

Clancy Exploration Limited

CLY Thursday, 1 November 2007

**Diamond drilling testing IP anomalies at Northparkes style target**

**Recommendation Speculative Buy**

**Overview**

CLY has recently commenced a six month 25,000 metre drilling program on its projects in the Macquarie Arc of the Lachlan Fold Belt. The drilling will be comprised of approximately 20,000 metres of aircore, 2,300 metres of RC and 2,400 metres of core to be drilled on 13 targets. The drilling follows on from an IP survey which commenced in September and will extend for a further few months. The objective of the IP survey is to detect the disseminated sulphide halo that is typically associated with porphyry copper-gold systems. The company's interests in the Macquarie Arc consist of 17 exploration licences covering 1,850 sq km and comprising 12 separate projects.

CLY is the Australasian arm of Toronto listed Geoinformatics and holds the core Australian assets of the Geoinformatics group. These assets have been developed over the past four years to represent an extensive portfolio of prospective copper-gold properties in the Lachlan Fold Belt of NSW and base metal properties in the Mount Read Volcanic Belt of Tasmania.

The company employs a unique targeting process that incorporates digital geological and geophysical data in probability based targeting in its search for mineralisation. Its objective is to advance its properties to a stage of commercial development by applying faster, less expensive and more reliable analytical methods to resource exploration.

In addition to managing its own projects in the Macquarie Arc, CLY manages three joint venture projects that are funded by Gold Fields Ltd, one of those being the highly ranked Gobondery project. Gold Fields may earn an 80% interest by spending up to \$5 million over three years on these projects, which include Cowal East and Wellington North.

The Gobondery project was selected as a target for copper-gold mineralisation based on regional magnetic and gravity signatures. The volcanic units at the project are similar to those at the Northparkes copper-gold mine located 47 km to the east.

The IP survey has already identified two significant anomalies within the Gobondery project tenement. A large 1.1 km long and 600 metre wide anomaly has been defined at the Forest View prospect. Modelling suggests that the top of the anomaly varies from 60 to 150 metres deep, well below the depth of previous RAB drilling by Shell in the early 1980's. The anomaly will be tested with diamond drilling in early November.

The second anomaly is located at the Allandale prospect. It is cigar shaped and has a strike length of 750 metres and a diameter of 150 metres, with the top of the anomaly less than 100 metres from surface. The anomaly is situated within a basement +500ppm copper anomaly defined by broad spaced reconnaissance drilling by the company in 2006. The drilling suggested that Allandale may be associated with a zoned hydrothermal alteration system. The anomaly is currently being tested with a diamond hole.

Other projects in the Macquarie Arc are Fairholme, Myall, Billabong Creek, Currumburrama, Cundumbul, Orange East, Goobang, Spring Creek and Illabunda.

In Tasmania the company is free carried on a package of 12 tenements by Bass Metals (BSM) until the completion of a feasibility study. BSM is earning a 75% interest.

**Impact**

CLY has commenced an extensive drilling program at its projects within the Macquarie Arc of the Lachlan Fold Belt. The program follows field investigations and review of previous work as well as the initial results of an ongoing IP survey. This in turn has followed on from a careful project selection process generated by Geoinformatics' probability based targeting. The proof of the pudding could be near with the first hole underway.

**Snapshot**

Last Price	\$0.215
Market Cap (m)	\$10.3
52 Week High	\$0.215
52 Week Low	\$0.10
Sector	Metals & Mining

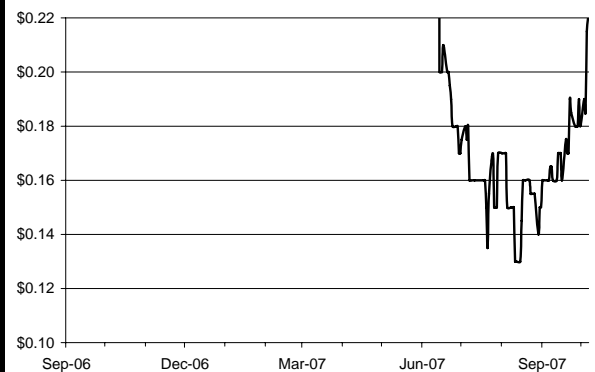
**Investment Fundamentals**

Cash reserves	\$4.2 million
Shares on issue	47.9 million
Options on issue	4.6m unlisted

Directors	James Macdonald (Chairman) Mark Stewart (Managing) Nick Archibald (non-exec) Mark Lester (non-exec)
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Major shareholders	Geoinformatics 47.7%
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**Price Chart**



**Business Description**

CLY is a mineral exploration company that holds interests in the Lachlan Fold Belt that are prospective for copper and gold mineralisation. In Tasmania the company holds base metal projects in the Mt Read Volcanic Belt that are managed by Bass Metals.

Analyst: Paul Gooday

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### **General Advice**

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