

9 November 2010

Company Announcements Office  
Australian Securities Exchange  
Level 5, 123 Eagle Street  
**BRISBANE QLD 4000**

### **Exploration Update – El Rodeo Project: Real de Espiritu Santo Prospect**

#### **Key Points**

Bonanza grades achieved from chip channel samples of veins in existing underground workings, with best results:

- 4.3m @ 3,830g/t Ag, 2.67% Cu, 1.71% Zn and 0.04g/t Au
- 1.2m @ 3,820g/t Ag, 1.35% Cu, 6.00% Zn and 0.03g/t Au
- 1.3m @ 2,430g/t Ag, 1.69% Cu, 1.18% Zn and 0.68g/t Au
- 1.8m @ 2,340g/t Ag, 0.93% Cu, 2.04% Zn and 0.57g/t Au

Very high grade Silver (to 3,830 g/t), Zinc (to 9.26%) and Copper (to 2.67%).

Sampled portion of veins up to 4.5m wide with mapped veins to 8m width, depth sampled is less than 30m.

Mapping of area shows potential for a single open cut to mine the veins, and the vein and porphyry copper potential below the old workings is also highlighted.

Recent mapping indicates that very similar veining exists at El Carmen, a prospect to the north of Espiritu Santo.

Geophysics and drilling to follow.

#### **Real de Espiritu Santo**

Espiritu Santo is a former silver producing district, comprising several significant old workings on at least 5 mineralised veins at the main prospect. It is located in the northern part of the concessions (tenements) grouped as the El Rodeo Project (See Figure 1). Recently, company geologists made safe, surveyed, mapped and chip-channel sampled three of the old underground workings. The results have shown very high silver grades (in particular). Only a very small portion of the vein system was able to be sampled due to access issues, and the extent of underground workings. The surface expression of the veins, show that the area of veining is quite significant, and there is no reason to believe that the veins don't continue along strike and at depth. There is also a reasonable possibility of further mineralised veining at Espiritu Santo itself, at El Carmen (north) and at Jagual (north-east). At El Burro, the width of the vein is very encouraging, and the resultant grade shows great promise.

It should be noted that using the most recent silver and gold prices, and the ratio between them, we calculate that the highest silver results are equivalent in value to 70g/t Au.



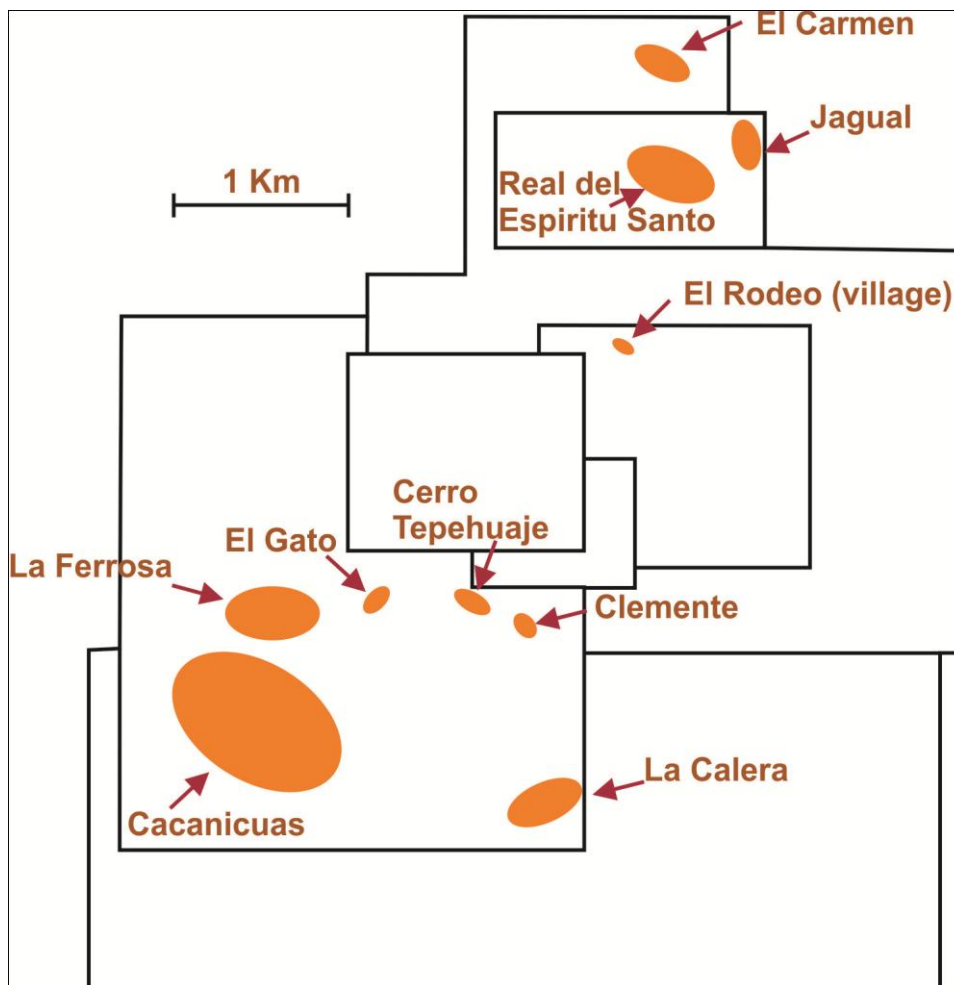
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The proximity of the veins to each other also show clear potential for them to be excavated from one open cut, with multiple ore zones. The along strike continuity and down dip potential of the veins is open and needs testing. There could also be intervening mineralised veins, which could be significant for any open pit potential even if they are narrower. Mapped limestone bands and lenses shows evidence of skarn development, so follow up work may encounter mineralised skarns and/or carbonate replacement bodies, as is commonly the case at other Mexican silver deposits. Four of the mapped veins strike toward old workings at Jagual prospect, approximately 1 km to the north-east, and the other strikes north-north-westerly toward El Carmen (See Figure 1).

All sample results are included in the Table as Attachment 1 and the sampling plans in Attachments 2, 3 and 4 thereafter.

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



### Geology and Geochemistry

The rocks that outcrop within the Espiritu Santo mining zone are slate and limestone interbedded with andesite. They are Cretaceous in age (see Figure 2) and are intruded by early Tertiary granodiorite and diorite dikes. Several veins have been identified in underground stopes. The mineralisation in the veins is Ag-(Au)-Cu-Zn-Pb of epithermal, low sulphidation type. Most veins have a strike of N30°-60°E and dip to the NW and SE. A conjugate set of veins are N30°W in strike. The ore shoots in the veins are related to dilation zones produced by normal faulting with a minor horizontal displacement. The main veins are described below:

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Renacimiento Vein (see Fig. 2) - N60°E in strike and 60° NW. It is generally 3.5m thick, but reaches 8m in places. It contains quartz, chalcocite, pyrite, chalcopyrite and silver-sulfosalts. A group of veinlets N10°W, 10 m thick, cuts the main vein and has a sigmoidal shape. Malachite, brochantite, turquoise, cuprite, and clays are common secondary minerals.

El Burro Vein - N75°E in strike and dips 78° to the SE and is 2.5 to 5.0m thick. It contains quartz, abundant chalcocite, pyrite, arsenopyrite, pyrite, silver-sulfosalts, covellite, Mn oxides, malachite, azurite, and kaolin.

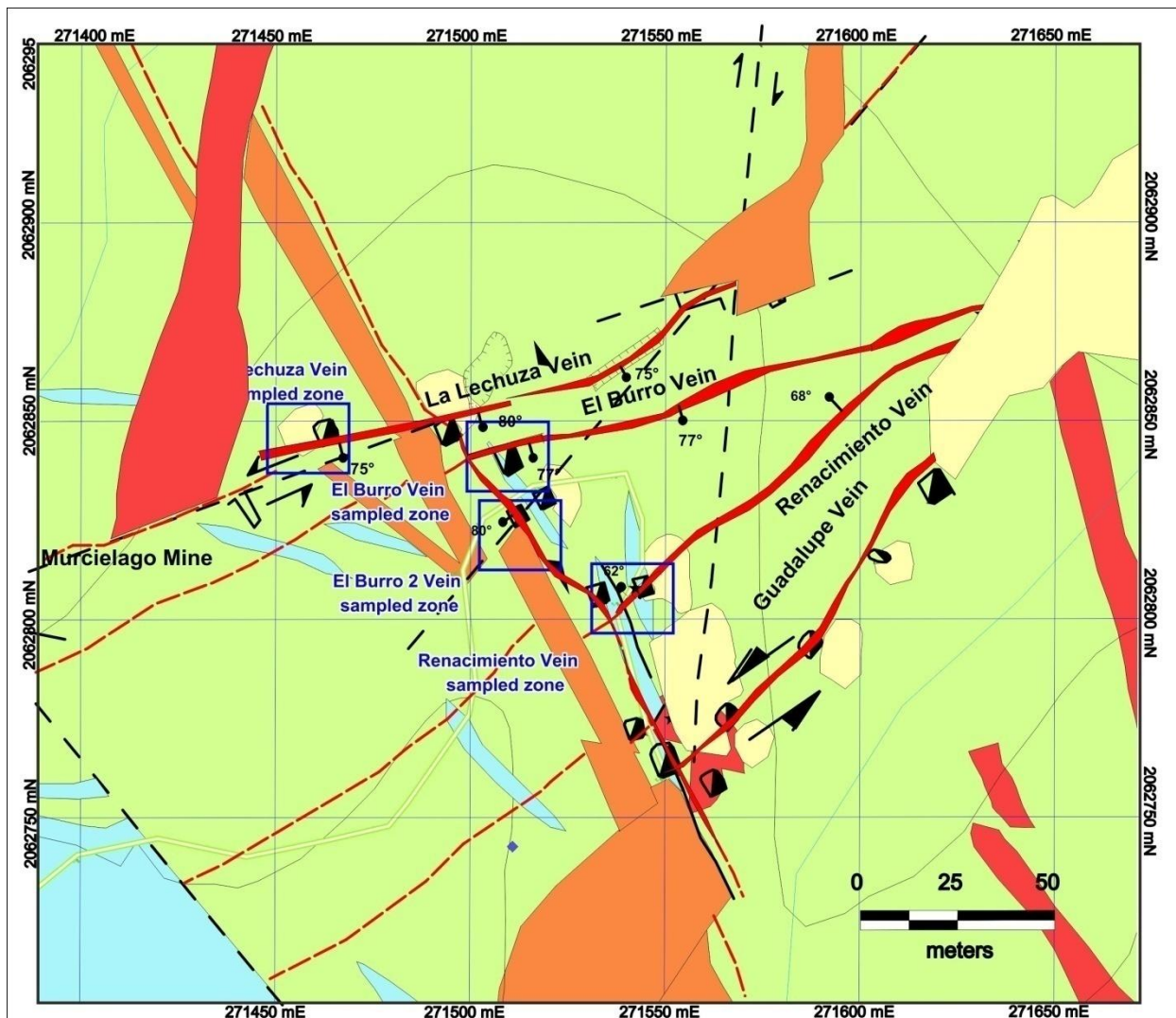
The El Burro # 2 Vein - N30°W in strike.

La Lechuza o la Encantada Vein - N70°E and dips 75° SE and is 5.0 to 8m thick. It contains chalcocite, quartz, covellite, Ag-sulfosalts, pyrite and arsenopyrite.

Guadalupe Vein – It is apparently N40°E and dips 80°SE but the historical workings are inaccessible. The minerals present are the same ones present in the other veins.

Mineral alteration, associated with these five worked veins, are of propylitic and phyllic character which, along with the character of the mineralized veins, may indicate a related porphyry copper system at depth.

**Figure 2 - Geologic map of Real de Espiritu Santo Ag-Pb-Zn-Cu-(Au) District.** Cretaceous andesite and slates are shown in green, limestones as blue. The veins are in red, the granodiorite is in orange.



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### Sampling Programme

The sampling programme at Espiritu Santo was undertaken in existing underground workings during October of this year. Figure 2 shows the location of each of the sampling areas within the Espiritu Santo district. Local company geologists made safe, surveyed, mapped and chip-channel sampled the existing underground workings. 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. Twenty one channel samples were collected at Renacimiento (see Attachment 2), 14 samples at La Lechuza (see Attachment 3), and 10 samples at El Burro (see Attachment 4). Six samples were also taken at El Burro 2.

Sampling was undertaken less than 30m from surface in the mixed oxide-sulphide zone. At these shallow levels, enrichment could be expected in some metals, depletion in others.

### Results

Assay results have been received for all samples and the more interesting results are recorded in Table 2 below. No top cut has been applied.

**Table 2 – Best results of Chip Channel Sampling**

SAMPLE	Locality	Sample length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
<b>RENACIMIENTO</b>							
UESP-04	Renacimiento	1.80	0.57	2,340	0.93	0.21	2.04
UESP-07	Renacimiento	1.65	0.33	446	0.76	0.06	1.26
UESP-08	Renacimiento	1.30	0.68	2,430	1.69	0.14	1.18
UESP-09	Renacimiento	1.50	0.58	707	0.46	0.06	6.70
UESP-12	Renacimiento	1.50	0.24	1,380	0.81	0.14	0.48
<b>LA LECHUZA</b>							
UESP-37	La Lechuza	1.50	0.06	72	0.77	0.03	4.35
UESP-39	La Lechuza	1.56	0.05	107	0.36	0.04	6.78
UESP-48	La Lechuza	1.43	0.26	537	0.57	0.07	9.26
<b>EL BURRO</b>							
UESP-20	El Burro	4.30	0.04	3,830	2.67	0.33	1.71
UESP-21	El Burro	4.50	0.19	18	0.34	0.51	4.84
UESP-22	El Burro	1.80	0.08	291	0.26	0.06	1.45
UESP-26	El Burro	1.20	0.03	3,820	1.35	0.15	6.03

The most spectacular silver results could well be the result of surface enrichment in the oxide zone.

### Sample and Assaying Methods

The chip-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 1.3 and 4.5 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.

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### EI Rodeo Project: Espiritu Santo Prospect Sampling Results

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.

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 ppm to 1,500ppm)	Ag – OG46	Aqua regia
Ag (>1,500ppm)	Ag – GRA21	30 g FA-GRAV finish WST-SIM
Zn (up to 10,000ppm)	ME-ICP41	Aqua regia digest
Zn (>10,000ppm)	Zn – OG46	Aqua regia digest
Pb	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 Drilling Programme

Cloncurry Metals has been planning a programme of geophysical surveying and drilling and these results will aid in finalising the programme. Currently it is anticipated that we will drill 2,000m of diamond drilling, aimed at intersecting the veins below the workings, as well as along strike in both directions. The recent ground magnetic survey has also located various magnetic anomalies that will require follow up by drilling. At this stage our environmental approvals restrict us to six holes but work is underway to extend those approvals.

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 the Company 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 – Espiritu Santo Underground chip channel sampling**

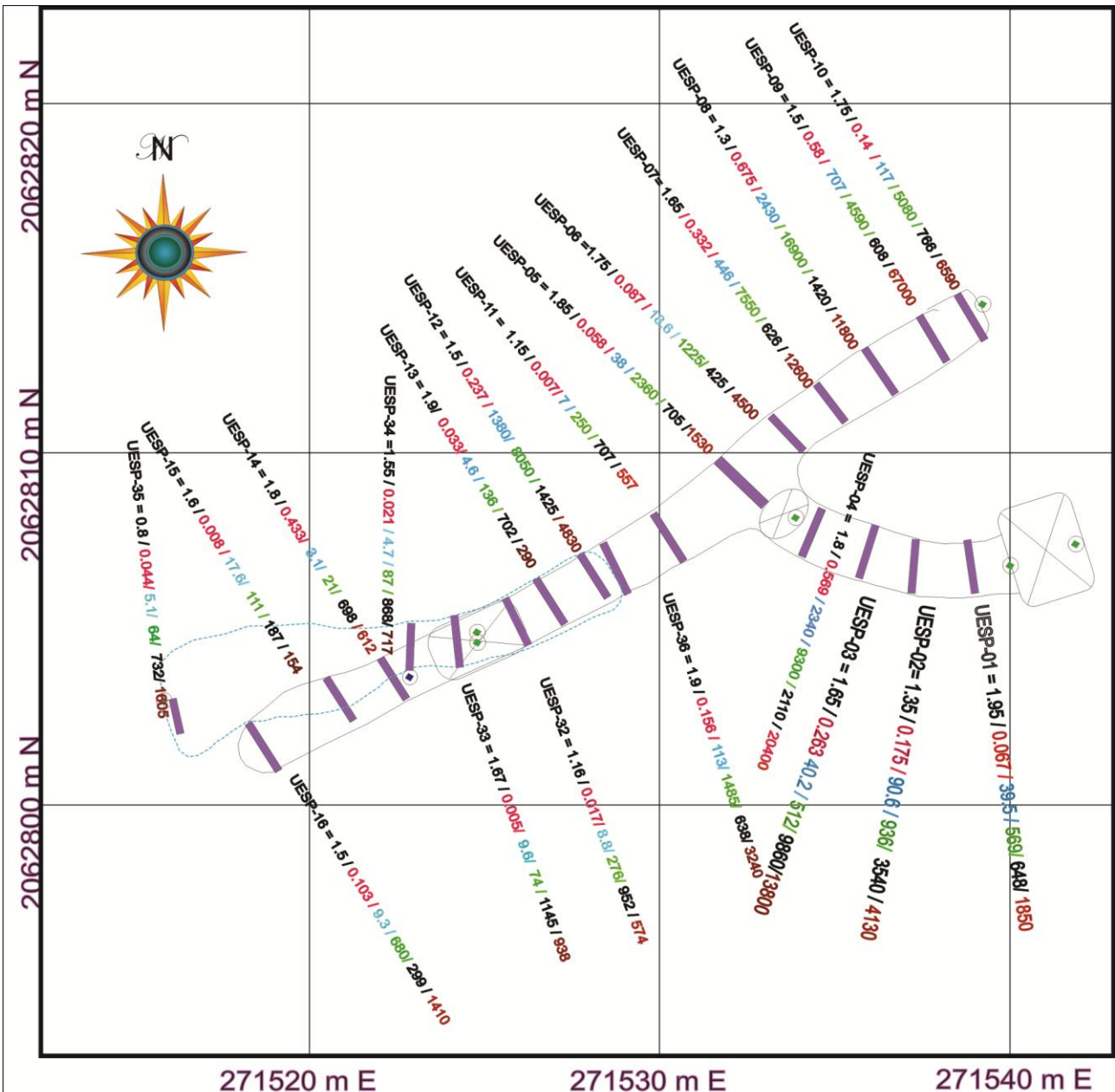
<b>SAMPLE</b>	<b>Locality</b>	<b>Sample width (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Cu (%)</b>	<b>Pb (%)</b>	<b>Zn (%)</b>
UESP-01	Renacimiento	1.95	0.067	39.5	0.06	0.07	0.19
UESP-02	Renacimiento	1.35	0.175	90.6	0.09	0.35	0.41
UESP-03	Renacimiento	1.65	0.263	40.2	0.05	0.99	1.38
UESP-04	Renacimiento	1.80	0.569	2,340.0	0.93	0.21	2.04
UESP-05	Renacimiento	1.85	0.058	38.0	0.24	0.07	0.15
UESP-06	Renacimiento	1.75	0.087	18.6	0.12	0.04	0.45
UESP-07	Renacimiento	1.65	0.332	446.0	0.76	0.06	1.26
UESP-08	Renacimiento	1.30	0.675	2,430.0	1.69	0.14	1.18
UESP-09	Renacimiento	1.50	0.580	707.0	0.46	0.06	6.70
UESP-10	Renacimiento	1.75	0.140	117.0	0.51	0.08	0.66
UESP-11	Renacimiento	1.15	0.007	7.0	0.03	0.07	0.06
UESP-12	Renacimiento	1.50	0.237	1,380.0	0.81	0.14	0.48
UESP-13	Renacimiento	1.90	0.033	4.6	0.01	0.07	0.03
UESP-14	Renacimiento	1.80	0.433	3.1	0.00	0.07	0.06
UESP-15	Renacimiento	1.60	0.008	17.6	0.01	0.02	0.02
UESP-16	Renacimiento	1.50	0.103	9.3	0.07	0.03	0.14
UESP-17	El Burro	1.90	0.260	153.0	0.27	0.06	4.00
UESP-18	El Burro	1.60	0.067	24.3	0.26	0.06	3.48
UESP-19	El Burro	3.10	<0.005	195.0	0.36	0.46	3.48
UESP-20	El Burro	4.30	0.036	3,830.0	2.67	0.33	1.71
UESP-21	El Burro	4.50	0.192	17.5	0.34	0.51	4.84
UESP-22	El Burro	1.80	0.082	291.0	0.26	0.06	1.45
UESP-23	El Burro	1.55	0.044	51.8	0.05	0.03	0.26
UESP-24	El Burro	1.43	0.012	59.7	0.04	0.04	0.69
UESP-25	El Burro	1.40	<0.005	15.5	0.01	0.03	0.23
UESP-26	El Burro	1.20	0.025	3,820.0	1.35	0.15	6.03
UESP-27	El Burro 2	1.30	0.060	23.1	0.03	0.02	0.64
UESP-28	El Burro 2	1.90	0.013	10.6	0.02	0.02	0.32
UESP-29	El Burro 2	1.94	<0.005	130.0	0.05	0.01	0.27
UESP-30	El Burro 2	1.88	<0.005	1.4	0.01	0.00	0.03
UESP-31	El Burro 2	1.38	<0.005	1.6	0.01	0.01	0.04
UESP-32	Renacimiento	1.16	0.017	8.8	0.03	0.10	0.06
UESP-33	Renacimiento	1.67	0.005	9.6	0.01	0.11	0.09
UESP-34	Renacimiento	1.55	0.021	4.7	0.01	0.09	0.07
UESP-35	Renacimiento	0.80	0.044	5.1	0.01	0.07	0.16
UESP-36	Renacimiento	1.90	0.156	113.0	0.15	0.06	0.32
UESP-37	La Lechuza	1.50	0.055	71.6	0.77	0.03	4.35
UESP-38	La Lechuza	1.50	0.036	18.9	0.24	0.02	1.41
UESP-39	La Lechuza	1.56	0.050	107.0	0.36	0.04	6.78
UESP-40	La Lechuza	1.20	0.020	7.1	0.33	0.01	1.18

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<b>SAMPLE</b>	<b>Locality</b>	<b>Sample width (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Cu (%)</b>	<b>Pb (%)</b>	<b>Zn (%)</b>
UESP-41	La Lechuza	1.30	0.011	2.6	0.03	0.01	0.29
UESP-42	La Lechuza	1.32	0.026	20.2	0.14	0.02	0.97
UESP-43	La Lechuza	1.36	0.024	7.7	0.08	0.01	0.41
UESP-44	La Lechuza	1.50	0.007	1.2	0.03	0.00	0.12
UESP-45	La Lechuza	1.40	0.018	2.2	0.01	0.01	0.06
UESP-46	La Lechuza	1.38	0.219	11.1	0.36	0.01	1.74
UESP-47	La Lechuza	1.67	0.114	8.0	0.07	0.01	1.58
UESP-48	La Lechuza	1.43	0.257	537.0	0.57	0.07	9.26
UESP-49	La Lechuza	1.30	0.287	7.3	0.07	0.01	0.19
UESP-50	La Lechuza	1.20	0.013	2.7	0.01	0.01	0.22
UESP-51	La Lechuza	0.92	0.009	13.7	0.02	0.01	0.24

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**Attachment 2 – Renacimiento Sampling Plan**



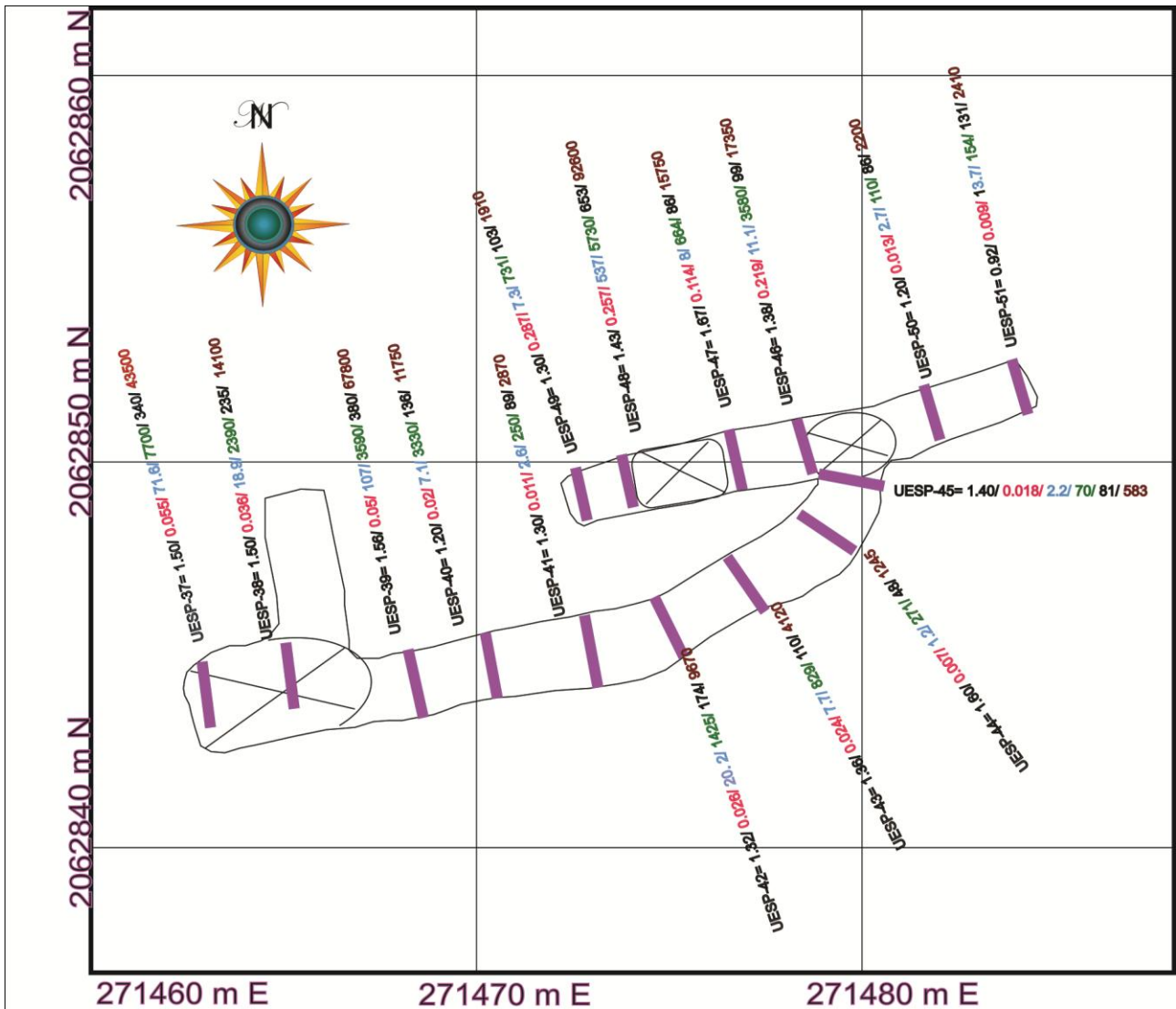
**Geochemical Legend**

**Sample\_Id\_ = WIDTH(m) / Au / Ag / Cu / Pb / Zn**

**ppm=g/t**

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**Attachment 3 – La Lechuza Sampling Plan**



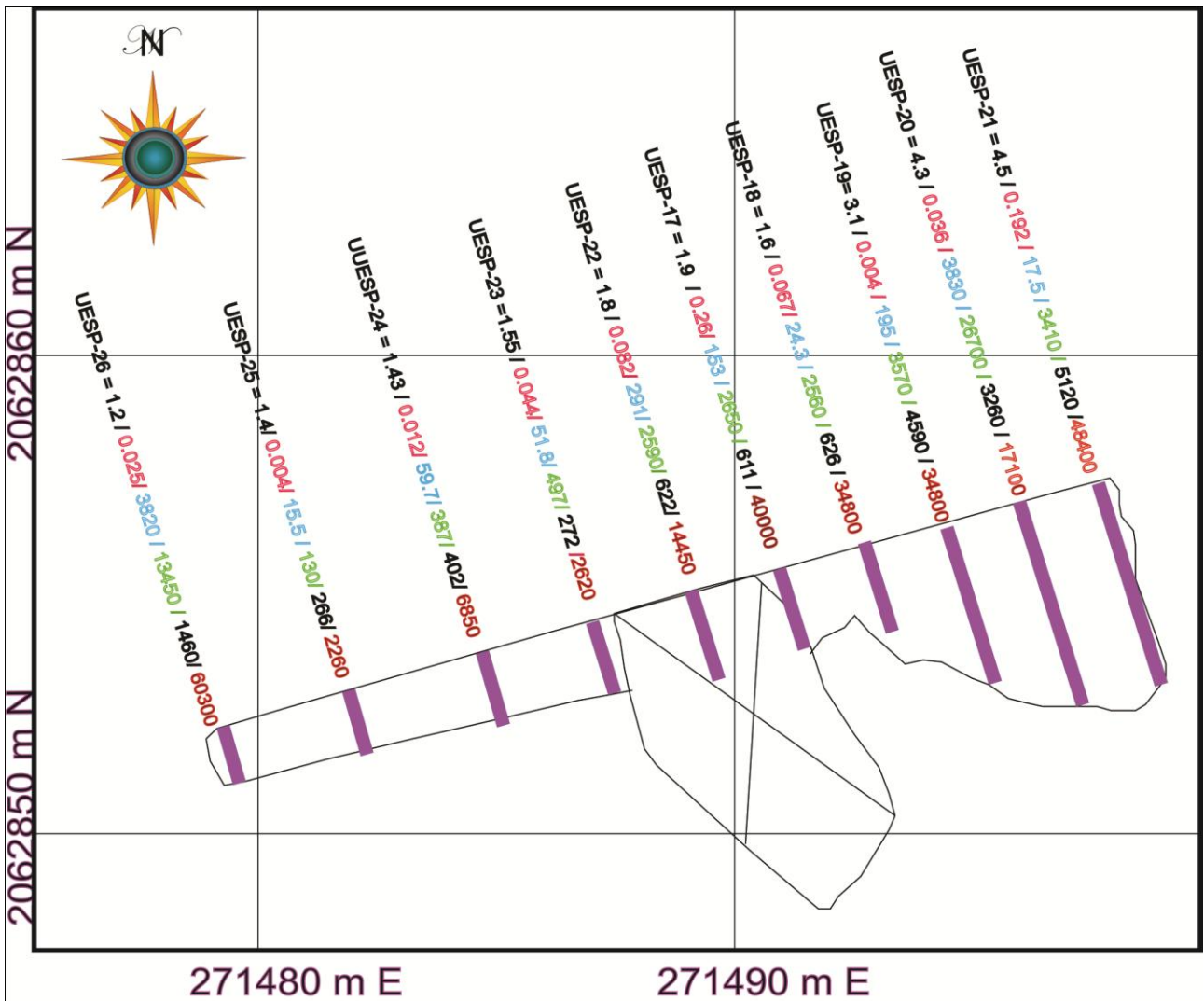
**Geochemical Legend**

**Sample\_Id\_ = WIDTH(m) / Au / Ag / Cu / Pb / Zn**

**ppm=g/t**

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**Attachment 4 - El Burro Sampling Plan**



**Geochemical Legend**

**Sample\_Id\_ = WIDTH(m) / Au / Ag / Cu / Pb / Zn**

**ppm=g/t**