

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 joint venture partner in the Lachlan Fold Belt is Gold Fields Australasia Pty Ltd. 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 (~2700km²), 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 September 2009

Overview

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

There has been a substantial amount of drilling undertaken at our New South Wales projects this quarter with over 16,500m of drilling completed across five projects with four drilling rigs in operation.

Drilling was undertaken on all four Gold Fields joint ventures: Myall, Cowal East, Wellington North and Gobondery; and also at our 100% owned Orange East project.

Highly encouraging geology, alteration, veining and sulphides were identified at several prospects with many assay results still pending.

Also during the quarter, Clancy moved to 100% ownership of the highly prospective Trundle copper-gold project in NSW.

The active drilling programs will continue in the December quarter.

Highlights

- Further high-grade copper rock-chip results returned from Orange East, including individual samples of 19.8%, 13.25% and 8.27% copper. Follow-up RC drilling was recently completed with results pending.
- Significant copper and gold aircore results at the Myall JV with quartz-sulphide veins intersected in follow-up diamond holes. Results from the diamond holes are pending. Aircore intercepts include:
 - 8m @ 0.13 g/t gold including 2m @ 0.32g/t gold
 - 8m @ 0.10% copper
- Significant copper and gold intercepts from the second diamond hole at the Kingswood prospect at the Myall JV:
 - 64m @ 0.20% copper including 22m @ 0.31% copper
 - 5m @ 0.34g/t gold and 0.15% copper
- Significant copper-gold aircore intercepts at the Cowal East JV with follow-up diamond drilling planned:
 - 14m @ 0.11% copper
 - 10m @ 0.28g/t gold including 2m @ 0.87g/t gold



The September 2009 quarter was another busy one for Clancy with over 16,500m of drilling completed. Four drilling rigs were in operation at the end of the quarter. Clancy completed 1,463m of RC drilling on the 100% owned Orange East project. A further 15,076m of drilling was completed by Gold Fields on the joint venture projects: Myall, Cowal East, Wellington North and Gobondery. Clancy moved to 100% ownership of the Trundle project and preparations are underway for a work program on this project in the next quarter.

Clancy Managed Projects

Rock-chip sampling, mapping and RC drilling were undertaken at Orange East; landholder liaison and field reconnaissance were completed at Trundle and processing of gravity data at Billabong Creek was completed.

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. Two other significant deposits in the area are Lewis Ponds, 8km north of the lease and McPhillamy's, which is 18km to the southeast. Both of these deposits 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.

Significant copper and gold results from an extensive auger soil and rock chip sampling program were reported in the previous quarter. Geological mapping and additional rock chip sampling were completed in the September quarter and results were received for a further 106 rock chip samples which were released to the market 12th August 2009. High grade copper and elevated silver and gold results have been returned from numerous samples, including the following (sample number):

- 19.8% Cu, 127 g/t Ag and 0.15g/t Au (MMR176)
- 13.25% Cu, 99.5g/t Ag and 2.4g/t Au (MMR190)
- 8.27% Cu, 14.75g/t Ag and 0.23g/t Au (MMR191)
- 4.84% Cu, 10.2g/t Ag and 0.24g/t Au (MMR185)
- 4.58% Cu, 11.75g/t Ag and 0.19g/t Au (MMR195)
- 3.9% Cu (MMR179)
- 3.4% Cu, 14.2g/t Ag and 0.1g/t Au (MMR161)
- 3.13% Cu, 5.61g/t Ag and 0.2g/t Au (MMR181)

The above results confirm previous high-grade rock chip results of up to 9.35% copper. The rock chip samples are from broad auger soil copper anomalies surrounding historic workings along the Godolphin Fault zone. The size of the anomalies, as defined by +100ppm copper, are 1.4 x 0.7km at Carangera, 1.2 x 0.6km at Wentworth and 1.9 x 0.2km at Pendarves (Figure 1).

RC drilling commenced at the Carangera and Wentworth anomalies but was significantly disrupted by wet weather. The drilling was in progress at quarter end and was completed in early October. A total of 10 holes (1463m) were completed. The rocks consist of sericite- and chlorite-altered mafic volcanoclastic rocks with sporadic to common quartz-carbonate veins, intense biotite-altered rock, variable amounts of disseminated and vein-hosted pyrrhotite and pyrite and lesser amounts of arsenopyrite and chalcopyrite. Rare galena and sphalerite have also been noted. Full details and analytical results will be reported in the next quarter.

Auger soil sampling continued in the north of the tenement over a porphyry copper-gold target. A total of 320 samples were collected with results pending.

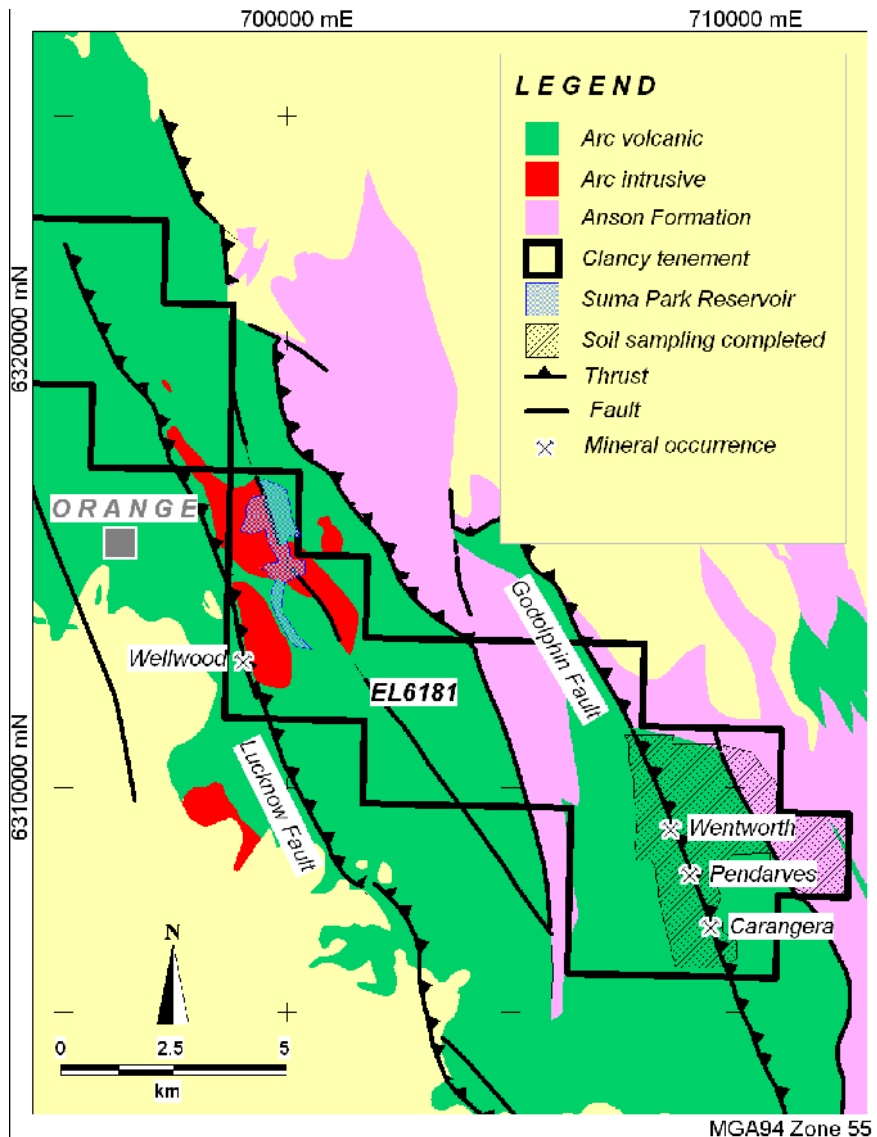


Figure 1- Orange East EL6181 geology showing the location of the Wentworth, Pendarves and Carangera prospects.

Trundle EL4512 and EL7187 (Clancy 100%)

Clancy moved to 100% ownership of the Trundle project during the quarter, purchasing Western Plains Resources Ltd (ASX: WPG “Western Plains”) interest in the project. Trundle is located 25km west of the Northparkes copper-gold mine (Rio Tinto) and bears many similarities to Northparkes. It is separated from the Northparkes district by a north-south trending Devonian rift basin. Interpretation of geophysical data suggests that Trundle may have originally been part of the Northparkes complex, which was subsequently dismembered during development of the rift.

Trundle has extensive evidence of porphyry- and skarn-style copper-gold mineralisation associated with several Ordovician intrusive centres. In 2008 the project was explored by Calibre Mining Corporation (TSX-V: CXB “Calibre”) under a farm in agreement with Western Plains. Clancy acquired Calibre’s rights to earn an interest in the properties in May 2009. Calibre drilled 5 diamond holes (2,605m) into magnetic highs adjacent to the intrusive centres.

Several significant intercepts were returned from this drilling including 50m @ 0.12% Cu, 0.17g/t Au and 18m @ 0.35% Cu, 0.29g/t Au. A comparison of grades with magnetic susceptibility revealed that the highest copper and gold grades occur with low rather than high magnetic susceptibility. This opens up some significant space for higher grade mineralization on the flanks of the magnetic highs.

Several targets bear strong similarities to the Endeavour 22, 27 and Veedas porphyry deposits at Northparkes which have a characteristic 'bull's eye' magnetic low or high anomaly with anomalous copper and gold geochemistry in RAB / aircore drilling (Figure 2). 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 majority of the previous drilling is shallow RAB or RC, most of which is less than 50m deep and there has been little follow-up diamond drilling, apart from Calibre's program in 2008. Only 2% of the previous holes are deeper than 100m. The project has enormous potential and preparations are underway for a drilling campaign in the December quarter.

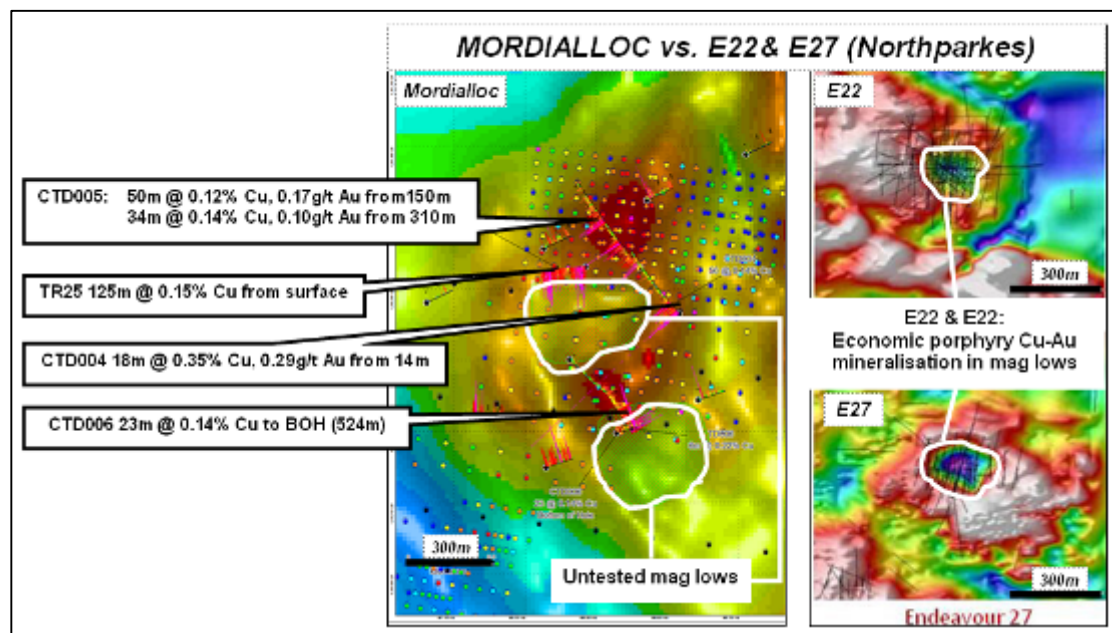


Figure 2 – Comparison of the magnetic anomaly at the Mordialloc prospect at Trundle (left) with the magnetic anomaly at the E22 and E27 porphyry copper-gold deposits at Northparkes (right). The economic mineralisation at E22 and E27 is within the magnetic low, which remain untested at Trundle. Note that the maps are the same scale.

Billabong Creek EL6802 (Clancy 100%)

Billabong Creek EL6802 is located 20 km west of Gundagai and 45 km ENE of Wagga Wagga. It is located alongside the regionally extensive Gilmore Fault which marks the southern edge of the Macquarie Arc (Figure 5). It contains a single large A-Class target (LFB031) and shares many similarities to the well mineralized Temora area, which also sits alongside the Gilmore Fault approximately 90km to the NW.

An interpretation of the regional magnetic data was completed. The magnetic signature of the Ordovician volcanics is typical of the volcanics in the Macquarie Arc. The interpretation identified intersecting N- NW- and NE-oriented structures in the central part of EL6802, which is roughly the centre of A-Class target LFB031. This area, and another to the southeast, express as distinct ovoid magnetic lows within the arc. These magnetic lows could be post-Ordovician sediments that unconformably overlie the arc, or de-magnetised arc units associated with alteration and intrusive activity.

Processing of the gravity data from the survey completed in the previous quarter was also undertaken. A large circular gravity low (+3km diameter) has been identified (Figure 3). The gravity low could be mapping out a deep intrusive centre beneath variably magnetic arc units. The gravity low is associated with intersecting structures (Figure 3). These features are encouraging and may be indicative of Ordovician intrusive activity. Planning of follow-up work will commence in the next quarter.

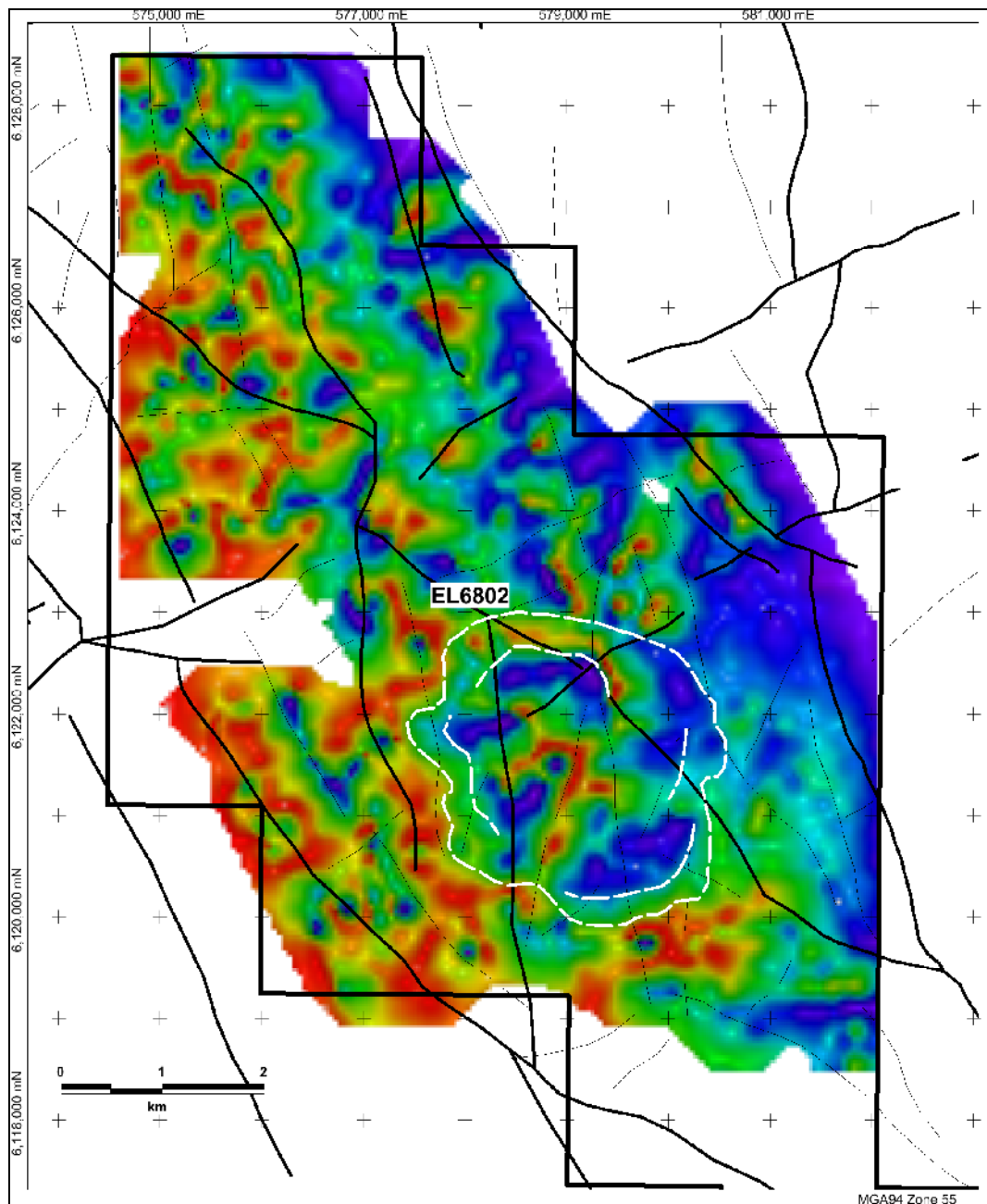


Figure 3 – Billabong Creek EL6802 Bouguer gravity tilt angle image, showing major structures (black) and circular features that may be associated with Ordovician intrusive activity (white).

Gold Fields Managed JV Projects

Gold Fields has maintained an active work program on all four joint ventures: Myall, Cowal East, Wellington North and Gobondery. A total of 15,076m of drilling was completed during the September 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. Aircore drilling continued at the Kingswood prospect and surrounding areas with 43 holes (5,157m) completed during the quarter. One diamond hole was completed at Kingswood and another is in progress at the newly defined Calais prospect. One

diamond tail was also added to an aircore hole at Kingswood North, for a total of 906.6m of diamond drilling in the quarter.

Significant intercepts from the aircore program include the following:

- 8m @ 0.13 g/t Au in MYAC087 including 2m @ 0.32g/t Au
- 1m @ 0.28g/t Au & 0.06% Cu from 112m (MYAC093; BOH)
- 10m @ 0.06% Cu from 129m (MYAC096; BOH)
- 6m @ 0.05% Cu from 110m (MYAC104)
- 8m @ 0.08% Cu from 110m (incl. 2m @ 0.10% Cu) (MYAC106)
- 28m @ 0.07% Cu from 127m (incl. 8m @ 0.10% Cu) (MYAC111)
- 2m @ 0.11g/t Au from 103m (MYAC112)
- 12m @ 0.07% Cu from 74m (incl. 2m @ 0.12% Cu) (MYAC113)
- 4m @ 0.07% Cu from 75m (MYAC120)
- 2m @ 0.11g/t Au from 95m (MYAC122)
- 6m @ 0.06% Cu from 101m (MYAC122; BOH)
- 6m @ 0.06% Cu from 112m (MYAC124)
- 1m @ 0.11g/t Au from 124m (MYAC125; BOH)

The above aircore intercepts are from large and well defined zones of hydrothermally altered volcanic and intrusive rocks. Bottom-of-hole (BOH) aircore chips are variably phyllic (sericite-quartz-chlorite-pyrite) altered diorite and andesite rocks. An NQ diamond core tail added onto an aircore hole at the Kingswood North prospect intersected significant porphyry style quartz-sulphide veins in a 'reddened' (hematite-feldspar) altered feldspar porphyry phase. The alteration is similar in style to the 'lithocap' associated with the Cadia East porphyry gold-copper system. Assay results for the NQ diamond tail are pending.

West of Kingswood, a significant aircore intercept reported in the last quarter of 9m @ 1.03g/t Au (including 2m @ 3.0g/t Au), was followed up with an angled diamond hole. This area is now referred to as the Calais prospect (Figure 4). The diamond hole is in progress (currently at 384m depth) and has intersected sub-vertical, phyllic altered zones with quartz-sulphide and carbonate base metal epithermal-style veins, approximately 50m vertically beneath the aircore intercept. Similar veins at the Gemini prospect at Myall carry significant gold (up to 13 g/t Au). The Calais diamond hole also intersected porphyry-style hydrothermal alteration with trace chalcopyrite, thin aplite vein-dykes with chalcopyrite, and feldspar porphyry dykes. Results will be reported in the next quarter.

At Kingswood a second diamond hole (MYACD002) was completed to follow-up the intercepts in drill hole MYACD001 reported in the last quarter (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). Drill hole MYACD002 was designed to test the copper-gold intercept in MYACD001 approximately 100m along strike to the south and was drilled to a depth of 333m. The hole intersected equigranular and porphyritic diorite, polymictic hydrothermal breccia and quartz monzodiorite, with only trace to minor disseminated pyrite and chalcopyrite and rare quartz veins. Significant results were received for MYACD002, including:

- 29m @ 0.11% Cu from 125m
- 64m @ 0.20% Cu from 220m (incl. 22m @ 0.31% Cu from 238m)
- 5m @ 0.34g/t Au & 0.15% Cu from 307m

The broad zone of copper anomalism in MYACD002 correlates with a polymictic hydrothermal breccia with epidote-chlorite-magnetite-calcite-feldspar-chalcopyrite infill and veining. The copper bearing hydrothermal breccias are interpreted to represent a fracture zone above potential porphyry-style quartz-sulphide veining.

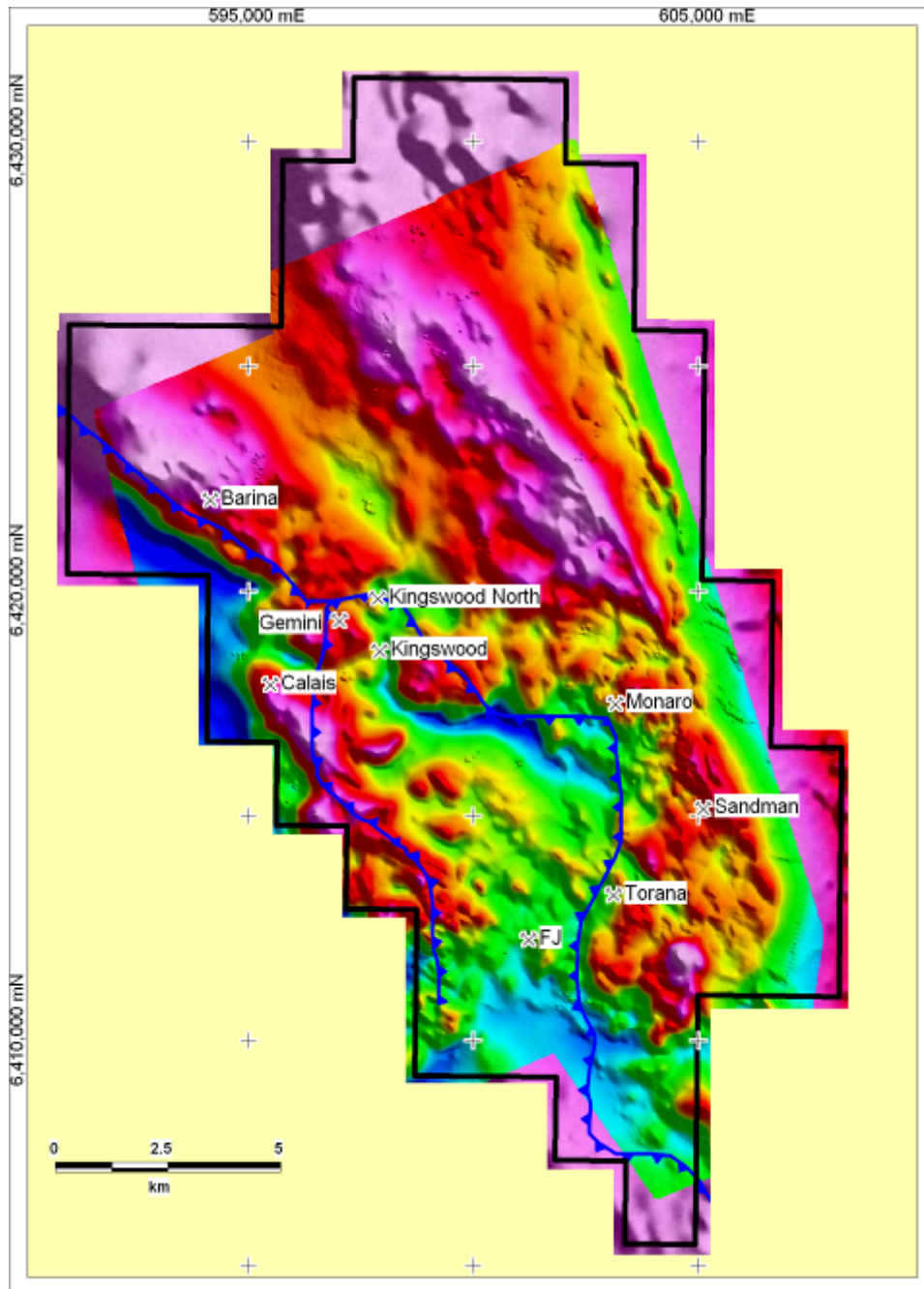


Figure 4 – Myall JV EL6913 detailed aeromagnetic image over regional magnetic image (RTP) showing prospects and regional gravity low (blue sawtooth).

Cowal East: EL6553 and EL6554
(Gold Fields 80%, Clancy 20%)

The Cowal East project consists of two tenements, Koobah EL6553 and Wyrria EL6554, 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 at Wyrria with 72 holes (9,153m) completed in the quarter. Basement geology consists of andesite and volcanoclastic rocks in the west and diorite and quartz diorite with phyllic and potassic alteration and disseminated pyrite, dominate in the east. A feldspar porphyritic monzonite with interstitial K-feldspar, strong sericite alteration and pyrite veins was also intersected.

Results are pending for many aircore holes, however significant results have been returned (see below). A comprehensive list of significant intersections from Cowal East will be released once all

results are finalized in the next quarter. Significant aircore intercepts received to date include the following:

- 2m @ 0.32g/t Au from 124m (WYAC078)
- 2m @ 0.20g/t Au from 130m and 2m @ 0.27g/t Au from 136m (WYAC117)
- 2m @ 0.25g/t Au from 114m (WYAC082)
- 2m @ 0.13g/t Au from 52m and 2m @ 0.11g/t Au from 68m (WYAC074)
- 2m @ 972ppm Cu from 102m (WYAC108)
- 2m @ 935ppm Cu from 118m (WYAC095)
- 4m @ 0.13% Cu from 108m (WYAC119)
- 6m @ 811ppm Cu from 92m (WYAC090)
- 2m @ 0.32g/t Au from 108m and 14m @ 0.11% Cu from 110m (WYAC121, EOH); incl. 1m @ 0.22 g/t Au & 0.2% Cu from 122m
- 10m @ 0.28 g/t Au from 102m (WYAC127); incl. 2m @ 0.87 g/t Au from 102m

The aircore program has delineated and extended large zones of significant gold-copper anomalism with porphyry-style hydrothermal alteration (including potassic alteration) at Bimbowie and Barmedman Creek.

Bimbowie is a 1km x 500m coincident magnetic and gravity low bounded by a magnetic high to the east and west. The anomaly is zoned copper dominant in the east (49m @ 0.15% Cu from 76m in WYAC051) to gold-anomalous in the west (10m @ 0.28 g/t Au from 102m in WYAC127) and within the central magnetic low core (4m @ 0.26 g/t Au from 132m in WYAC053). The basement consists of variably potassic (quartz-magnetite-K-feldspar-pyrite ± chalcopyrite-bornite) to propylitic (chlorite-magnetite-sericite-hematite) altered diorite and quartz diorite.

Barmedman Creek is 400m east of Bimbowie and is coincident with a large 1km x 1km copper-gold basement geochemical anomaly. Barmedman Creek is also characterized by potassic (quartz-K-feldspar-magnetite-pyrite ± chalcopyrite) altered diorite.

A program of diamond core holes is currently being designed to follow up these prospects to confirm the presence of large porphyry copper-gold system(s).

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. One diamond hole was completed to follow up the previously reported Rose Hill RC intersections (73m @ 0.30g/t Au, 0.42%Cu and 59ppm Mo from surface in RHRC005; and 52m @ 0.25g/t Au, 0.09% Cu and 4ppm Mo from 5m in RHRC006). The RC intercepts included several higher grade intervals such as:

- 2m @ 4.19 g/t Au & 0.52% Cu
- 10m @ 0.66g/t Au & 0.95% Cu
- 9m @ 0.48g/t Au, 1.21% Cu & 248ppm Mo
- 5m @ 0.29g/t Au, 0.84% Cu & 1217ppm Mo

The follow-up diamond drill hole was at 90m depth at quarter end and was completed early in October to a depth of 441m. Encouraging chalcopyrite-magnetite-pyrite-bornite ± molybdenum quartz veins were intersected. Full results will be reported in the next quarter. A detailed aeromagnetic survey is scheduled to commence at Wellington North in October.

Gobondery: EL6534 (Gold Fields earning 80%)

Gobondery EL6534 is located approximately 50km NW of Northparkes. Two RC holes were completed (399m) to test an A-Class target in the southern part of the lease, which is completely covered with Quaternary and Devonian sediments. The holes were designed to validate the depth to

the Ordovician and to test interpreted hydrothermal magnetite destruction that forms roughly circular magnetic lows on interpreted NNW-oriented structures.

Ordovician basement in the first hole consisted of strongly porphyritic diorite with trace disseminated pyrite and weak pervasive epidote alteration of the feldspars. The second hole hit moderately silicified laminated sediments (probable Ordovician) with abundant disseminated and fracture controlled pyrite. The pyrite abundance appears to increase with depth, with large cubic pyrite crystals becoming more common.

Results have been received, however no significant gold or copper intercepts were returned. Interpretation of the significance and prospectivity of the relatively shallow Ordovician basement is underway.

Gold Fields Managed JV Option Projects

Detailed reviews of the JV option projects were completed by Gold Fields and budgets and work programs prepared. Drilling at the Roseholme, Currumburrama, Moorefield and Condobolin projects is planned for the December quarter.

Corporate

Trundle acquisition

Clancy moved to 100% of the Trundle project by acquiring the Western Plains Resources Limited interest in the tenements. The consideration for the deal was the issue of 2.2 million shares to Western Plains at a nominal 15c per share and 1 million options with an exercise price of 20c which expire on 30 September 2011. The shares are escrowed for 12 months and Western Plains is now a 3.2% shareholder in Clancy.

Directors

Darren Holden resigned as a director during the quarter as a result of his resignation from Kiska Metals Corporation and his return to Australia. We very much appreciated his input while he was on the Board and wish him well in his new endeavours.

In addition, the merger of Rimfire Minerals Corporation and our largest shareholder, Geoinformatics Exploration Inc, (Geoinformatics) to form Kiska Metals Corporation (Kiska) was completed in August. The two directors who were appointed in May as nominees of Geoinformatics, namely Rosie Moore and John Kannellitsas, resigned in September, as their new roles at Kiska require more of their time and create potential conflicts of interest. We expect to nominate a new Kiska representative to the Board in the near future with shareholders being asked to ratify the appointment at the next AGM. In the meantime the Board comprises three directors.

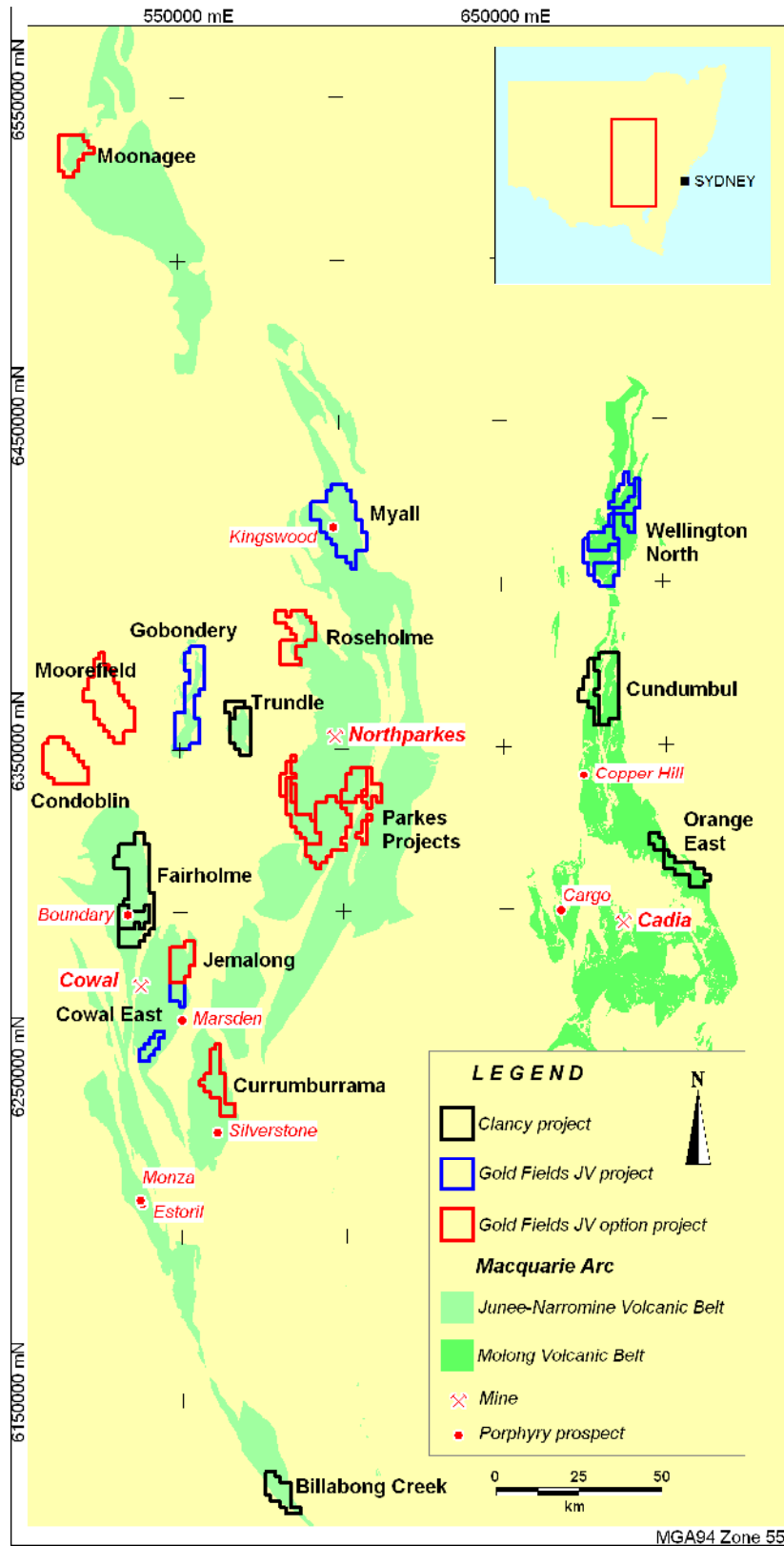


Figure 5 – Location of Clancy exploration tenements in the Macquarie Arc, NSW. Inset – the location within NSW.

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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.