

About Clancy

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 New South Wales, 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.

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's joint venture partner in the Lachlan Fold Belt is Gold Fields Australasia Pty Ltd. 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.

The Lachlan Fold Belt is host to the Cadia Valley, Northparkes and Cowal mines as well as the recent McPhillamys discovery.

Clancy's competitive advantages also include having one of the largest ground positions of any explorer in the prospective Macquarie Arc, and the innovative use of digital geological and geophysical data in probability based targeting.

By continuing active and aggressive exploration programs, Clancy shareholders retain exposure to a substantial upside in valuation with exploration success.

Quarterly Activities Report

For the Period Ending 31 December 2010

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 31 December 2010.

Highlights

- RC drilling recently completed at the 100% owned **Trundle** project, following up shallow copper-gold skarn targets, results pending.
- RC drilling in progress at the 100% owned **Condobolin** project, following up previously reported high-grade gold, copper and zinc rock chip results.
- A total of 5086m of drilling was completed on the Gold Fields JV projects in the December quarter.
- Several anomalies have been defined by a substantial regional aircore drilling program that is in progress at the **Myall JV**, with drilling to continue into the March quarter.
- Diamond drilling at the Boda prospect at the **Wellington North JV** has identified chalcopyrite and bornite mineralisation in potassic alteration. Low grade intercepts include:
 - 7m @ 0.40% Cu & 0.83 g/t Au incl. 1m @ 1.4% Cu & 4.03g/t Au
 - 8m @ 0.17% Cu & 0.45 g/t Au
- Diamond drilling is in progress at the **Parkes JV**, with drilling to continue into the March quarter.
- A ground magnetic survey completed at the 100% owned **Yalgoo** project in WA with drill targets defined.
- New exploration JV formed with Minemakers subsidiary TNT Mines on the **Waratah** and **Oonah** projects in Tasmania.



Clancy Managed Projects

Wet weather continued to have an adverse effect on field programs during the December quarter. As a consequence, drilling programs planned for Trundle and Condobolin in the December quarter were rescheduled to the January quarter. Similarly, aeromagnetic surveys planned for the December quarter at a number of projects have been rescheduled to the June quarter 2011.

Condobolin EL6939 and ELA4103

(NSW, Clancy 100%)

Condobolin is located in the central west of NSW immediately north of the Condobolin township. Condobolin has a substantial mining history, predominantly as a base metals field (lead, zinc and copper), as well as gold. The mineralisation is hosted in epithermal-style quartz veins within the metasedimentary units of the Ordovician Girilambone Group, associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and free gold.

The historic drilling database was validated and previous drill holes with compromised location data were identified and corrected where possible. An RC drilling proposal to follow up the highly anomalous rock chip results reported in the previous quarter was prepared. Seven of the 12 rock chip 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. RC drilling commenced on 24th January 2010 and results will be reported in the next quarter.

An aboriginal heritage survey was completed and no sites of significance were identified. Due to adverse weather conditions and delays on the part of the contractor, the aeromagnetic survey originally planned for the December quarter, has been rescheduled to April 2011.

Orange East EL6181

(NSW, Clancy 100%)

EL6181 is located east of the city of Orange and contains several target styles including Ordovician porphyry copper-gold and post-Ordovician copper-gold targets. Numerous old workings occur in the area and many are focussed along regional-scale structures, such as the Lucknow and Godolphin faults.

A total of 19 samples from the diamond core completed in the previous quarter have been submitted for petrographic analysis with results pending. Spectral logging of the drill core is currently in progress. Soil orientation surveys were undertaken at the Carangera copper workings with the Field Portable XRF (FPXRF). FPXRF soil sampling west of Carangera over the Favell zone commenced, however persistent rain halted field work and sampling will resume in the March quarter.

Trundle EL4512 and EL7187

(NSW, Clancy 100%)

Trundle consists of two exploration licences EL4512 and EL7187 and is located 25km west of the Northparkes copper-gold mine (Rio Tinto) and bears many similarities to Northparkes. An RC drilling program to test numerous shallow copper-gold targets at the Trundle Park prospect commenced in early January 2011 (see ASX release of 20 December 2010). Previous intercepts from the prospect include 11m @ 1.2g/t gold & 0.36% copper from 3m; 25.45m @ 0.71g/t gold from 14.85m; and 35m @ 0.59g/t gold & 0.25% copper from 12m.

The style of mineralisation is similar to the Big Cadia skarn that is associated with the giant Cadia Valley porphyry deposits. The skarn at Cadia produced about 140,000 tonnes of copper at a grade of 5-7% copper and over 1.5Mt of iron ore before the discovery of the massive Cadia Valley porphyry deposits. The Big Cadia skarn is the distal part of the Cadia hydrothermal system and forms part of the current resource and it was mined for decades before the porphyry deposits were discovered. At Trundle Park there is potential for porphyry copper-gold mineralisation at depth. Results from the RC drilling will be reported in the next quarter.

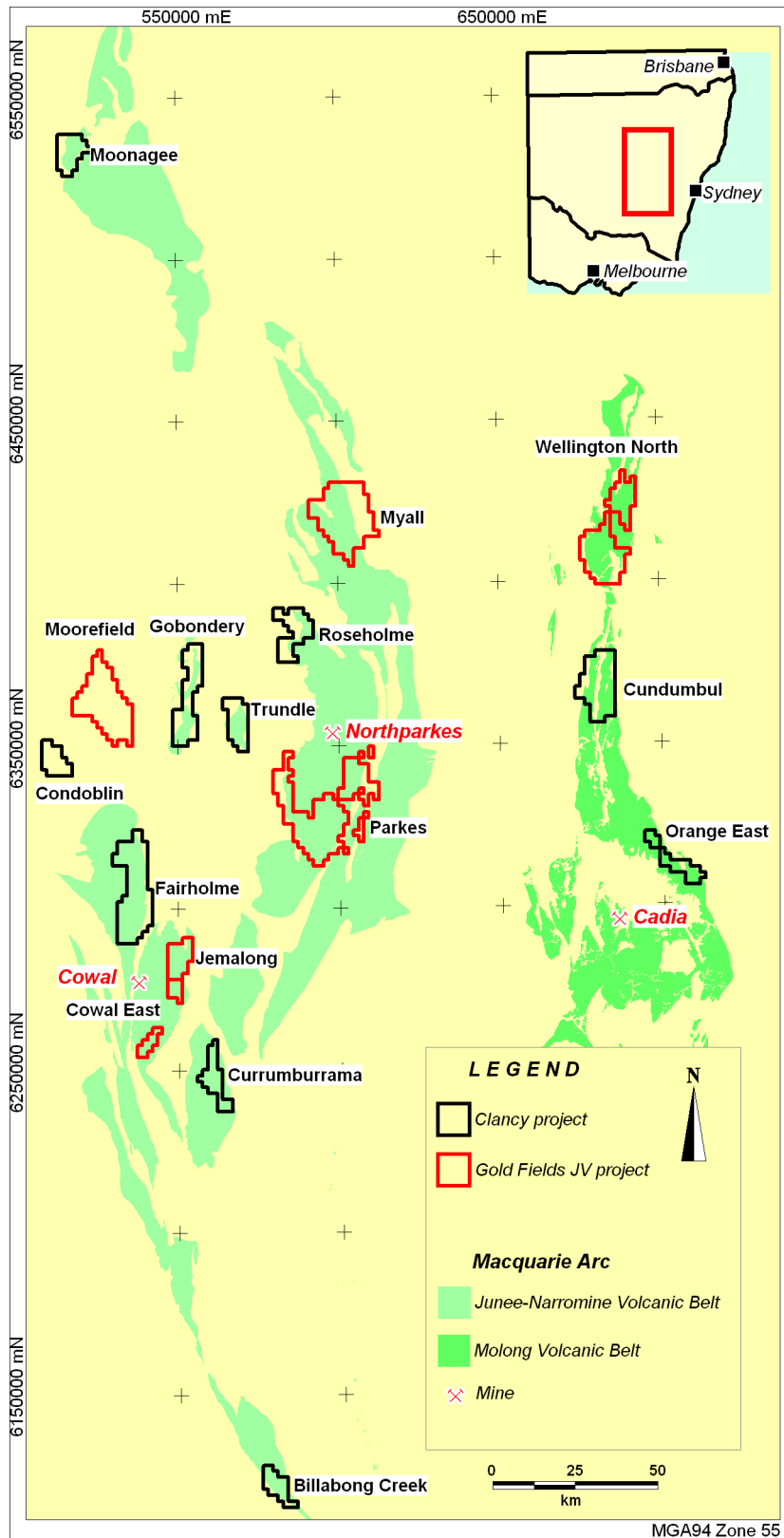


Figure 1 – Map showing the Clancy projects in the Macquarie Arc of Lachlan Fold Belt. Inset – the location within NSW.

Billabong Creek EL6802, Roseholme EL6822 and Currumburrama EL6784 (NSW, Clancy 100%)

Due to adverse weather conditions and delays on the part of the contractor, the aeromagnetic survey originally planned for the December quarter, has been rescheduled to April 2011. The proposed aeromagnetic surveys will cover porphyry and epithermal targets at the Billabong Creek, Roseholme and Currumburrama projects (Figure 1). Roseholme is located at the northern end of the Northparkes Igneous Complex 29km NNW of Rio Tinto's Northparkes copper-gold mine. Billabong Creek is located 40km east of Wagga Wagga on the Gilmore Fault, a major regional NW-trending composite structure that marks the southern boundary of the Macquarie Arc. Currumburrama is located 40km east of West Wyalong, north of the Goldminco's Silverstone and Imola porphyry prospects. Results from the aeromagnetic surveys will be reported in the June 2011 quarter.

Yalgoo E59/1302 (WA, Clancy 100%)

The Yalgoo project is located 370km NNE of Perth adjacent to the Golden Grove zinc-copper-gold-silver mine in the Murchison Province of Western Australia. A ground magnetic survey was completed over two discrete aeromagnetic anomalies that are present in the tenement for a total of 69.6 line km's of ground magnetic data. Magnetic inversion models for the ground magnetic data suggest that the anomalies represent sub-vertical magnetic sources that are within 50m of surface and extend to depth. The geometry of the inversion models is consistent with a plug-like source, however this can only be tested with drilling due to the lack of outcrop. A drilling proposal to follow up the ground magnetic anomalies is in progress.

Gold Fields Managed JV Projects

Continued record rainfall in the district impacted drilling and field activities on all JV projects during the December quarter. Despite this a total of 5,086m of drilling was completed, mostly at the Myall JV, prior to all programs being suspended in mid December due to the adverse weather. Drilling resumed in mid January at the Myall and Parkes JV's and will continue into the March 2011 quarter.

Myall EL6913 (NSW, Gold Fields 51%, Clancy 49%, Gold Fields earning 80%)

Myall (EL6913) is located 25km southwest of Narromine at the northern end of the Junee-Narromine Volcanic Belt of the Macquarie Arc. A substantial regional aircore drilling program is in progress to complete 500 x 500m drill coverage across the entire tenement area. A total of 44 holes for 4,220m of aircore drilling was completed in the December quarter before rain suspended field activities in mid December. The aircore drilling resumed in mid January 2011.

Aircore drilling was undertaken in and around the Barina prospect and in the east of the tenement around the Sandman and Monaro prospects. Three of the aircore holes completed to date have intersected attributes consistent with porphyry-style systems and one hole intersected alteration related to potential orogenic gold style mineralisation. Significant aircore results received to date include:

- 4m @ 0.17g/t Au from 88m (MYAC201)
- 2m @ 0.16g/t Au from 86m (MYAC220)

Drill hole MYAC220 intersected in a silica altered porphyry with disseminated and veined limonite and MYAC201 intersected a sheared ultramafic with finely disseminated pyrite. The regional aircore program will continue into the March quarter when further results will be reported.

Results were received for two diamond holes drilled in the December quarter at the Kingswood prospect. Low grade copper was intersected in both holes, which has effectively tested the western expression of the Kingswood porphyry system.

Wellington North EL6178, EL6328, EL6662, EL7200 and EL7440

(Gold Fields 81%, Clancy 19%)

The Wellington North project covers approximately 30km of strike length of the Molong Volcanic Belt immediately north of Wellington. One RC / diamond hole (BGRCD001) was completed at the Boda prospect to a depth of 396.1m (inclusive of 130m RC precollar) to test a coincident structural intersection, potassium radiometric anomaly, and FP-XRF soil sampling anomaly. The hole intersected chalcopyrite and bornite mineralisation in a potassic altered basalt and andesite. The style of alteration and mineralisation and the lack of a causative intrusion suggests that the core of a porphyry system could be nearby. A strategy for testing this target is currently being formulated with the options including a 3D IP survey and/or drill testing to the south and down dip to locate the core of the system. Significant intercepts from BGRCD001 include:

- 4m @ 0.12% Cu & 0.02g/t Au from 48m
- 7m @ 0.40% Cu & 0.83 g/t Au from 248m; incl.
 - 1m @ 1.4% Cu & 4.03g/t Au from 248m
- 8m @ 0.17% Cu & 0.45 g/t Au from 264m; incl.
 - 2m @ 0.40% Cu & 0.74g/t Au from 264m
- 35m @ 0.10% Cu, 55ppm Mo & 0.07g/t Au from 311m

Preparations are underway for a 3D IP survey over the Girraween target which is scheduled to commence in mid January 2011. The IP survey aims to locate chargeable pyrite halos to porphyry systems in the area. Results will be reported next quarter.

Moorefield EL6938 and ELA3999

(Gold Fields 80%, Clancy 20%)

Moorefield covers 285km² between Fifield and Condobolin in the central west of New South Wales. Geological mapping and rock chip sampling was undertaken at the Carlisle Reefs prospect. A set of up to 12 significant historical workings were mapped. Work will continue in the March quarter.

Parkes EL6824, EL7199, EL7271, EL6823, EL6987, ELA4003 and ELA4004

(Gold Fields 80%, Clancy 20%)

The Parkes project covers 474km² of the highly prospective Northparkes Igneous Complex. Rio Tinto's Northparkes copper-gold mine is located approximately 15km to the north of the Parkes project. One diamond hole is in progress at the MacGregors prospect, testing an orogenic gold target. An aeromagnetic survey is also planned for the western part of the project area. Results will be reported in the next quarter.

Corporate

Management Changes

Former Managing Director, Mr Mark Stewart, resigned effective 31 December 2010. Clancy's Exploration Manager, Mr Gordon Barnes, assumed the combined role of Managing Director and Exploration Manager effective 1 January 2011 and will oversee the Company's day to day management, including exploration activities. Mr Barnes has relocated to Orange which will enable closer interaction with the exploration team.

New Tasmanian JV projects

Clancy formed a new exploration joint venture with Minemakers' (ASX:MAK) subsidiary TNT Mines Limited over two Exploration licences in north-west Tasmania, held by Clancy's wholly owned subsidiary, Geoinformatics Exploration Tasmania Pty Ltd. The two projects covered by the joint venture, Oonah (EL63/2004) and Waratah (EL 64/2004), are considered prospective by Clancy for tin and associated commodities and include a number of high priority exploration targets generated from Clancy's exploration modelling. It is anticipated that TNT Mines Limited will commence fieldwork on both projects in the March quarter 2011.

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Footnote:

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.