

ORANGE EAST EXPLORATION UPDATE

Completion of ground magnetic survey. Gold and copper anomalies extended.

Clancy Exploration Limited (ASX: CLY) is pleased to announce the recent developments at its 100% owned Orange East project (EL6181) in New South Wales.

Highlights

- Ground magnetic survey and additional rock chip sampling completed
- Existing gold and copper anomalies extended after further work
- Rock chip sample results of up to **25.2 g/t gold** re-affirm potential for significant gold-bearing zones associated with the Godolphin Fault at Orange East
- 3D Induced Polarization (3D IP) survey over the Carangera and Pendarves anomalies will commence in mid March 2010, to assist with drill targeting
- Drilling of defined targets planned for early in the second quarter of 2010, following completion of 3D IP survey

Recent exploration work has focussed on understanding the large alteration system that encompasses the Carangera, Pendarves, and Wentworth anomalies adjacent to the Godolphin Fault. Previous work by Clancy in this area identified copper-gold mineralisation in RC drilling and rock chip samples, with assays of up to **19.8% copper** in rock chips.

A detailed ground magnetic survey covering the alteration system and additional rock chip sampling south of Carangera have now been completed (Figures 1 and 2). The Carangera anomaly has been extended to the south with rock chip results up to **25.20 g/t gold**. A new gold-copper anomaly has also been identified to the southwest called the Favell anomaly within a parallel alteration system.

Clancy's Managing Director, Mark Stewart, said that the new rock chip results re-affirm the potential of significant gold-bearing zones associated with the Godolphin Fault at Orange East as suggested by Clancy's work in 2009.

"At Orange East we know we have a large scale fertile alteration system, with great potential for significant mineralisation. Two further higher grade gold anomalies have now been identified for further exploration. Geophysical surveys which are to commence shortly will give us a greater understanding of the system at Orange East, and define targets for drilling in the next two months," said Mr Stewart.

"The recent commencement by Newmont of a bankable feasibility study at the nearby McPhillamy's gold deposit also certainly demonstrates the potential of the area," said Mr Stewart.

The McPhillamy's gold deposit, where Newmont has commenced a bankable feasibility study on a current conceptual exploration target of 2 to 4 million ounces of gold, is adjacent to the Godolphin Fault approximately 18km to the southeast.

Recent rock chip results include:

1) The Carangera South anomaly

MMR 326: 25.20 g/t gold and 24.70 g/t silver

MMR 325: 6.59 g/t gold and 3.27 g/t silver

MMR 324: 2.92 g/t gold and 14.10 g/t silver

MMR 262: 2.68 g/t gold and 3.38 g/t silver*

MMR 298: 1.19 g/t gold

* reported in the December 2009 Quarterly

2) the Favell gold-copper anomaly

MMR 287: 2.00 g/t gold and 0.45% copper

MMR 285: 1.64 g/t gold and 0.50% copper

At Orange East, the demagnetised alteration system with known mineralisation is 4.5km long and extends from Wentworth in the north to Carangera South and is up to 400m wide. A second parallel alteration zone containing the Favell anomaly lies to the west. Further work is required to delineate the full extent of the Favell anomaly (Figure 2).

A ground magnetic survey was completed over the alteration system (50m line spacing, 542 line km), and processing and imaging of the data is in progress. The ground magnetic survey will greatly assist with structural interpretation of this complex zone.

A 3D Induced Polarization (3D IP) survey over the Carangera and Pendarves anomalies will commence in mid March 2010. The 3D IP survey will consist of up to 9 survey arrays potentially covering an area of 2.6 km long by 800m wide along the Godolphin Fault. The survey will be capable of identifying massive and disseminated sulphide deposit bodies up to 400m deep. Copper and gold are associated with sulphides and the 3D IP survey will assist with the definition of drill targets for future testing.

Drilling of defined targets is planned for early April 2010.

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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.

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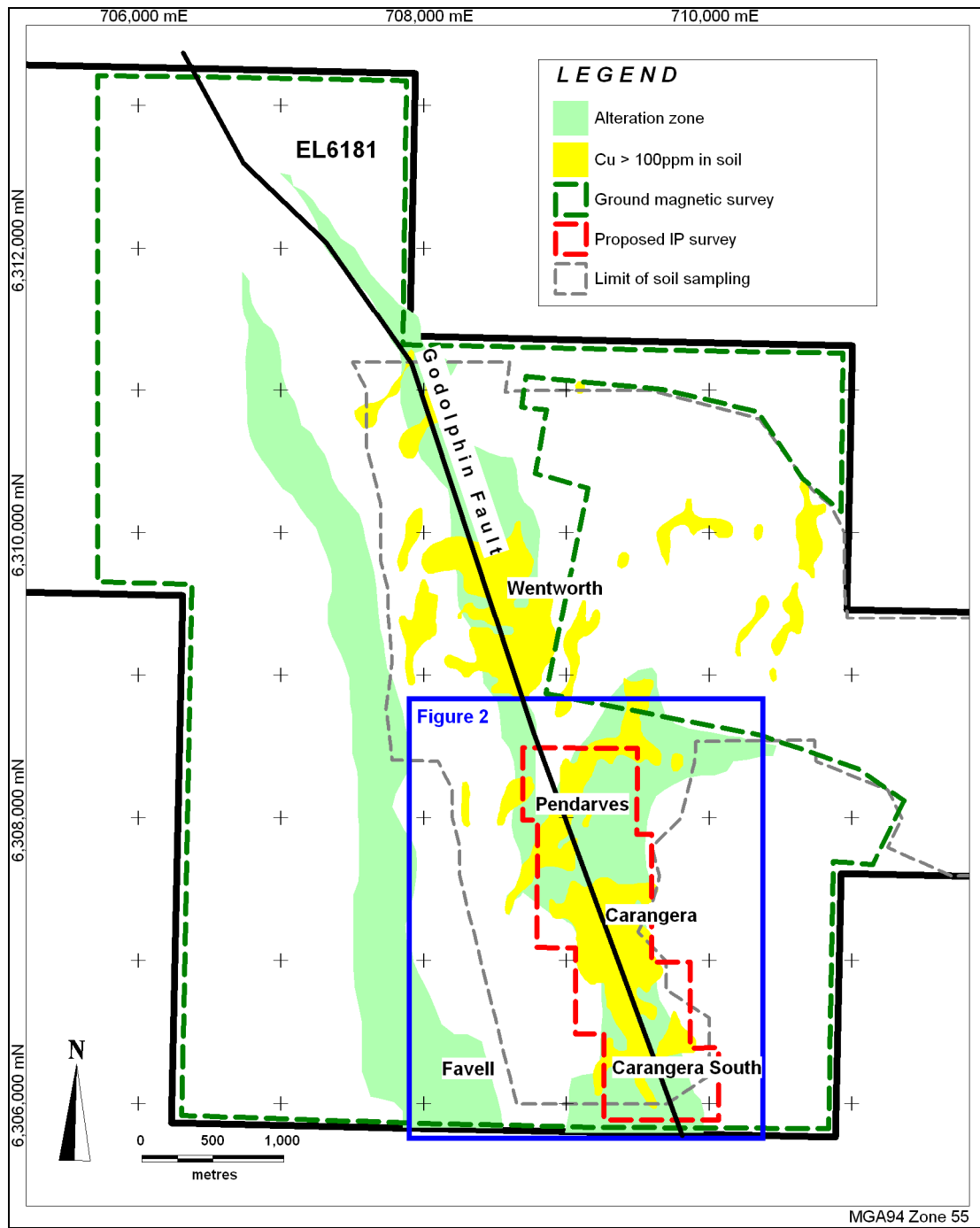


Figure 1- Southern part of Orange East EL6181 showing the survey areas, alteration zone and defined anomalies. The blue box shows the area enlarged in Figure 2.

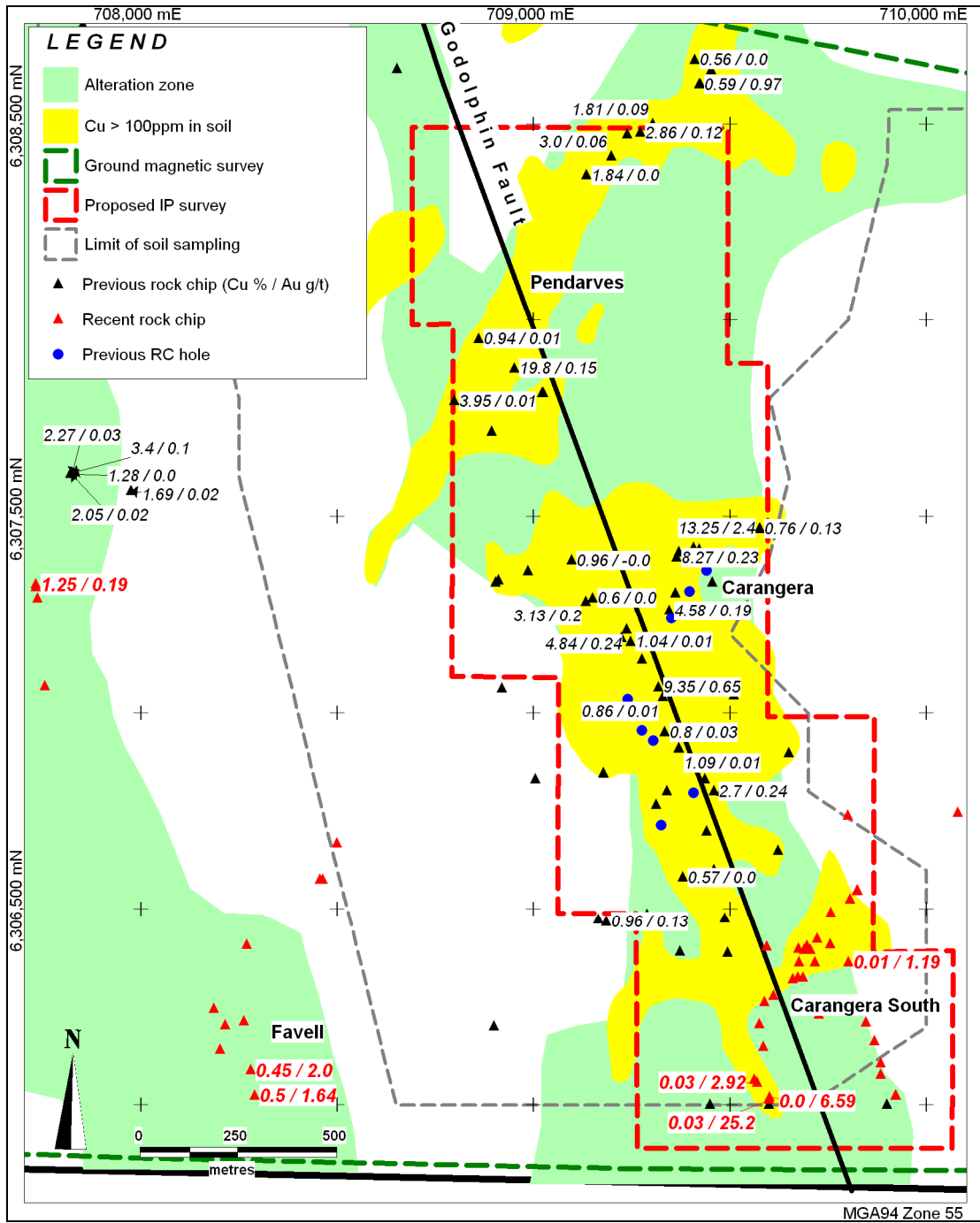


Figure 2- Pendarves, Carangera, Carangera South and Favell anomalies showing rock chip sample locations. Samples with >0.5% Cu or >0.5g/t Au are labelled.

About Orange East

Located northeast of the township of Orange, NSW, EL 6181 spans several target styles including Ordovician porphyry and Silurian copper-gold targets. Numerous old workings cross the area and many are focussed 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 (www.trioriginminerals.com.au). 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 18 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 was identified by >100ppb gold in soil anomalism along with other coincident trace elements. Newmont have commenced a bankable feasibility study on the McPhillamy's deposit base on a conceptual exploration target of 2 to 4 million ounces of gold.

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 four joint venture and eight joint venture option projects 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 (~2700km²), and the innovative use of digital geological and geophysical data in probability based targeting.