

**Statement for Shareholders****Allan Branch, Managing Director and CEO****15 October, 2012**

Dear Shareholders,

PHOSPHATE

As predicted, rock phosphate prices have stabilised in recent months after some volatility in the middle of the year. The table below is from Mundi Index and shows that prices have grown steadily since May and by September were at a comfortable US \$185 per ton, back to April 2012's figure. Phosphate seems relatively immune to the price vacillations of metals.



Krucible is delighted to advise that our negotiations towards formal joint venture

Rock Phosphate - Monthly Price		
Month	Price	Change
Mar-12	192.5	-
Apr-12	188.13	-2.27%
May-12	175	-6.98%
Jun-12	175	0.00%
Jul-12	180	2.86%
Aug-12	185	2.78%
Sep-12	185	0.00%

contracts with Getax International, as advised on 20 August 2012, are on track. Following the execution of the Heads of Agreement in August, our two companies have met to develop the content of the formal contract which was drafted on 14 September 2012, and which is now in its second iteration and expected to result in execution this month.

In the interim, due diligence is nearing completion and Krucible has been restructuring some of its tenements to facilitate development and commercialisation of all of its phosphate resources within the joint venture.

RARE EARTHS

As announced in my last newsletter, rare earths are now an increasing priority as our new phosphate mining deal with Getax takes hold. Last month Krucible visited the famous Molycorp open pit mine at Mountain Pass, on the border of Nevada and California. Rare earths continue to make headlines world wide as the global community adjusts to the increasing importance of these strategic metals and the supply dynamics caused by China's influence. Mountain Pass is nevertheless the largest rare earths operation outside of China and the interesting thing to see was the extensive real estate area around the mine dedicated to ore processing and environmental rehabilitation. The pit itself is not large, but Molycorp often describes itself as a chemical company, and it is easy to see why with the impressive new beneficiation plant, part of their Project Phoenix, and the individual processing plants adjacent to the main mine buildings. Molycorp also visited our sites at Yttr, Korella and Coorabulka in August and discussions are ongoing with them towards forming a suitable strategic relationship.

Our local academic institute in Townsville, James Cook University, is active in its research around rare earths. Dr Carl Spandler, Senior Lecturer in Earth Sciences, has received a \$700k Federal Government grant to research how rare earth elements are mobilised and concentrated in the high temperature and pressure conditions of the deep crust. Rare earths are regarded as vital elements for modern technology industries, essential for rechargeable batteries, high power magnets, solar cells, and everyday items like rechargeable batteries, fluorescent lighting, LCD and plasma displays. Not surprisingly, Japan is the world's largest importer of rare earths. Without them there would be no electric cars, mobile phones, solar power, flat screen TV's, advanced military weapons or space industry. Dr. Spandler's work will aid in the discovery of new ore deposits, essential to meet growing



demand.

Predicting prices is complex. The controlling factors include China's down turn, but are offset by its controlled export quotas, which in turn is countered by the recent international trade complaint filed against China. In reaction to China's embargo, new mines such as Lynas and the reopened Mountain Pass, are increasing supply. Regardless, when China withdrew supply of rare earths to Japan over the political dispute of the Senkaku Islands, Japan quickly capitulated in order to get these essential supplies. Every time China clamps down on exports, availability tightens and all rare earth prices soar. Cerium oxide, FOB China, soared more than 35-fold from \$4.15 per kg in January 2010 to \$150.55 a kg in July 2011. Since then, prices have fallen back to \$21.50 per kg, but scarcer heavy rare earths like Krucible's are more price-stable. As well as China, Australia and the USA, India and Russia are actively building rare earth capacity, so no believes this is a commodity to ignore. John Landreth Chief Geologist at Molycorp (left) and Allan Branch of Krucible are shown outside the Mountain Pass pit.



CONFERENCES

It is the mining conference season. Krucible is presenting at important conferences and trade shows.



This week, as well as presenting an address at the "Mining the Isa" conference on Thursday 11th October 2012, we were delighted to be invited to chair the first day's sessions. Since Krucible is well advanced in its plans for transitioning to a mining company, we chose to present our experience as a case study called, "From Explorer to Miner." We had discussions with local politician Rob Catter and Mt Isa Mayor Tony McGrady about our activity in the area and networked with executives from other phosphate mining projects like Rum Jungle and Legend.

Later this month, we will again have our exhibition booth at the Mining 2012 Resources Conference in Brisbane, which is from 30 October to 2 November. Following the excellent reception of our transition case study at Mt Isa, we will present a version of that address at this conference also. Shareholders and company stakeholders are invited to stop by our stand where we will have refreshments, and directors and staff handy to answer any questions about our company and its plans.

Taking advantage of our visit with Molycorp in September we attended the huge, once-every-4-years Minexpo nearby in Las Vegas, reviewing the latest in mining equipment and meeting contacts in mining companies in the same mineral sectors as ours. A highlight was the chance to visit Molycorp's open cut mine at nearby Mountain Pass in California, and to tour their new beneficiation plant.

For the first time, we are expect to be attending the rare earths conference in Sydney in February 2013, and again presenting a paper relative to our experience in transition to a miner, this time around our rare earth program. Also at the end of this month, we are addressing the Queensland Exploration Council in Brisbane, discussing how our company has dealt with the mining sector dynamics with strategic partnerships.

Please take the opportunity to attend any of these events and meet us. If you need further information, Kate at our office in Townsville will be delighted to help you, or see the relevant conference announcements at their websites which also lists the times Krucible is speaking and postings of the



presentations.

OTHER ACTIVITIES

Our field activities continue, with progress towards approval of new tenements at Coorabulka, Brumby Dam and Templeton River, and professional development of key technical staff. Senior Geologist Bridgette Humphries recently attended the 5 day Geoscientists Symposium at Kalgoorlie in Western Australia. Bridgette said the hands-on field trips were invaluable and our company will benefit from the large national and international networking opportunities from within the 200 delegates. Continued field reconnaissance work at Coorabulka and Wheelers Creek were also conducted this month with assay results expected in approximately 3 weeks. Finally, in regard to metallurgy, Krucible is evaluating new extraction technologies with pilot and bench top tests with strategic consulting firms. Mike Eisenhut, Senior Field Officer above, has spent much of the last month supporting our exploration program and maintaining our Mt Isa area tenements.



Sincerely,

Allan Branch
Managing Director and CEO