



30 December 2008

Company Announcements Office
Australian Securities Exchange Limited
Level 5, Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

Update Re Pegmont Project

The Board of Cloncurry Metals Limited wishes to advise that given the recent withdrawal of BHP Billiton from negotiations regarding the Pegmont Project, the Company has decided not to exercise its option over the Project.

The Company's Option Agreement with Pegmont Metals Limited requires the Company to decide not later than 31 December 2008 whether to extend the option period (for an agreed fee) or to exercise the option to acquire the Pegmont Project. In the current circumstances neither alternative (i.e. to extend or exercise) is a viable option for the Company.

The Board notes that although it has devoted a considerable effort to date on the Pegmont Project, the Company does retain an extensive portfolio of Company registered tenements and it plans to increase focus on these areas in 2009. Management is embarking on a fundamental review of its exploration areas and the strategy for developing these further, taking into account the current and expected state of world markets. The Company also plans reviewing additional opportunities as they become available.

Yours sincerely

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