KRUCIBLE METALS LTD
Mineral Discovery Company
ABN 12 118 788 846

ASX Announcement

10th December 2009

EXPLORATION UPDATE

HIGH GRADE GOLD & COPPER AT PILGRIM

DETAILED LOW LEVEL AEROMAG AND NEW GOLD AT TOOMBA

PHOSPHATE SCOPING STUDY UNDERWAY AT PHM SOUTH

HIGHLIGHTS

- **New target area for possible IOCG mineralisation outlined at the Pilgrim Prospect, located 5km SE of the historic Tick Hill Gold Mine. This tenement is subject to a Joint Venture with Deep Yellow Ltd.**
  Up to 30.7% Copper, 0.28% Molybdenum and 10.25 g/t Gold has been outlined from limited rock chip sampling in an area where there are no known previous workings. Extensive lag sampling has also outlined a number of Gold and Copper anomalies that have not been rock chip sampled to date.
- **A high resolution aeromagnetic / radiometric survey has been recently flown in the frontier Simpson Desert region at Krucible's wholly owned Toomba EPM. This will assist in "seeing through" the prevailing sand cover and defining broad target areas for follow up in 2010.**
- **Recent reconnaissance sampling at Toomba has returned up to 1.44g/t Gold from near the Stella Prospect, which is located about 10km south of the Champ Prospect where Copper mineralisation has been outlined from first pass drilling this year.**

The Directors of Krucible Metals Ltd are pleased to announce that strongly anomalous results have been returned from surface samples collected during recent field programs at Toomba and Pilgrim in Western Queensland (see FIGURE 1).

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PILGRIM JOINT VENTURE / EPM 15072 (DEEP YELLOW LTD)

This tenement is located about 150km SE of Mount Isa (see FIGURE 2) and is subject to a Joint Venture with Deep Yellow Ltd (DYL) whereby Krucible can earn 80% equity by expenditure of $400,000 over 4 years. Krucible also has the right to 100% ownership by issue of one million KRB shares.

The Pilgrim Prospect area is located about 5km SE of the historic high grade Gold Tick Hill Mine.

Recently Krucible carried out a surface lag sampling program; comprising 221 samples at 200 x 200 metre spacing over an area of about 4.8 x 2.2km. A number of Gold and Copper anomalies were outlined from this survey and these are shown on FIGURE 3.

During the course of the above work visible Copper was noted in a number of iron rich float samples with maximum values up to **10.25 g/t Gold, 30.7% Copper and 0.28% Molybdenum**.

A full list of the anomalous results (5 samples were collected) is shown below in TABLE 1.

TABLE 1

ANOMALOUS ROCK CHIP SAMPLES / PILGRIM J.V. (DEEP YELLOW LTD)

Sample Number	AMG Co-Ordinates AGD66		All Results in ppm unless shown as %				Comments
	East	North	Gold	Silver	Copper	Molybdenum	
60816	391931	7602375	0.353	29.9	30.70%	19.80	float (near source?) Ironstone / Quartz Breccia - visible Malachite (heavy)
60817	391930	7602375	0.537	0.70	0.23%	1.37	float (near source?) "red rock" alteration - Malachite staining
60818	391815	7602610	10.25	3.28	14.30%	0.28%	float (near source?) Hematite / Ironstone rock - visible Malachite
60819	391628	7602417	0.083	2.50	1.62%	8.00	float in creek (from SSW) sheared mafic rock - Malachite staining

The strong anomalies are located within the "Pilgrim Corridor" which is located between two N-S Faults (see FIGURE 3) over a length of +5km and widths of 800-1400 metres. This very prospective area is mainly underlain by altered calc-silicate breccias and granitoids of the Proterozoic Corella Formation which hosts the Tick Hill mineralisation, as well as the Trekelano Mine (Copper, Gold 21km to NW) and the Kalman deposit (Copper, Molybdenum, 67km to the North). Surface work and photo-

interpretation has indicated a number of areas with strong iron alteration / weathering (probably after sulphides) as well as "red rock" alteration (hematite and potash) which is considered a good indicator of possible Iron Oxide Copper Gold (IOCG) mineralisation.

Further work is planned for 2010 and this will include geological mapping, rock chip and soil sampling, followed by data collation and interpretation. It is anticipated that drill targets will be generated from this work.

SIMPSON DESERT / TOOMBA EPM 15367

Recently helicopter supported reconnaissance investigations were carried out at Toomba to follow up anomalous Gold samples outlined from lag sampling near the Stella Prospect (see FIGURES 1 & 4) which is located 10km south of the Champ Prospect, where Copper mineralisation has been outlined from first pass drilling (see ASX Announcement 25th November 2009).

In addition the helicopter was utilised to assess the degree of basement subcrop to the west of the lag sampling area.

Results from this program were positive with up to **1.44g/t Gold returned from lag sampling** (see FIGURES 4 & 5) - the anomalous area is open to the SW. Ground inspection revealed extensive areas of altered granite and quartz vein basement material that should be amenable to further effective surface geochemical sampling.

In addition Krucible is pleased to announce that a high resolution aeromagnetic / radiometric survey has been flown at Toomba, comprising about 2,000 line km over an area of 16 x 16 km (see FIGURE 4). This survey will be of great assistance in better defining the geology and structures of the basement rocks that are largely hidden by sand cover. It is anticipated that interpretation of this geophysical data will lead to the definition of broad target areas for follow up in 2010.

PHM SOUTH PHOSPHATE SCOPING STUDY / CORELLA BORE EPM 15572

A Scoping Study is in progress on the Phosphate deposit at PHM South within the 100% Krucible owned Corella Bore tenement. This is located near the Phosphate Hill Mine (see FIGURES 1 & 2) that is owned and operated by Incitec Pivot Ltd.

The Scoping Study is examining the likely economic parameters for a direct shipping ore (DSO) operation and is supervised by Krucible director and senior Metallurgist Ray Koenig.

An Environmental Baseline Study has also commenced, prior to the onset of the wet season, to assist with the application of a possible Mining Lease in 2010.

The results of this Study are likely to be finalised in February 2010 and will determine the parameters for a possible Pre-Feasibility Study.

The PHM South deposit has a current **JORC code Inferred Resource of 8.3 million tonnes @ 27.3% P_2O_5 at a lower cut-off of 20% P_2O_5.**

Attached: FIGURES 1 – 5

Tony Alston
Managing Director
Krucible Metals Ltd.

Further Information: **Mr Tony Alston**
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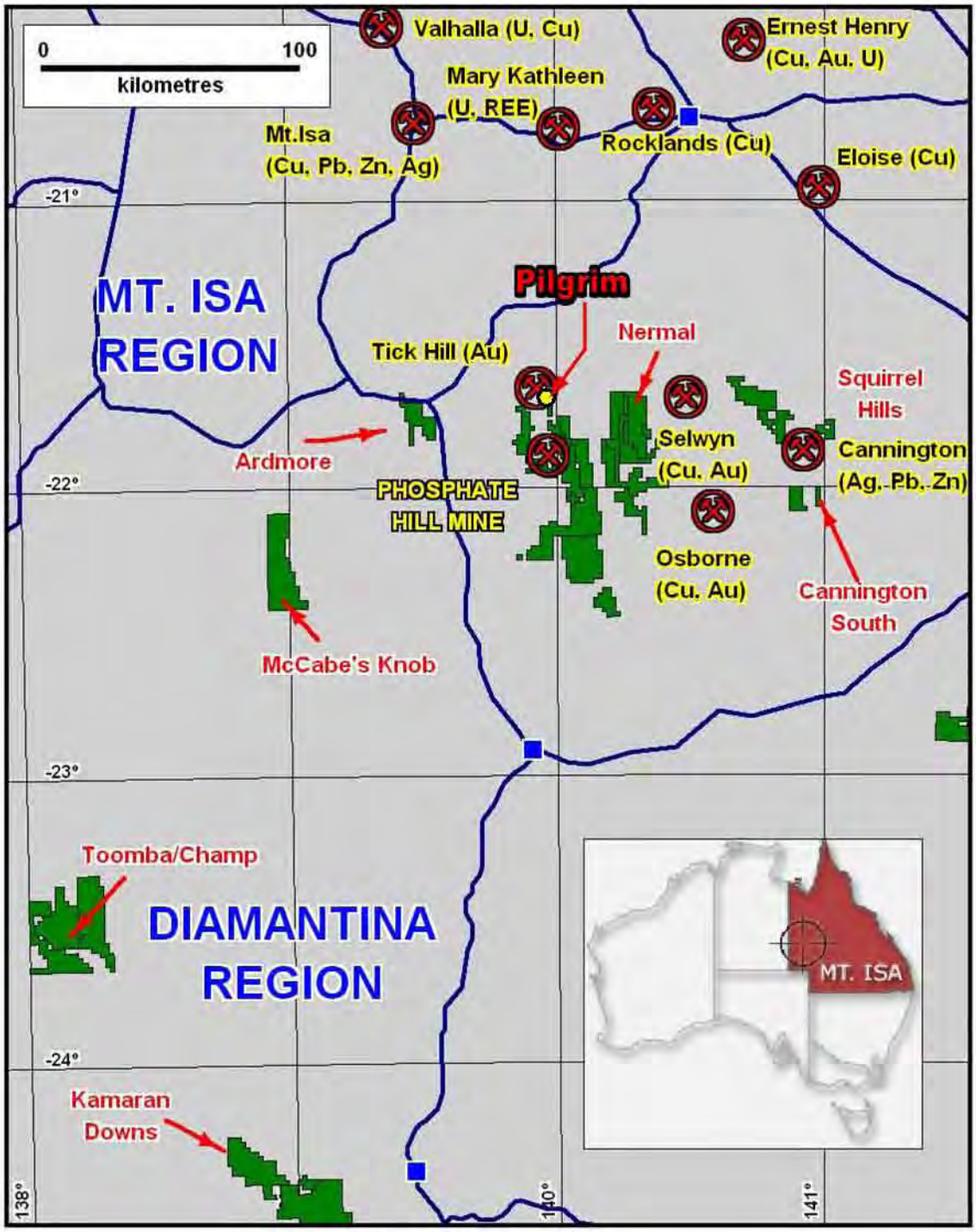
WEB SITE: www.kruciblemetals.com.au

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 PHM South deposit, including a description of in respect of the PHM South deposit 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.

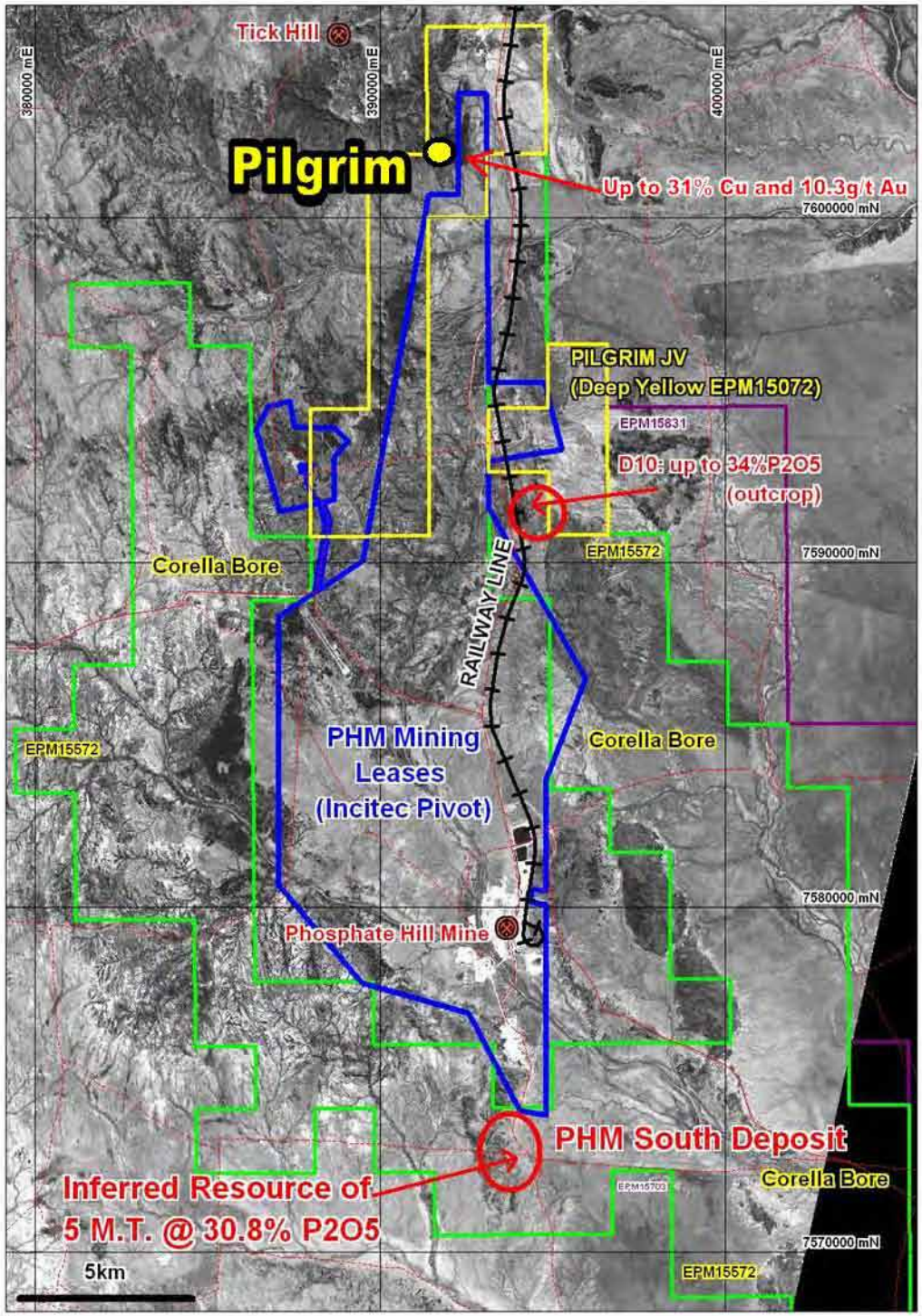
Mr Alston consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



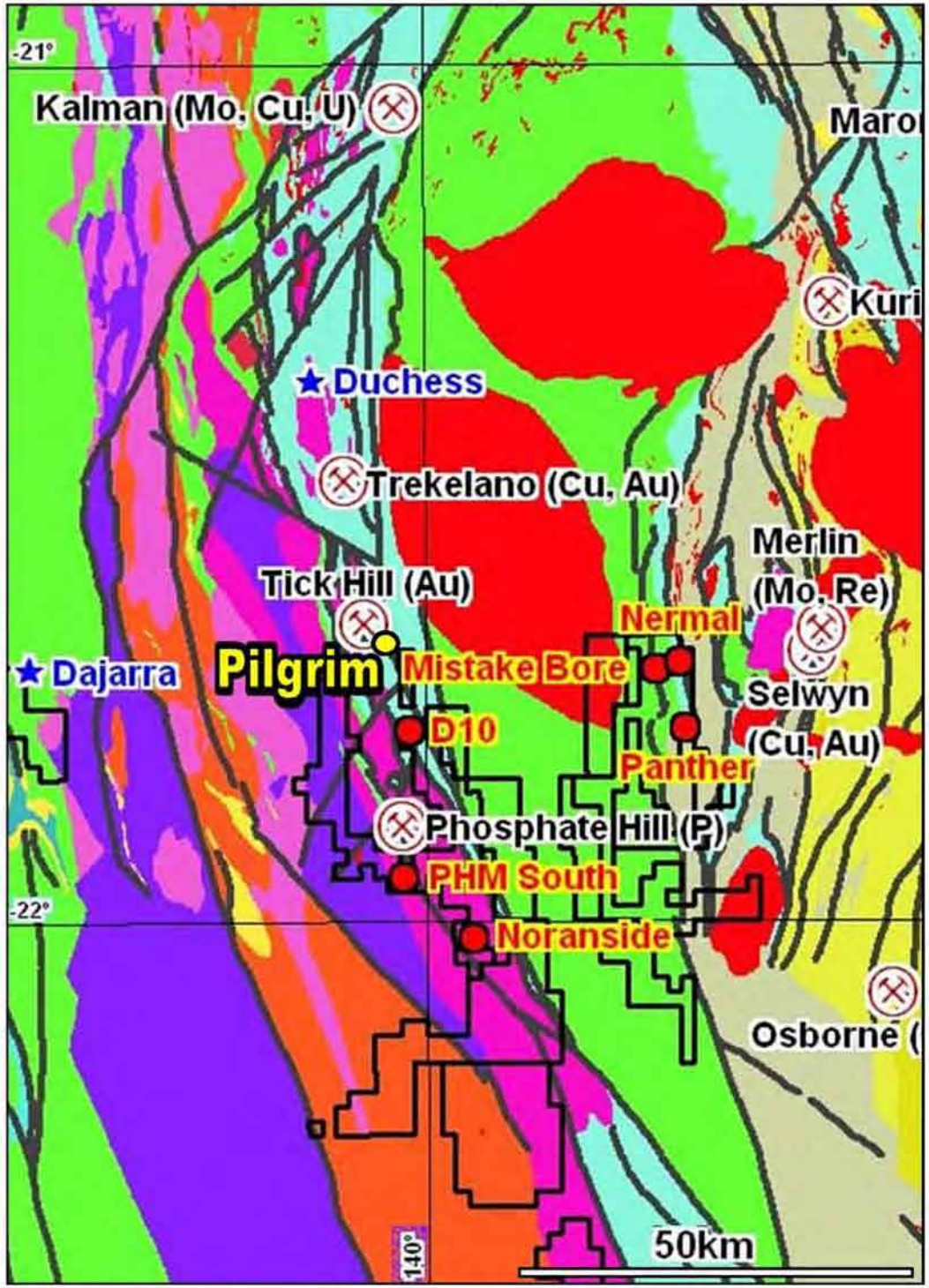
Location Plan
Showing Krucible Tenements

KRUCIBLE METALS LTD

FIGURE 1

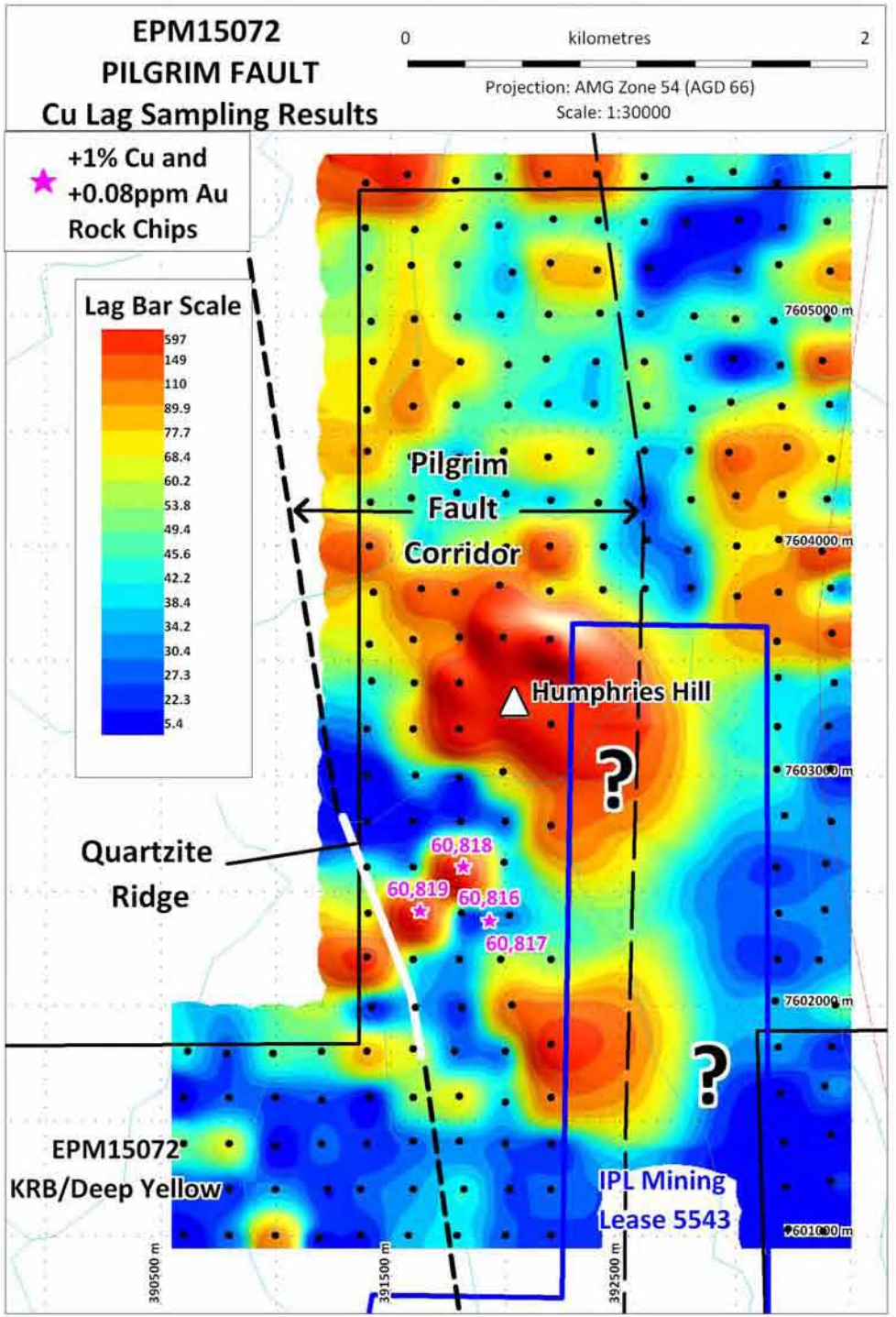


Regional Aster Image showing tenement locations Mt Isa South



Proterozoic Geology showing Krucible prospects Mt Isa South

FIGURE 2


EPM15072
PILGRIM FAULT
Cu Lag Sampling Results
0
kilometres
2
Projection: AMG Zone 54 (AGD 66)
Scale: 1:30000
+1% Cu and
+0.08ppm Au
Rock Chips
Lag Bar Scale
597
149
110
89.9
77.7
68.4
60.2
53.8
49.4
45.6
42.2
38.4
34.2
30.4
27.3
22.3
5.4
Pilgrim
Fault
Corridor
Humphries Hill
Quartzite
Ridge
60,818
60,819
60,816
60,817
EPM15072
KRB/Deep Yellow
IPL Mining
Lease 5543
7605000 m
7604000 m
7603000 m
7602000 m
7601000 m
390500 m
391500 m
392500 m

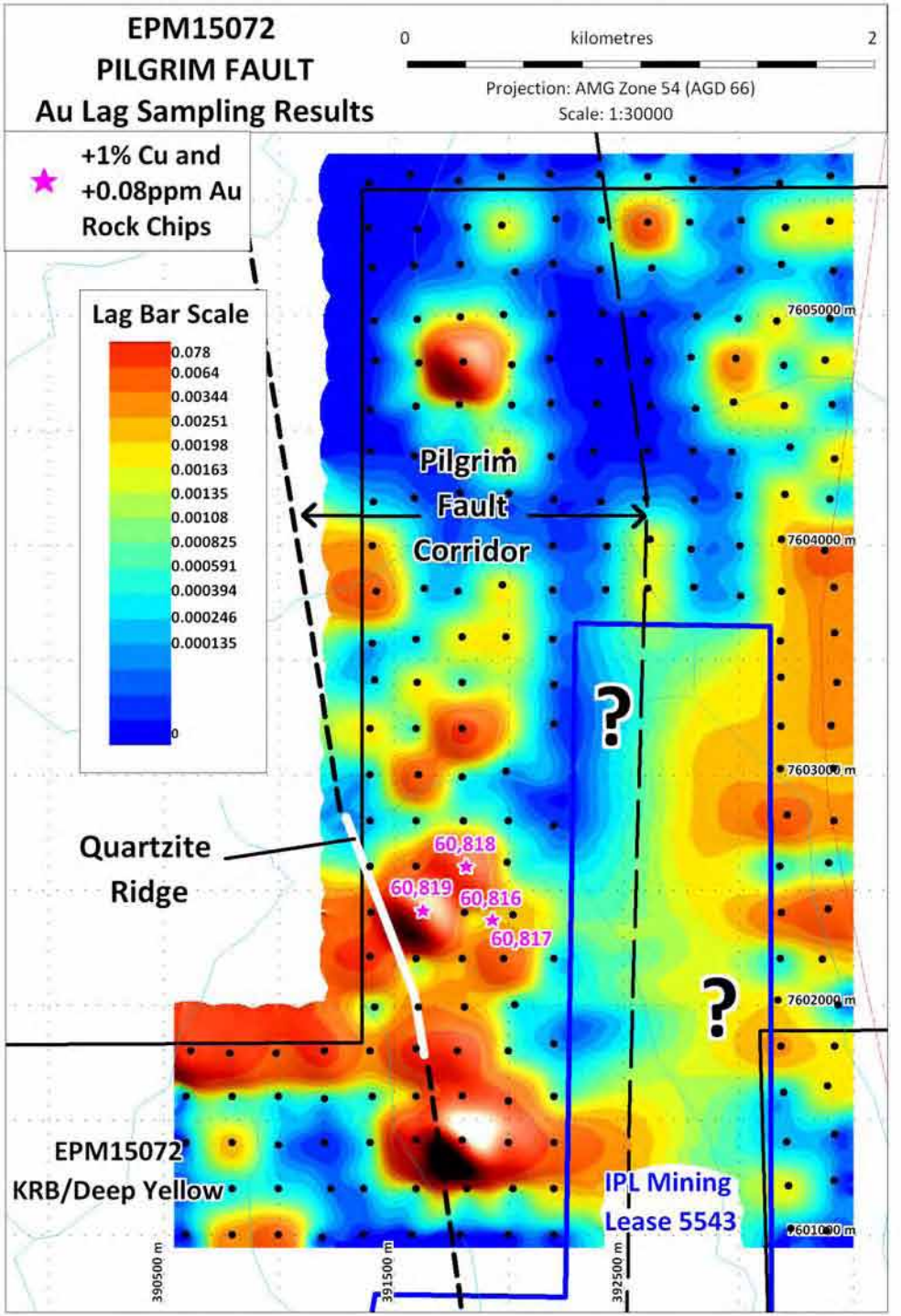

EPM15072
PILGRIM FAULT
Au Lag Sampling Results
0
kilometres
2
Projection: AMG Zone 54 (AGD 66)
Scale: 1:30000
+1% Cu and
+0.08ppm Au
Rock Chips
Lag Bar Scale
0.078
0.0064
0.00344
0.00251
0.00198
0.00163
0.00135
0.00108
0.000825
0.000591
0.000394
0.000246
0.000135
0
Pilgrim
Fault
Corridor
Quartzite
Ridge
60,818
60,819
60,816
60,817
EPM15072
KRB/Deep Yellow
IPL Mining
Lease 5543
7605000 m
7604000 m
7603000 m
7602000 m
7601000 m
390500 m
391500 m
392500 m

FIGURE 3

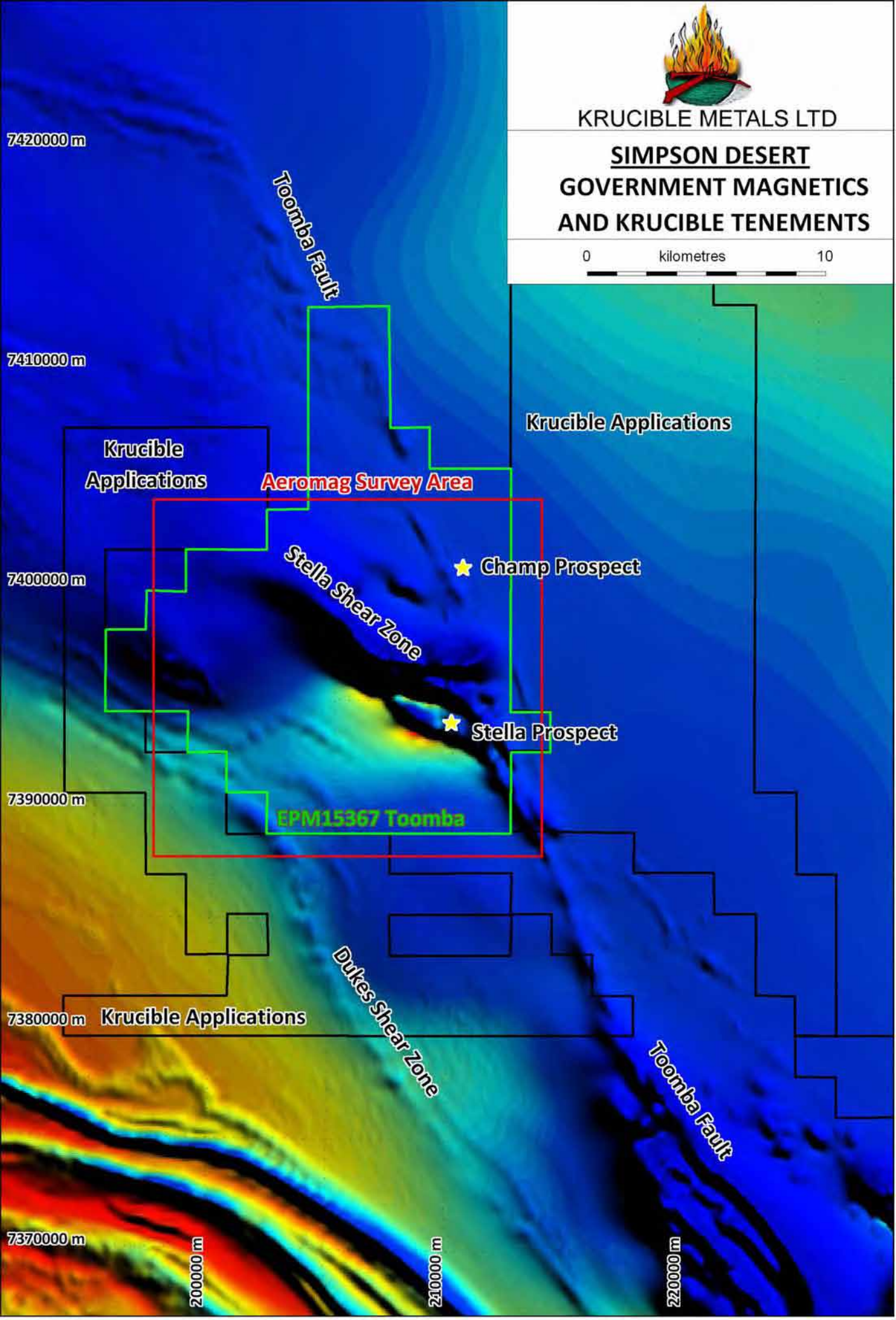

KRUCIBLE METALS LTD
SIMPSON DESERT
GOVERNMENT MAGNETICS
AND KRUCIBLE TENEMENTS
0
kilometres
10
7420000 m
7410000 m
7400000 m
7390000 m
7380000 m
7370000 m
200000 m
210000 m
220000 m
Toomba Fault
Krucible Applications
Krucible Applications
Aeromag Survey Area
Champ Prospect
Stella Shear Zone
Stella Prospect
EPM15367 Toomba
Dukes Shear Zone
Krucible Applications
Toomba Fault

FIGURE 4

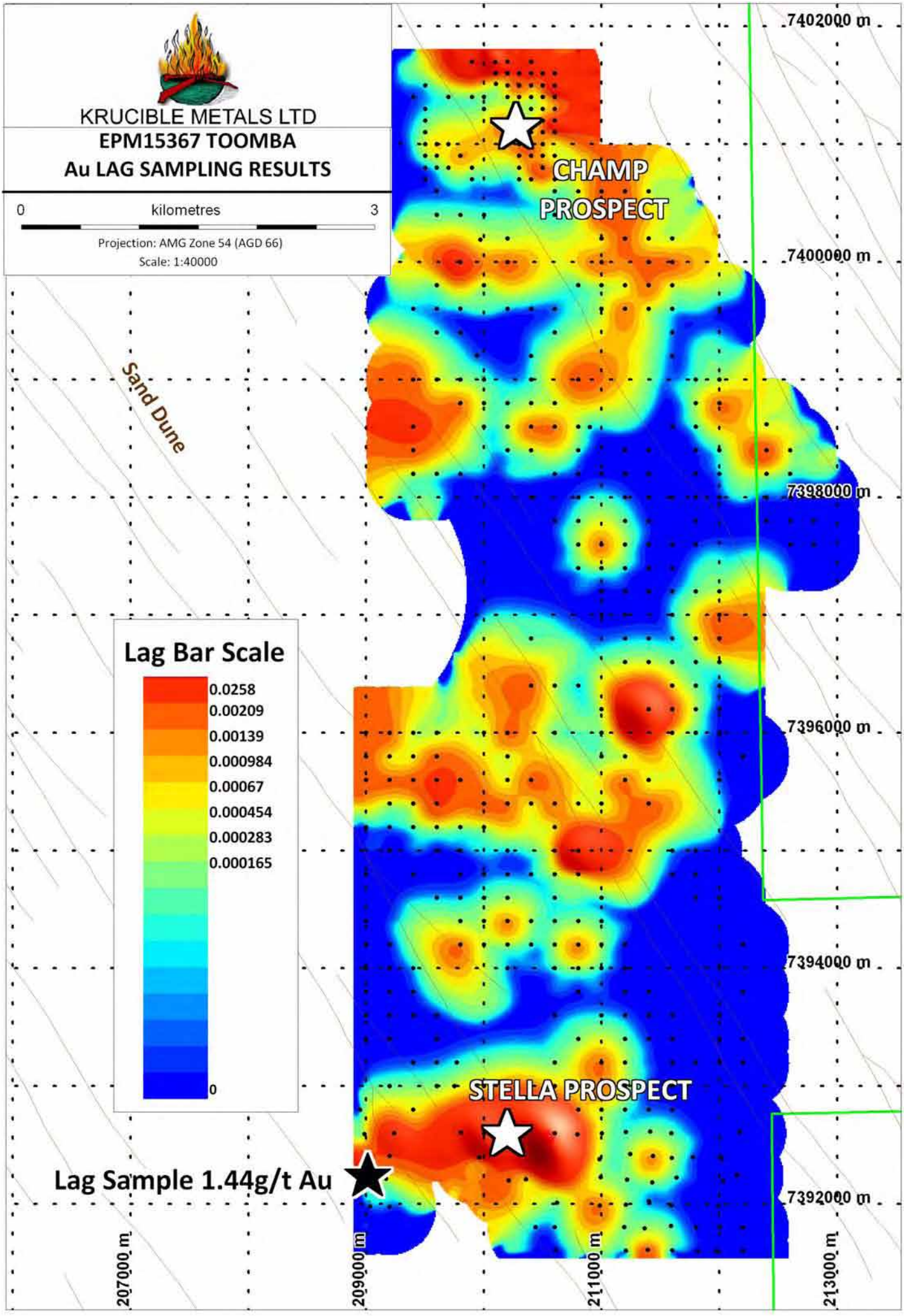

KRUCIBLE METALS LTD
EPM15367 TOOMBA
Au LAG SAMPLING RESULTS
0
kilometres
3
Projection: AMG Zone 54 (AGD 66)
Scale: 1:40000
CHAMP PROSPECT
Sand Dune
Lag Bar Scale
0.0258
0.00209
0.00139
0.000984
0.00067
0.000454
0.000283
0.000165
0
STELLA PROSPECT
Lag Sample 1.44g/t Au
7402000 m
7400000 m
7398000 m
7396000 m
7394000 m
7392000 m
207000 m
209000 m
211000 m
213000 m

FIGURE 5