



**KRUCIBLE METALS LTD**

*Mineral Discovery Company*

ABN 12 118 788 846

**ASX ANNOUNCEMENT**

**CHAIRMAN'S LETTER TO SHAREHOLDERS**

**27<sup>th</sup> MARCH 2012**

Dear Shareholders,

It is now 5 months since I was appointed Chairman of the Board - much has happened in that time and I am sure you will be interested in hearing about recent developments.

Three weeks after I was appointed, Tony Alston informed me that he intended stepping aside as Managing Director due to family health reasons. However Tony does intend to stay on at Krucible as a non-executive Director and geological consultant.

As many of you will have seen both on the website and in the announcements to the ASX, your Board has completed the exhaustive task of reviewing over 18 applications and then conducting interviews. Dr Allan Branch has been offered and has accepted the position of Managing Director; he will assume the position as soon as he has completed serving out his three months' notice with his current employer. I encourage you to have a look at his impressive CV (see ASX Announcement dated 23<sup>rd</sup> March 2012) so that you can get to know him a little better. The fact that he has experience running an Exploration Company and has demonstrated skills in financial management, promotions and deal making were all important factors in the Board's decision to offer him the position.

At the same time the Board has been aware that we are moving ever closer to getting approval to mine our Phosphate Deposit at Korella south of Mt Isa. We were very cognisant of the immediate need to pro-actively engage with the market before the appointment of a new Managing Director, so that there was not an undue lapse in getting the necessary funding to develop Korella - in order to return a cash flow to support the Company's exploration and growth.

Your Board has been out in the market place since Christmas talking to potential investors (both in the Company and the Korella Project) stockbrokers and potential off-take buyers of the phosphate ore that we will have available for sale. Ray Koenig, Project Manager and Director, has put together a data room necessary for an investor to make an informed decision and already we have a number of companies and individuals who have signed "Confidentiality Agreements" with Krucible to gain access to this additional information.

You will also be aware that as an "Exploration Company" we have a program of exploration that is ongoing and costs considerable money. There was a recent announcement that we were commencing drilling at Garnet – one of the high priority exploration areas that the Company holds (very close to the world class Cannington Mine). That drilling program has now been



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completed prematurely just as the big rains out west commenced. The Board very much appreciates the work undertaken by our Chief Project Geologist, Bridgette Humphries in carrying out this program, under difficult conditions. Results from that drill program are expected to be analysed and available to us in around three weeks.

There is much that needs to be done over the coming months. We need to raise additional capital so your Board will continue to market Korella and Krucible until our new Managing Director can join the Company. Tony Alston and the team continue to identify new exploration areas and undertake a program of work so that we can make the next discovery; whilst Ray Koenig works with metallurgical consultants to research value adding processes for Krucible's Heavy Rare Earth deposits.

Whilst your Company faces many challenges in securing true value for its shareholders due to global financial conditions; I believe that *better times are ahead*. From what I have seen to date of Krucible's exciting exploration and development portfolio, I think that with hard work, the advent of a new Managing Director and a more receptive financial market – we are poised to move forward in a positive manner.

We thank you, the Shareholder for your ongoing patience and support.

Yours Sincerely

**Michael Leonard**  
**Chairman**  
**Krucible Metals Ltd**

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