

Pegmont Mines Limited

ABN 97 003 331 682

Corporate Office

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FAX TO: NATIONAL STOCK EXCHANGE OF AUSTRALIA

ATTENTION: MR SCOTT EVANS

FAX NO: (02) 49291556

FROM: CHRIS LESLIE

SUBJECT: CORPORATE UPDATE- PEGMONT PROJECT

DATE: 21 NOVEMBER 2008

Dear Scott,

Please find attached an announcement in relation to the Pegmont Project.

Regards,


Chris Leslie

Pegmont Mines Limited

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21 November 2008

The Manager,
National Stock Exchange of Australia
384 Hunter Street
Newcastle, NSW 2300

Dear Sir,

CORPORATE UPDATE – PEGMONT PROJECT

We advise that Cloncurry Metals Limited (CLU) has announced details of a future drilling program of 4,500 metres at Pegmont. This program of drilling will be funded by BHP Billiton. Also details of the terms on which CLU may extend their option by a further 18 months over the Pegmont Project by the payment of \$650,000 and the issue of 2,000,000 Ordinary Shares to Pegmont Mines Limited.

Attached is their "Announcement" made by CLU on the 21 November 2008.

Yours faithfully,

Malcolm A. Mayger
Managing Director

cloncurry metals
LIMITED
ABN 15 122 162 396



20 November 2008

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

Cloncurry Metals Limited Company Update

Key Points

BHP Billiton commence drilling at Pegmont Project
Option exercise date with Pegmont Mines Limited extended by 18 months.

Corporate Update – Pegmont Project

AS previously reported, Cloncurry Metals Limited (CLU) recently entered into a Memorandum of Understanding (MoU) with BHP Billiton Limited (BHPB) regarding the Pegmont Project. Due diligence carried out to date by BHPB has recommended a preliminary close spaced drilling program to provide further comfort to BHPB before moving forward to a more detailed resource definition program.

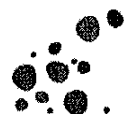
The preliminary drilling program designed by BHPB has now commenced at Pegmont. The program, to be managed by CLU and paid for by BHP Billiton, is made up of 45 very closely spaced holes on two sections, all vertical down to a maximum of 160m, for an expected 4,500m in total. The results of the program are expected to give essential information as to the continuity and grade distribution of the mineralisation allowing, in the longer term, for the design of a resource definition drilling program. Assuming a positive outcome of this initial program it is anticipated that BHPB will commence the resource definition program at Pegmont in calendar year 2009.

To allow for the initial drilling to commence CLU and BHPB have entered a short term agreement confirming responsibilities of the respective parties, including CLU managing the drilling program and with BHPB committing to reimburse all direct costs of the program. The parties continue to negotiate a longer term agreement to replace the current MoU which will take into account the resource definition stage, any further due diligence required, and ultimately confirming the development stage of the project. Presuming that agreement is reached on key issues, it is anticipated that this more detailed agreement will be finalised by the end of calendar year 2008.

To provide for the additional time now required by BHPB's due diligence activities, and for the negotiations with BHPB to progress, CLU has agreed with Pegmont Mines Limited (PMI) the terms on which CLU may extend the date of exercise of the option by a further 18 months.

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Corporate Update (continued)

The new exercise date will be 31 August 2010, and maintaining the 60-day notice period CLU must notify PMI by 30 June 2010 of its intent to exercise.

In consideration for the extension, PMI sought and CLU has agreed to the following changes to be made to the Pegmont Option Agreement, which would come into effect upon a notice to extend issued by CLU before 31 December 2008:

- CLU will pay to PMI an amount of A\$650,000 by 31 December 2008. A\$600,000 of this amount will be considered as a pre-payment of the A\$9.6M due to PMI on exercise of the Pegmont Option.
- CLU will issue 2,000,000 fully paid ordinary shares to PMI by 31 December 2008.
- PMI will regain the rights to any gold/copper and associated mineralisation on EPM14491, apart from Lightning Creek. CLU also agreed to carry out an extended exploration program, inclusive of drilling the areas known as Camel Dam, the Bonanza Anomaly, and Lightning Creek.

For clarity, the following is now agreed:

- If CLU wish to extend the option period, they will pay A\$650,000 and issue 2,000,000 shares to PMI before 31 December 2008;
- On exercise of the option CLU will pay a further A\$9.0M in cash and issue a further 9,600,000 shares in CLU.

These agreements will allow for a detailed and appropriate evaluation of the Pegmont Project by BHPB and provide the greatest opportunity of developing Pegmont in the near term.

Yours sincerely



Barry Casson
Company Secretary/Finance Director
Cloncurry Metals Limited

The information in this ASX release that relates to Exploration Results or Mineral Resources is based on information compiled by Mr G. M. Beere, who is the full time Exploration and Development Manager for the Company and a Fellow of the Australian Institute of Mining and Metallurgy. Mr Beere 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 Beere consents to the inclusion in this ASX release of the matters based on this information in the form and context in which it appears.

Enquiries should be directed to:

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