



Clancy Exploration Limited
Level 3 1060 Hay Street,
West Perth WA 6005
Telephone: (08) 9481 8241
Facsimile: (08) 9321 0320
www.clancyexploration.com

25 November 2009

Dear Shareholder,

Offer by Clancy Exploration Limited ("Clancy") to Participate in Share Purchase Plan ("SPP") ("Offer")

The Directors of Clancy are pleased to invite you, as a shareholder of Clancy at 5 pm WST on Thursday 3 December 2009 (the **Record Date**), ("Eligible Shareholder") to subscribe for additional fully paid ordinary shares in Clancy (**SPP Shares**), free of all brokerage and commission costs, under the terms and conditions of Clancy's Share Purchase Plan enclosed with this Offer.

Against a backdrop of rising gold and copper prices, I believe Clancy has an exciting year ahead as we head into 2010. Promising early drilling results have been returned from our 100% owned Orange East project in New South Wales, which will be followed up by additional diamond drilling.

We have recently moved to 100% ownership of the Trundle project, also in New South Wales. This project shows great promise, and our exploration will focus on potential Northparkes style targets.

Our joint venture partner Gold Fields, one of the world's top five gold producers, has also defined several drill targets it describes as "very encouraging" at our JV projects. A substantial budget has been approved by Gold Fields to fund an aggressive programme of additional drilling during the remainder of the financial year.

Clancy has interests in 29 tenements over approximately 2,700km² of terrain in the Macquarie Arc of New South Wales. The Macquarie Arc endowment stands at over 80 million ounces of gold and 13 million tonnes of copper. Clancy has an enviable tenement position in this highly prospective terrain.

Together with our joint venture partner Gold Fields, we are consistently and aggressively exploring the targets we have outlined in the Macquarie Arc, with up to 4 drilling rigs operational in the September quarter across the projects. In all we have completed 51,364m drill metres since 2007, spending over 75% of shareholder funds directly "in ground" on exploration.

I encourage you to visit our website at www.clancyexploration.com and sign up for our email news to keep up to date with our progress.

To support our ongoing efforts, as announced to the ASX, the Directors have resolved to raise additional funds by:

1. placing 4,300,000 Clancy Shares with sophisticated investors to raise \$559,000 at a subscription price of 13 cents each, and
2. offering SPP Shares by way of the SPP, to raise up to \$2,000,000.

The funds raised will be applied towards exploration work at the Company's 100% owned exploration projects, predominantly Orange East, Trundle, cover the costs of the capital raising, and provide working capital.



The Directors wish to give Eligible Shareholders the opportunity to participate in the SPP as part of the Company's capital raising initiative. Shareholders will be entitled to apply for up to 115,384 SPP Shares each, at a subscription price of 13 cents each, representing a total maximum subscription amount of \$14,999.92 per shareholder. This subscription price represents a discount of approximately 15% of the average market price for Clancy Shares calculated over the last 5 days on which sales in Clancy Shares were recorded before the SPP was announced on 25 November 2009.

The market price of Clancy Shares may rise or fall between now and the date when SPP Shares are allotted in accordance with the Share Purchase Plan. If the market price of Clancy Shares falls, the subscription price of the SPP Shares to be allotted pursuant to this Offer may no longer be at a discount to the market price.

The Directors see the following advantages for Eligible Shareholders in subscribing for SPP Shares:

1. shareholders may 'top up' their holdings to a marketable parcel;
2. No brokerage or transaction costs are payable on SPP Shares; and
3. The issue price is currently at approximately a 15% discount to the average market price calculated over the last 5 days on which sales were recorded on the ASX before the SPP was announced on ASX on 25 November 2009.

The Offer is non-renounceable in that you cannot transfer your right to buy shares under the SPP to another person. However, your participation under the SPP is optional and you may elect not to participate at all, by doing nothing.

The Directors wish to ensure that the total number of SPP Shares issued does not exceed 15,384,615 and have therefore resolved to cap the maximum that can be raised under the SPP to \$2,000,000. Each Eligible Shareholder may participate by completing an application form and subscribing for one of the following offers of SPP Shares:

	No of SPP Shares	Issue Price	\$
Offer A:	38,462	\$0.13	\$5,000.06
Offer B:	76,923	\$0.13	\$9,999.99
Offer C:	115,384	\$0.13	\$14,999.92

If applications for more than 15,384,615 SPP Shares are received, the Directors intend to scale-back the maximum amount permitted under each of the Offers listed above in reverse order starting with Option C. For example, the maximum number of SPP Shares which Eligible Shareholders are entitled to apply for under Offer C would become 76,923 SPP Shares, and so on. Clancy will return any application monies paid in relation to unsuccessful applications without interest.

To take up this Offer:

1. please read the enclosed Terms and Conditions of the Share Purchase Plan;
2. complete the enclosed personalised Offer and Acceptance Form specifying the number of SPP Shares you wish to apply for (up to a maximum of 115,384 SPP Shares) and the total subscription price for those SPP Shares;
3. send the completed Offer and Acceptance Form in the **reply paid envelope** provided, with your cheque made payable to **Clancy Exploration Limited Share Application Account** and crossed **Not Negotiable** to Clancy's share registry at



Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000

by 5 pm (WST) on **Monday, 21 December 2009**. Alternatively, you can use the BPay® facility as set out on the Offer and Acceptance Form.

You should note, however, that Clancy may elect to close the offer at any time.

Key Dates	
SPP Announced	25 November 2009
Record Date	3 December 2009
Closing Date	21 December 2009
Trading to Commence on ASX	29 December 2009

Please contact the Company's share registry, Computershare Investor Services on (08) 9323 2000 if you have any queries in relation to this Offer or how to accept it.

Yours faithfully

MARK STEWART
Managing Director

SHARE PURCHASE PLAN TERMS AND CONDITIONS

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

CLANCY EXPLORATION LIMITED

ABN 65 105 578 756

Purpose

The purpose of the **Clancy Exploration Limited Share Purchase Plan** (the **Plan**) is to offer shareholders of **Clancy Exploration Limited (Clancy)** with a registered address in Australia and New Zealand on the Record Date 3 December 2009 as detailed in the accompanying Offer (**Offer**), (**Eligible Shareholders**) the opportunity to acquire additional fully paid ordinary shares in Clancy (**Clancy Shares**) to assist with funding exploration work, the costs of the Offer and working capital requirements.

Plan

The maximum amount which Eligible Shareholders may subscribe for is A\$14,999.92 each. If a Shareholder is recorded with one or more other persons as the joint holder of a holding of Shares, that joint holding is considered to be a single registered holder for the purposes of this Plan in respect of that holding. If the same joint holders receive more than one offer under the Plan due to multiple identical holdings, the joint holders may only apply for one maximum parcel of Shares. If a trustee or nominee is expressly noted on the register of members as holding Shares on account of another person (a "Beneficiary") the Beneficiary is taken to be the registered holder in regard to those Shares; and any application for the issue of Shares and any issue of Shares to, the trustee or nominee, is taken to be an application or certification by, or an issue to, the Beneficiary. The directors of Clancy have determined the minimum amount for participation and the multiples of Clancy Shares which are being offered under the Plan, as set out in the Offer accompanying these Terms and Conditions. Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are not renounceable (ie: eligible shareholders may not transfer their rights to subscribe for any Clancy Shares offered under the Plan).

Clancy reserves the right to refuse an application if it considers that the applicant is not an Eligible Shareholder or has not otherwise complied with the terms of the Plan. If an application is refused, application monies received will be refunded without interest. If one or more Offer and Acceptance Forms are received from an Eligible Shareholder with a total value in excess of the maximum value available under the Offer, the shareholder will be deemed to have applied for that maximum value and the excess application monies will be refunded without interest.

Price of Clancy Shares

The price of Clancy shares to be allotted under the Plan has been set at 13 cents (A\$0.13), which represents a 15% discount to the average market price calculated over the last 5 days on which sales were recorded on the ASX before the Plan was announced on ASX on 25 November 2009.

Allotment of Clancy Shares

Clancy Shares to be allotted under the Plan will be allotted as soon as reasonably practicable after the closing date specified by the directors of Clancy in the Offer. Clancy Shares allotted under the Plan will rank equally in all respects with all other fully paid ordinary shares in Clancy from the date of allotment. Shareholding statements will be issued in respect of all Clancy Shares allotted under the Plan. Clancy will, promptly after allotment of Clancy Shares under the Plan, make application for those Clancy Shares to be listed for quotation on the official list of ASX.

Costs of Participation

No brokerage, commission, stamp duty or other transaction costs will be payable by participants in respect of the application for, and allotment of, Clancy Shares under the Plan.

Applications and Notices

Clancy will send Eligible Shareholders an Offer, accompanied by these Terms and Conditions and a personalised Offer and Acceptance Form, inviting them to subscribe for Clancy Shares under the Plan. Notices and statements to Eligible Shareholders may be given by Clancy in any manner prescribed by its Constitution.

Payment

All amounts expressed in this Offer are in Australian Dollars. If an Offer and Acceptance Form is not accompanied by a cheque or BPay® Transfer for the exact amount Clancy reserves the right to return the application form and cheque or allot that number of Clancy Shares that is rounded down to the nearest whole number option under the Offer and return the balance of monies. No interest will be paid on monies returned. An Offer will be taken to have been accepted by an Eligible Shareholder only if the cheque or BPay® which accompanies the Offer and Acceptance Form is paid in full on first presentation.

Modification and termination of the Plan

Clancy may modify or terminate the Plan at any time. Clancy will notify the ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of the ASX to receive such notice will not invalidate the modification or termination. Without limiting the above, Clancy may allot to any person fewer Clancy Shares than the person applied for under the Plan if the allotment of the Clancy Shares applied for would contravene any applicable law or the Listing Rules of the ASX and otherwise as detailed in the Offer. No interest will be paid on monies returned. Clancy reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Clancy under these conditions may be exercised by the directors of Clancy or any delegate of the directors of Clancy.

Dispute resolution

Clancy may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan whether generally or in relation to any application for Clancy Shares and the decision of Clancy will be conclusive and binding on all shareholders and other persons to whom that determination relates.