cloncurry metals
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Rock Chip Channel Sampling Results from El Carmen – More High Grade Silver-Copper Veins Close to Espiritu Santo

Key Points

Underground rock chip channel sampling carried out over wide spaced veins at the El Carmen prospect area with very encouraging results

Best silver bearing intercepts were:

- 1.73m @ 545g/t Ag, 1.32% Cu, 0.46% Pb and 0.21% Zn
- 1.00m @ 200g/t Ag and 0.16% Cu.
- 0.80m @ 204g/t Ag and 0.5% Cu.
- 1.15m @ 19.4g/t Ag and 2.93% Cu

Geology and mineralised veins very similar to those at Espiritu Santo.

Sampling results and mapping of the northern part of the El Rodeo concessions have significantly increased the potential of this area.

Outcropping veins at the nearby Jacal prospect have been sampled in pre-existing diggings and the assays are pending

Drilling at Espiritu Santo commencing in mid December.

Exploration Update – El Rodeo Project

El Carmen Prospect Area

El Carmen is a prospect approximately 1km north of Espiritu Santo (see figure 1) and has a number of old workings and outcropping veins that are similar to those at Espiritu Santo.

There are four historic workings in the El Carmen prospect area. They are known as El Carmen, Cuchilla Pilar, Los Corralitos and La Cuitazera.

The workings in general are less well developed than those at Espiritu Santo and are less well known. The observed veins are 1.5 to 3.0m wide and are noted at the surface over short distances of 100 to 200m, most striking near to east-west (see figure 2).

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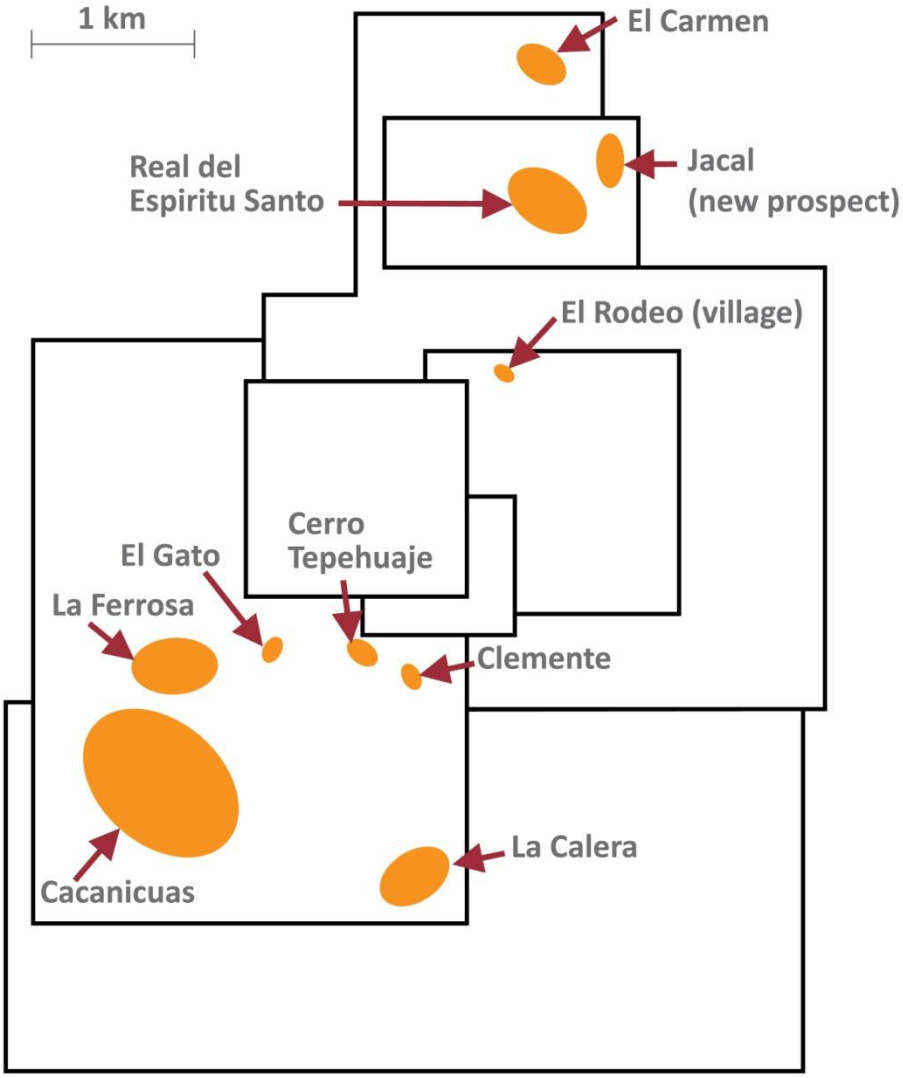
Jacal[1] Prospect

Jacal is a prospect which is approximately 1km to the north east of Espiritu Santo. Here, preliminary mapping shows a vein 1.5m thick, E-W in strike, dipping 80° to the N. It contains quartz, chalcocite, sphalerite, chalcopyrite, galena, proustite, pyrite and magnetite. The veining is hosted in andesite, in a normal fault with right lateral horizontal displacement. An exoskarn containing rhodonite and garnet is developed at the contact of limestone and granodiorite. Pyrite, chalcopyrite and magnetite are found as replacement bodies. The mapping is still ongoing at Jacal and the strike length of the vein is yet to be determined. Samples have been collected for assay from small surficial diggings. There are no historical workings of any significant scale.

Figure 1 – Schematic of El Rodeo Project, with separate prospects noted



[1] This prospect was misreported as the Jagual prospect in the last announcement. This spelling error has been corrected for this announcement.

Geology and Geochemistry

The mineralogy in all veins at El Carmen and Jacal is similar to Espiritu Santo, comprising quartz, chalcocite, chalcopyrite, magnetite and pyrite, along with significant silver-bearing and minor base metal minerals. Argentiferous galena is present in the El Carmen and Corralitos veins, despite our limited sampling showing only low lead with the high silver values. The host rocks display silicification and propylitic alteration and contain chlorite, epidote and pyrite. Three samples from Cuchilla Pilar contain high copper (to 2.93%), but with low silver content.

There is an array of prospect-wide north-east faults at El Carmen which are similar to those at Espiritu Santo, but better developed or more readily mapped. These faults may have controlled the location of the veins in dilatant zones between the faults, especially if fault movement was opposite to that mapped during the short-lived mineralisation event. This is consistent with the intrusion of an underlying porphyry and is significant because it highlights the opportunity for discovery of additional unexposed dilatant mineralized veins bounded by such faults.

The main veins at El Carmen and Espiritu Santo also have similar strike, N10°E in general, with a second, subordinate set of veins trending N20°W. The similar strikes of these veins and the Jacal vein imply that they are all part of the same swarm, produced by the same structural control and mineralizing process, affecting an area greater than a one square kilometre. This conclusion allows us to envisage an extensive mineralising system, with additional veining present. The extent of the system suggests that the veins could have good depth extent, perhaps with longer strike length than that observed near surface. The potential to find extensions and new veins is therefore high.

These geometries and mineralogies are consistent with the mapped Ag-Cu vein prospects rimming and overlying a good-sized mineralizing porphyry system, or relating to a cluster of smaller porphyries. They are exciting targets in their own right and may point to a more significant underlying target.

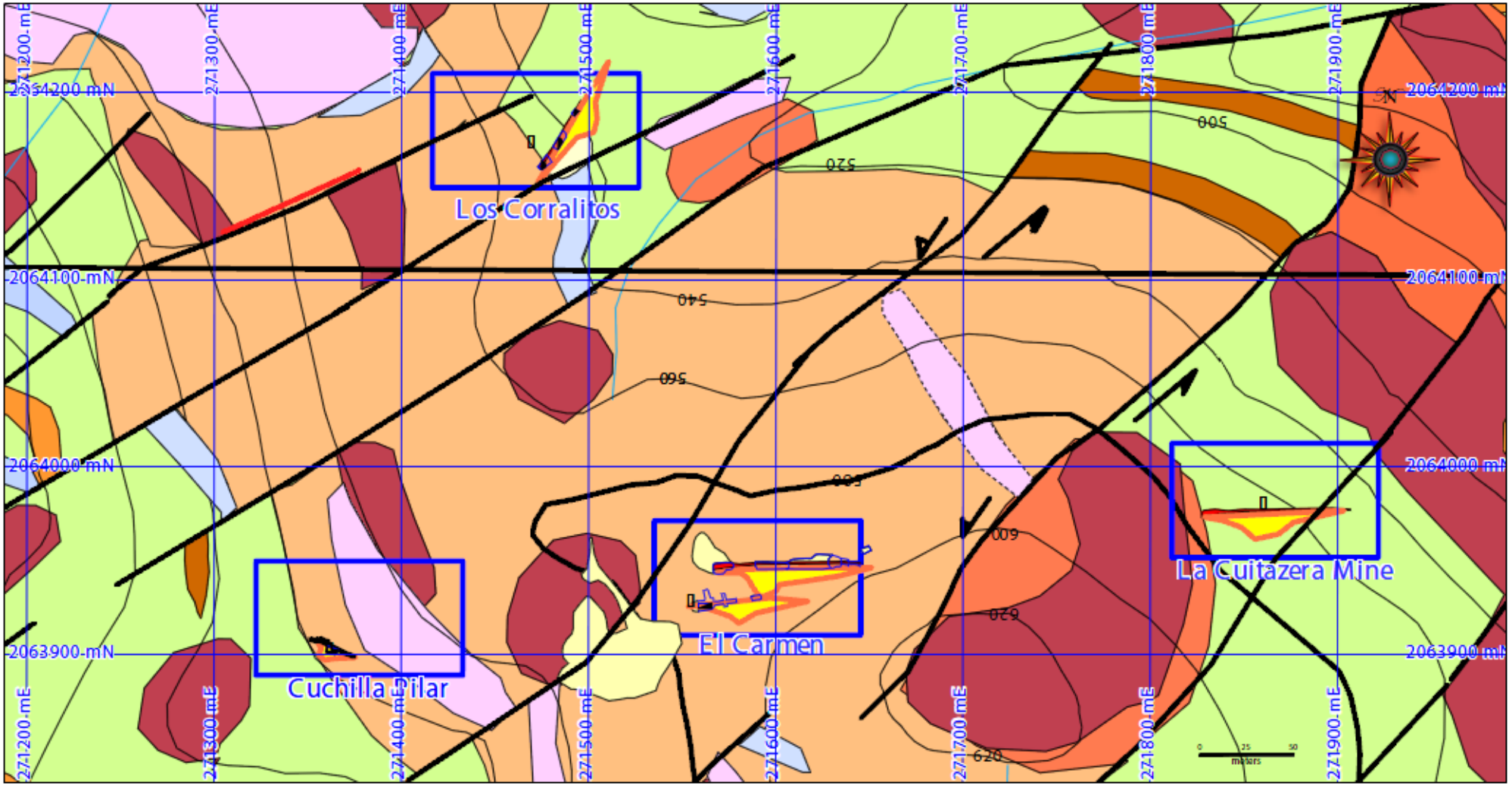
Sampling Programme

During November, exposed veins in minor underground workings in the El Carmen area were sampled to ascertain their prospectivity and to compare them with similar mineralisation recently reported from the Company's Espiritu Santo prospect. In total forty (40) samples were taken. Access was extremely limited and only a very small extent of the veins was able to be sampled. (see Attachments 2 to 5). The veins outcrop in some places and elsewhere are covered by soil, transported rocks and colluvium. Some veins are exposed in small diggings that show the veins are heavily weathered. These conditions obscure the outcrops and make it difficult to follow the veins on surface. Sampling and geochemical analysis of the weathered material may not closely reflect the geochemistry of the original unaltered rocks.

The chip channel samples were collected in the underground workings during November, at depths no greater than 40m. The widths were variable ranging from 0.8 to 2.2m, but averaging 1.5m. A full complement of appropriate safety equipment was used and the area was inspected and scaled down prior to entry. Plastic tags and colour flags were left in the sampling sites. Three veins are exposed in the underground workings of the El Carmen mine: El Carmen vein (N10°E), La Paloma vein (N10°E), and a narrower vein N20°W in strike. The thickness of the El Carmen and La Paloma veins is 2.0 to 3.0m while the un-named N20°W vein is 1.5m.

Twenty two samples were collected at El Carmen (Attachment 2), 4 samples at Los Corralitos (Attachment 3), 8 samples at La Cuitazera (Attachment 4) and 6 samples were taken at Cuchilla Pilar (Attachment 5).

Figure 2. - El Carmen Prospect showing the location of the sampled areas and the geological context. Please see Attachment 6 for the Geological Symbology of the map.



Results

Assay results have been received for all samples and the more interesting results are recorded in Table 1 below. No top cut has been applied and all assay results are tabulated in Attachment 1.

Table 1 – Best results of Chip Channel Sampling

SAMPLE	Vein	Sample length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
El Carmen							
CA-01	La Paloma	1.05	0.02	36.7	0.43	0.05	0.52
CA-09	El Carmen	1.73	0.03	545.0	1.32	0.46	0.21
CA-10	El Carmen	1.10	<0.005	25.6	0.03	0.03	0.12
CA-30	La Paloma	1.15	0.01	19.4	2.93	0.00	0.00
CA-32	La Paloma	1.20	<0.005	6.3	0.43	0.00	0.01
Corralitos							
CA-24	Corralitos	1.00	0.02	200.0	0.16	0.01	0.01
CA-26	Corralitos	0.80	0.01	204.0	0.50	0.01	0.03
Cuitazera							
CA-33	Cuitazera	1.50	<0.005	11.4	0.96	0.00	0.01
CA-34	Cuitazera	1.50	<0.005	3.6	0.45	0.00	0.01
CA-36	Cuitazera	1.48	<0.005	2.9	0.52	0.00	0.01
Cuchilla Pilar							
CA-21	Cuchilla Pilar	1.90	<0.005	0.9	1.12	0.00	0.00
CA-22	Cuchilla Pilar	2.00	0.01	1.1	2.93	0.00	0.00
CA-23	Cuchilla Pilar	2.00	<0.005	1.2	1.91	0.00	0.00

Sample and Assaying Methods

The chip channel samples were collected from in situ veins in the existing underground workings. The strike and dip of each vein sampled were recorded. The samples were approximately 10cm wide and 3cm in depth. The length of the samples varied between 0.8 and 2.2 m, but they were generally close to 1.5m. They were collected on the veins and were perpendicular to the strike of the veins. The samples were packed in plastic bags, and labelled while still underground.

All samples were delivered to the ALS-Chemex laboratory in Guadalajara City, Mexico, where they were dried and split. The pulps were then sent to the ALS-Chemex laboratory in Vancouver, Canada for analysis. Gold was analysed by method AA23, and silver by the method GRA21 and a range of pathfinder elements was analysed by method ME-ICP41. The various assay methods and the detection limit details are tabled below.

Table 2 – Assay methods and detection limits (1ppm = 1g/t)

Element	Method	Digestion and Determination
Au	AA23	30gm fire assay with AAS finish
Ag, (up to 100ppm)	ME-ICP41	Aqua regia digest with ICP-AES determination
Ag (100 to 1,500ppm)	Ag – OG46	Aqua regia
Zn (up to 10,000ppm)	ME-ICP41	Aqua regia digest
Pb (up to 10,000ppm)	ME ICP41	Aqua regia ICP-AES
Cu (up to 10,000ppm)	ME ICP41	Aqua regia ICP-AES
Cu (>10,000ppm)	Cu – OG46	Aqua regia

Proposed Espiritu Santo Drilling Programme

A 2,000m diamond drilling programme is being planned to test the main vein extensions and potential stockwork zones at Espiritu Santo. Drill hole planning is being guided by the mapped geological characteristics of the main mineralised zones, the IP survey and detailed ground magnetic surveys.

Cloncurry Metals has appointed Energold Drilling Company to carry out the drilling programme at Espirito Santo and we have been advised that the rig will arrive on site in the second week of December.

Yours sincerely

Barry Casson
Company Secretary/Finance Director
Cloncurry Metals Limited

The information in this ASX release that relates to Exploration Results is based on information compiled by Mr W.F. Bunting, an Australian Geologist who is employed by Bunting Exploration Services Pty Ltd, a company associated with him and retained by Cloncurry Metals to provide specialist geological services. Mr Bunting is Member of the Australian Institute of Geoscientists and has in excess of 5 years' experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bunting consents to the inclusion in this ASX release of the matters based on this information in the form and context in which it appears."

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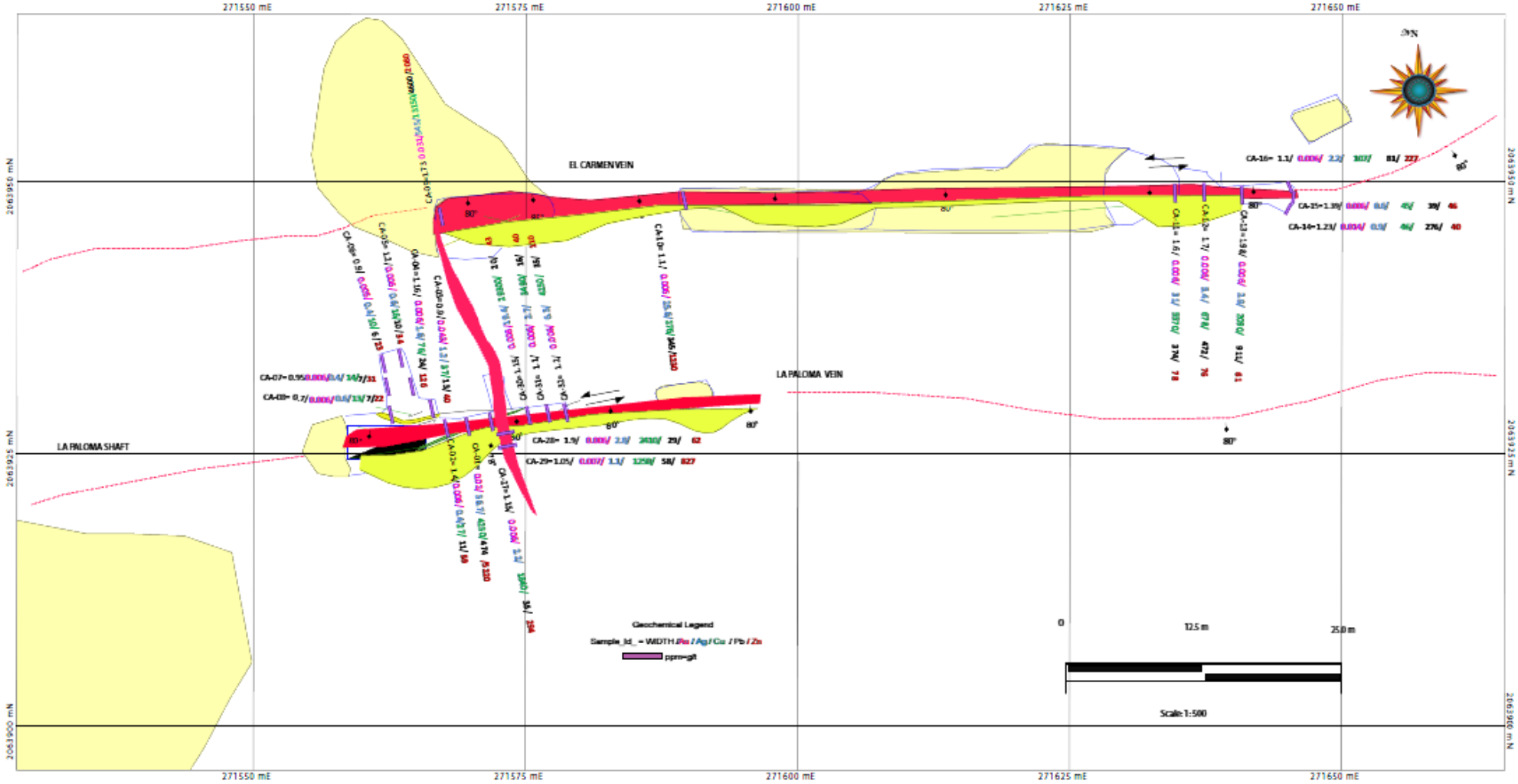
Attachment 1 – All assay results

Sample	Vein	Sample length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
El Carmen Workings							
CA-01	La Paloma	1.05	0.02	36.7	0.42	0.05	0.52
CA-02	La Paloma	1.40	<0.005	0.4	0.00	0.00	0.01
CA-03	La Paloma	0.90	0.04	1.2	0.00	0.00	0.00
CA-04	La Paloma	1.16	<0.005	1.6	0.01	0.00	0.01
CA-05	La Paloma	1.20	<0.005	0.6	0.00	0.00	0.00
CA-06	La Paloma	0.90	0.01	0.4	0.00	0.00	0.00
CA-07	La Paloma	0.95	<0.005	0.4	0.00	0.00	0.00
CA-08	La Paloma	0.70	<0.005	0.6	0.00	0.00	0.00
CA-09	El Carmen	1.73	0.03	545.0	1.32	0.46	0.21
CA-10	El Carmen	1.10	<0.005	25.6	0.03	0.03	0.12
CA-11	El Carmen	1.60	<0.005	31.0	0.56	0.04	0.01
CA-12	El Carmen	1.70	<0.005	5.4	0.07	0.05	0.01
CA-13	El Carmen	1.98	<0.005	2.9	0.21	0.09	0.01
CA-14	El Carmen	1.23	0.01	0.9	0.00	0.03	0.00
CA-15	El Carmen	1.39	<0.005	0.6	0.00	0.00	0.00
CA-16	El Carmen	1.10	<0.005	2.2	0.01	0.01	0.02
CA-27	La Paloma	1.15	<0.005	2.2	0.18	0.00	0.03
CA-28	La Paloma	1.90	<0.005	2.8	0.24	0.00	0.01
CA-29	La Paloma	1.05	0.01	1.1	0.13	0.01	0.08
CA-30	La Paloma	1.15	0.01	19.4	2.93	0.00	0.00
CA-31	La Paloma	1.10	<0.005	2.7	0.35	0.00	0.00
CA-32	La Paloma	1.20	<0.005	6.3	0.43	0.00	0.01
Cuchilla Pilar Workings							
CA-18	Cuchilla Pilar	1.00	<0.005	1.1	0.35	0.00	0.00
CA-19	Cuchilla Pilar	1.50	<0.005	0.5	0.26	0.00	0.00
CA-20	Cuchilla Pilar	1.90	<0.005	0.9	0.17	0.00	0.00
CA-21	Cuchilla Pilar	1.90	<0.005	0.9	1.12	0.00	0.00
CA-22	Cuchilla Pilar	2.00	0.01	1.1	2.93	0.00	0.00
CA-23	Cuchilla Pilar	2.00	<0.005	1.2	1.91	0.00	0.00
Los Corralitos Workings							
CA-17	Los Corralitos	1.20	<0.005	28.4	0.02	0.03	0.01
CA-24	Los Corralitos	1.00	0.02	200.0	0.16	0.01	0.02
CA-25	Los Corralitos	2.20	<0.005	16.2	0.62	0.02	0.02
CA-26	Los Corralitos	0.80	0.01	204.0	0.50	0.01	0.03

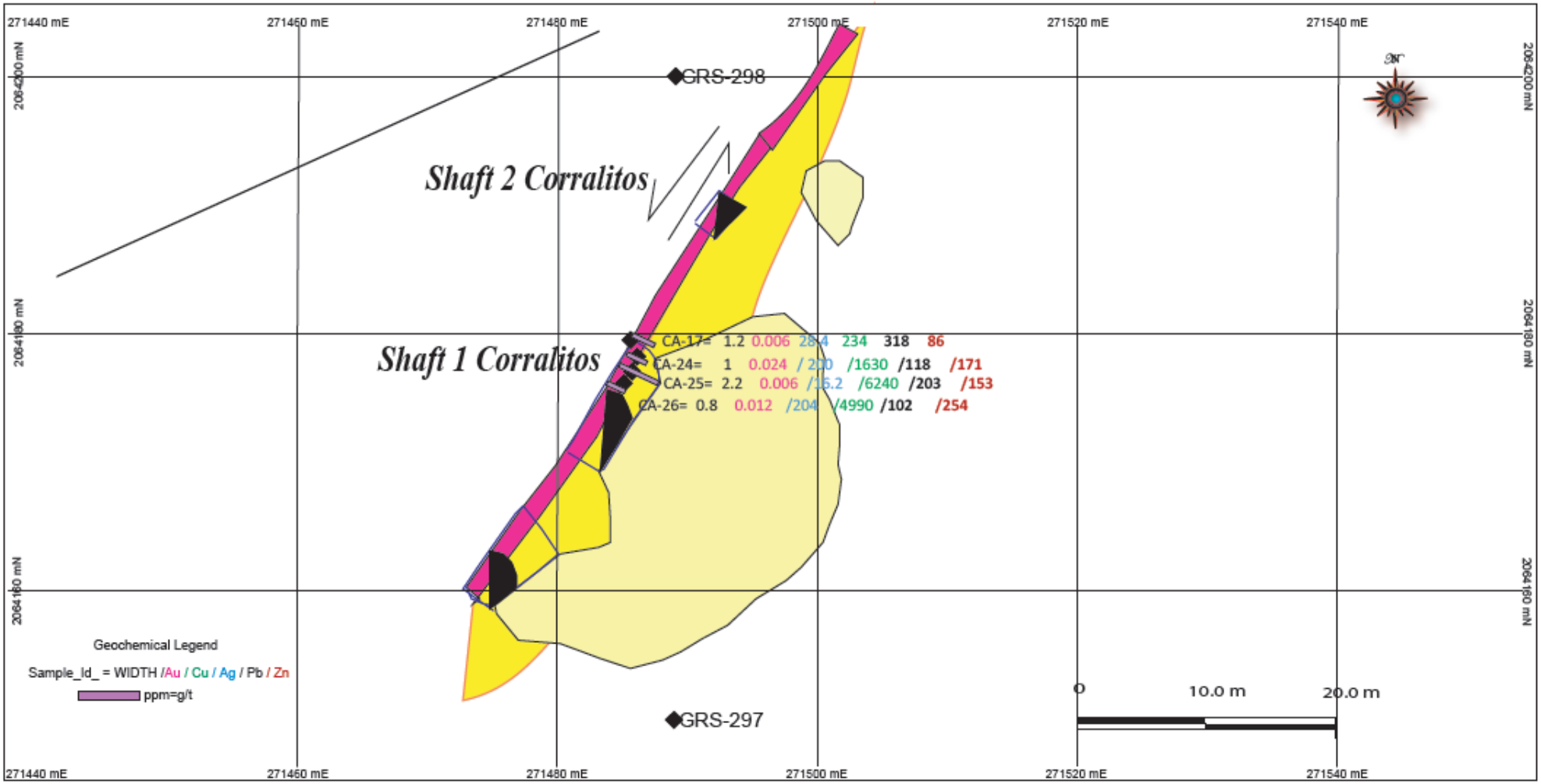
Attachment 1 (continued)

Sample	Vein	Sample length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
La Cuitazera Workings							
CA-33	La Cuitazera	1.50	<0.005	11.4	0.96	0.00	0.01
CA-34	La Cuitazera	1.50	<0.005	3.6	0.45	0.00	0.01
CA-35	La Cuitazera	1.50	<0.005	0.9	0.01	0.00	0.01
CA-36	La Cuitazera	1.48	<0.005	2.9	0.52	0.00	0.01
CA-37	La Cuitazera	1.10	<0.005	1.4	0.03	0.00	0.01
CA-38	La Cuitazera	1.20	<0.005	0.6	0.01	0.00	0.01
CA-40	La Cuitazera	1.50	<0.005	1.1	0.04	0.00	0.01
CA-41	La Cuitazera	1.50	<0.005	1.3	0.02	0.00	0.00

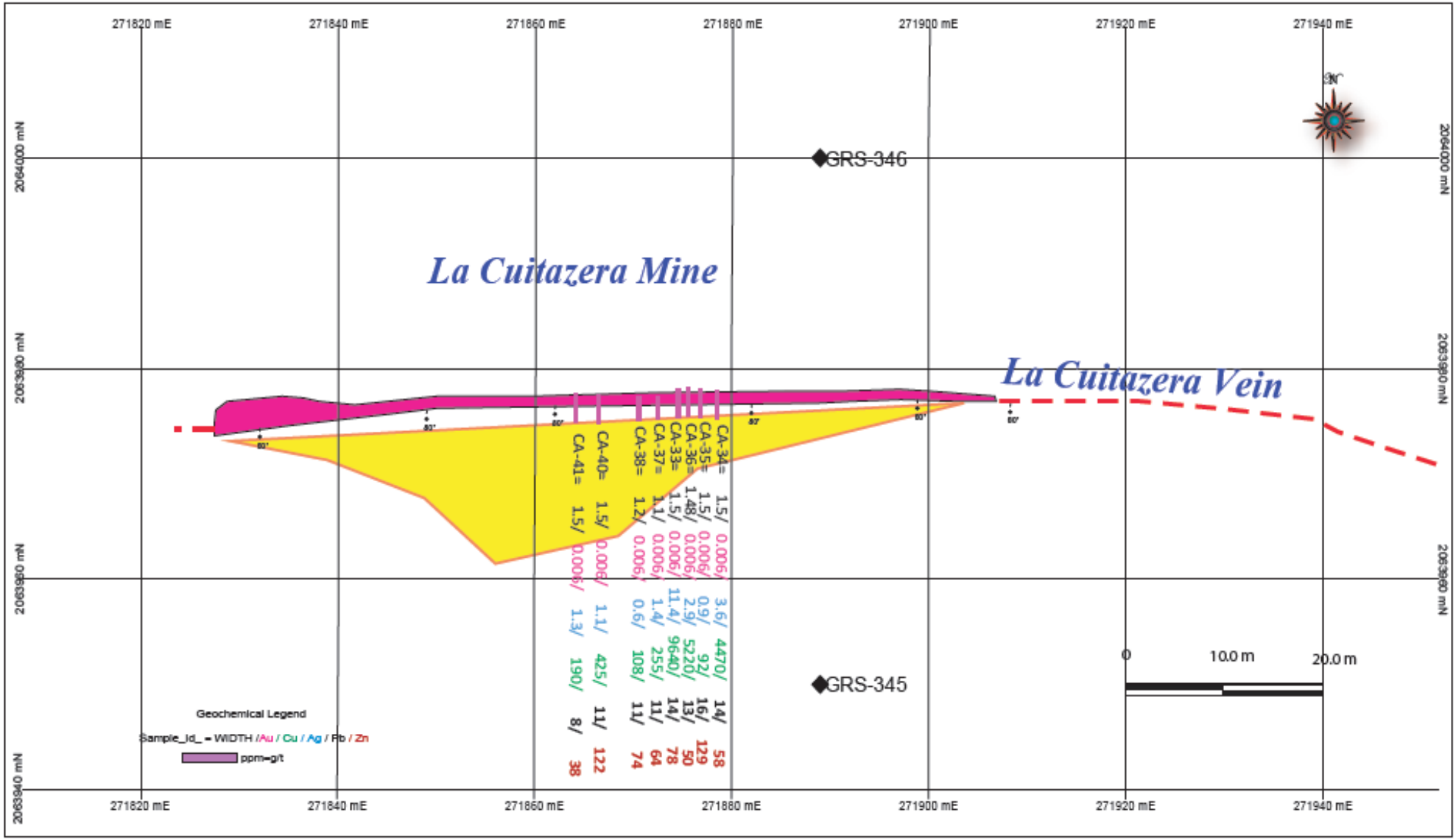
Attachment 2 – Sampling Plan of El Carmen



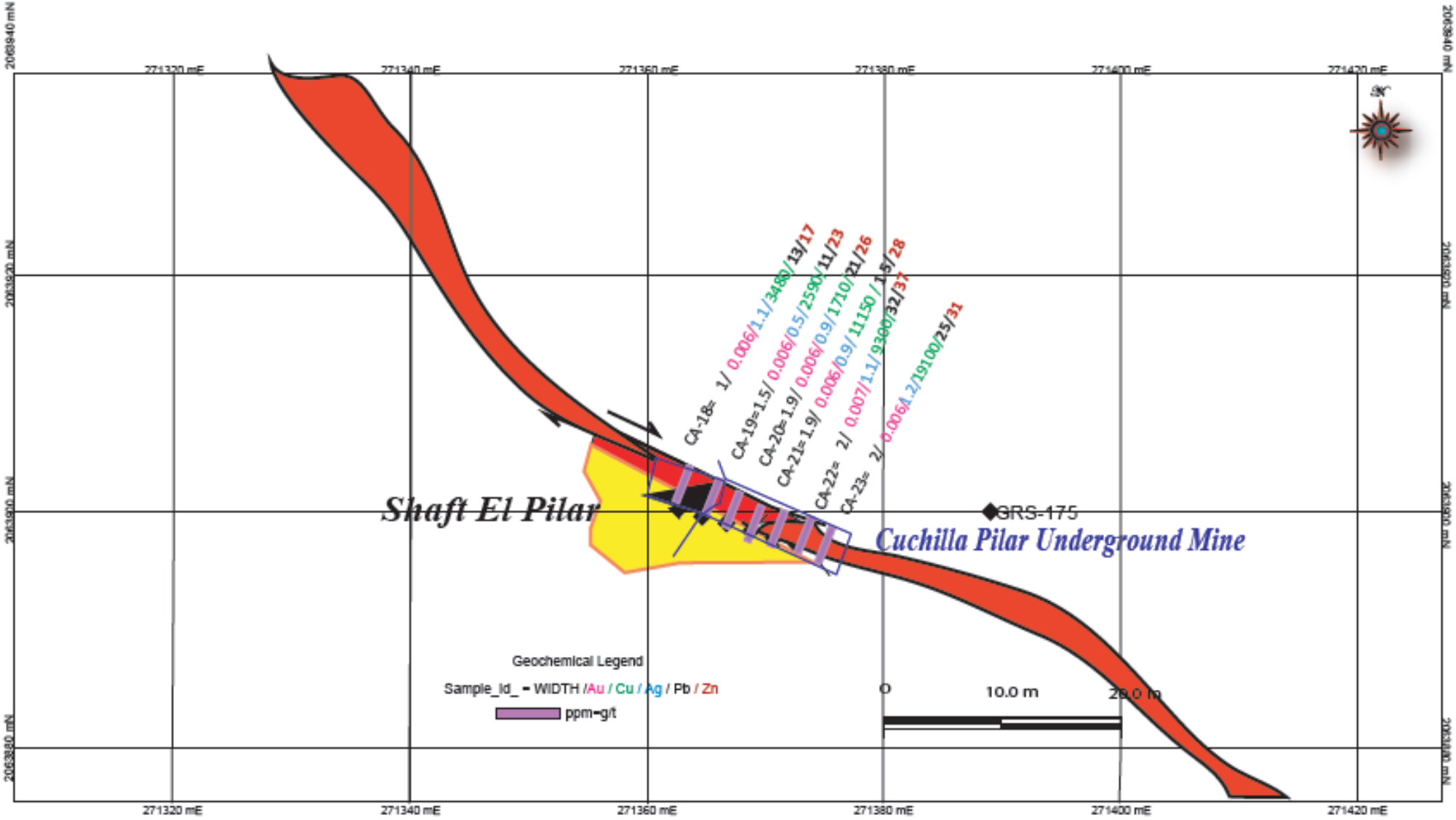
Attachment 3 – Sampling Plan of Corralitos



Attachment 4 – Sampling Plan of Cuitazera



Attachment 5 – Sampling Plan of Cuchilla Pilar



Attachment 6 – Geological Symbology of Figure 2