



ASX ANNOUNCEMENT

DRILLING TO RE-COMMENCE ON KORELLA YTTRIUM DEPOSIT

14th JULY 2011

The directors of Krucible Metals Ltd are pleased to announce that drilling is scheduled to re-commence at the Korella Project (Mining Lease Application 90209) in about 3 weeks time. Korella is located about 130km SE of Mt. Isa in NW Queensland (see **FIGURE 1**).

A total of about 60 RC percussion holes are planned for 2,200 metres (average depth approx. 35m). The objective for this drilling program is to obtain metallurgical samples and expand the Heavy Rare Earth (Yttrium Oxide or Y_2O_3) deposit that was announced to the ASX on the 5th April 2011 ("**Maiden Yttrium Rare Earth Inferred Resource**").

The JORC Code Inferred Resource announced by Krucible was **4.2 million tonnes @ 0.96 kilograms/tonne Y_2O_3** .

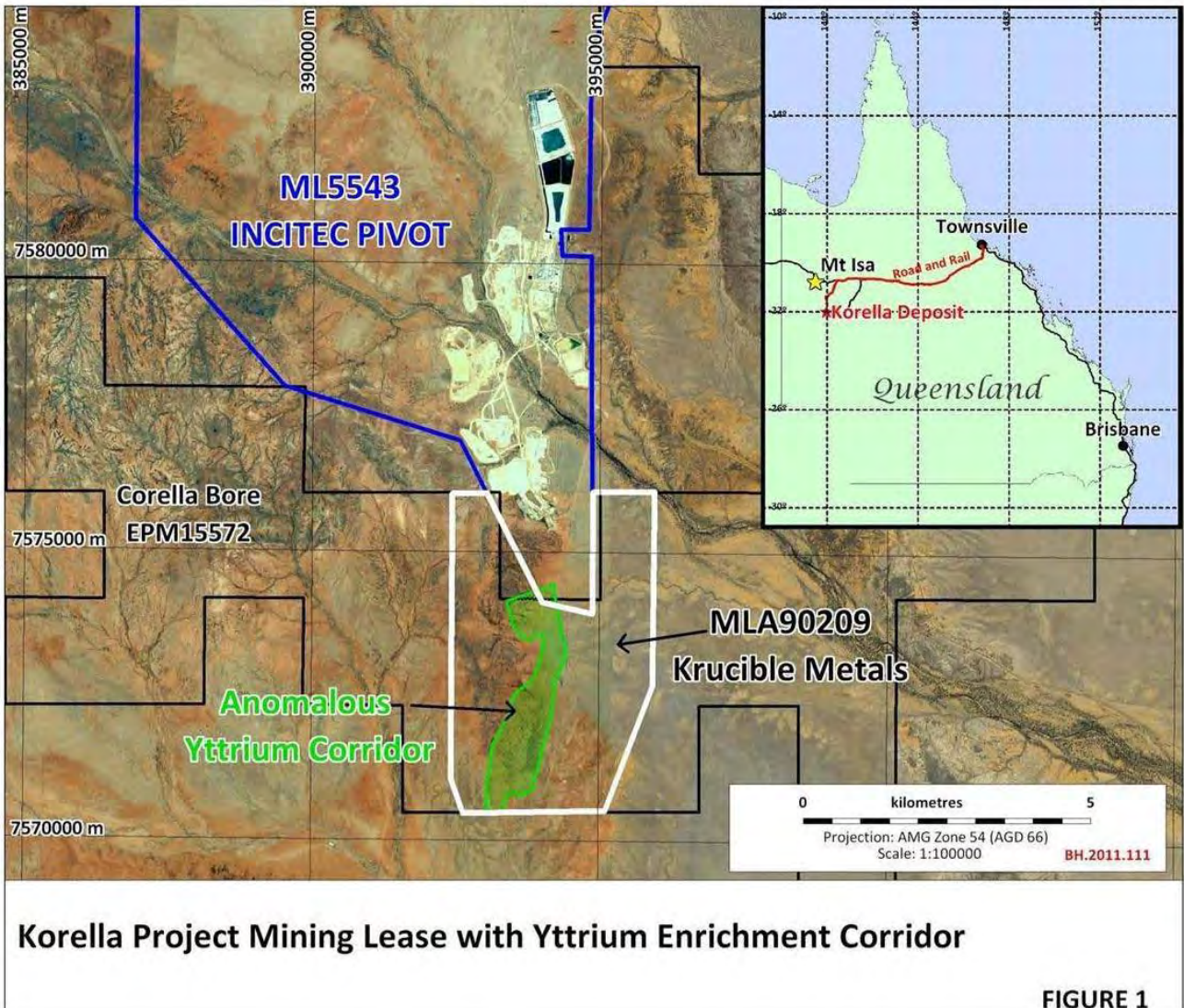
This resource was estimated on one metre samples from the drill pattern of 200 by 100 metres that defined the Korella Phosphate Inferred Resource (**5.0 MT @ 30.8% P_2O_5**).

In addition there is estimated to be at least another **1.5MT @ 0.93 kg/t Y_2O_3** – this is in a pre JORC category due to the wide spaced blocks (see **FIGURE 2**) associated with low grade Phosphate zones to the west.

The Yttrium Resource essentially occurs as a thin coherent blanket (3 – 5 metres) over the top of the Phosphate, but it also extends to the west where the drill spacing is at spacings of 400 by 400 metres or 400 by 800 metres. A number of these wide spaced holes intersected zones of Heavy Rare Earth (HREE) enrichment consisting of Yttrium, Dysprosium and Neodymium), so it is considered likely that infill drilling will add to the Inferred Resource.

In addition some infill drilling will be carried out within the current Inferred Resource to better define possible high grade zones of Yttrium – previous drilling has intersected one metre samples up to **4.7 kilograms per tonne Y_2O_3** (Y_2O_3 recently sold for about \$150 per kilogram). Intersections of **up to 3m @ 0.94 kg/t Neodymium and 2m @ 0.30 kg/t Dysprosium** have also been returned from early drilling. (Neodymium recently sold for \$400/kg and Dysprosium for \$1500/kg).

Metallurgical holes will also be drilled to supply sufficient samples for planned test work in Australia, as well as supplying material to some overseas companies who have expressed interest in the HREE deposit and wish to carry out applicable test work. The additional samples will facilitate advancement of the metallurgical beneficiation program. Only small samples were available for the current test work being carried out.



Mineralogical work has identified Xenotime (YPO_4) as being the host mineral for the Yttrium at Korella – this mineral is likely to be amenable to hydro-metallurgical extraction of Yttrium.

It is anticipated that preliminary analytical results from the drilling program will be available in 6-8 weeks. A resource update is likely to be announced in about 3 months.

Attached: FIGURE 2

Tony Alston
Managing Director
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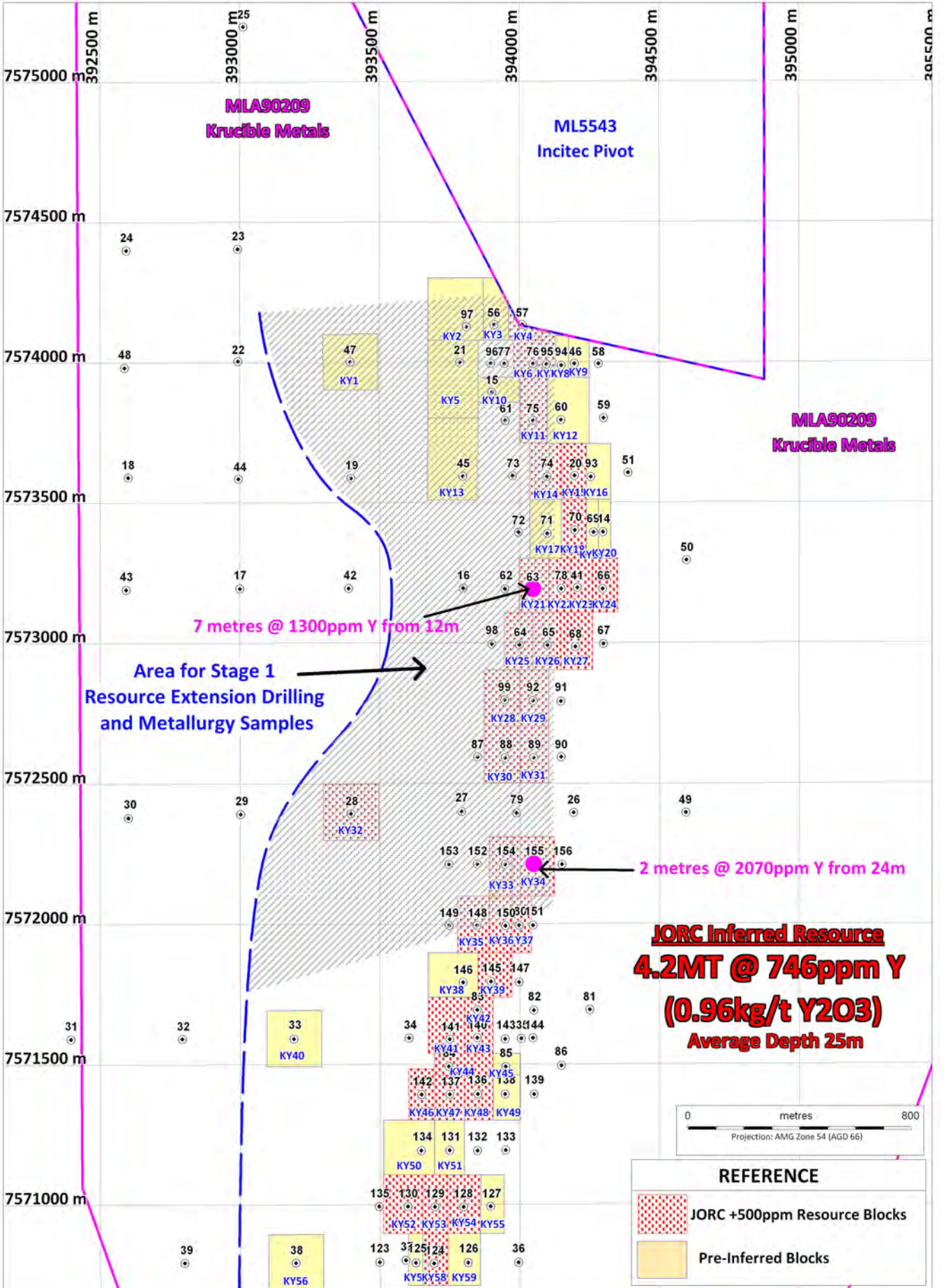
WEB SITE: www.kruciblemetals.com.au

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.

Information in this Announcement relating to the Korella Deposit Scoping Study and preliminary Rare Earth metallurgical investigations have been documented by Mr Ray Koenig, who is a Senior Project Metallurgist and Chartered Professional and Fellow of the AusIMM. Mr Koenig consents to this information being included in the ASX Announcement.



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Korella Project Yttrium Resource Blocks

FIGURE 2