

RC DRILLING TO START AT CONDOBOLIN

Precious and base metals drill targets at five prospects

Clancy Exploration Limited (ASX: CLY) is pleased to advise that RC drilling will commence at the 100% owned Condobolin project in central NSW on 24 January 2011.

Highlights

- Drilling will follow up a successful rock chip sampling program completed in October 2010, which returned high grade samples at the Phoenix, Mascotte, Bluebell and Surprise prospects.
- Newly identified prospect, Potters, to also be tested.
- Potential for shallow, high-grade gold-copper-silver-lead-zinc mineralisation.
- Drilling rig scheduled to commence drilling targets on 24 January 2011.
- 1,700 metres of RC drilling planned.

Clancy's Managing Director, Mr Gordon Barnes, said that Clancy planned to drill test several prospects at Condobolin to follow up the high grade rock chip samples reported last October.

"The drilling is designed to define the style and geometry of the mineralisation and is targeting extensions around the historic workings that were active in the late 1800's to early 1900's. We believe there is good potential for shallow, high-grade epithermal-style mineralisation," said Mr Barnes.

The drilling will test five prospects over a strike length of 3km along a regional north-east mineralised trend, approximately 5km north, north-west of Condobolin (Figure 1). The prospects will include Phoenix, Mascotte, Bluebell, Surprise and Potters.

Potters was selected for drill testing because it is the source of the high-grade zinc mullock that was sampled at the Phoenix prospect in the October 2010 program (sample COR0004: 1.9g/t gold, 40g/t silver, 25.3% zinc and 1.38% lead). It was transported from Potters to Phoenix for processing. Visual inspection of the Potters area has since yielded numerous samples of the same material.

Based on the results from the drilling a regional-scale exploration program will be defined during Q2 2011. Planning for that program is already underway, with a regional detailed aeromagnetic survey due to commence in April.

The drilling at Condobolin was originally scheduled for November 2010 but was delayed due to district-wide heavy rain, which has also prevented harvesting of winter crops. The drilling has been rescheduled and will now commence on 24 January 2011 following completion of the drilling program at Clancy's 100% owned Trundle project.

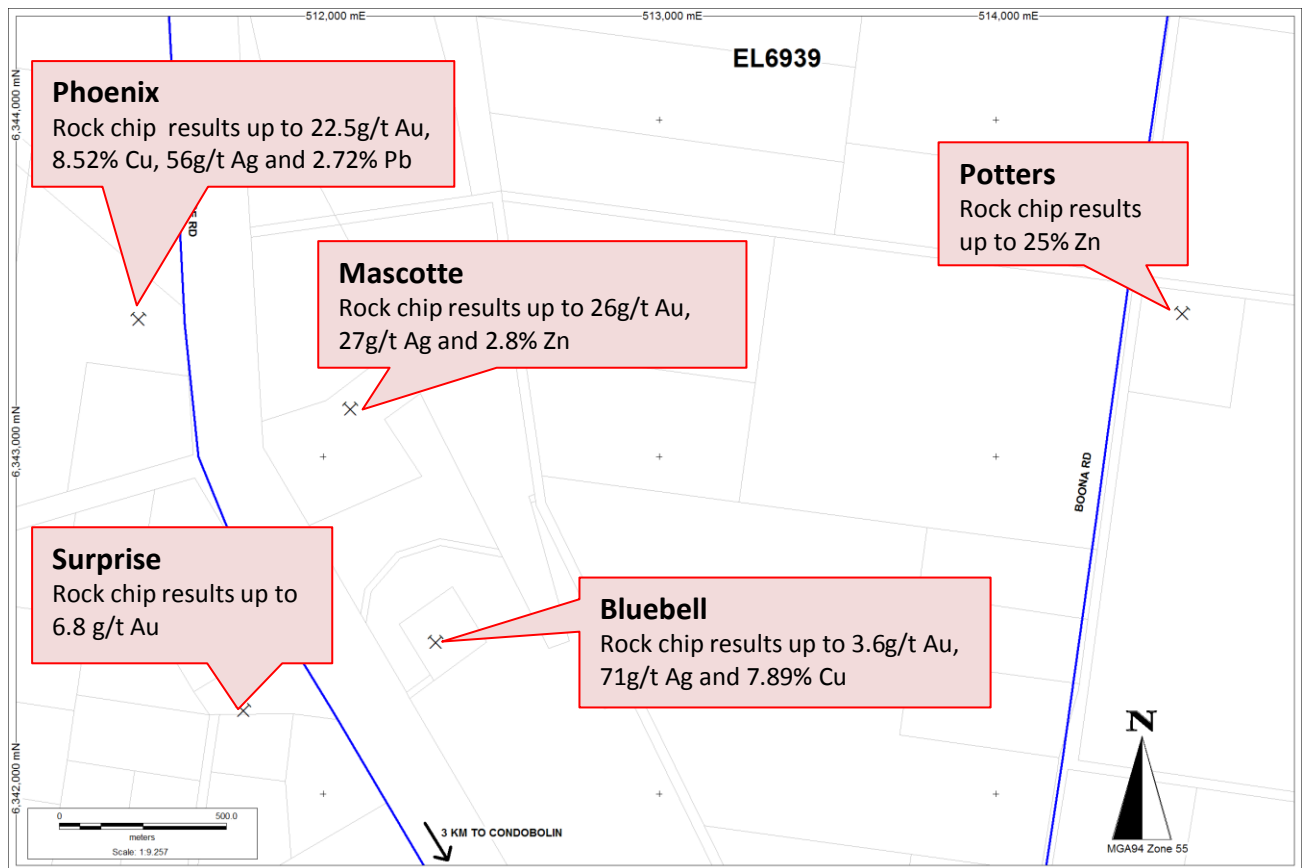


Figure 1 - Location of Condobolin prospects to be drill tested showing high grade rock chip results (refer to ASX release dated 27 October 2010 for further details).

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The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Gordon Barnes who is a Member of the Australian Institute of Geoscientists. Mr Barnes is a full-time employee of Clancy Exploration Limited and has sufficient experience which is relevant to the style of mineralisation and type 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 Gordon Barnes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Condobolin

Located north of the township of Condobolin, NSW, EL6939 spans two target styles including narrow structurally hosted high grade gold-base metals and epithermal gold-copper. Numerous old workings cross the area in a general north-east oriented trend. The area has been sporadically mined since the early 1890's, producing high grade gold, copper, silver, lead and zinc. Clancy carried out rock chip sampling at the project in October 2010 with all sampled prospects returning highly anomalous results in gold, copper, silver, lead, zinc and arsenic. Seven of the 12 samples assayed >5g/t gold and two assayed >5% copper with a maximum values of 26g/t gold and 8.53% copper respectively. One sample assayed 25.3% zinc (refer to ASX release dated 27 October 2010 for further details).

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About Clancy Exploration

Clancy Exploration (ASX: CLY) is an Australian-focused copper, gold and base metals explorer. The Company's portfolio has been built up over a number of years and consists of highly prospective copper-gold projects in the Lachlan Fold Belt of NSW, base metal and tin projects in the Mount Read Volcanic Belt of Tasmania, Nadbuck near Broken Hill and Yalgoo adjacent to the Golden Grove mine in Western Australia.

Details of Clancy's projects can be found at the website - www.clancyexploration.com

The Company's 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.

Clancy has seven joint ventures with Gold Fields Australasia Pty Ltd in the Lachlan Fold belt. Exploration is advanced through a mix of joint venture projects now managed by Gold Fields and 100% owned projects managed by Clancy. This mix of Joint Venture and Clancy project funding allows a high level of exploration activity to be maintained, whilst prudently managing Clancy's financial resources. Clancy's competitive advantages also include having one of the largest ground positions of any explorer in the prospective Macquarie Arc (~2,800km²), and the innovative use of digital geological and geophysical data in probability based targeting.