

MAJOR EXPANSION OF PARTNERSHIP WITH GOLD FIELDS

Potential New Joint Ventures and Underwritten Rights Issue

Clancy Exploration Limited (ASX: CLY, 'Clancy') is pleased to announce that it has signed a Heads of Agreement ('Agreement') with Gold Fields Australasia Pty Ltd, a subsidiary of Gold Fields Limited (JSE and NYSE: GFI, 'Gold Fields') in a move to significantly enhance the existing strategic partnership.

The Agreement provides for the extension of Gold Fields' relationship with Clancy through a number of measures. Gold Fields has been granted the right to expand the number of Joint Ventures with Clancy and directly drive the exploration programs on its existing Joint Venture projects in the Lachlan Fold Belt.

Gold Fields will also fully underwrite a 1 for 4 Non Renounceable Rights Issue to existing Clancy shareholders at \$0.08 per share to raise \$1 million for funding of the exploration program.

Highlights

- **Launch of enhanced exploration program underpinned by Gold Fields participation.**
- **1 for 4 Non Renounceable Rights Issue to existing Clancy shareholders at \$0.08 to raise \$1 million, fully underwritten by Gold Fields.**
- **Potential new Joint Ventures with Gold Fields to accelerate exploration, and potentially fund up to an additional \$4 million on selected projects.**
- **Gold Fields to directly increase pace of exploration by taking on management of existing Joint Ventures.**
- **Confirmation by world's 4th largest gold miner of the international significance of the Lachlan Fold Belt as a highly prospective copper-gold province.**
- **Clancy to continue holding substantial prospective tenement package of 100% owned projects, freed from clawback arrangements.**

Clancy Managing Director, Mr Mark Stewart said this was a watershed agreement for the Company in the current capital environment.

"After a five year relationship, we are thrilled Gold Fields has chosen to expand its strategic partnership with Clancy," said Mr Stewart.

"This agreement allows Clancy to benefit from a well funded, active exploration program in the highly prospective Lachlan Fold Belt, strongly supported by Gold Fields. Gold Fields is one of a growing number of significant gold industry peers recognising the highly prospective nature of the province," said Mr Stewart.

"Being able to continue to advance our exploration and discovery aspirations in the current investment climate, as well as prudently managing our financial resources, is an outstanding outcome for Clancy," continued Mr Stewart.

"Clancy has always sought to aggressively advance its exploration projects, with a substantial upside for shareholders with exploration success. This agreement allows us to continue to deliver on this for our shareholders."

"The pace of exploration will now be increased, with Gold Fields taking on additional joint venture commitments in respect of our projects. A key part of our strategy is to test as many A-Class targets

as possible and this new arrangement will facilitate that with both Gold Fields and Clancy aggressively exploring the targets in parallel.”

“Importantly, Gold Fields will also potentially invest directly in Clancy to support our aims, by fully underwriting a rights issue.”

New Joint Ventures Option Package

Clancy recently completed the acquisition of a package of tenements in the Lachlan Fold Belt from Centaurus Resources. Clancy now holds 29 tenements in the Lachlan Fold Belt either directly or in Joint Venture, covering an area of close to 3,000km². This significant holding places Clancy in a strong strategic position in the Lachlan Fold Belt, alongside the other major tenement holders in the region, Rio Tinto, Newcrest and Barrick.

Gold Fields is potentially seeking to enter Joint Venture arrangements on a number of these tenements. In total, 8 projects (collectively over 11 tenements) are included in the expanded joint venture option package (refer to figure 1).

The Agreement grants Gold Fields the option to enter into Joint Ventures on up to 4 of the 8 projects, until 30 June 2010. Prior to that time, Gold Fields will conduct reconnaissance exploration to determine which of the projects will be Joint Ventured.

Once a project is Joint Ventured, Gold Fields will obtain an 80% interest in the project, with Clancy's 20% interest free carried on a deferred basis until \$1,000,000 has been spent in exploration on the project. After this expenditure has been reached, Clancy can either elect to –

- Pay back \$200,000 to retain a 20% share of the project;
- Fund a lesser amount to retain an interest between 10% and 20%; or
- Dilute to a royalty interest in the form of a 2.5% NSR (Net Smelter Return).

Potentially up to \$4 million will be spent in exploration on the additional Joint Ventured projects before Clancy will have to contribute, or pay back expenditure to maintain a 20% ownership. After this, Gold Fields will contribute at least 80% of exploration funding.

The four projects not taken up into a Joint Venture will remain 100% owned by Clancy, with no encumbrances in favour of Gold Fields. Clancy will have access to all of the reconnaissance work undertaken by Gold Fields.


Gold Fields will also be responsible for meeting the minimum expenditure requirements to keep all of the tenements in the option package in good standing during the review period, removing this expense from Clancy's books.

Clancy's 100% Owned Properties

Clancy will retain 100% ownership of 8 tenements in the Lachlan Fold Belt (see figure 1) as well as the Nadbuck¹ and Yalgoo tenements². Additionally the tenements not selected for a new Joint Venture by Gold Fields under the option package will remain 100% owned by Clancy (refer to figure 1). The 100% owned projects will preserve Clancy's interest in a package of highly prospective properties that are freed from claw-back rights to Gold Fields.. A number of Clancy's A Class targets remain to be properly explored and tested on these properties.

¹ The Nadbuck project is 25km west of the Broken Hill mine and covers numerous old copper workings that have not been subjected to modern exploration.

² The Yalgoo project comprises a large tenement area (210.7km²) adjacent to Oz Minerals Limited's Golden Grove base metals operations and hosts potentially similar rock types hidden beneath alluvial cover.



Gold Fields' management of the existing and potential new joint ventures will enable Clancy to devote greater exploration resources to these 100% owned properties. Part of the funds raised by the Rights Issue will be used for this purpose.

Rights Issue Underwritten by Gold Fields

In order to strengthen the Company's capital position in conjunction with the expanded Gold Fields partnership, Clancy will undertake a 1 for 4 Non Renounceable Rights Issue at an issue price of \$0.08 per share.

Gold Fields has agreed to fully underwrite the \$1 million Rights Issue, to ensure Clancy can continue to progress exploration in its own right, independently of the Joint Venture arrangements.

The proceeds of the rights issue will be used to progress exploration on Clancy's 100% owned package of properties, and for general working capital purposes.

A potential direct stake in Clancy will complement Gold Fields interest in the joint venture properties and the Company welcomes Gold Fields potential entrance as a significant shareholder.

An Appendix 3B in respect of the issue will follow this announcement. Shareholders will receive further information regarding the rights issue in the coming weeks.

Lachlan Fold Belt

Clancy and its predecessors have been exploring the Lachlan Fold Belt for over seven years. Through a "whole of belt" approach, Clancy has identified a number of A-Class targets throughout the region.

A-Class targets are copper-gold porphyry exploration targets that Clancy has determined offer the best probability for a significant mineral discovery, based upon rigorous analysis and probabilistic modelling. Clancy's targeting method has been recently validated with the discovery of high-grade gold at the Eurowie prospect in the Cowal East project and substantial widths of porphyry copper-gold mineralisation in the first diamond drill hole at the Kingswood prospect in the Myall project.

Gold Fields recently reported "the targeting process is working and drilling is indicating the presence of large porphyry systems."

Clancy believes that the Lachlan Fold Belt is a highly prospective copper-gold province, of international significance. The region holds the prospective Northparkes and Cowal Igneous Complexes in the Macquarie Arc, which host the Northparkes copper-gold mine (Rio Tinto) and the Cowal gold mine (Barrick) respectively.

The expanded agreement with Gold Fields also reflects their increased interest and commitment to exploration in the region.

Existing Joint Venture Arrangements

Following the excellent results on the existing Gold Fields Joint Ventures, Gold Fields and Clancy are seeking to increase the level of exploration work undertaken, to speed the pace of potential discovery.

This will be achieved through the application of additional exploration resources, and by the much larger Gold Fields taking on the management of the existing Joint Ventures. A Senior Geologist from Clancy will be seconded to Gold Fields for a minimum period of six months to ensure the exploration programs continue seamlessly.

The Joint Venture arrangements for the Myall project have also been enhanced to bring forward exploration expenditure. Gold Fields can now earn 51% of the Myall project by expending \$3 million over three years, and earn 80% by spending a further \$7.5 million over a further 6 years, with Clancy free carried to this stage. .

The master Gold Fields alliance arrangement will be terminated, to release Clancy from claw back rights granted to Gold Fields over Clancy's 100% owned properties. The release is subject to a right of first refusal for Gold Fields on the Fairholme, Orange East, Cundumbul and Billabong Creek projects.

This release will allow Clancy maximum flexibility in pursuing future exploration and development options, such as further joint ventures. Additionally, neither party will have to offer the other an interest in any new projects they acquire within the alliance area other than within the joint venture buffer zones.

-ENDS-

Please direct enquiries to:

Mark Stewart
Managing Director
Tel: +61 8 9481 8241
Email: info@clancyexploration.com

Shane Murphy
FD Third Person
Tel: +61 8 9386 1233
Mob: +61 (0)420 945 291

Web: www.clancyexploration.com

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 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 and Yalgoo

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's strategic partner in the Lachlan Fold belt is Gold Fields Limited, one of the world's largest gold producers. 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 (~3000km²), and the innovative use of digital geological and geophysical data in probability based targeting.

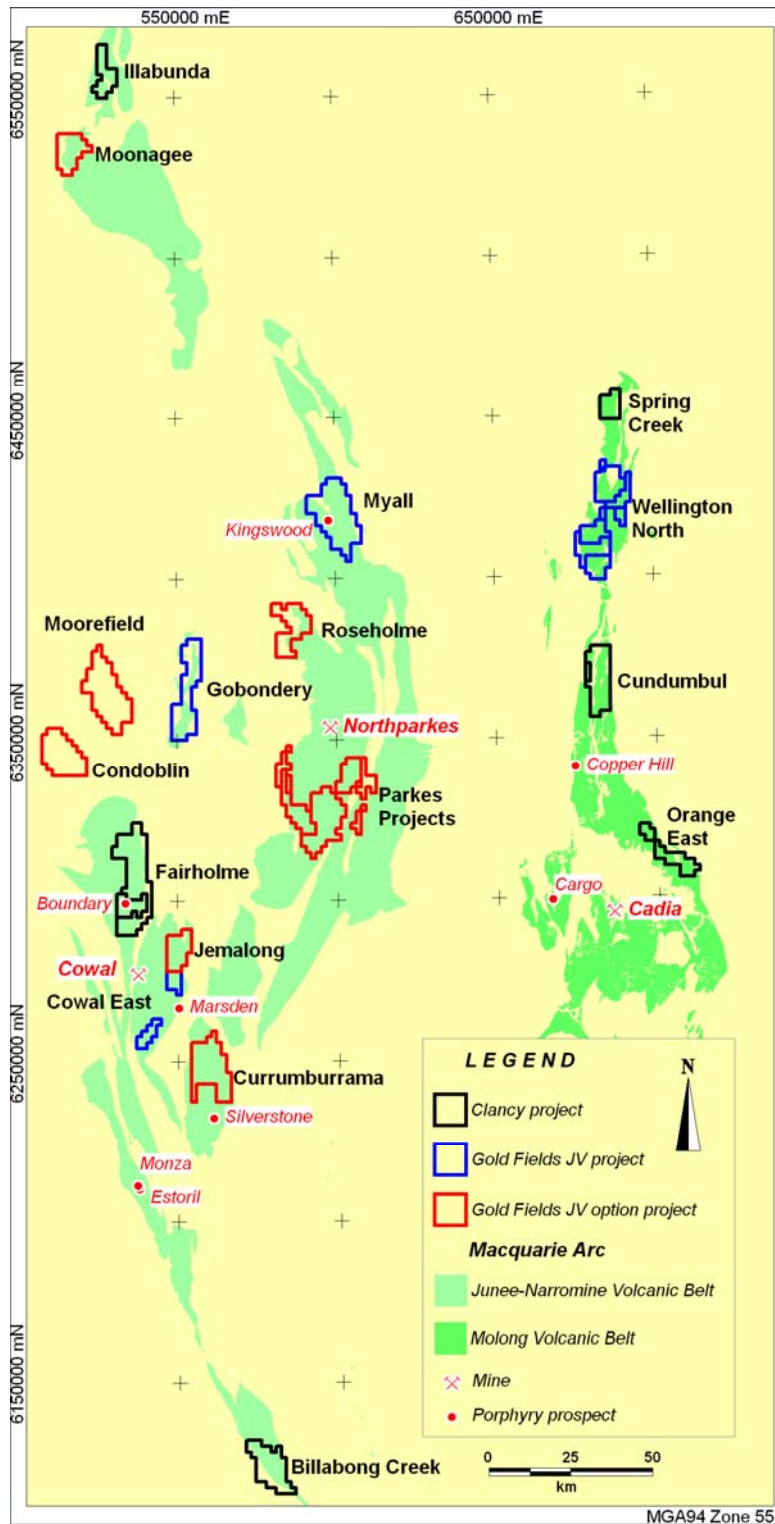
About Gold Fields Limited

Gold Fields Limited is one of the world's largest unhedged producers of gold with attributable production of 4 million ounces per annum from nine operating mines in South Africa, Peru, Ghana and Australia.

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

The Company has total attributable ore reserves of 83 million ounces and mineral resources of 251 million ounces. Gold Fields is listed on JSE Limited (primary listing), the New York Stock Exchange (NYSE) and the Dubai International Financial Exchange (DIFX), the New Euronext in Brussels (NYX) and Swiss Exchange (SWX).

Figure 1 – Clancy, Gold Fields JV and JV option projects in central NSW



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