

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 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 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.

The Lachlan Fold Belt is host to the Cadia Valley, Northparkes and Cowal mines as well as the recent Marsden and Monza discoveries.

Clancy's competitive advantages also include having one of the largest ground positions of any explorer in the prospective Macquarie Arc (~2900km²), 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 30 June 2009

Overview

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 30 June 2009.

This has been another very active quarter at our New South Wales projects with further drilling at the Myall and Cowal East projects producing more encouraging results, ongoing work at the Orange East project showing significant appeal and the completion of a rights issue.

Clancy also continued to build on its strategy of acquiring A-Class targets in the Lachlan Fold Belt by entering into an agreement with Calibre Mining Corporation (TSX-V: CXB "Calibre") to acquire its interests in the Trundle project in New South Wales. A-Class targets are exploration targets that Clancy has determined offer the best probability for a significant mineral discovery, based upon rigorous analysis and probabilistic modelling.

With both the Gold Fields Australasia Pty Ltd ("Gold Fields") and Clancy exploration teams now focused on Clancy A-Class targets and projects we are looking forward to accelerated exploration and an increased flow of news and results over the next 12 months. Significant expenditure is budgeted across a number of exploration properties.

Highlights

- Gold Fields set to spend up to \$2 million on the Clancy tenements in the September quarter.
- Full results returned from the first diamond hole at the Myall project including an intercept of **10 metres @ 0.64% copper and 0.61g/t gold from 268 metres and 52m @ 0.67% copper, 0.20g/t gold from 144m.**
- Additional encouraging aircore results from Myall including **9m @ 1.03g/t gold including 2m @ 3.0g/t gold.**
- High grade copper and gold results returned from soil and rock chip sampling at the Orange East project.
- Expansion of the A-Class target holdings with the acquisition of rights over a majority interest in the Trundle project from Calibre.
- Successful completion of \$1 million rights issue underwritten by Gold Fields.
- Gold Fields becomes a substantial shareholder of Clancy with 5.4%.



The June 2009 quarter was a landmark quarter for Clancy with the restructuring of the NSW tenement portfolio. Clancy continues to manage the 100% owned projects: Orange East, Fairholme, Cundumbul, Billabong Creek and Nadbuck, as well as the Trundle JV project and the Yalgoo project in WA. Gold Fields have assumed management of the four joint venture projects: Myall, Cowal East, Wellington North and Gobondery; and have a JV Option on a further eight projects: Moonagee, Moorefield, Condobolin, Roseholme, Parkes (x2), Jemalong and Currumburrama (Figure 4). As a result of the new arrangements, two experienced exploration teams are now aggressively exploring the Clancy targets.

Clancy Managed Projects

Rock-chip sampling and mapping continued on Orange East in preparation for RC drilling in the next quarter, with further positive results received. A gravity survey was completed at Billabong Creek and the data are being processed. The right to earn up to a 70% interest in the Trundle project was acquired, which contains a highly ranked A-Class target. Compilation of the previous exploration database has commenced.

Orange East EL6181 (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 cross the area and many are focussed along regional-scale structures, such as the Lucknow and Godolphin faults (Figure 1).

The area around Carangera was mined during the early 1850's and 1900's producing copper, then gold and silver. Other significant deposits in the area include Lewis Ponds, 8km north of the lease and McPhillamy's, which is 18km to the southeast. Lewis Ponds has an indicated and inferred resource of 6.6 million tonnes at 1.g/t gold, 69g/t silver, 2.4% zinc, 0.2% copper and 1.4% lead at >3.0% zinc equivalent (www.trioriginminerals.com.au). McPhillamy's is adjacent to 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 along with other coincident trace elements.

Lewis Ponds and McPhillamy's are hosted by the Silurian Anson Formation, which is a succession of volcanic, volcanoclastic and pyritic sedimentary rocks. The Godolphin Fault and Anson Formation are both present in the southern part of EL6181. Auger soil and rock chip sampling was undertaken in this area in the current quarter extending the previous soil sampling reported in the December 2007 quarter. A total of 915 auger soil and 66 rock chip samples were collected near Byng in the southern part of EL6181. High grade copper and elevated gold results have been returned from numerous samples, including the following:

Rock chip samples (sample number):

- 9.35% copper and 0.65g/t gold (MMR051)
- 2.86% copper and 0.12g/t gold (MMR025)
- 2.70% copper and 0.23g/t gold (MMR043)
- 0.60% copper and 0.97g/t gold (MMR051)

Auger soil samples (sample number):

- 1.03% copper (BS1538)
- 1.50% copper (BS1440)
- 0.65% copper (BS1028)
- 0.84% copper (BS097)
- 0.96g/t gold (BS0070)
- 0.62g/t gold (BS0220)

The above results are from large geochemical anomalies up to 1.2km x 0.5km in size adjacent to the highly prospective Godolphin Fault. The anomalies are polymetallic, and aside from copper and gold, are also variably enriched in silver, indium, arsenic and zinc. The anomalies are partly associated with historic workings, dating from the 1850's and the early 1900's. The workings were reasonably high

grade, but they have received no modern attention. There are no previous drill holes in the area, apart from a few shallow aircore holes near the Wentworth anomaly. The results confirm the high grades associated with the old workings, but they also show that the mineralisation is more extensive and extends for hundreds of metres along strike of the old shafts.

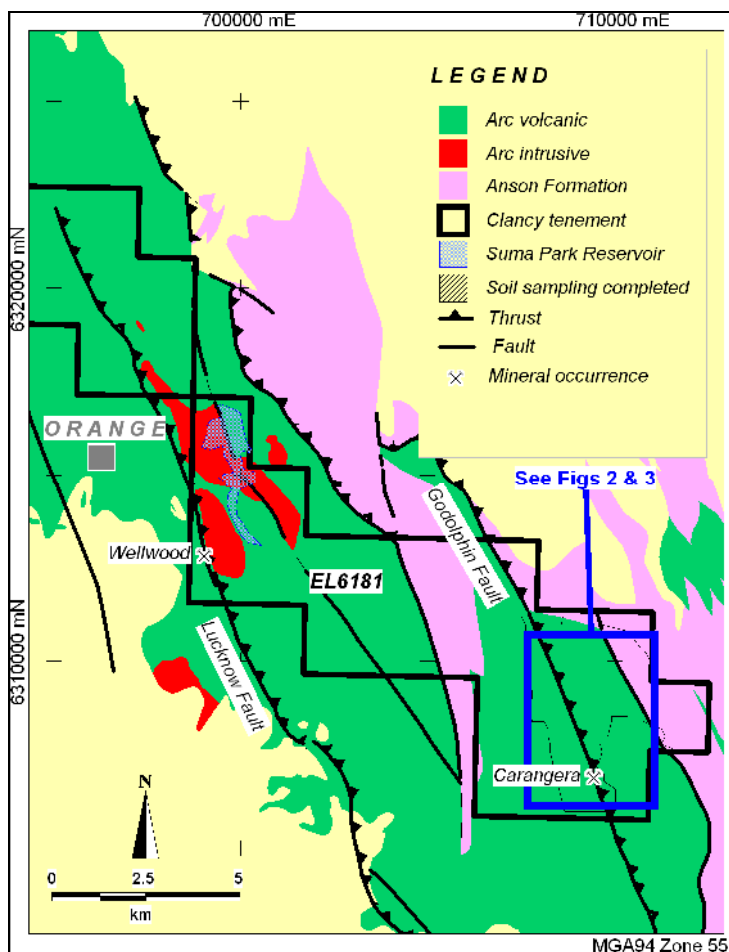


Figure 1- Orange East EL6181 geology showing the area sampled and enlarged in Figures 2 and 3.

Four anomalies have been defined by 1m deep auger soil sampling on 50m to 200m spaced traverses with 50m sample spacing along traverse, and rock chip sampling on ridge lines. Geological mapping and additional rock-chip sampling has been completed at the four anomalies which are named Carangera, Springfield, Pendarves and Wentworth (Figures 1 to 3). The mapping indicates that the copper mineralisation is strongly associated with coarse-grained randomly oriented biotite masses hosted by quartz and calcite veins. An outer halo of sericite surrounds the lode rocks which can become coarser with proximity to the lode. The high-grade copper lodes and peripheral alteration are part of a broader brittle-ductile branching shear zone that hosts lower grade copper outside of the mined lodes. Certainly the scale and tenor of the geochemical anomalies support that observation. Results for another 52 rock chip samples from the Carangera, Springfield, Pendarves and Wentworth anomalies are pending.

Previous miners worked single veins to depths of 70m and mullock indicates that they encountered azurite and malachite. Smelting in the late 1800's did not have a good recovery of metals from sulfides, so these were presumably left in situ, though some sulfides have been found on rock dumps including bornite and chalcopyrite.

Carangera

Copper-gold-silver anomaly encompassing the old Carangera copper mine, which was worked in the 1850's and early 1900's. Clancy's sampling has defined a 1.2km x 0.5km anomaly in rock chip and auger soil samples with coincident elevated gold, silver, indium, nickel and chromium. Best results include:

- 9.35% copper, 0.65g/t gold, 5.95g/t silver, 37g/t indium in rock chip MMR051
- 0.59% copper, 0.33g/t gold, 3.4g/t silver in soil sample BS1573
- 0.11% nickel, 0.13% chromium in rock chip MMR042

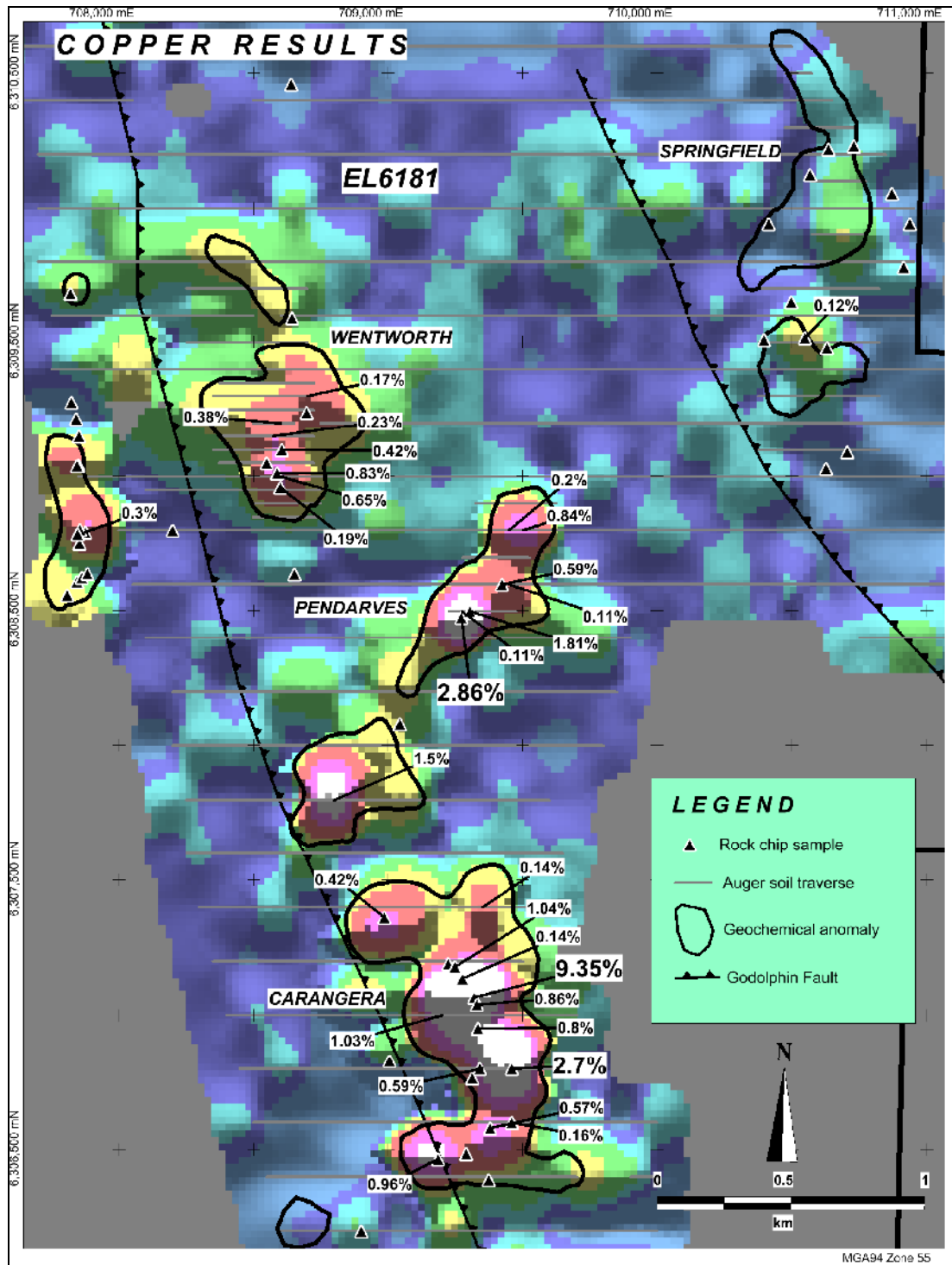


Figure 2- Copper anomalies in the southern part of EL6181 (see Figure 1 for location). The background image is gridded copper geochemistry (red areas >200ppm copper). Samples with >0.1% copper are labelled with results >2% copper in a larger font. The along-line sample spacing for auger soil samples is 50m.

There are substantial old workings, which according to old records, include a shaft up to 70m deep and a 300m-long adit at depth, along with extensive mullock piles over an area of 450m along strike and about 150m width. From 1850 to 1875 about 5600 tons (imperial) of ore was extracted which yielded 786 tons of copper; i.e. an implied grade of 14%. The old workings were sunk on the higher

grade copper lodes, which were up to 0.5m wide. Proximal alteration and small workings with copper oxides continue for a further 300m along strike to the north, suggesting that the line of lode is 800m long. A second line of lode has been identified which trends NE-SW for a distance of 300m from the main line. The NE lode is only partially worked along its length, but it hosts a 50m deep shaft with drives at several levels trending along the lode. Malachite bearing rocks lie on the mullock piles surrounding the shaft.

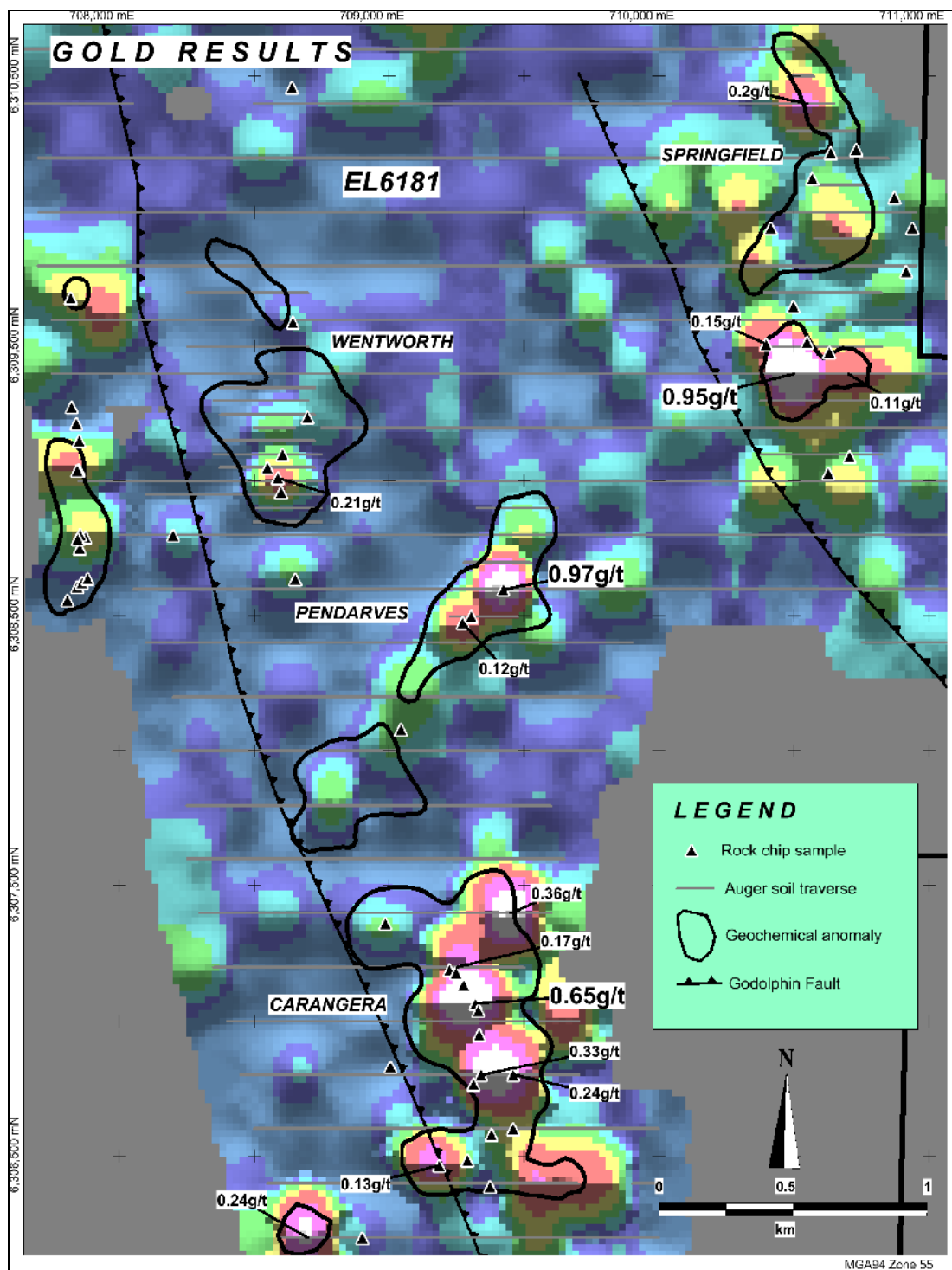


Figure 3- Gold anomalies in the southern part of EL6181 (see Figure 1 for location). The background image is gridded gold geochemistry (red areas >0.05g/t gold). Samples with >0.1g/t gold are labelled with results >0.5g/t gold in a larger font. The along-line sample spacing for auger soil samples is 50m.

Results have been received for an additional 53 rock chip samples from Carangera with the best results returning 1.09% Cu, 0.25% Cu, 0.154g/t Au and 0.245g/t Au. Other results are pending

Springfield

Gold-zinc anomaly (previously reported, now with infill sampling) over an area of 1.4km x 0.45km with discontinuous arsenic. The Springfield anomaly has elevated gold and zinc surface anomalism similar to the McPhillamys gold deposit 18km to the south-southeast. Best results include:

- 0.96g/t gold in soil sample BS0070 (previously reported)
- 0.2g/t gold in soil sample BS0505 (previously reported)
- Further results include 0.15g/t gold in rock chip MMR069 and a halo of >0.05g/t gold soil and rock chip samples.
- Other rock chip results pending.

Pendarves

Copper anomaly (previously reported; now extended to the south) that is accompanied by elevated gold-arsenic-silver-indium in a 1.5km x 0.3km northeast trending zone. Best results include:

- 0.97g/t gold, 0.60% copper, 20.6g/t silver, 16.35g/t indium, 0.21% zinc, 0.15% chromium in rock chip MMR028
- 2.86% copper, 0.12g/t gold, 4.82g/t silver, 8.84g/t indium in rock chip MMR025.
- Other rock chip results pending.

Wentworth

Copper-silver-gold anomaly over an area of 1km x 0.46km. Nearby shallow, vertical drill holes (<52m) drilled by previous explorers in the 1990's returned 6m @ 1.02% copper and 6m @ 0.7% copper indicating that there is depth continuity to the anomalism. The best rock chip result was 0.83% copper, 0.21g/t gold, 36.3g/t silver in rock chip MMR009. Other rock chip results are pending.

Auger soil and rock chip sampling was also conducted in the porphyry target in the northern part of EL6181 at Narrambra, however the results have not been fully assessed yet. RC drilling is planned for Carangera, Springfield, Pendarves and Wentworth in the next quarter, after final results are received for outstanding rock chip samples.

Billabong Creek EL6802

(Clancy 100%)

A ground gravity survey was completed over the A-Class target at Billabong Creek. A total of 1097 gravity stations were recorded on an offset 200m grid. The data are currently being processed and further details will be provided in the next quarter.

Trundle EL4512 and EL7181

(Clancy earning 70%)

Clancy continued its strategy of expanding its A-Class target holdings, acquiring Calibre Mining Corporation (TSX-V: CXB "Calibre") interest in the Trundle project 25km west of Northparkes (Figure 4). Trundle has many similarities to Northparkes, which is a Rio Tinto operation that has been mining copper and gold for a number of years. The project has extensive evidence of porphyry- and skarn-style copper-gold mineralisation associated with several Ordovician intrusive centres. Previous shallow drilling at these centres intersected bedrock copper and gold mineralisation coincident with magnetic highs. RC drilling on the periphery of three intrusive centres – Mordialloc, Bloomfield's and Copper Hill, confirmed the presence of porphyry-style alteration and mineralisation, but only limited deep drilling has been carried out.

Work has commenced on compiling the extensive exploration database and relocating previous drill core and samples to the Clancy exploration office in Orange, in preparation for a work program next quarter.

Gold Fields Managed JV Projects

Gold Fields has established an exploration office in Orange and has commenced aircore drilling programs at Cowal East and Myall, both of which are in progress at quarter end. A total of 3416m of drilling was completed during the June 2009 quarter.

Myall EL6913

(Gold Fields earning 51%)

Myall (EL6913) is located 25km southwest of Narromine at the northern end of the Junee-Narromine Volcanic Belt of the Macquarie Arc. The focus of activity for the current quarter was at the Kingswood prospect where aircore drilling continued (2,182m) and results were received for the remaining part of the diamond hole MYACD001 completed in the last quarter. The width of the previously reported intercept has been increased and a new zone of copper-gold mineralisation has been defined at depth. The updated results include the following significant intercepts:

- **70m @ 0.54% copper, 0.15g/t gold from 141m, including; 52m @ 0.67% copper, 0.20g/t gold from 144m; and**
- **62m @ 0.27% copper, 0.13g/t gold from 260m, including; 10m @ 0.64% copper, 0.61g/t gold from 268m.**

The diamond hole intersected two strongly veined zones with associated chalcopyrite separated by a 78m zone of faulting and strong fracturing. Both vein zones are mineralized, with the lower zone (from 260m downhole) having higher gold-copper ratios (close to 1:1 – g/t:%), suggesting the potential for gold-rich zones at depth.

There is significant upside in the immediate area of MYACD001 because it is the first proper test of the basement in what is a large zone of alteration and copper anomalism defined by previous aircore drilling. The intersections also coincide with geochemical gradients (from spectra) and geophysical gradients (from gravity and magnetic data). The mineralisation at Kingswood is associated with the margins of monzonite porphyry within a larger monzodiorite to syenite intrusive centre. Previous explorers focused on the eastern monzonite contact with sub-economic mineralisation intersected, however the western contact, tested by MYACD001 appears to be more prospective. A full list of results from MYACD001 was released to the market on May 4th 2009.

Aircore drilling continued and was in progress at quarter end. These holes are targeting gravity and magnetic anomalies south and west of the Kingswood porphyry system. Basement rocks include intensely chlorite altered diorite (similar to the rocks above the vein zone in MYACD001), intense vuggy silica-carbonate alteration that transitions to intense chlorite alteration downhole, quartz-sericite altered diorite and minor chlorite-altered monzodiorite. Results have been received for the first five holes with some very encouraging results:

- **9m @ 1.03g/t Au including 2m @ 3.0g/t Au**
- **4m @ 0.123g/t Au and 12m @ 0.1% Cu**
- **2m @ 0.109 g/t Au and 2m @ 0.127g/t Au**

The above results are from holes with a 500m offset pattern and these have now been infilled at 250m offset with results pending.

Cowal East: EL6553 and EL6554

(Gold Fields 80%, Clancy 20%)

The Cowal East project consists of two tenements, Koobah EL6553 and Wyrra EL6554 that are located in the Cowal Igneous Complex, east of the Cowal gold mine and north and south of the Marsden copper-gold prospect. Aircore drilling continued in the quarter, but was significantly disrupted by rain. A total of 10 holes (1234m) were completed during the quarter. Volcanic and volcanoclastic rocks are the dominant rock type, and intrusive rocks were intersected in a couple of holes, one of which has a monzonite composition with strong K-feldspar alteration. Results are pending.

Wellington North: EL6178, EL6328, EL6662 and EL7200

(Gold Fields 80%, Clancy 20%)

The Wellington North project covers approximately 30km of strike length of the Molong Volcanic Belt immediately north of Wellington. An aeromagnetic survey is planned to be flown over this project in the next quarter.

Gold Fields Managed JV Option Projects

Gold Fields is conducting reconnaissance work on 8 projects (collectively over 11 tenements): Moonagee, Moorefield, Condobolin, Roseholme, Parkes (x2), Jemalong and Currumburrama (Figure 4). Gold Fields has 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 they wish to joint venture. A work program and budget for the JV Option projects has been prepared and work will commence in the next quarter.

Corporate Activity

Completion of \$1 million rights issue

A \$1 million rights issue that was fully underwritten by Gold Fields was successfully completed on 11 June 2009. A total of 73% of the shares on offer were taken up by shareholders and the balance were taken up by Gold Fields with the result that Gold Fields became a substantial shareholder with 5.4% of the issued capital. A total of \$1.022 million was raised before issue costs. The Board is very pleased with the high level of support received from shareholders for the rights issue and the entry of Gold Fields as a supportive substantial shareholder.

Trundle acquisition

Clancy has signed a conditional agreement effectively giving it the right to earn an initial 70% interest in the Trundle project by completing exploration expenditure of approximately \$2 million over two years. The agreement is with the Australian subsidiary of Calibre.

The deal with Calibre provides for Clancy to issue 1,750,000 shares to Calibre at 12c. Calibre will, upon completion of the deal, become a 2.7% shareholder in Clancy demonstrating a strong endorsement from Calibre of Clancy's approach.

The acquisition is effected by the signing of a conditional agreement with the Australian subsidiary of Calibre to acquire all of its interest in an Option Agreement with Western Plains Resources Limited (ASX: WPR "Western Plains") over the Trundle project. The agreement contains several conditions including a requirement for consent by Western Plains to the transaction which has now been obtained and the only remaining condition is the transfer to Clancy of the two tenements comprising the Trundle project, being EL's 4512 and 7187.

Calibre had already spent approximately \$1 million on exploration during 2008. Accordingly, Clancy will have the right to earn the 70% interest in the Trundle project by completing the balance of the expenditure required of approximately \$2 million over two years and may increase its interest to 90% by completing a feasibility study.

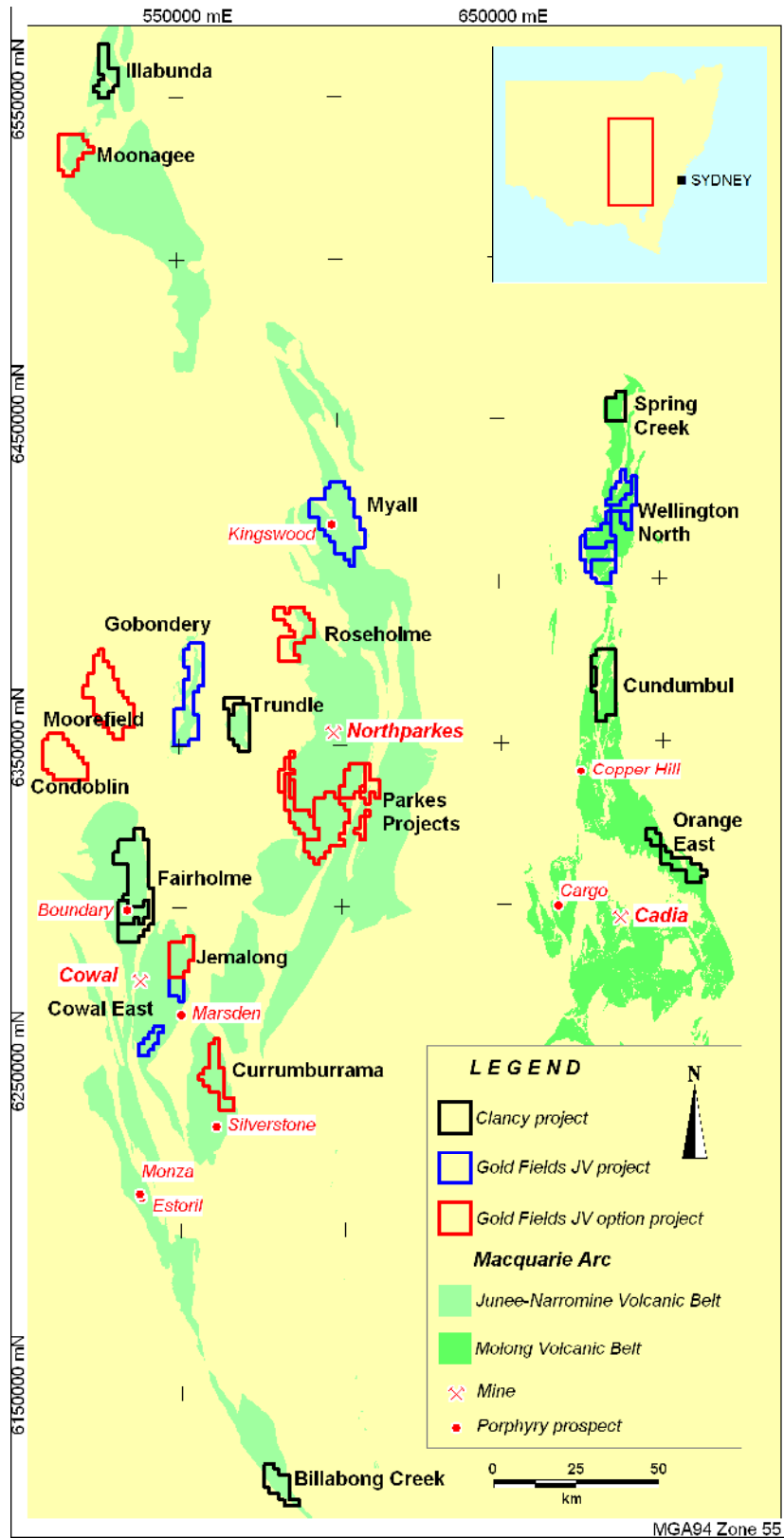


Figure 4 – Location of Clancy exploration tenements in the Macquarie Arc, NSW. Inset – the location within NSW.

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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.