	Western Zone	RC		REE Resource Hole
11CBRC -	168	49	*Vertical*	393491	7573601	Western Zone	RC		REE Resource Hole
11CBRC -	169	46	*Vertical*	393400	7573599	Western Zone	RC		REE Resource Hole
11CBRC -	170	43	*Vertical*	393301	7573604	Western Zone	RC		REE Resource Hole
11CBRC -	171	34	*Vertical*	393153	7573606	Western Zone	RC		REE Resource Hole
11CBRC -	172	42	*Vertical*	393299	7573399	Western Zone	RC		REE Resource Hole
11CBRC -	173	49	*Vertical*	393501	7573398	Western Zone	RC		REE Resource Hole
11CBRC -	174	58	*Vertical*	393700	7573402	Western Zone	RC		REE Resource Hole
11CBRC -	175	67	*Vertical*	393902	7573403	Western Zone	RC		REE Resource Hole
11CBRC -	176	55	*Vertical*	393760	7573195	Western Zone	RC		REE Resource Hole
11CBRC -	177	52	*Vertical*	393652	7573201	Western Zone	RC		REE Resource Hole
11CBRC -	178	43	*Vertical*	393547	7573201	Western Zone	RC		REE Resource Hole
11CBRC -	179	28	*Vertical*	393402	7573198	Western Zone	RC		REE Resource Hole
11CBRC -	180	25	*Vertical*	393300	7573200	Western Zone	RC		REE Resource Hole
11CBRC -	181	22	*Vertical*	393299	7572999	Western Zone	RC		REE Resource Hole
11CBRC -	182	37	*Vertical*	393501	7572999	Western Zone	RC		REE Resource Hole
11CBRC -	183	49	*Vertical*	393697	7573003	Western Zone	RC		REE Resource Hole
11CBRC -	184	52	*Vertical*	393700	7572789	Western Zone	RC		REE Resource Hole
11CBRC -	185	37	*Vertical*	393500	7572799	Western Zone	RC		REE Resource Hole
11CBRC -	186	25	*Vertical*	393299	7572801	Western Zone	RC		REE Resource Hole
11CBAC -	187	30	*Vertical*	394103	7573005	Eastern Zone		AC	Metallurgical Hole - REE

TABLE 1. DRILL SURVEY DATA/KORELLA (AUGUST 2011)

Hole_ID		Depth (metres)	Inclination	AMG Coordinates (AMG 66)		ZONE	Drill Type		Comments
				Easting	Northing		Reverse circulation (RC)	Air Core (AC)	
11CBAC -	188	36	*Vertical*	394143	7573201	Eastern Zone		AC	Metallurgical Hole - REE
11CBAC -	189	36	*Vertical*	394065	7573203	Eastern Zone		AC	Metallurgical Hole - REE
11CBRC -	190	37	*Vertical*	394064	7573190	Eastern Zone	RC		Metallurgical Hole - REE
11CBRC -	191	37	*Vertical*	394057	7573801	Eastern Zone	RC		Metallurgical Hole - REE
11CBRC -	192	37	*Vertical*	394063	7574000	Eastern Zone	RC		Metallurgical Hole - REE
11CBRC -	193	64	*Vertical*	393842	7573803	Western Zone	RC		REE Resource Hole
11CBRC -	194	64	*Vertical*	393874	7573200	Western Zone	RC		REE Resource Hole
11CBRC -	195	61	*Vertical*	393831	7572810	Western Zone	RC		REE Resource Hole
11CBRC -	196	28	*Vertical*	394064	7572600	Eastern Zone	RC		Metallurgical Hole - REE
11CBRC -	197	28	*Vertical*	393965	7572599	Eastern Zone	RC		Metallurgical Hole - REE
11CBRC -	198	67	*Vertical*	393896	7572402	Eastern Zone	RC		REE Resource Hole
11CBRC -	199	55	*Vertical*	393704	7572400	Western Zone	RC		REE Resource Hole
11CBRC -	200	46	*Vertical*	393602	7572399	Western Zone	RC		REE Resource Hole
11CBRC -	201	40	*Vertical*	393501	7572402	Western Zone	RC		REE Resource Hole
11CBRC -	202	25	*Vertical*	393302	7572401	Western Zone	RC		REE Resource Hole
11CBRC -	203	49	*Vertical*	394100	7572400	Eastern Zone	RC		Resource Hole - Phos and REE

47 Holes for 2101 Metres

TABLE 3 **Korella Anomalous Drilling Results (Holes 157-203)**

Hole_ID		From (m)	To (m)	ME-MS81 Dy ppm	ME-MS81 Nd ppm	ME-MS81 U ppm	ME-MS81 Y ppm	P_2O_5 (%)	+300ppm Y Res Grade	+500ppm Y Res Grade	+150ppm Nd	+50ppm U
11CBRC	157	39	40	35.7	41.1	48.3	505	6.90				
11CBRC	157	40	41	29	43.4	123.5	757	9.16	4m @ 528ppmY from 39m	3m @ 603ppm Y from 39m		4m @ 86.5ppm U from 39m
11CBRC	157	41	42	13.4	25.2	99.6	486	5.22				
11CBRC	157	42	43	7.93	18.8	74.6	257	5.66				
11CBRC	158	35	36	27.1	34.6	32.4	366	2.19	2m @ 477ppm Y from 35m			2m @ 47ppm U from 35m
11CBRC	158	36	37	23.1	29.5	61.2	526	3.83				
11CBRC	159	35	36	18.55	25.7	45.4	307	2.38				
11CBRC	159	36	37	18.45	25.6	47.1	307	2.61	4m @ 420ppm Y from 35m			
11CBRC	159	37	38	25.4	8.8	56.6	372	5.41		2m @ 528ppm Y from 37m		2m @ 65ppm U from 37m
11CBRC	159	38	39	39.9	14.2	70.7	613	7.58				
11CBRC	161	13	14	26.4	925	26.2	104.5	2.16				
11CBRC	161	14	15	68.7	499	23.7	248	4.23				
11CBRC	161	15	16	38.8	306	15.2	141.5	2.77			4m @ 455ppm Nd from 13m	
11CBRC	161	16	17	27.7	226	9.51	58.4	2.75				
11CBRC	162	33	34	49.9	57	38.3	313	8.13	4m @ 423ppm Y from 33m			
11CBRC	162	34	35	25.6	20.6	36.6	259	4.47				
11CBRC	162	35	36	23.6	28.1	41	644	2.47		2m @ 551ppm Y from 35m		2m @ 51ppm U from 35m
11CBRC	162	36	37	19.4	23.7	63.4	409	8.75				
11CBRC	164	42	43	15.75	33.3	99.6	523	5.75	2m @ 376ppm Y from 42m			2m @ 75ppm U from 42m
11CBRC	164	43	44	9.44	25.2	56.4	214	3.31				
11CBRC	164	47	48	8.04	11.6	92.9	237	14.71				4m @ 101ppm U from 47m
11CBRC	164	48	49	4.26	11.4	110	81.5	13.98				
11CBRC	164	49	50	3.01	7.4	150.5	53	18.51				
11CBRC	164	50	51	4.27	22.4	62.4	40.6	13.40				
11CBRC	168	36	37	20.5	18.3	28.1	298	0.53	5m @ 446ppm Y from 36m			
11CBRC	168	37	38	20.5	12.8	25.3	265	0.80				
11CBRC	168	38	39	30.4	13.7	50.6	476	0.59				
11CBRC	168	39	40	35.1	20.7	84.8	677	0.72		3m @ 544ppm Y from 38m		3m @ 66ppm U from 38m
11CBRC	168	40	41	19.95	26.3	60.4	393	1.57				
11CBRC	169	33	34	18.3	19.6	24.8	268	0.71	2m @ 358ppm Y from 33m			
11CBRC	169	34	35	25.8	24.3	19.95	376	0.34				
11CBRC	170	34	35	119.5	15.6	78.7	1495	0.87	2m @ 842ppm Y from 34m	2m @ 842ppm Y from 34m		
11CBRC	170	35	36	9.58	23.4	20	121.5	2.96				
11CBRC	171	26	27	27.5	22.5	11.75	296	0.29	2m @ 459ppm Y from 26m			
11CBRC	171	27	28	45	20	31.2	563	0.88				
11CBRC	171	30	31	5.68	37.7	4.01	37.1	0.24	4m @ 340ppm Y from 30m			
11CBRC	171	31	32	5.61	37.1	3.67	36.3	0.31				
11CBRC	171	32	33	5.06	32.6	2.9	33.6	0.21				
11CBRC	172	22	23	3.86	25.1	11.5	22	0.39				
11CBRC	177	36	37	35	56.4	62.9	581	1.55	2m @ 506ppm Y from 36m	2m @ 506ppm Y from 36m		2m @ 74ppm Y from 36m
11CBRC	177	37	38	23.7	49.7	85.3	432	3.48				
11CBRC	178	27	28	13.95	17.9	9.76	158.5	0.31	2m @ 744ppm Y from 28m	2m @ 744ppm Y from 28m		2m @ 49ppm U from 27m
11CBRC	178	28	29	78.9	38.4	88.2	1330	5.80				
11CBRC	179	15	16	86.2	52.7	60.6	1010	3.37	5m @ 630ppm Y fromm 15m	2m @ 993ppm Y from 15m		2m @ 73ppm U from 15m
11CBRC	179	16	17	73.5	42.6	85.6	977	3.92				
11CBRC	179	17	18	22.8	18	30	306	1.08				
11CBRC	179	18	19	28.7	23.5	44.9	446	0.83				
11CBRC	179	19	20	29.6	38.5	31.1	412	0.69				
11CBRC	184	41	42	53.4	34.5	59.8	813	7.33	2m @ 468ppm Y from 41m			
11CBRC	184	42	43	5.54	16.1	32.2	122	4.72				
11CBRC	185	30	31	43.9	31.1	49.6	510	0.25	2m @ 373ppm Y from 30m			
11CBRC	185	31	32	22.4	30.4	26.9	236	0.17				
11CBRC	193	44	45	11.4	5.1	15.35	351	0.75	2m @ 551ppm Y from 44m	2m @ 551ppm Y from 44m		
11CBRC	193	45	46	11.5	21.9	45.4	751	3.52				
11CBRC	193	46	47	6.97	25.5	86.3	186.5	18.88				
11CBRC	193	47	48	7.11	35.6	47.7	98.7	16.98				4m @ 60ppm U from 45m
11CBRC	193	48	49	8.12	35.6	61.4	115	16.88				
11CBRC	195	47	48	39.9	12.9	35.4	1090	0.38	2m @ 609ppm Y from 47m			
11CBRC	195	48	49	6.86	21.3	15.4	127	0.24				
11CBRC	201	25	26	55.2	56.7	49.8	597	8.84	2m @ 381ppm			

TABLE 3 **Korella Anomalous Drilling Results (Holes 157-203)**

Hole_ID		From (m)	To (m)	ME-MS81 Dy ppm	ME-MS81 Nd ppm	ME-MS81 U ppm	ME-MS81 Y ppm	P_2O_5 (%)	+300ppm Y Res Grade	+500ppm Y Res Grade	+150ppm Nd	+50ppm U
11CBRC	201	26	27	15.5	34.2	29.4	164.5	8.91	Y from 25m			
11CBRC	203	25	26	84.8	72.6	29	803	0.47	8m @ 597ppm Y from 25m	3m @ 1010ppm Y from 25m	2m @ 142ppm Nd from 26m	3m @ 80ppm U from 26m
11CBRC	203	26	27	136	181	106.5	1600	12.26				
11CBRC	203	27	28	45.4	102.5	74.6	627	30.93				
11CBRC	203	28	29	28	78.8	57.5	401	36.89				
11CBRC	203	29	30	22.1	65.6	43.9	319	31.62				
11CBRC	203	30	31	23.9	76.9	38.7	358	26.35				
11CBRC	203	31	32	22.1	69.4	38.3	321	26.92				
11CBRC	203	32	33	22.2	71.8	44.1	348	25.89				