

Cloncurry Metals Limited (“the Company”)

The Company provides this letter for the purpose of updating statement of commitments on the funds actually raised and also set out the full terms and conditions of the options granted to directors and executives of the Company.

Statement of Commitments

With regard to the updated commitments schedule, we draw your attention to the change in the periods as were noted in the Prospectus dated 29 August 2007. In that document the Company had used financial years, ending 30 June in 2008 and 2009 respectively.

However given where we are in the financial year, and the limited activity to date, it seemed more relevant to address the time periods commencing closer to the listing of the Company and therefore the usage proposed of funds raised.

Accordingly the Year 1 period commences 1 October 2007 and ends on 30 September 2008; Year 2 is in fact only a 9 month period ending 30 June 2009. This is noted in a sub-note to the amended tables of Use of Funds provided below. We also note that the Year 2 timing is relevant to the fact the Company expects that, subject to successful exploration, it will have exercised the Pegmont property option prior to the 30 June 2009 (which, pursuant to the agreement with Pegmont, must be exercised prior to 28 February, 2009 or in the event of a Force Majeure event – and depending on the duration of such event – not later than 30 June 2009). Accordingly all expenditures are projected to not later than 30 June 2009.

The amended tables are set out in the following pages.

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There are three tables relevant to the commitments and these are revised as follows:

A Revised Section 1.4 – Purpose of Offer and Use of Funds

The following is the revised table as to Use of Funds as disclosed on page 8 of the Prospectus dated 29 August 2007.

Use of funds	A\$ Subscription ^{*1}
Exploration expenditure (refer to table in Section 1.5)	8,371,050
Administration	769,300
Working capital	460,650
Equity raising fees	600,000
Other costs of the Offer	300,000
Total	\$10,501,000 ^{*1}

^{*1} The Use of Funds includes the Offer of \$10,000,000 and the pre-IPO seed capital raising of \$501,000 completed on 12 July 2007.

B Revised Section 1.5 – Indicative Exploration Expenditure

The following is the revised table summarising the intended use of the funds raised under the Offer, as disclosed on page 9 of the Prospectus dated 29 August 2007.

Project	Year 1 (12mths to 30 Sep 08)	Year 2 (9mths to 30 Jun 09)
Pegmont Project:		
- main Tenement areas	1,792,000	0
- Lightning Creek	304,000	0
- Brownfield targets	348,000	0
Trekelano Project	304,000	0
Toolebuc Project	1,072,000	0
Kennedy Highway Project	0	402,000
Springvale Project	60,000	402,000
Burdekin Project	845,000	235,000
New Project generation	610,000	0
Direct exploration expenditures	5,335,000	2,095,250
General exploration costs:		
- Company management and supervision	505,000	378,750
- Specialist consultants and contractors	260,000	160,000
- Technical Director supervision	50,000	30,000
- Tenement administration, rents, etc	125,000	75,000
Total	\$6,275,800	\$2,403,950

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The following is the revised table summarising the exploration expenditure to be carried out on the tenements (including the Pegmont tenements) that have been granted at the date of listing, as disclosed on page 9 of the Prospectus dated 31 August 2007.

Project	Year 1 (12mths to 30 Sep 08)	Year 2 (9mths to 30 Jun 09)
Pegmont Project:		
- main Tenement areas	1,792,000	0
- Lightning Creek	304,000	0
- Brownfield targets	348,000	0
Trekelano Project	304,000	0
Burdekin Project	845,000	235,000
Direct exploration expenditures	3,593,000	235,000
General exploration costs:		
- Company management and supervision	505,000	378,750
- Specialist consultants and contractors	260,000	160,000
- Technical Director supervision	50,000	30,000
- Tenement administration, rents, etc	125,000	75,000
Total	\$4,533,000	\$878,750

Options granted to directors and executives

The full terms and conditions of the options granted to directors and executives of the Company are noted as follows, including the need to refer to the Option Plan Rules adopted by the Board of Directors and Remuneration Committee of the Company. A copy of the Option Plan Rules accompanies this letter.

On 30 July 2007 the Company agreed to issue incentive options to a number of Directors and Executives of the Company. The terms of the options are as follows:

- With respect to Simon Finnis, Chief Executive Officer of the Company:
One million (1,000,000) options: Each option is for a term of five (5) years from the date of the Company listing on the Australian Securities Exchange and is issued at the following exercise prices and vesting dates:
 - 400,000 options issued with an exercise price of the IPO price, and vesting 12 months following listing of the Company
 - 300,000 options issued with an exercise price 15% more than the IPO price and vesting 24 months following listing of the Company
 - 300,000 options issued with an exercise price 30% more than the IPO price and vesting 36 months following listing of the Company

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- 2 With respect to Glenn Beer, Exploration & Development Manager of the Company:
Five hundred thousand (500,000) options: Each option is for a term of five (5) years from the date of the Company listing on the Australian Securities Exchange and is issued at the following exercise prices and vesting dates:
- 100,000 options issued at an exercise price 15% more than the IPO price and vesting immediately upon the listing date of the Company
 - 200,000 options issued at an exercise price 15% more than the IPO price and vesting 12 months following the listing date of the Company
 - 200,000 options issued at an exercise price 15% more than the IPO price and vesting 24 months after the listing date of the Company
- 3 With respect to Dr Ross Fardon, the Chairman of the Company:
Four hundred and fifty thousand (450,000) options: Each option is for a term of five (5) years from date of the Company listing on the Australian Securities Exchange and is issued at the following exercise prices and vesting dates:
- 150,000 options issued at an exercise price 60% more than the IPO price and vesting 12 months from the listing date of the Company;
 - 150,000 options issued at an exercise price 100% more than the IPO price and vesting 24 months from the listing date of the Company
 - 150,000 options issued at an exercise price of 140% more than IPO price and vesting 36 months from the listing date of the Company
- 4 With respect to Frank Bunting, Technical Director of the Company:
One million (1,000,000) options: Each option is for a term of five (5) years from date from the date of the Company listing on the Australian Securities Exchange and is issued at the following exercise prices and vesting dates:
- 400,000 options issued at an exercise price 60% more than the IPO price and vesting 12 months following the listing date of the Company
 - 300,000 options issued at an exercise price 100% more than the IPO price and vesting 24 months following the listing date of the Company
 - 300,000 options issued at an exercise price of 140% more than IPO price and vesting 36 months from the listing date of the Company

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5 With respect to Barry Casson, Director and Company Secretary:

Three hundred thousand (300,000) options: Each option is for a term of five (5) years from date of the Company listing on the Australian Securities Exchange and is issued at the following exercise prices and vesting dates:

- 120,000 options issued at an exercise price 60% more than the IPO price and vesting 12 months from the listing date of the Company
- 90,000 options issued at an exercise price 100% more than the IPO price and vesting 24 months from the listing date of the Company
- 90,000 options issued at an exercise price of 140% more than IPO price and vesting 36 months from the listing date of the Company

Yours sincerely



Barry J Casson
Director and Company Secretary

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