

EXPLORATION DRILLING UPDATE Orange East, Trundle, Cowal East JV and Myall JV

Clancy Exploration Limited (ASX: CLY) is pleased to provide a drilling update for the 100% owned Orange East and Trundle projects and the Cowal East and Myall JV projects in central NSW.

Summary

- Diamond drilling will now commence at **Orange East** in mid- to late-July, testing several significant IP anomalies coincident with high-grade gold and copper rock chip results. Strong similarities to the nearby (15km) McPhillamy's gold deposit are present and the anomalies to be tested are interpreted to lie in the same geological formation.
- Results have been received for diamond drilling at the Mordialloc prospect at **Trundle**. Although the assay results for gold and copper were subdued, the drilling suggests that the core of the porphyry system could be on the margins of the IP chargeability high. 3D modelling is in progress to define further drill targets.
- Also at **Trundle**, re-logging of previous drill holes at the Trundle Park prospect has identified monzonite intrusive with quartz-calcite-molybdenite-pyrite-chalcopyrite veins which could be the causative intrusion of the abundant skarn mineralisation at this prospect. Definition of drill targets is underway.
- At the **Cowal East JV** >2000m of aircore drilling and >2300m of diamond drilling has recently been completed. Results for most of the diamond drilling are pending, however significant results have been returned from the Eurowie prospect, including several significant bottom of hole (BOH) aircore intercepts:
 - WYACD012: 27m @ 0.1% Cu from 424m (open, further results pending)
 - WYAC202: 24m @ 0.11% Cu from 96m (BOH)
 - WYAC206: 7m @ 0.16% Cu from 130m (BOH)
 - WYACD009: 2m @ 0.14% Cu from 160m (diamond tail)
 - WYAC211: **12m @ 0.33g/t Au** from 98m (BOH 111m), incl:
6m @ 0.54g/t Au from 100m
- At the **Myall JV** a substantial 7 hole (~2,900m) diamond drilling program is in progress at the Kingswood prospect. Partial results have been received for some aircore precollars and results for the diamond core are pending. Results were also received for >2000m of aircore drilling. Several significant open or BOH intercepts have been defined:
 - MYACD181: 11m @ 0.1% Cu from 132m (open)
 - MYACD182: 34.5m @ 0.17% Cu from 130m (open)
 - MYAC170: 19m @ 0.14% Cu from 112m (BOH)
 - MYAC173: 34m @ 0.16% Cu from 75m (BOH)

Clancy's Managing Director, Mr Mark Stewart, said that the on-going active drill campaign on multiple projects was yielding encouraging results.

"We are particularly keen to get the Orange East drilling underway next month, as well as continuing to work up further drill targets at Trundle. We think we are on the edge of something interesting at the Trundle project, and are very keen to pursue that further," said Mr Stewart.

"A lot of results are pending on the Gold Fields JV's where some nice aircore hits have come in at Myall and Cowal East. It's worth remembering that the Northparkes discovery was based on RAB drilling with 0.1 to 0.2% copper and 0.1g/t gold bottom of hole hits, and we have quite a few of those," said Mr Stewart.

"Clancy has a distinct corporate focus on delivering exposure to as many potential exploration discoveries as possible, and with the program currently underway we have a number of highly prospective exploration targets being tested," said Mr Stewart.

Orange East (100% Clancy)

Diamond drilling is planned to test 3D IP anomalies at Carangera, Carangera South and Pendarves as previously reported^a. Due to issues with suitable rig availability, this drilling is now expected to commence in mid- to late-July 2010.

The drilling will test several significant anomalies that were detected by the 3D IP survey, the largest of which has a 300m by 120m surface area in plan at >23mV/V chargeability, and extends beyond 300m vertical. The IP anomalies that will be drill tested at Carangera and Carangera South have coincident quartz-sulphide tension vein arrays with up to 430ppm arsenic, 3% sulphur and up to 1.19g/t gold in surface rock chip samples. One drill target has **25g/t gold** in a rock chips above a subtle 10 mV/V IP anomaly. These IP anomalies are east of the Godolphin Fault, in rock units interpreted to be part of the Anson Formation, which also hosts the McPhillamys gold deposit 15 km to the south. Other similarities to McPhillamys include sericite alteration with regional potassium highs in radiometric data and magnetic lows.

Several >23 mV/V chargeability anomalies also occur in the chloritic mafic schists at Pendarves. One is associated with an old shaft and outcropping feldspar porphyry intrusives with rock chip samples that returned up to **19.8% copper** and >100g/t silver. A larger adjacent IP anomaly lies in mafic rocks with a coincident magnetic high. At surface, the rocks contain weathered sulphide that may represent the halo of a hitherto undiscovered copper lens at depth. In order to test these features, the proposed drilling program has been extended to a 6 hole program for ~1200m.

Trundle (100% Clancy)

Recent drill hole TERCD001 has determined that the IP response at Mordialloc is caused by a large body of fracture controlled and disseminated pyrite. The large pyrite halo and the sulphide distribution were accurately predicted by the 3D IP model, providing confidence in the results of the IP survey. Assay results, however, were subdued with only three samples assaying >0.1g/t gold and a peak result of 1m @ 0.77g/t gold from 285m. No significant copper results were returned.

Analysis of the geology at Mordialloc is focused on identifying the source of the large amount of sulphide identified via the survey and drilling. The magmatic source could be very close-by, possibly in the vicinity of the intercept in hole CTD006 (undertaken by a previous explorer), which tested the southern margin of the IP anomaly and hit porphyry-style veining and alteration. Drill hole CTD006 was drilled prior to the Clancy 3D IP survey and intersected the outer shell of the chargeable anomaly defined by the 3D IP survey. This hole intersected porphyry-style quartz veining and alteration within an intercept of 48m @ 0.12g/t gold, 0.14%

^a Clancy ASX release 24/05/2010

copper and 40ppm molybdenum from 478m, with the grades increasing down hole (Figure 1). Clancy is considering re-entering and extending CTD006 to test for possible extensions of this zone following further structural modelling.

In other developments in the south of the Trundle project, several diamond holes, drilled by previous explorers, from the Trundle Park prospect (Figure 2) have been re-logged, and this has significantly advanced the geological understanding of the prospect. Post-mineralisation faulting has complicated previous geological interpretations at Trundle Park. Re-logging has resolved the architecture of the fault array and the gold-bearing skarns can now be put into the appropriate spatial context. Work is underway on a 3D geological model to assist in targeting follow-up diamond holes and this work will continue over the next few months.

Of particular interest is the bottom of hole TD002 which intersected a monzonite intrusive with quartz-calcite-molybdenite-pyrite-chalcopyrite veins. The monzonite is interpreted to be the causative intrusive for the skarn mineralisation and is the current target at Trundle Park. Hole TD002 intersected 100m @ 34ppm molybdenum from 357m (Figure 2). Strong molybdenum mineralisation commonly forms a halo around porphyry copper-gold deposits.

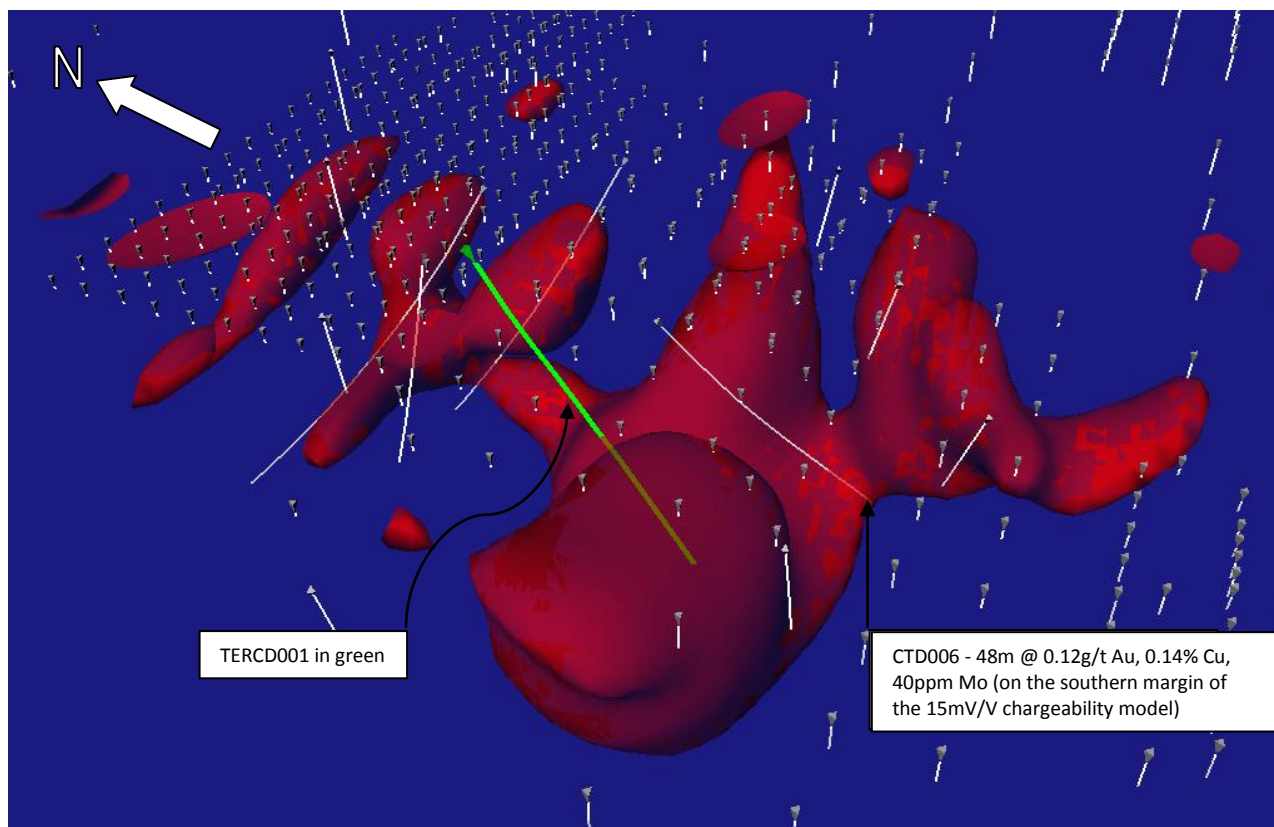


Figure 1 – Oblique 3D view looking down and to the north-east at the Mordialloc prospect. Grey lines represent drill strings of all previous drilling. Clancy hole TERCD001 (green) tested the core of the chargeability anomaly defined by a 3D inversion model (red isosurfaces shown; semi-transparent > 15mV/V chargeability).



Figure 2 – Quartz-calcite-molybdenite-pyrite-chalcopyrite vein in monzonite in hole TD002 420m, Trundle Park prospect. The one metre interval containing this vein returned 1190ppm Mo within a larger zone of 100m @ 34ppm Mo from 357m^b (NQ core).

Cowal East JV

Aircore and diamond drilling at the Cowal East JV has been focused in the south of the Wyrra tenement (EL6554) at the Eurowie and Timberscombe prospects (Figure 3). A total of 20 aircore holes (2,156m) and 5 diamond holes (2,309m inclusive of aircore precollars) have been completed at Wyrra since the last reported update^c.

Two holes (WYACD012, 651.4m and WYACD013, 648.8m) were completed at the Eurowie prospect following up the previously reported anomalous copper-gold intercepts in WYACD006: 57m @ 0.13% Cu from 170m; 27m @ 0.27% Cu & 0.15g/t Au from 362m, including **14m @ 0.44% Cu & 0.25g/t Au** from 374m. WYACD012 and WYACD013 were collared 200m to the south and west of WYACD006 respectively, to test the along strike and down dip extensions of copper-gold mineralisation. Strong phyllic, propylitic and potassic alteration and zones of magnetite-pyrite veins ± quartz-chalcopyrite, and numerous low-angle faults have been intersected. Results have been received for the upper 451m of WYACD012 and several narrow intervals of low-grade copper and gold are present (Appendix I), and a broader zone of low-grade copper mineralisation is currently open at depth, as shown below:

- 27m @ 0.1% Cu from 424m (open)

Results for the bottom part of WYACD012 (451 to 651.4m) and WYACD013 are pending. A full list of intercepts is presented in Appendix I.

Aircore drilling has been completed north and south of the Eurowie prospect. Diamond tails were added to two aircore holes where encouraging alteration or mineralisation was observed (WYACD009 & WYACD010). Results have been received and include the following significant intercepts:

- WYAC202: 24m @ 0.11% Cu from 96m (BOH)
- WYAC206: 7m @ 0.16% Cu from 130m (BOH)
- WYACD009: 2m @ 0.14% Cu from 160m (diamond tail)
- WYAC211: 12m @ 0.33g/t Au from 98m (BOH 111m)

The aircore intercept in WYAC211 is 330m southeast of the high-grade intercept drilled previously by Clancy (WYD003: **1m @ 18 g/t Au** from 344m). WYAC211 includes a higher grade interval of **6m @ 0.54 g/t Au from 100m**, demonstrating that elevated gold levels are

^b Note previous assay results from Trundle Park are subject to validation

^c Clancy quarterly activities report March 2010

associated with the large hydrothermal system at Eurowie.

One hole was also completed at the Timberscombe prospect (WYACD011, 649m). Propylitic altered granodiorite with zones of quartz-carbonate-chalcopyrite-molybdenite veins have been intersected. Results are pending.

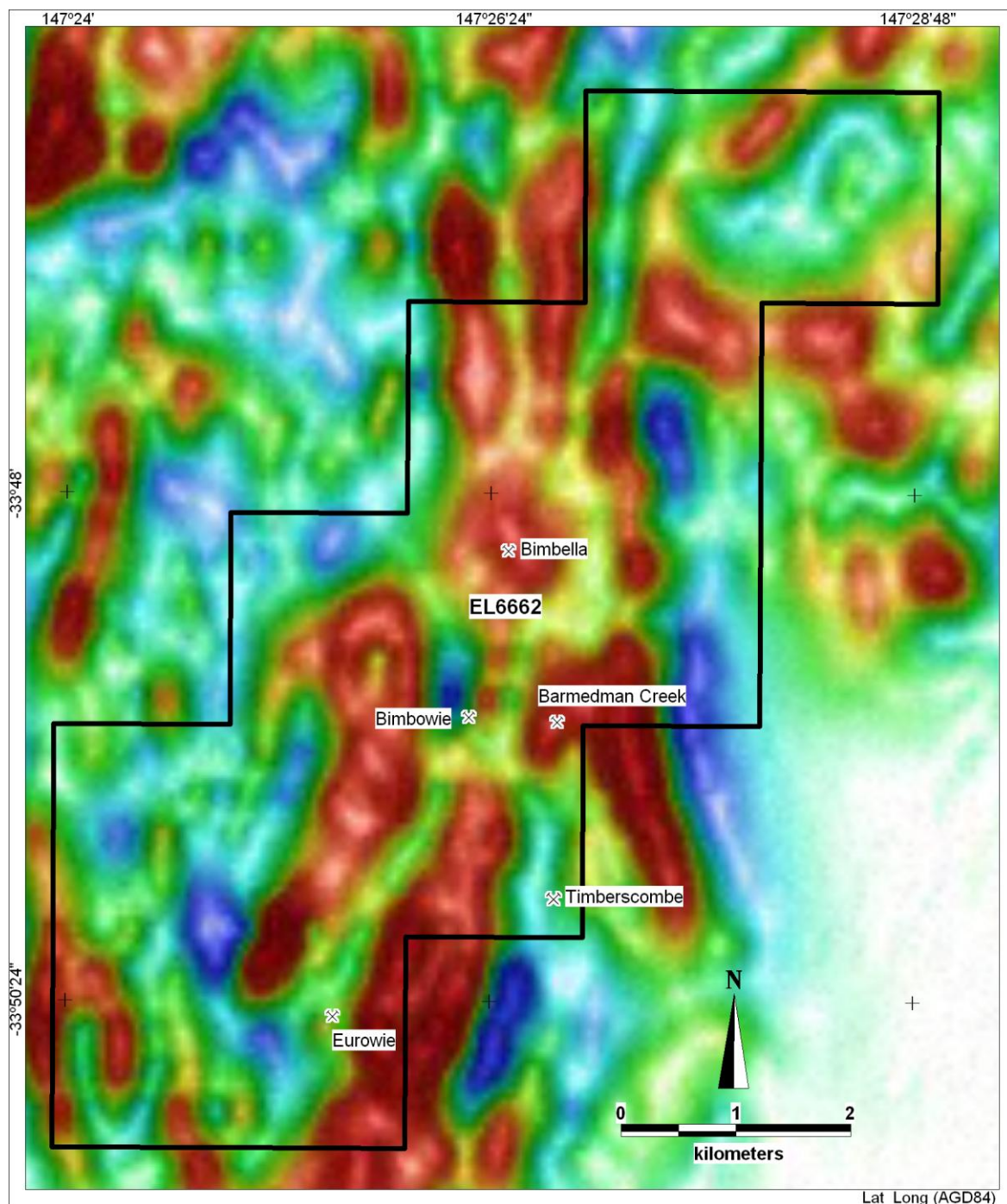


Figure 3 – Wyrra EL6554, Cowal East JV showing the prospect locations over regional 1VD RTP magnetic image.

Myall JV

A substantial 7 hole (~2,900m) diamond drilling program is in progress at the Kingswood prospect (Figure 4). The drilling program is testing the western margin of a granodiorite

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porphyry dyke where significant porphyry-style quartz veining, native copper and hydrothermal alteration associated with anomalous copper and molybdenum geochemistry has been defined by aircore drilling.

Four diamond holes (MYACD181 and MYACD183 to MYACD185) for a total of 1,642m (inclusive of aircore precollars) have been completed to date. Results for the aircore precollars for MYACD181 and MYACD183 have been received and broad intervals of low-grade copper mineralisation are present at the bottom of both precollars:

- MYACD181: 11m @ 0.1% Cu from 132m (open)
- MYACD182: 34.5m @ 0.17% Cu from 130m (open)

Results for the remaining core intervals and diamond holes are pending. A full list of intercepts to date is presented in Appendix I.

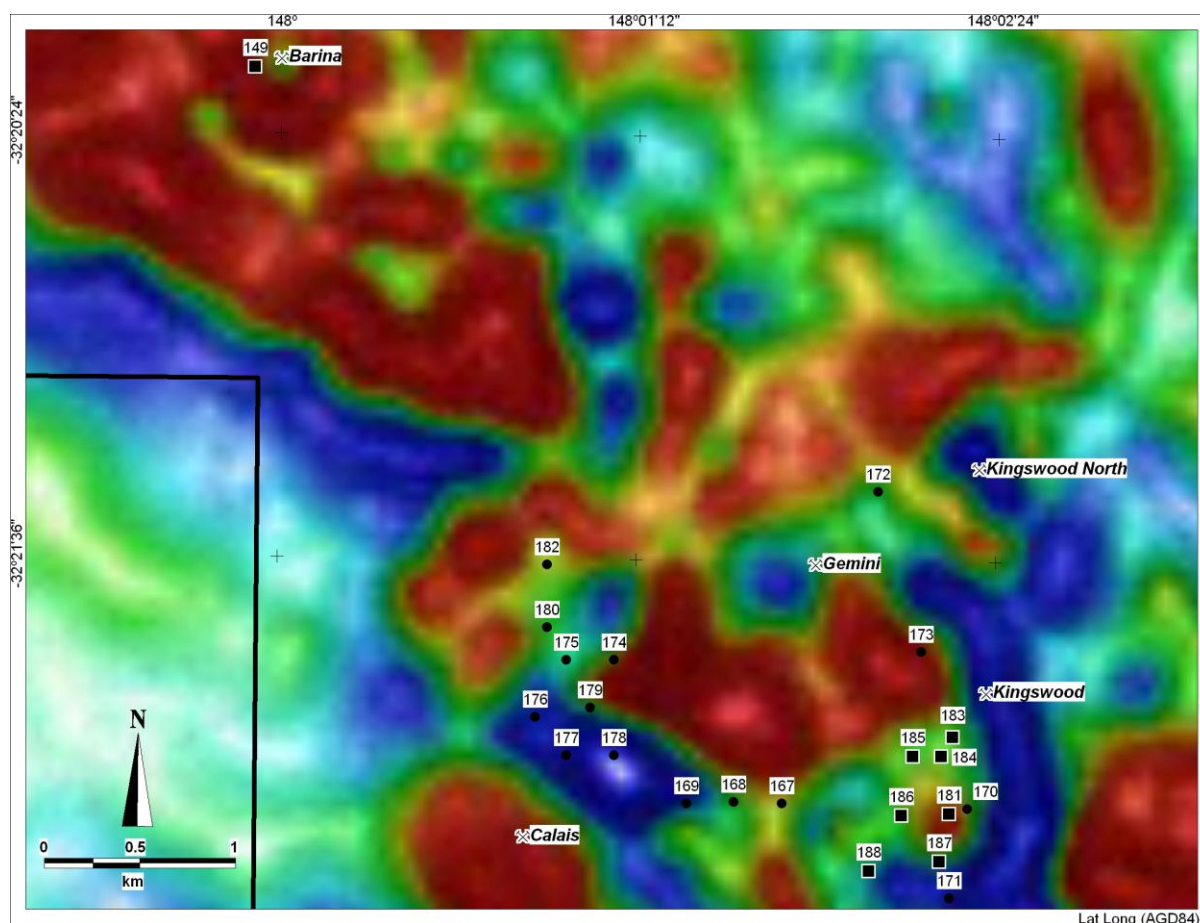


Figure 4 – Myall JV – Kingswood, Gemini, Calais and Barina prospects showing recent drilling over regional RTP 1VD magnetic image. Recently completed holes are labelled with three digits. Circle = aircore hole (hole prefix is MYAC); Square = diamond hole (hole prefix is MYACD).

Results have also been received for aircore drilling completed since the last reported update^d (15 holes, 2049m) around the Kingswood, Gemini and Calais prospects. Encouraging alteration in diorite, quartz diorite, tonalite and quartz monzodiorite was intersected in a number of holes. Native copper, disseminated pyrite and quartz-chlorite veins were also noted in some holes. Significant results from the aircore drilling include the following bottom of hole intercepts:

^d Clancy quarterly activities report March 2010

- MYAC170: 19m @ 0.14% Cu from 112m (BOH)
- MYAC173: 34m @ 0.16% Cu from 75m (BOH)

A full list of intercepts to date is presented in Appendix I.

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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 Orange East

Located northeast of the township of Orange, NSW, EL6181 spans several target styles including Ordovician porphyry and post-Ordovician copper-gold targets. Numerous old workings cross the area and many are focused along regional-scale structures, such as the Lucknow and Godolphin faults, part of the Mullions Range Imbricate Zone. The area has been mined since the early 1850's, first producing copper, then gold and silver.

The lease area lies 8 km south of the Lewis Ponds Project with an indicated and inferred resource of 6.6 million tonnes at 1.5 g/t Au, 69 g/t Ag, 2.4% Zn, 0.2% Cu and 1.4% Pb at >3.0% ZnEq. This resource consists of two mineralised bodies, the Main Zone and Tom's Zone in Silurian volcanoclastic rocks of the Anson Formation. The McPhillamys Project lies 15 km south southeast of the lease on the Godolphin Fault and has intersections such as 123 metres grading 1.96g/t gold from the surface and was identified by >100ppb gold in soil anomalism along with other coincident trace elements. Orange East is owned 100% by Clancy.

About Trundle

Clancy acquired 100% of the Trundle project via transactions with Calibre Mining and Western Plains Resources in 2009. There is a combined 2% NSR payable to third parties on the Trundle project. The project consists of two tenements and is located in the Macquarie Arc 25km west of Northparkes. The project covers an arc fragment that was rifted to the west off the Northparkes complex. There is extensive evidence of porphyry and skarn-style copper-gold mineralisation similar to Northparkes. Several prospects at Trundle have strong similarities to the porphyry deposits at Northparkes, with characteristic 'bulls eye' magnetic low or high anomalies with coincident anomalous copper and gold geochemistry. This pattern can be seen at a number of prospects at Trundle and there are several other important copper-gold anomalies that remain poorly drilled or undrilled. The project therefore has excellent potential for discovery.

About Cowal East

Located east of the Cowal Gold Mine (Barrick) and west of the Marsden copper-gold prospect (Newcrest), the Cowal East project is considered prospective for similar style deposits. The Cowal gold deposit is a low-sulphidation carbonate-base metal gold system with an endowment of >4.5M oz of gold. Marsden is a porphyry copper-gold prospect that is being explored by Newcrest. Marsden has an inferred resource of 1,100,000 oz of gold, 640,000 tonnes of copper and 9,100 tonnes of molybdenum and has yielded recent drilling intercepts such as 171m @ 0.82g/t gold and 0.7%

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copper. Gold Fields Australasia Pty Limited has earned an 80% interest in Cowal East and Clancy is funding the other 20%. The project has been managed by Gold Fields since April 2009.

About Myall

Myall (EL6913) is located 25km southwest of Narromine within the Narromine Igneous Complex at the northern end of the Junee-Narromine Volcanic Belt of the Macquarie Arc. The Junee-Narromine Volcanic Belt hosts the Northparkes copper-gold mine. At Northparkes, the geophysical anomaly is a coincident regional gravity low and magnetic high and the geochemical anomaly is a broad zone of anomalous copper (>500ppm) over >7km². The scale of the Myall geophysical and geochemical anomalies is similar.

Myall is a Joint Venture between Clancy Exploration Limited and Gold Fields. Under the terms of the agreement, Gold Fields has earned a 51% interest in the project and is currently earning an 80% interest by spending a further \$7.5m. Gold Fields took over management of the joint venture in April 2009.

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 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 (~2800km²), and the innovative use of digital geological and geophysical data in probability based targeting.

Appendix I

Cowal East JV drill intercepts

Cut off	Hole	From	To	Width	Cu (%)	Au (g/t)	Mo (ppm)
0.05% Cu	WYAC194	92	98	6	0.07		0.86
	WYAC197	118	122	4	0.06	0.01	0.57
	WYAC202	96	120	24	0.11	0.01	1.03
	WYAC206	122	126	4	0.09	0.01	3.40
	WYAC206	130	137	7	0.16	0.02	29.89
	WYACD009	112	116	4	0.07		4.09
	WYACD009	124	130	6	0.09	0.03	3.79
	WYACD009	134	138	4	0.07	0.02	10.24
	WYACD009	160	162	2	0.14	0.02	17.80
	WYACD012	172	173	1	0.23	0.05	1.26
	WYACD012	260	262	2	0.10	0.05	19.30
	WYACD012	280	282	2	0.12	0.18	0.68
	WYACD012	294	296	2	0.06	0.03	4.51
	WYACD012	324	325	1	0.15	0.03	1.29
	WYACD012	353	354	1	0.19	0.13	3.45
	WYACD012	416	418	2	0.11	0.09	1.02
WYACD012^e	424	451	27	0.10	0.04	1.87	
0.1g/t Au	WYAC211	98	110	12	0.01	0.33	2.91
	WYACD012	134	135	1	0.00	0.64	0.95
	WYACD012	236	237	1	0.01	0.13	1.10
	WYACD012	280	281	1	0.19	0.34	0.43
	WYACD012	353	354	1	0.19	0.13	3.45
	WYACD012	416	417	1	0.09	0.12	1.01
	WYACD012	427	428	1	0.23	0.14	2.34

Myall JV drill intercepts

Cut off	Hole	From	To	Width	Cu (%)	Au (g/t)	Mo (ppm)
0.05% Cu	MYAC170	112	131	19	0.14	0.01	1.41
	MYAC173	75	109	34	0.16	0.01	1.08
	MYAC175	144	146	2	0.07	0.03	1.12
	MYAC176	134	136	2	0.08	0.09	3.57
	MYACD181^f	132	143	11	0.10	0.01	2.93
	MYACD183^g	130	164.5	34.5	0.17	0.01	0.84

Note – The intercepts are based on a 0.05% Cu or 0.1g/t Au cut off as shown in the table with a maximum of 2m of contiguous internal dilution. Intercepts highlighted in bold are >0.1% Cu or >0.1g/t Au or >10ppm Mo. The aircore intercepts are based on two metre composite spear samples, reduced to smaller intervals at bottom of hole. The diamond intercepts are based on one or two metre half sawn core samples. The intercepts are based on data provided by Gold Fields. The samples were analysed by ALS Orange for gold by fire assay / AAS finish (method code Au-AA22), and for the other elements by ALS Brisbane using four acid digest ICP AES/OES (method code ME-MS61). Standards and duplicates are inserted into the sample stream to monitor laboratory performance.

^e Assays for WYACD012 451 to 651.4m are pending

^f Assays for MYACD181 143m to 390.6m pending

^g Assays for MYACD183 164.5m to 522.8m pending