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 the past five years to consist of highly prospective copper-gold projects in the Lachlan Fold Belt of NSW and base metal projects in the Mount Read Volcanic Belt of Tasmania.

Clancy's competitive advantages include having one of the largest ground positions of any explorer in the prospective Macquarie Arc (nearly 3000km^2), and the innovative use of geological and geophysical data in probability based targeting.

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.

Additionally, Clancy has established joint ventures with Gold Fields Limited on four projects in NSW (managed by Clancy) and with Bass Metals Limited (ASX: BSM) on Clancy's Tasmanian tenement package (managed by Bass Metals).

Testing commenced on 17 A class targets during 2008 with good results and substantial follow up programmes are underway in 2009.

Quarterly Activities Report

For the Period Ending 31 March 2009

Overview

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 31 March 2009.

It has been another busy quarter for Clancy with significant drilling results at the Myall project and more good news from drilling at Cowal East. Both projects are situated in the Lachlan Fold Belt in New South Wales, the main focus of the company's activities.

Clancy's relationship with Gold Fields has now been firmly established by the expanded partnership deal recently announced and their agreement to underwrite a rights issue. This underlines Gold Fields belief in the Clancy exploration approach and the highly prospective nature of the Lachlan Fold Belt properties.

The new arrangements will provide Clancy with a firm foundation upon which the company can continue to test A-Class exploration targets.

Highlights

- Drilling continued at the Cowal East and Myall projects with 8148 metres of drilling carried out in the quarter.
- Significant results released from the Cowal East and Myall projects.
- High grade gold was intersected at the Eurowie prospect, Cowal East with an intercept of **1m @ 18g/t gold**.
- The first 62.15 metres of a diamond hole at the Myall project intercepted **42 metres @ 0.70% copper and 0.23g/t gold** with further results pending.
- Gold Fields to underwrite a $1 million rights issue.
- Completion of the Centaurus deal resulting in Clancy now holding 29 tenements in the Lachlan Fold Belt covering close to 3,000km^2.

Lachlan Fold Belt Projects – New South Wales

Clancy continued to test its A-Class targets in NSW with a well funded, focused exploration program. Drilling was conducted on two projects: Cowal East and Myall with a total of 7,096m of aircore and 1,052m of diamond drilling completed during the quarter. Gravity surveys were undertaken at Myall and Wellington North. Auger soil sampling and rock chip sampling resumed at Orange East and were in progress at quarter end. Positive results have been received across a number of projects, indicating the strong potential for further discovery.

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. Aircore drilling (7,716m) and diamond drilling (408m) was completed at the Monaro and Kingswood prospects. A gravity survey covering most of the tenement on a 500m offset pattern with specific areas infilled on a 250m offset pattern, was also completed during the quarter (1,669 stations).

Kingswood
Aircore drilling at the Kingswood prospect followed-up copper-gold anomalism identified by previous explorers, where basement samples from previous exploration holes included values up to 2130ppm copper and 1.78g/t gold. Initial drill spacing was a nominal 250m offset pattern closing to 125m where results dictated.

Alteration is dominated by intense, pervasive chlorite. The primary rock types are consequently difficult to determine but are interpreted to be volcaniclastic. There are no visible sulphides in any of the holes, however disseminated and fracture surface native copper is widespread in the intensely chlorite altered rocks.

The results show that Kingswood is elevated in copper, molybdenum, zinc, bismuth, lithium, tellurium, thallium and depleted in sodium and arsenic. This is encouraging as is suggests that the erosion surface is higher up in the system than at Monaro (see below) and that the core of the system at Kingswood may be intact and proximal to recently completed aircore holes. The aircore results west of Kingswood have identified a new area of mineralisation over a NW to SE zone of 500m x 300m of +1000ppm copper in basement, with broad widths of elevated copper in the oxidized zone. Results for recently completed holes in this area include the following significant intercepts:

21m @ 0.12% Copper from 116m in MYAC027
22m @ 0.14% Copper from 116m in MYAC028
24m @ 0.19% Copper from 109m in MYAC029
26m @ 0.13% Copper from 110m in MYAC030
31m @ 0.13% Copper from 112m in MYAC052
12m @ 0.20% Copper from 96m in MYAC053
23m @ 0.18% Copper from 119m in MYAC054
33m @ 0.13% Copper from 116m in MYAC056
20m @ 0.24% Copper from 102m in MYAC062
26m @ 0.22% Copper from 109m in MYAC063
29m @ 0.12% Copper from 109m in MYAC064

The above copper-anomalous zone is open to the east and at depth and coincides with both magnetic and chemical gradients. The magnetic gradient changes from the distinct low that extends south of Kingswood into a more complex funnel shape low that trends WSW between flanking magnetic highs (Figure 1). The highest copper values (>0.2% copper) are located directly over this gradient. The chemical gradient is defined by spectral logging results from a previous Newcrest diamond hole, the bottom of which penetrated the zone. The assay results for this hole were not significant; however, the spectral data map a distinct change from acid to alkaline conditions vertically beneath the copper anomaly.

The results are consistent with the interpretation that the magnetic low extending south of Kingswood with elevated molybdenum is a demagnetized phyllic zone. The intensely chlorite-altered rocks are

typical of strong propylitic alteration, suggesting a concentric alteration zonation from outer quartz-sericite-pyrite alteration (QSP or phyllic) to inner propylitic, with the latter closer to source.

One diamond hole (MYACD001) was drilled to a depth of 408.3m with a 123.85m pre-collar (60 degrees/243 degrees TN) and targeted the combined copper anomaly, magnetic anomaly and alteration gradient. The top of the hole shows a significant amount of disseminated pyrite and chalcopyrite and quartz-carbonate-chalcopyrite-pyrite veining in a dominantly sericite altered equigranular intrusive and porphyry dykes. Minor bornite was also observed in one vein. Below this zone the rock becomes highly fractured and faulted with a large amount of cavities (probably dissolved carbonate veins) over a 78m interval. Immediately below the fracture zone, there is another significant 26m interval of quartz-magnetite±pyrite±chalcopyrite veins from 269m to 295m, which then grades out to dominantly phyllic alteration with abundant disseminated pyrite.

Results have been received for the first 62m of drill core and include the following significant intercept:

42m @ 0.70% copper and 0.23g/t gold from 144m in MYACD001

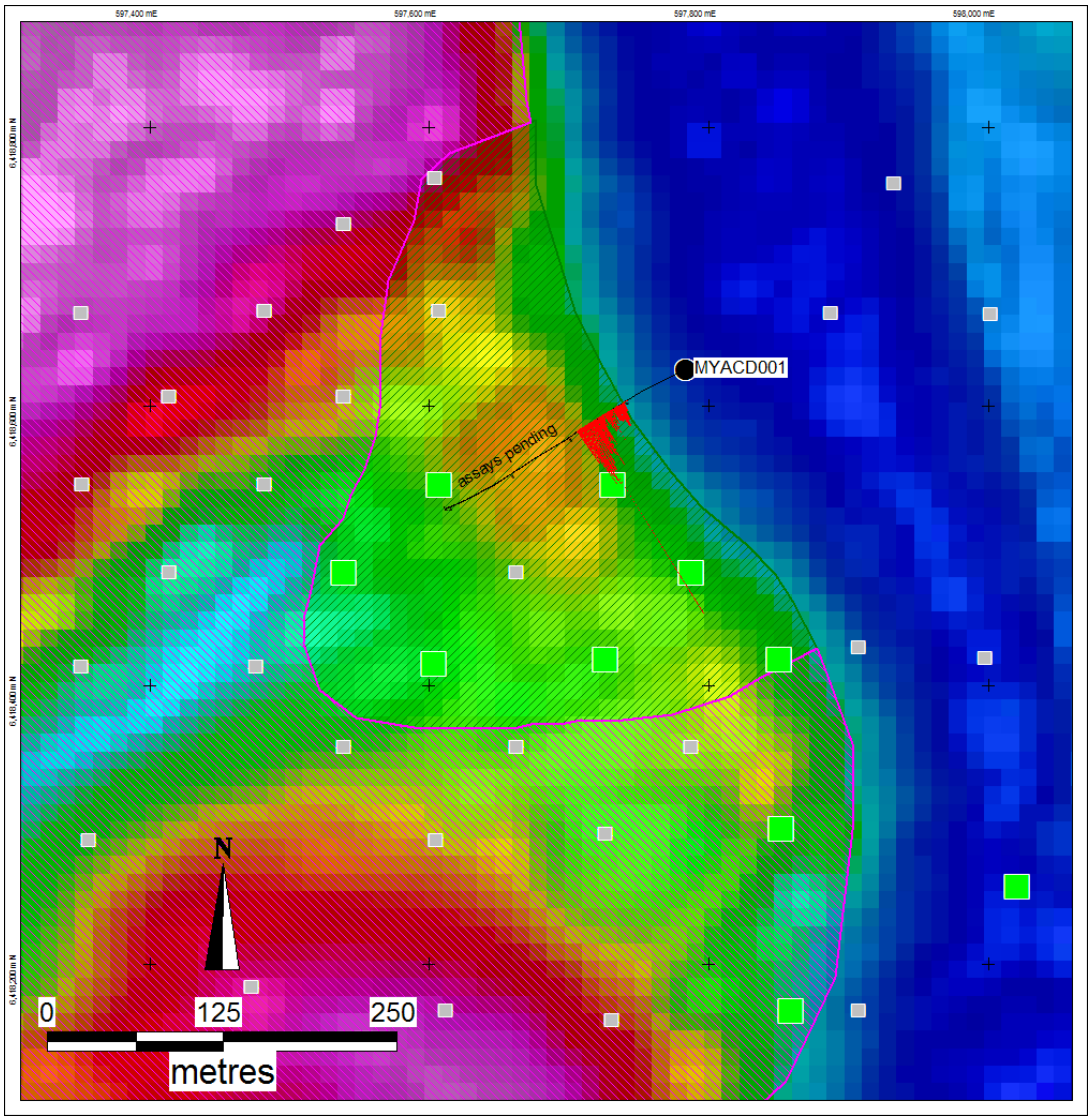

Figure 1 – *Kingswood aircore and diamond drillhole locations on RTP 1VD magnetics. Green squares represent bottom of hole copper values >0.1% in aircore holes. The red histogram scale on the diamond drillhole trace is copper 0.1%=1mm. Magenta cross-hatch = QSP alteration, green cross-hatch = intense chlorite alteration with native copper.*

The interpretation was that gold and higher grade copper would be located deeper in the system, and the diamond hole has now confirmed that. It also shows that native copper in the oxide zone transitions to sulphide copper in fresh basement, which suggests that there is significant upside at this newly defined zone, given the widespread distribution of native copper and the fact that this is the first deep hole into the system. The presence of gold in the diamond hole is particularly encouraging as there was no significant gold in the aircore drilling. Results are pending for the bottom 221m of drill core and will be reported in the next quarter. A full list of results from the Myall drilling was released to the market in a release dated 15 April 2009.

Monaro
Aircore drilling was completed on a nominal 250m offset pattern to infill anomalous (+500ppm) copper in basement from aircore holes drilled by previous explorers. Drilling conditions were difficult with significant amounts of running sand and gravel and several days lost to rig breakdown. Despite this, only one failed to reach basement.

The follow-up holes were designed to transect the centre of a coincident copper ± molybdenum anomaly and large circular magnetic feature. Basement consists of magnetite- K-feldspar ±biotite-altered equigranular monzodiorite and subordinate porphyritic monzonite with trace disseminated chalcopyrite ± bornite.

Results were subdued with copper in fresh basement ranging from 300ppm to 500ppm copper and up to 1500ppm copper in the oxidised zone. The relatively low copper, lack of phyllic alteration and the presence of magnetite- and biotite-altered porphyritic monzonite suggest that Monaro may represent the eroded base of a porphyry system.

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 (Figure 2). A gravity survey was completed on a nominal 200m offset pattern at Koobah EL6553, and infill gravity on Wyrra EL6554 was completed for a total of 604 stations. The gravity data have been processed and will be used for future drill hole planning. The planned ground magnetic survey was postponed due to operational difficulties.

A third diamond hole (WYD003) was completed at the Eurowie prospect. The hole was drilled to a depth of 643.3m (60 degrees/270 degrees TN) and targeted intersecting faults on the margin of coincident magnetic and gravity highs. The target was intersected at a depth of ~370m and continued to 485m down hole and consisted of a chaotic stockwork of magnetite-epidote-carbonate-quartz-pyrite-chlorite-chalcopyrite veins best described as a calcic oxidised skarn. Rock types included carbonate bearing volcaniclastic sandstone, mafic feldspar porphyry dykes and diorite.

Results have been received from WYD003 and include the following significant result:

1m @ 18g/t gold and 43g/t silver from 344m

The gold appears to be fault-controlled and is associated with sericite-pyrite alteration in the core of a 72m wide envelope of K-feldspar-hematite alteration. This style of alteration produces a distinctive “pinking” of the drill core from 310m downhole. Significant gold intersections from WYD003 are presented in Table 1.

The gold and silver mineralisation is accompanied by elevated levels of tellurium, suggesting that the high-grade gold and silver mineralisation is associated with tellurides. This is significant because gold mineralisation at Barrick’s nearby Cowal Mine, which is located 22km to the NNW, also contains structurally controlled gold-silver telluride mineralisation.

The distinctive K-feldspar-hematite alteration provides a vector for drilling and work is in progress to determine the geometry of this zone. Future drill holes will be targeted at this zone to test for wider intervals of gold anomalism and to determine if it continues towards the surface.

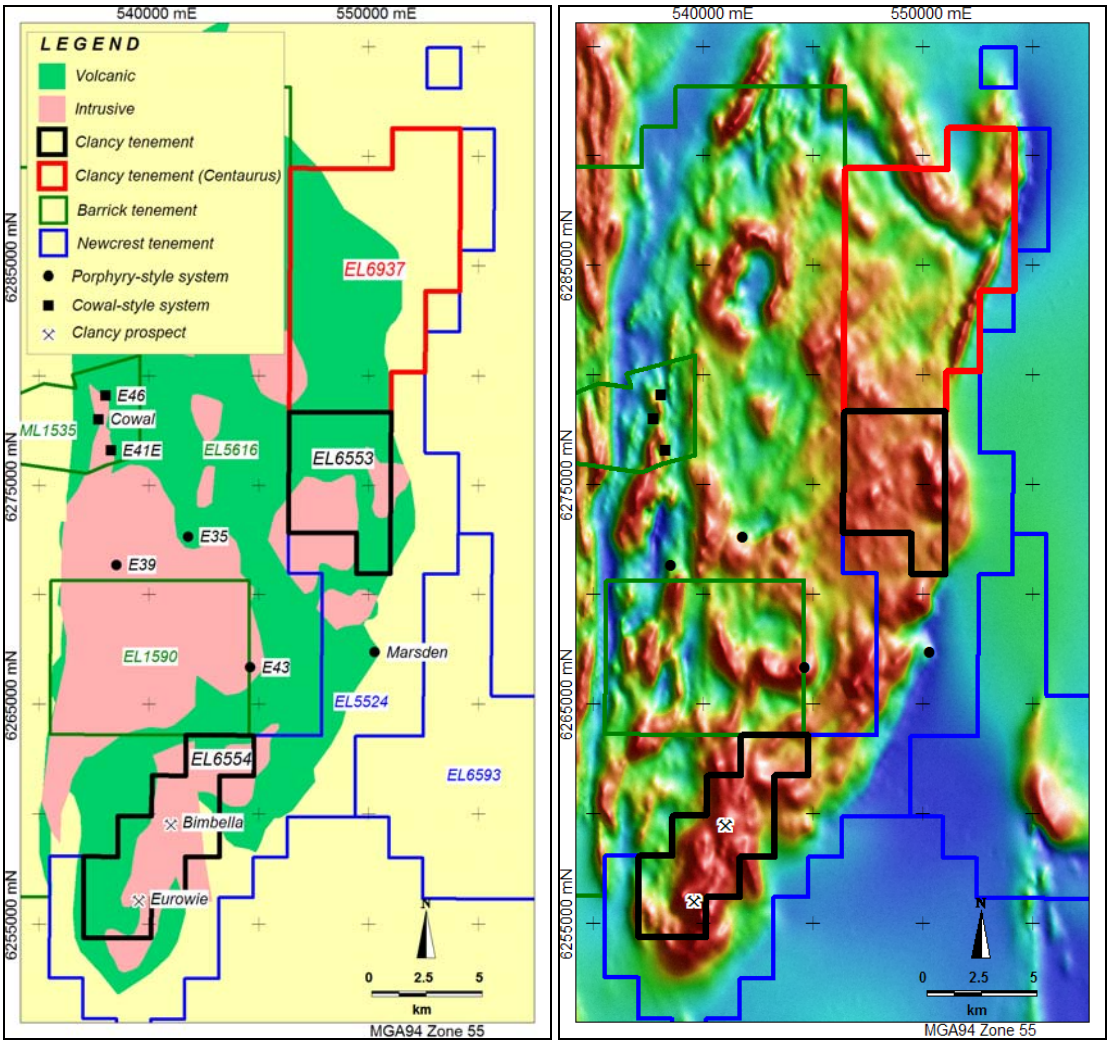

Figure 2 – *Cowal Igneous Complex geology and magnetics showing the Clancy tenements and prospects.*

The above intercept, whilst narrow, is significant because it demonstrates that the hydrothermal system at Eurowie is fertile. Drilling reported in previous quarters had demonstrated the large scale of the system and the latest results show that it contains narrow, high-grade gold and silver mineralisation. Each hole reveals a little more about the system the latest intersection will allow a more focused drilling program looking for larger gold-bearing structures.

Table 1 – *Significant gold intersections in WYD003 showing the association of gold, silver and tellurium. Grade cutoff at 0.2 g/t Au.*

		Au (g/t)	Ag (g/t)	Te (ppm)
m From	**interval**			
344	**1**	**18**	**43**	**397**
351	**1**	**0.204**	**0.59**	**4.48**

Note –The diamond intercepts are based on one metre half sawn core. 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 by four acid digest ICP AES/OES (method code ME-MS61). Standards and duplicates are inserted into the sample stream to monitor laboratory performance.

Wellington North: EL6178, EL6328, EL6662 and EL7200
(Gold Fields 80%, Clancy 20%)

Wellington North covers approximately 30km of strike length of the Molong Volcanic Belt immediately north of Wellington. A gravity survey was completed on a 250m offset pattern at Rose Hill (697 stations). Processing of the data is in progress. Initial assessment shows large gravity gradients within the survey area.

Orange East EL6181
(Clancy 100%)

Soil and rock-chip sampling resumed in the south of EL6181near Byng, following-up and extending the previous soil auger program completed in late 2007. The target is structurally controlled gold and copper mineralisation associated the Godolphin Fault and related structures. The results from 2007 program, reported in the December 2007 quarter, included two single point gold values of 0.95g/t and 0.19g/t and a coincident arsenic-copper-zinc anomaly with maxima of 1265ppm arsenic, 8440ppm copper and 584ppm zinc. The 2007 survey was confined to a single property and access was subsequently granted to neighbouring properties. Auger soil and rock chip sampling was in progress at the end of the quarter, with 703 soil auger samples and 28 rock-chip samples collected to date.

Partial results have been received and are highly encouraging with numerous soil results >2000ppm copper and maximum rock chip results of 0.97g/t gold, 2.86% copper and 36.3g/t silver. Full results will be reported in the next quarter.

Centaurus Portfolio
(Clancy 100%)

The transfer of tenements from Centaurus Resources Limited to Clancy was completed. This resulted in Clancy's current tenement holding position being boosted to 29 tenements in the Lachlan Fold Belt with close to 3,000km^2 under licence . Additionally, Clancy has acquired a tenement called Yalgoo adjacent to the Golden Grove mine in Western Australia, and a tenement known as Nadbuck close to the Broken Hill mine. Clancy issued 3,300,000 shares and 1,250,000 options to Centaurus on completion of the transfers and is very pleased to welcome Centaurus as a significant shareholder.

Corporate Activity

Expansion of partnership with Gold Fields
Clancy signed a binding Heads of Agreement with Gold Fields Australasia Pty Ltd granting Gold Fields the right to select up to four additional projects for joint ventures with Clancy from the tenements acquired from Centaurus. As part of this arrangement Gold Fields will keep all eight Centaurus projects in good standing until such time as a selection is made taking this cost off Clancy's balance sheet. A potential additional $4 million could be spent on the selected projects before Clancy is required to contribute or dilute. In addition, Gold Fields has agreed to underwrite a 1 for 4 non renounceable Rights Issue at $0.08 to raise $1 million effectively guaranteeing the raising. This provides confirmation by one of the world's largest gold miners of the international significance of the Lachlan Fold Belt as a highly prospective copper-gold province.

As a result of this deal Gold Fields will be taking over the management of the four current joint ventures which will build on the work already carried out by Clancy over the last four years. This should result in an acceleration in the pace of exploration on the advanced projects, hopefully fast tracking them to discovery status. This will free Clancy up to test additional A class targets and with both Clancy and Gold Fields aggressively exploring the targets in parallel, an increased level of exploration and news flow is expected to be reported to shareholders.

Clancy will also be released from any claw back arrangements with Gold Fields over the 100% owned Clancy properties but Gold Fields will retain a right of first refusal on the four Clancy projects that are not being made available to Gold Fields for joint venture. It also brings to an end the Gold Fields alliance arrangement to allow both parties to operate freely in the region.

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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.