KRUCIBLE METALS LTD
Mineral Discovery Company
ABN 12 118 788 846

ASX ANNOUNCEMENT

YTTRIUM ENRICHMENT ZONE AT KORELLA

28th FEBRUARY 2011

HIGHLIGHTS

- Krucible announced (ASX 27th January 2011) that anomalous Yttrium values (Rare Earth Element/REE) of up to **7 metres @ 0.13% Y (0.17% Y_2O_3)** had been received from preliminary drill sampling at Korella (located 150 km SE of Mt. Isa)
- Systematic assaying of the drill hole database at the Korella Phosphate deposit **(5 million tonnes @ 30.8% P_2O_5)** has revealed a consistent blanket of Yttrium enrichment lying immediately above the high grade Phosphate zone
- Recent Intersections include up to;

  3 metres @ 0.245% Yttrium (0.31% Y_2O_3; 3.1 kilo/tonne) from 20m

  16 metres @ 0.092% Yttrium (0.116% Y_2O_3; 1.16 kilo/tonne) from 16m

  At plus 700 ppm Y; 18 drill holes intersected an average of 3.7 metres @ 0.096%Y (0.122% Y_2O_3) & 6.6% P_2O_5 at an average depth of 27m

- Yttrium is valuable heavy REE (currently about $85/kilo for Y metal & $70/kilo for Y2O3 powder) that is a vital & non-replaceable component of the expanding modern technology industry; including computers, mobile phones, TVs, hybrid cars, defence communications, wind turbines, jet turbines, water treatment & a lot more
- The current REE supply is dominated by China but increasing embargos on exports from China have tightened supply & the price of heavy REE has risen sharply in the last 2 years. Alternative markets are being sought by industry in other countries
- Mineralogical and metallurgical test work needs to be undertaken at Korella to determine the characteristics & composition of the possible REE ore before any economic figures can be applied. However if amenable to beneficiation, the Yttrium zone could be an important economic factor as this material would be mined as overburden in the excavation of the relatively high grade & pure phosphate.

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The directors of Krucible Metals Ltd are pleased to announce that anomalous values for the heavy Rare Earth Element **Yttrium** (Y) have been received from drill samples from the Company's 100% owned KORELLA PHOSPHATE deposit.

Korella is located about 5km south of the PHOSPHATE HILL MINE, owned and operated by Incitec Pivot (see **FIGURE 1**).

Previously Krucible had determined some high REE results from partial sampling of zones adjacent & above the high grade phosphate zone. This was followed by systematic one metre sampling and assaying of the Korella data base for Rare Earth Elements by ALS Chemex Laboratories by the specialist Mass Spec 81 Method.

Preliminary modelling of the results of this work suggest that a shallow dipping zone of Yttrium enrichment occurs as a blanket immediately above the high grade Phosphate zone (see **FIGURE 2**) at the faulted geological contact of the Inca Formation (top – Yttrium) and Beetle Creek Formation (bottom – Phosphate).

As can be seen from the Plan View on **FIGURE 3** the **+500ppm Y contour** extends over an area of about 3500 metre strike length, 250-500 metres width and 3-4 metres average thickness. The estimated Specific Gravity (SG) is 2.2. The average depth is about 27 metres.

There is also potential to extend the Yttrium zone to the West and South West where drilling to date has been very wide spaced (400 x 400 metres and 800 x 400 metres).

Some of the better intersections include;

CBRC20	2 metres @ 908 Y from 29m
CBRC41	2 metres @ 754 Y from 44m
CBRC63	3 metres @ 2080 Y from 16m
and	13 metres @ 645 Y from 19m
CBRC65	5 metres @ 790 Y from 14m
CBRC74	2 metres @ 1140 Y from 26m
CBRC75	3 metres @ 2450 Y from 20m
CBRC78	5 metres @ 846 Y from 26m
CBRC89	3 metres @ 975 Y from 14m
CBRC95	3 metres @ 950 Y from 29m
CBRC128	3 metres @ 1390 Y from 19m
CBRC136	5 metres @ 876 Y from 14m
CBRC155	2 metres @ 1221 Y from 25m

A full list of the anomalous results is shown in TABLE 1.

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SUMMARY OF DRILL RESULTS TO DATE

Average at 500ppm Yttrium cut-off (35 drill holes)

3.3 metres @ 784ppm Y (0.1% Y_2O_3) and 7.2% P_2O_5

Average at 700ppm Yttrium cut-off (18 drill holes)

3.8 metres @ 963ppm Y (0.12% Y_2O_3) and 6.6% P_2O_5

Anomalous drill values for other **valuable heavy** Rare Earth Elements have also been received eg **Maximum values (2 metres) of ; 294ppm Dyprosium (Dy), 565ppm Neodynium(Nd) as well as + 1% Strontium(Sr)**

Whilst more work and modelling (both geological & financial) is required; the REE results to date, associated with the Korella phosphorite, are considered to be significant and may have an impact on the future value of the deposit. The mineral Xenotime (YPO_4) is usually associated with phosphorites.

The availability of the current drill hole database for Korella will facilitate progression to a JORC Code Inferred Resource for REE, although some further drilling will be required.

ABOUT YTTRIUM

Yttrium is a heavy REE with a number of significant uses including;

- Yttrium Iron Garnets (YIG) are used as resonators for use in frequency meters, magnetic field measurement devices, tuneable transistors and oscillators. Yttrium containing garnets are used in cellular communications devices by industries such as defence, satellites and phones. It is also utilised as a superconductor.
- Yttrium has many high-tech and defence uses including being used an alloy for exotic light-weight jet engine turbines and other parts.
- Yttrium ceramics can be used as crucibles for melting reactive metals and as nozzles for jet casting molten alloys.
- Everyday products also utilise Yttrium. Each car contains oxygen sensors composed of Yttrium based ceramic materials. These sensors provide for the most efficient use of fuel and eliminate excess pollution from burnt fuels. Yttrium can also be found in your home as Yttrium-Europium phosphors produce the red colour in CRT televisions and computer screens.

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

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Krucible Metals Ltd.

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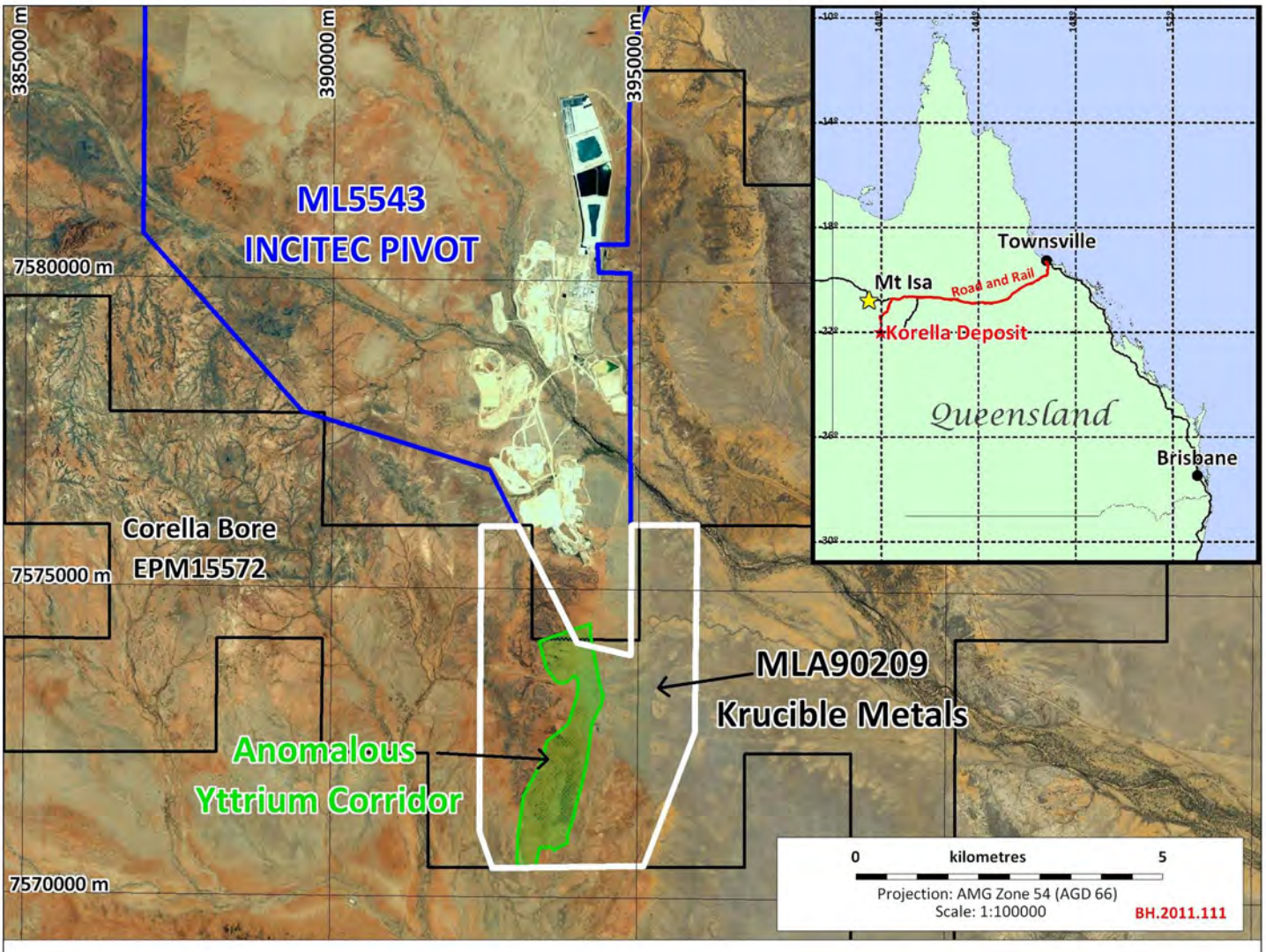
Information of a scientific or technical nature in this report was prepared under the supervision of A.J. Tony Alston, CEO and Chief Geologist of Krucible, who is a member of the Australian Institute Geoscientists and the Australian Institute of Mining and Metallurgy. Mr Alston has sufficient experience, 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

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.

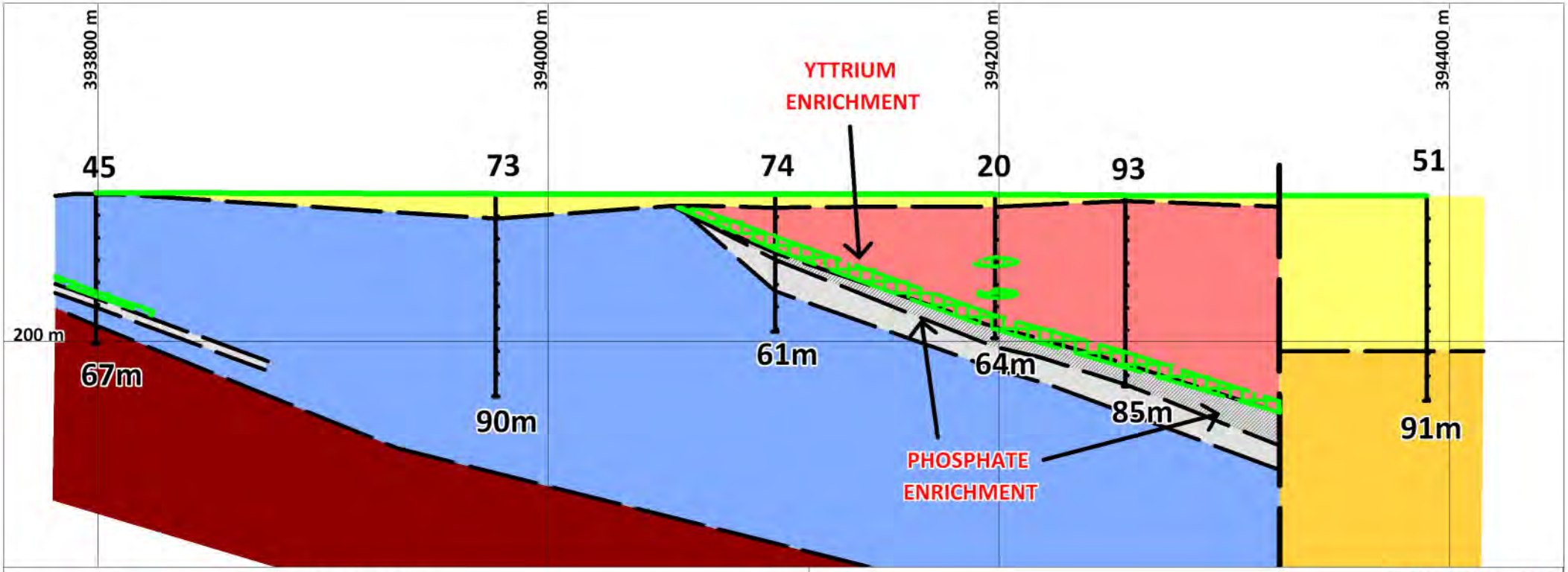
Mr Alston consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Analytical results quoted in this announcement are from ALS MINERALS LABORATORY using standard acid digest and Mass Spectroscopy analyses. The one metre samples submitted are from a cyclone splitter.



Korella Project Mining Lease with Yttrium Enrichment Corridor

FIGURE 1



REFERENCE

+500ppm Yttrium

Cover

Inca Formation

Lower Siltstone

Mehaffy Fault

Ordovician

Phosphate Deposit

Low Grade

High Grade

Mt Birnie Beds

0 metres 100

Projection: Non-Earth (meters)
Scale: 1:2500

Section 7573600N Showing Anomalous Yttrium Values

FIGURE 2

392000 m
392500 m
393000 m
393500 m
394000 m
394500 m
395000 m
7575000 m
7574500 m
7574000 m
7573500 m
7573000 m
7572500 m
7572000 m
7571500 m
7571000 m

ML5543
INCITEC PIVOT

ML5543
INCITEC PIVOT

+500ppm Y

+300ppm Y

7 metres @ 1300ppm Y from 12m

2 metres @ 2070ppm Y from 24m

+20% P2O5
Resource Area

+20% P2O5
Resource Area

DDH1
DDH2
DDH3
DDH4
DDH5
DDH6
DDH7

0 metres 1000
Projection: AMG Zone 54 (AGD 66)
Scale: 1:12000

Diamond Holes
Hole not Assayed
Hole was Assayed (every 2nd metre)
+300ppm Neodynium
+800ppm Yttrium (2m samples)
+500ppm Yttrium Contour
+300ppm Yttrium Contour
Phosphate Resource 20% Cutoff

BH.2011.103_25.02.2011

KORELLA PROJECT - DRILL HOLES SHOWING ANOMALOUS YITTRIUM VALUES (2m samples)

FIGURE 3

TABLE 1

KORELLA / RARE EARTH / YTTRIUM DRILL INTERSECTIONS - R.C. PERCUSSION

Hole Number	AMG Co-Ord. (AGD66)		From (metres)	To (metres)	Interval (metres)	Yttrium ppm	P_2O_5 %
	Easting	Northing					
CBRC 20	394198	7573596	29	31	2	908	0.69
			43	45	2	562	0.59
CBRC 21	393788	7574000	35	41	6	590	15.80
CBRC 28	393399	7572400	21	23	2	502	0.95
CBRC 41	394208	7573200	44	46	2	754	2.22
CBRC 45	393800	7573602	45	47	2	527	2.65
CBRC 57	394011	7574142	28	33	5	680	2.25
CBRC 63	394051	7573197	16	19	3	2080	9.10
			19	32	13	645	1.75
CBRC 64	393999	7573000	29	31	2	510	1.02
CBRC 65	394103	7572997	14	19	5	790	5.95
CBRC 68	394201	7572993	38	41	3	536	13.20
CBRC 74	394101	7573599	26	28	2	1140	15.70
CBRC 75	394052	7573796	20	23	3	2450	6.55
CBRC 76	394052	7574001	21	25	4	785	7.95
			29	31	2	595	1.48
CBRC 78	394149	7573197	26	31	5	846	8.65
CBRC 80	393999	7572003	18	20	2	602	12.95
CBRC 83	393847	7571704	6	8	2	525	10.40
CBRC 84	393747	7571498	3	9	6	600	4.29
CBRC 88	393950	7572598	19	21	2	570	4.88
CBRC 89	394053	7572600	14	17	3	975	7.27
CBRC 92	394050	7572799	19	22	3	562	16.35
CBRC 95	394097	7574000	29	32	3	950	17.60
CBRC 99	393900	7573001	32	34	2	684	3.13
CBRC 128	393799	7570999	19	22	3	1390	14.01
CBRC 129	393698	7570998	12	15	3	645	18.50
CBRC 130	393601	7570999	6	9	3	548	8.87
CBRC 134	393651	7571201	4	7	3	565	2.46
CBRC 136	393849	7571399	14	19	5	876	8.42
CBRC 137	393752	7571401	5	7	2	580	6.45
CBRC 140	393850	7571601	6	9	3	641	4.01
CBRC 141	393750	7571598	11	13	2	525	4.40
CBRC 142	393650	7571400	13	15	2	585	8.52
CBRC 145	393900	7571799	4	9	5	727	6.55
CBRC 148	393849	7572002	14	16	2	623	5.97
CBRC 150	393951	7571999	15	18	3	730	6.96
CBRC 155	394051	7572218	25	27	2	1221	10.00