



4 September 2008

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

Memorandum of Understanding with BHP Billiton

The Board of Cloncurry Metals Limited ("the Company") is pleased to announce that the Company has signed a Memorandum of Understanding (MoU) with BHP Billiton to assess various arrangements that would allow for an early development of the Pegmont Deposit and based on the premise of delivering the mined ore to the Cannington Plant for processing. The Cannington Mine is located approximately 25km east of Pegmont and is therefore a short and viable haulage distance.

The two Companies will work together to assess the various alternatives put forward by the MoU with the outcomes expected to be delivered by the end of October 2008. A period of due diligence has commenced, and the current drilling program continues in accordance with the program approved earlier this year.

This is extremely positive news for the Company and the Pegmont Deposit as it has the potential to provide a clear way forward to early development with a low capital cost.

Our Company looks forward to a long and mutually beneficial association with BHP Billiton and particularly the Cannington Mine.

Yours sincerely

Simon Finnis
Chief Executive Officer
Cloncurry Metals Limited

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