TAYLOR COLLISON

Sharebrokers and Investment Advisers
www.taylorcollison.com.au

26 March 2008

Clancy Exploration Ltd (ASX:CLY)

Speculative Buy

NSW junior explorer with an edge

$0.16

Mark Gordon (02 9232 1688)
mgordon@taylorcollison.com.au

David Whiting (02 9232 1688)
dwhiting@taylorcollison.com.au

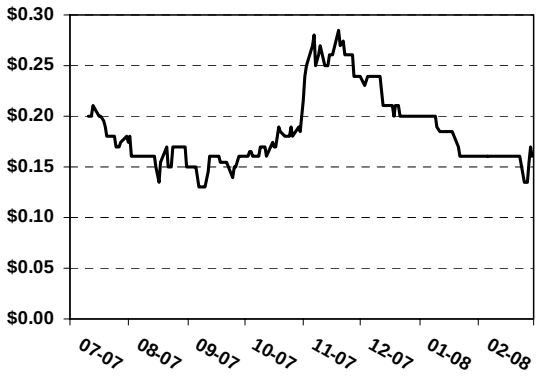
Capital Summary

Issued Capital	47.81m ords 4.90m opts
Market Capitalisation (diluted)	$8.43m
Share Price (26/3/8)	$0.16
52 week low	$0.10
52 week high	$0.30
Cash as at 31/12/2008	$3.77m

Directors & Management

Mr Mark Stewart	Managing Director
Dr James McDonald	Non-Executive Chairman
Dr Nick Archibald	Non-Executive (Technical)
Mr Mark Lester	Non-Executive (Financial)
Mr Gordon Barnes	Exploration Manager
Mr Rowan Caren	Company Secretary

Share Price Graph (A$)



Major Shareholders

GeoInformatics Exploration Australia Pty Ltd	22,805,506	47.70%
HSBC Custody Nominees	3,750,000	7.84%
Martin Place Securities Staff Superannuation Fund	1,350,000	2.82%
Mr Arnold Getz and Mrs Ruth Getz	1,223,468	2.56%
Alcardo Investments Ltd	1,085,000	2.27%

Key Points

- **Clancy is targeting porphyry Cu-Au mineralisation in the highly prospective Macquarie Arc of New South Wales, Australia and base metals in the Mount Read Volcanic Belt in Tasmania**
- **Targeting is carried out using the rigorous "Geoinformatics Process"**
- **It was using this method that Geoinformatics Exploration Inc, a TSX-V listed company, (then Fractal Graphics) won first prize in the prestigious "GoldCorp Challenge" in 2001**
- **This targeting has resulted in a pipeline of prospective projects, with one of the largest landholdings in the region**
- **Results of previous work on a number of these tenements confirms their prospectivity**
- **Joint Ventures with Gold Fields over a number of the NSW tenements, with CLY providing management and operations, and Gold Fields providing funding**
- **Experienced board and management and staff, with access to the technical resources of Geoinformatics**
- **Aggressive ongoing geophysical and drilling programmes, with 25,000m of drilling planned for the first half of 2008.**
- **Work to date has defined a number of drill targets which will ensure a steady news flow over the next several months**

Our View

The rigorous objective targeting, utilising the GeoInformatics Method gives Clancy a competitive edge amongst other explorers in the Ordovician Cu-Au prospective areas of the Macquarie Arc of NSW**.** This is shown by results of the initial targeting – within the top 10 targets generated in the initial exercise were all known operations and significant porphyry-related prospects, including Cadia and Lake Cowal.

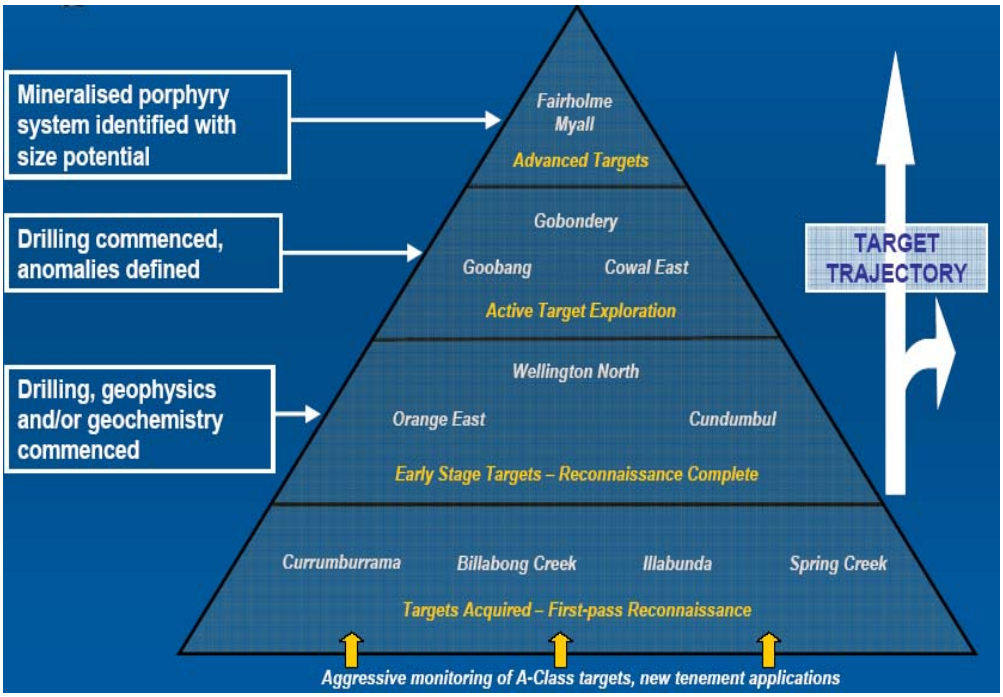
In addition to the tenements that the company floated on, it has added to its landholdings through proactive tenement monitoring, and is now one of the largest tenement holders in the Macquarie Arc. This ensures a pipeline of projects from grassroots through to more advanced, and combined with the company's strategy of rolling over ground if it doesn't produce results we believe it gives the company a better than average chance of exploration success.

All of the current major Cu/Au mining operations in the belt are from discoveries within the last 30 years, including North Parkes and Lake Cowal (1980's) and Cadia/Ridgeway (1990's). More recent exploration success including Goldminco's Monza discovery confirm the potential of the belt to yield up more discoveries

As such we recommend Clancy as a speculative buy.

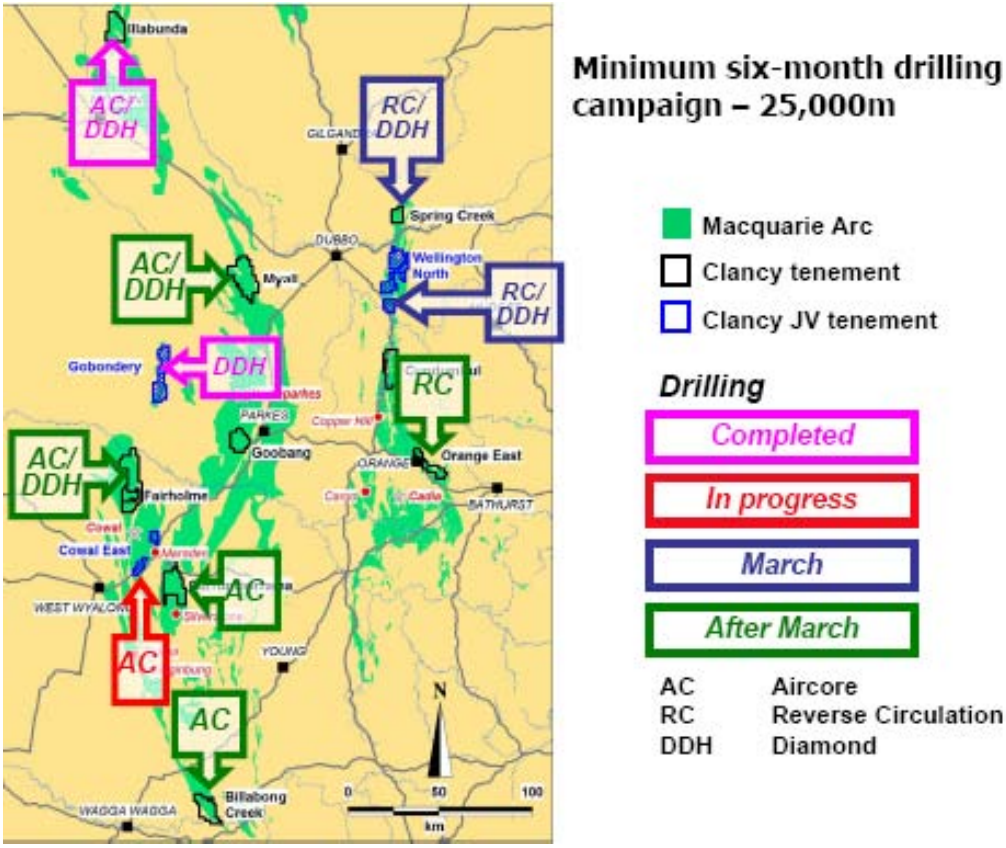
Project Pipeline and Drilling Programme

Pipeline of projects from grassroots through to advanced



Project Pipeline

Aggressive drilling campaign throughout 2008, including aircore, RC percussion and diamond



Drilling Programmes

Background

Clancy Exploration listed in July 2007, as a spin out from Geoinformatics Exploration Inc

Following initial incorporation in 2003, Clancy Exploration Limited floated on the ASX on July 11, 2007 as a spin out from Geoinformatics Exploration Inc, a company listed on the Toronto Stock Exchange Venture Exchange (TSX-V:GXL) and with its operations office in Perth, WA.

Geoinformatics came to prominence in 2001 when the company (then known as Fractal Graphics) won first prize in the prestigious GoldCorp Challenge. In a then unprecedented move GoldCorp Inc. made all digital data from its Red Lake gold operations freely available on the internet, and challenged any comers to find the next 6 Moz of gold at the properties. Using their in-house targeting process (now known as the Geoinformatics Process) Dr Nick Archibald (MD of Geoinformatics) and the team at Fractal Graphics defined a series of drilling targets from the data, which were subsequently drill tested. A number of the targets proved to be new gold discoveries.

Macquarie Arc targets in NSW generated using the successful Geoinformatics Process

In addition to using the process in other parts of the world, Geoinformatics applied the process to the Ordovician units of the Macquarie Arc in NSW, a region hosting a number of world class Cu-Au operations, including Newcrest's Cadia-Ridgeway operations, Barrick Gold's Lake Cowal operation and Rio Tinto's North Parkes mine. From this work a number of target areas were defined, which, where free, were pegged, and placed into Clancy as the Australian arm of Geoinformatics. At the time of listing Clancy had 12 exploration licences and four applications divided amongst 12 project areas, of which nine were operated and funded by Clancy, and three were funded by Gold Fields and operated by Clancy under a joint venture.

The Macquarie Arc is considered highly prospective fro the discovery of further high tonnage porphyry related Cu/Au systems

Given the known metal endowment, the Ordovician units of the Macquarie Arc are considered very prospective for further discoveries of large tonnage, porphyry related copper-gold mineralisation. The chance of further major discoveries is enhanced by the fact that the major operations now operating in this terrane have all been discovered within the last 30 years, and there have been a number of new discoveries within recent years. The current mineral endowment of the belt is >45 Moz gold and >6 Mt of copper, with this growing.

Clancy currently holds 17 tenements for a total of 1,875 km^2 in 12 project areas, the largest single tenement holder in the Macquarie Arc. In addition the company has turned over >1000km^2 of tenements since 2004. The exploration strategy is to drill test 15-20 targets per annum over a 3-4 year period, and quickly roll-over ground where results are not positive.

This approach reduces exploration cost and risk, and improves the odds of significant discovery.

The Geoinformatics Process

The GeoInformatics Process is the key driver behind the exploration targeting

The key driver behind exploration targeting is the Geoinformatics Process. The method incorporates a probabilistic approach using Monte Carlo simulation, and takes account of risk and uncertainty of exploration success. This results in rigorously defined robust targets, and removes a lot of the subjectivity out of the targeting process.

Using a multiplicative and probabilistic approach the process results in robustly defined targets

The process uses five or six spatial data layers considered as key tools for exploration, including geology, structure, geophysics and geochemistry. For each layer probability and uncertainty of success is evaluated, and then these probabilities are combined using a multiplicative method. In analysing the layers the process considers a number of criteria considered essential for mineralisation to form

The multiplicative method will ensure that in an area, if any of the layers have a probability of success considered zero, the area itself will not be further considered. This is in contrast to an additive approach, where a target can rank highly even though it may have a fatal flaw in one of the targeting aspects.

The method has resulted in significant exploration success in other parts of the world, including earning Fractal Graphics first prize in the GoldCorp Challenge in 2001

The combined results are analysed using a Monte Carlo simulation and final probability and uncertainties are ranked. The process does not take consideration of the known mineral occurrences, and hence can be considered unbiased in that regard.

The targeting method has proved successful, and has resulted in the following discoveries:

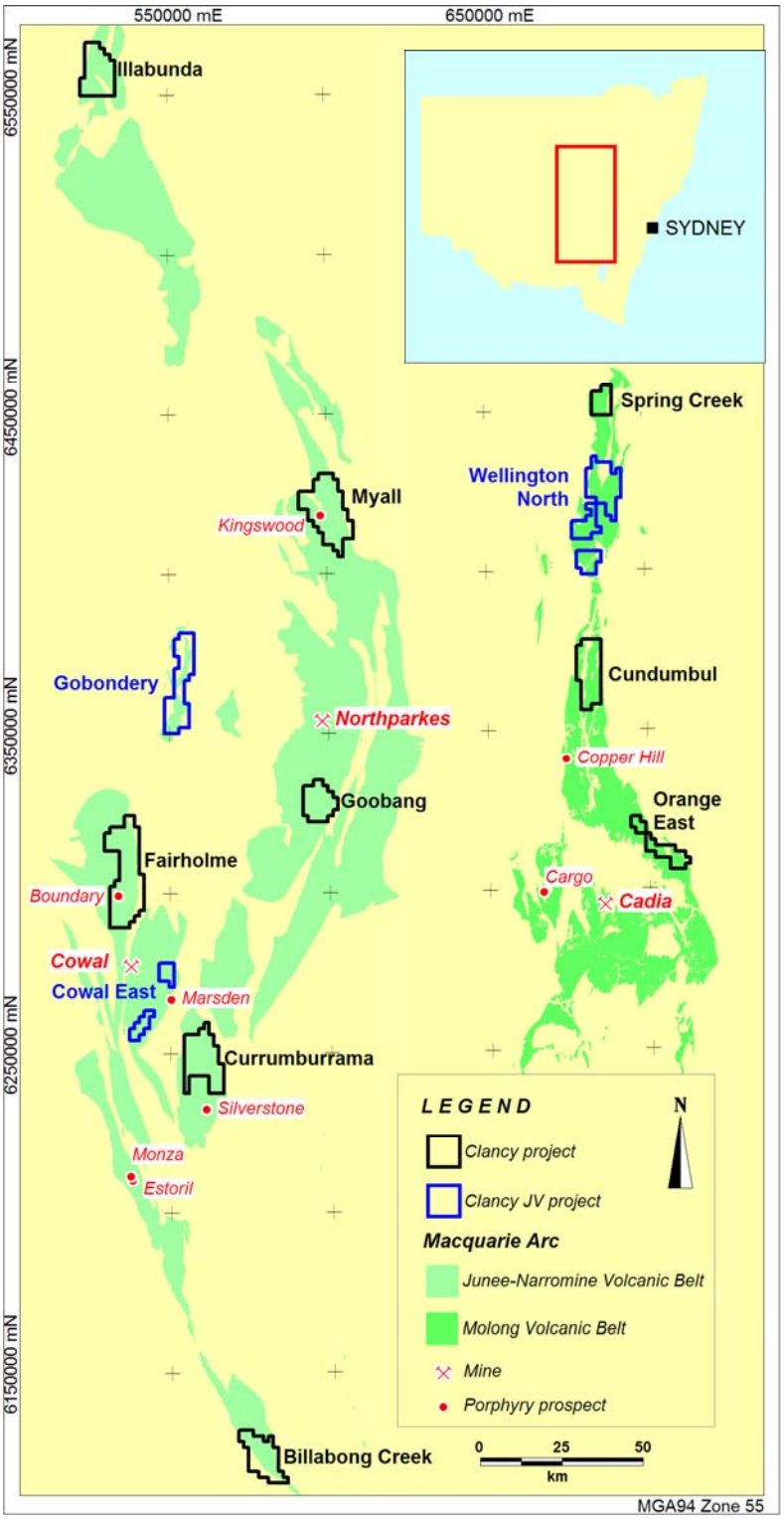
- Six million ounces of gold discovered at the Red Lake mine, Ontario (GoldCorp Challenge)
- Ten virgin mineralised discoveries in 2007 in North America
- In Tasmania, new mineralisation identified in the Hellyer-Que River Corridor (alliance with Bass Metals)
- In NSW, all significant known porphyry systems (mines and prospects) are in the top 10 targets identified during the targeting for Clancy
- In NSW, intrusive systems identified under cover have been confirmed by drilling.

The North American work has been followed up by the identification of over 50 additional areas of interest at the Whistler Project in Alaska

The Macquarie Arc is a highly prospective part of the Lachlan Fold Belt, and is analogous to present day Cu/Au mineralised island arcs

The Macquarie Arc

The Macquarie Arc is a highly prospective part of the Lachlan Fold Belt of NSW, and is an Ordovician analogy to the present day island arcs such as the Indonesian Archipelago. As for the modern day analogues, the Macquarie Arc is highly prospective for porphyry and related Cu-Au and Au deposits. The area has a +100 year history of mining, and today hosts a number of significant operations, all of which have been discovered in the last 30 years. This, in addition to a number of more recent discoveries at the evaluation stage, supports the prospectivity of the belt for new discoveries.



Location of the Macquarie Arc, showing CLY project locations (*Source: Clancy Exploration Ltd*)

The arc hosts a number of significant porphyry and porphyry-related mineral systems, including the world class Cadia and Cowal operations

Lachlan Fold Belt Significant Deposits											
Name	**Type**	**Style**	**Production**		**Reserve**		**Resource**		**Endowment**		**Owner, Note**
			Au (Moz)	**Cu (Kt)**	**Au (Moz)**	**Cu (Kt)**	**Au (Moz)**	**Cu (Kt)**	**Au (Moz)**	**Cu (Kt)**	
Deposits:											
Cadia Hill	Mine	Porphyry - A	1.91	177	12.10	1575	15.40	2510	29.41	4262	Newcrest, 1
Ridgeway	Mine	Porphyry - A	1.64	188	2.21	246	1.31	184	5.16	618	Newcrest
Cadia + Ridgeway			3.56	365	14.31	1821	16.71	2694	34.57	4880	
Peak Hill	Mine	Epithermal - HS	0.26				0.47	12	0.73	12	Alkane
Wyoming	Prospect	Mesothermal					0.50		0.50		Alkane
Northparkes	Mine	Porphyry - A	0.57	504	0.75	513	0.29	222	1.61	1239	Rio Tinto, 2
Cowal	Mine	Mesothermal	0.24		3.18		1.01		4.42		Barrick
Gidginbung	Inactive	Epithermal - HS	0.46				0.67		1.13		Goldminco
Copper Hill	Prospect	Porphyry - CA					0.17	53	0.17	53	Golden Cross
Cargo	Prospect	Porphyry - CA					0.15		0.15	0	Golden Cross
Sheahan-Grants	Prospect	Skarn	0.25				0.25		0.50		
Totals			**5.33**	**869**	**18.24**	**2334**	**20.21**	**2981**	**43.78**	**6185**	
Pre-resource projects:			**Significant drill intercept**								
Buryan	Prospect	Porphyry	>0.3% Cu in BOH aircore; 196m @ 0.16g/t Au, 0.26% Cu								Newcrest
E44	Prospect	Skarn									Newcrest
Gooleys	Prospect	Porphyry	160m @ 0.47g/t Au, 0.28% Cu								Newcrest
Junction Reefs	Prospect	Skarn									Newcrest
Kingswood	Prospect	Porphyry	107m @ 0.11g/t Au, 0.43% Cu								Clancy
Marsden	Prospect	Porphyry	85m @ 0.91g/t Au, 1.1% Cu; 171m @ 0.82g/t Au, 0.7% Cu								Newcrest
Rockley	Prospect	Porphyry									Newcrest
Rowan Brae	Prospect	Mesothermal									Newcrest
Warrengong	Prospect	Porphyry - CA	291m @ 0.2g/t Au, 0.17% Cu								Newcrest
Cullingarai	Prospect	Porphyry	50m @ 0.76g/t Au, 0.53% Cu (in RC?)								Goldminco
Monza	Prospect	Porphyry	150m @ 0.75g/t Au, 1.02% Cu, including 12.7m @ 6.15g/t Au, 8.88% Cu								Goldminco
Estoril	Prospect	Porphyry	101m @ 0.26g/t Au, 0.16% Cu; 30m @ 0.61g/t Au, 0.24% Cu (RC)								Goldminco
Imola	Prospect	Porphyry	96m @ 0.7g/t Au; 118m @ 0.2g/t Au								Goldminco
Mandamah	Prospect	Porphyry	142m @ 0.9g/t Au, 0.3% Cu								Goldminco
Silverstone	Prospect	Porphyry	74m @ 0.15% Cu								Goldminco
The Dam	Prospect	Porphyry	167m @ 1g/t Au, 0.7% Cu; 15m @ 3.5g/t Au, 1.2% Cu								Goldminco
Yiddah	Prospect	Porphyry									Goldminco
Wyalong	Prospect	Porphyry									Golden Cross
Charlies	Prospect	Mesothermal	1m @ 3.36g/t Au, 0.65% Zn; 1m @ 9.6g/tAu, 0.2% Zn								Alkane
Galloway	Prospect	Porphyry	12m @ 0.67g/t Au, 1m @ 9.9g/t Au, 0.56% Cu (both in RC)								Alkane
Mt Keenan	Prospect	Skarn									Alkane
Notes:	1. resource and reserve includes Cadia East and Cadia Quarry; 2. includes E26, E22, E27 & E48; Reserve excludes resource; Endowment = production + resource + reserve; Production, resource and reserve figures are current to December 2006; Significant intercepts are from diamond drilling unless otherwise stated; A = alkaline; CA = calc-alkaline; HS = high-sulphidation; Sources: company websites, stock exchange releases and Smith et al (2004)										

Significant Mineral Deposits and Occurrences in the Macquarie Arc *(Source: Clancy Exploration)*

Most areas of the arc are also close to infrastructure, and, largely being on freehold land, are free from Native Title processes and concerns.

The East Lachlan Alliance

Clancy has entered into an alliance with Gold Fields, whereby Clancy manage and Gold Fields fund exploration over three target areas.

Clancy formed the "East Lachlan Alliance" with Gold Fields in June 2004 to explore for base and precious metals over the Macquarie Arc units of the Lachlan Fold Belt (the "Alliance Area"). This alliance has now been confirmed on three projects, namely Gobondery, Cowal East and Wellington North. Under the terms of the joint venture Gold Fields can earn 80% of the projects by spending $5 million over three years, with Clancy remaining operator. Details of individual project commitments are presented below.

Project	Earn-in amount	Minimum expenditure
Gobondery	$2 million for 80%	$200,000
Cowal East	$1 million for 80%	$450,000
Wellington North	$2 million for 80%	$350,000

After Gold Fields has earned the 80% interest the parties can either contribute, or else dilute to 10%,

following which the holding converts to a 2.5% net smelter royalty.

This alliance includes a claw-back option for Gold Fields

Gold Fields also has a claw back on any tenements within the alliance area, including any of the JV tenements it may have withdrawn from or any new tenements that Clancy may pick up.

Gold Fields, will during the alliance period of five years from 29 June, 2004 have the right to take a 60% stake in such tenements should a threshold inferred resource of at least 2 million ounces gold or gold equivalent be defined. If Gold Fields elects to exercise its claw-back option it will pay Clancy twice the amount of expenditure incurred on the relevant tenements and fund all work to completion of a BFS. It can then earn up to 75% by taking a project through to production and providing Clancy's share of development costs.

Clancy has an alliance with Bass Metals, over key tenements in Tasmania

The Tasmanian Alliance Agreement

Clancy, through its wholly owned subsidiary GXL Tasmania, jointly holds a number of tenements with Bass Metals Limited (ASX:BSM) over the Mount Read Volcanics in Tasmania. Bass is operator on these tenements, and will retain a 75% interest by sole funding though to pre-feasibility status.

Projects

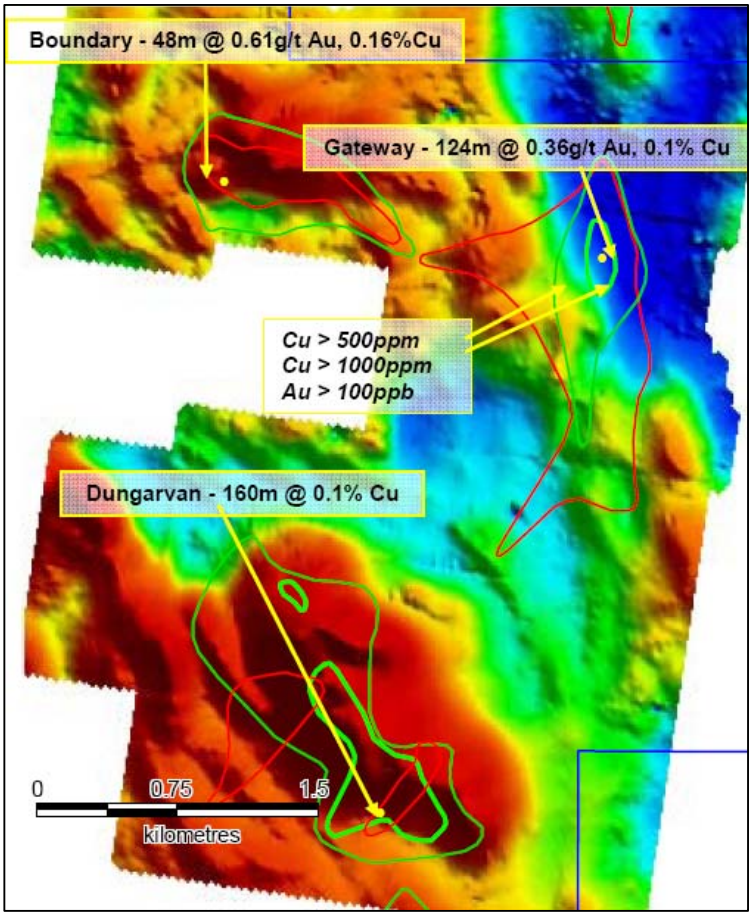
The company currently have a pipeline of twelve projects, with an aggressive exploration programme underway

Clancy currently has a pipeline of twelve projects within the Macquarie Arc, nine wholly owned and three under JV with Gold Fields. The projects span the spectrum from grassroots through to advanced targets with identified mineralised systems. Aggressive exploration work is underway on these projects, with 25,000m of drilling (aircore, RC and diamond) and a number of IP surveys planned to be completed in the first half of 2008. The company currently has two rigs operating, an aircore and a diamond/RC rig. The diamond rig is contracted for a minimum period of 6 months, however the aircore rig will finish work at the end of February and probably return in August.

Fairholme (CLY 100%)

The Fairholme Project is located approximately 20km north of the Cowal mine, over the Fairholme Intrusive Complex

The Fairholme area contains a single A-Class target, and was applied for and granted as EL6552. This area, located approximately 20km north of the Cowal mine was originally held by Newcrest, which had defined three targets within the project area. The project is located over the Fairholme Intrusive Complex within the Ordovician Junee-Narromine Volcanic Belt, which is covered by up to >100m of Quaternary and Tertiary sediments.



Prospect locations and significant results, Fairholme Project *(Source: Clancy Exploration Ltd)*

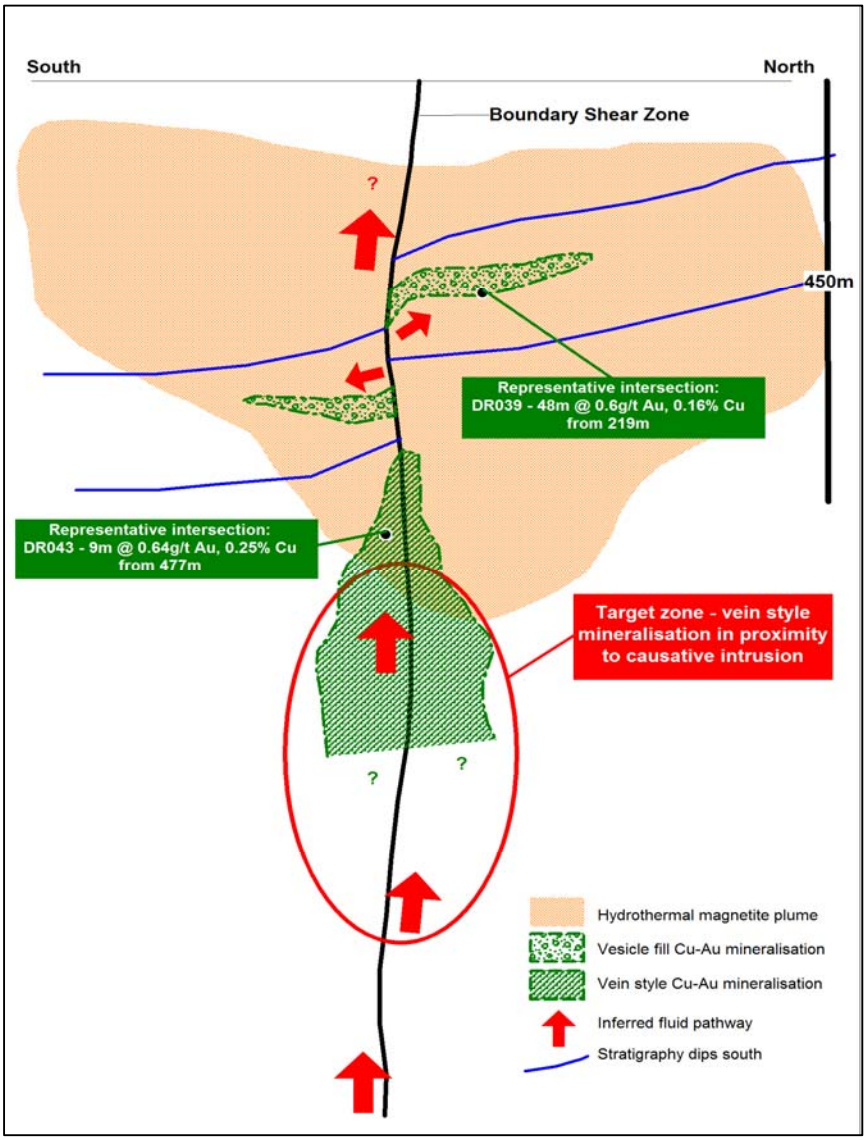
Previous work by Newcrest intersected significant porphyry-style Cu/Au mineralisation

Newcrest completed an extensive exploration programme over the licence area, which included the drilling of >300 aircore holes, 29 RC holes and 17 diamond holes and was focussed on three prospects, namely Boundary, Gateway and Dungarvan.

Significant porphyry-style gold and copper mineralisation was intersected during this work, and prospective intrusives were intersected at Boundary and Dungarvan. Significant intersections included 48m @ 0.61 g/t Au , 0.16% Cu at Boundary, 146m @ 0.36 g/t Au, 0.10% Cu at Gateway and 160m @ 0.1% Cu at Dungarvan. The aircore work also delineated significant gold and copper basement anomalies as shown in the figure below.

Clancy has undertaken a reinterpretation of this work, and will be drill testing the project later in 2008

Clancy has completed comprehensive reinterpretations and modelling of the Boundary prospect, with this work suggesting that the causative intrusion for the mineralisation has in fact not been intersected. It is interpreted that what was originally thought to be a mineralised intrusive is in fact a volcanic unit containing vesicle fill pyrite/chalcopyrite mineralisation, with mineralising fluids sourced from a deeper intrusion. A conceptual model is presented below.



Conceptual model, Fairholme Project *(Source: Clancy Exploration Ltd)*

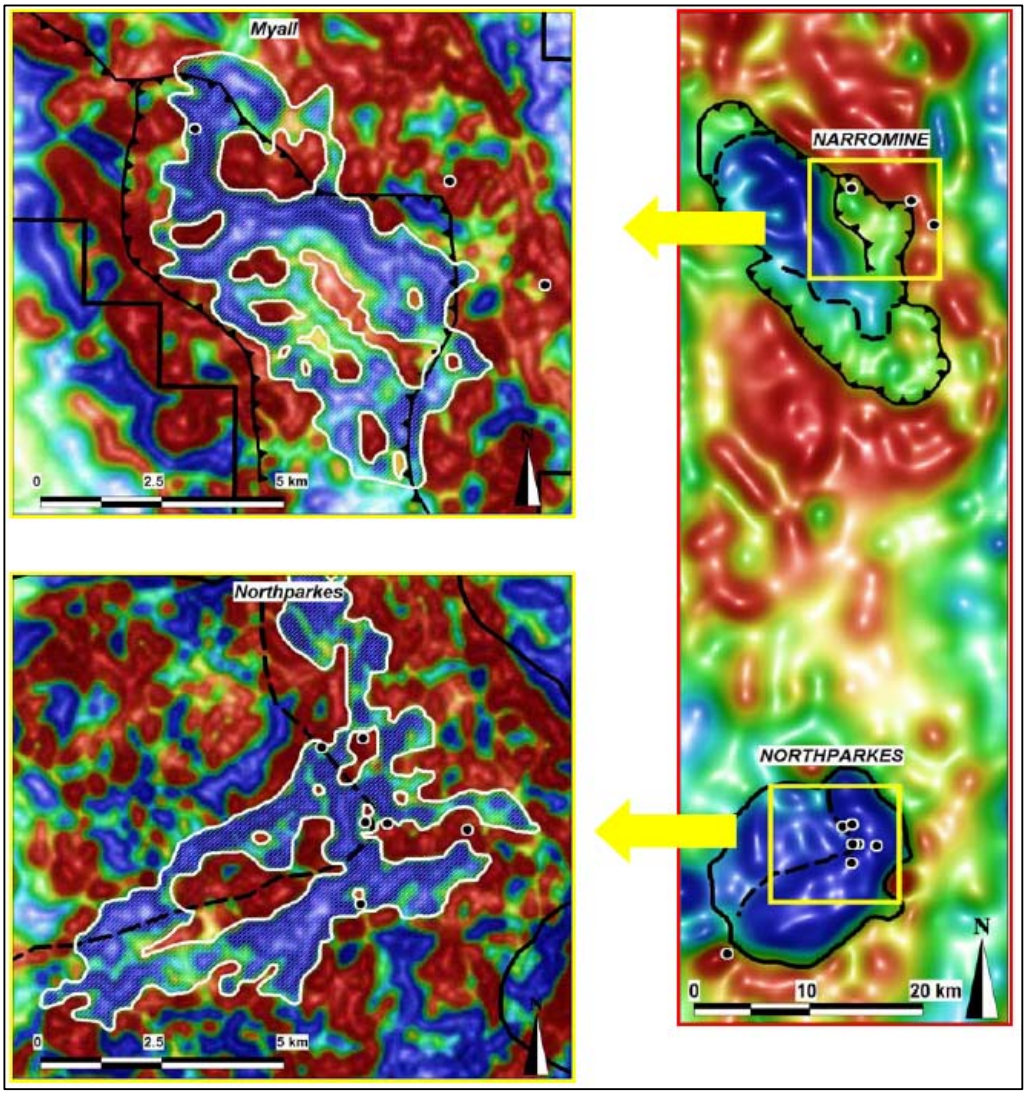
Comparisons can be drawn between the intersections thus far from Boundary, and the sequence of minor intersections drilled before the Ridgeway discovery intersection at Newcrest's Cadia operations.

Upcoming work programmes include modelling of the Dungarvan and Gateway prospects to define drill targets, with drilling planned later in 2008.

Myall (CLY 100%)

The Myall Project is located over the Narromine Igneous Complex, for which comparisons can be drawn with the Northparkes area to the south

The Myall project, which comprises EL6913, is situated over the Narromine Igneous Complex and previous work has outlined an unequivocal Ordovician porphyry Cu-Au system with a significant geochemical halo and drill results. The complex is covered by up to 150m of Quaternary cover, and was originally identified through magnetics and gravity. The targeting work has outlined two A-Class targets within the licence, with geophysical signatures similar to those at Northparkes, as shown in the figure below. These signatures are characterised by ovoid gravity lows associated with annular magnetic anomalies.



Geophysical comparison, Myall Project – magnetics on left, gravity on right *(Source: Clancy Exploration Ltd)*

Previous work has outlined three main prospects, however large areas of the project area remain untested

Previous work has identified three main prospects, including Kingswood, Monaro and Sandman, with the more significant work being carried out by Geopeko, Samedan Oil, Goldfields, Resolute and most recently, Newcrest. This work has resulted in a large database of valuable data, which is currently being compiled by Clancy.

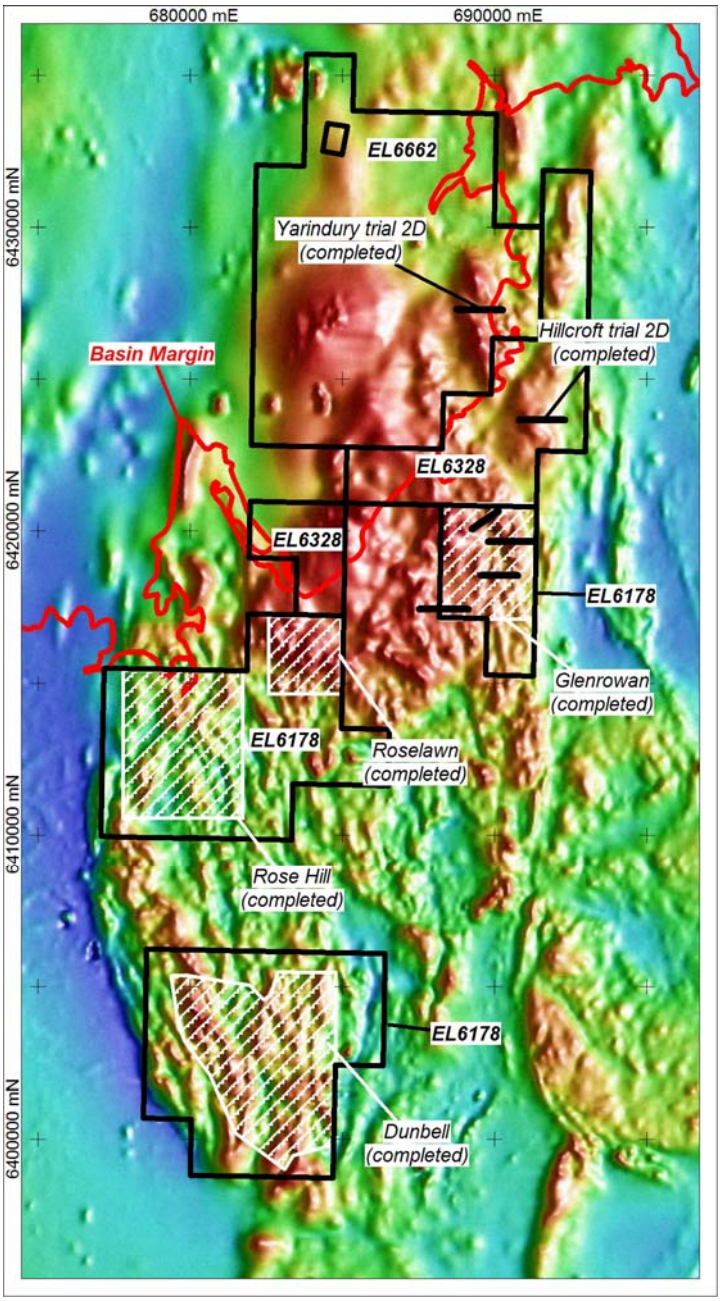
Significant drilling results at Kingswood include 37.5m of sheeted quartz-magnetite veins with associated copper mineralisation at the Kingswood prospect with peak values up to 1.66 g/t Au and 0.12% Cu. In addition, significant widths of porphyry-style alteration and mineralisation have been intersected, including 107m @ 0.11g/t Au and 0.43% Cu.

Large areas of the targets remain untested, and the planned programme of work includes completion of the data compilation, followed by field programmes to define new drill targets and drill testing of new and existing targets.

Wellington North (CLY 100%, Gold Fields earning up to 80%)

The Wellington Project is located over units of the Molong Volcanic Belt, which is host to the Cadia mineralisation

The Wellington North Project is located to the immediate north of the town of Wellington, and comprises three granted exploration Licences totalling 244km^2. The licences are located over Ordovician rocks of the Molong Volcanic Belt, which is host to the world class Cadia-Ridgeway deposits and to the Copper Hill mineralisation.



Wellington North Project, showing summary of IP surveys *(Source: Clancy Exploration Ltd)*

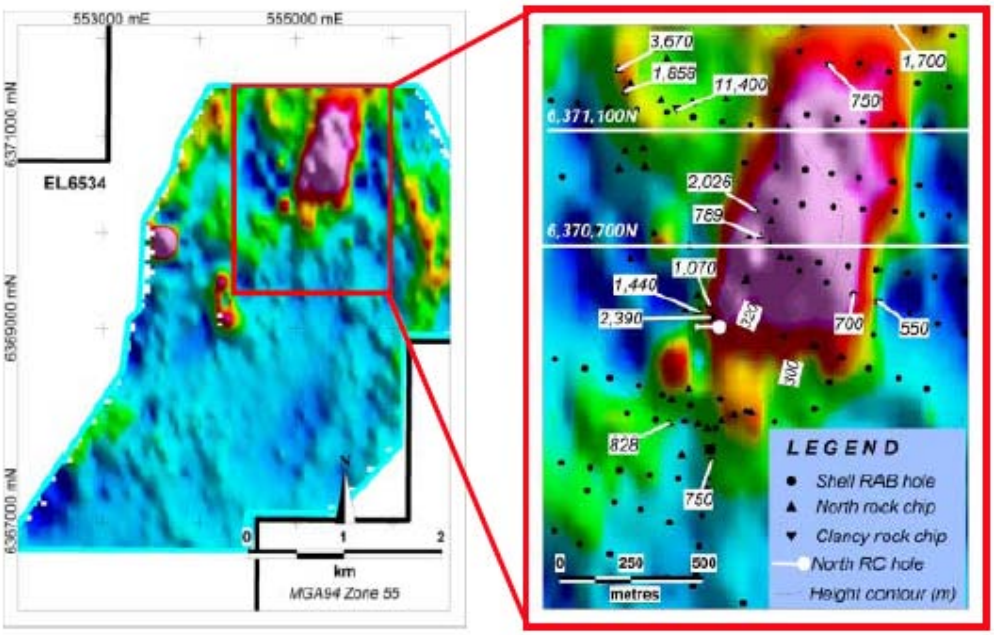
Previous work has outlined a large intrusive complex below up to 150m of cover, with porphyry-style alteration and mineralisation being intersected in the limited drilling to date

Previous work has defined a large intrusive complex intruding the Ordovician volcanics below up to 150m of Quaternary and Mesozoic cover, with porphyry-style alteration and mineralisation, key indicators to possible mineralisation. There has only been limited deep drilling over this area. Clancy has defined four A-Class targets over the licences, and to date has carried out auger soil sampling and gradient array and 2D induced polarisation (IP) surveying over a number of the targets.

A number of drill targets have been defined from this work, with drilling expected to commence in March / April 2008. In addition further processing of some IP is required to further define targets.

Gobondery (CLY 100%, Gold Fields earning up to 80%)

The project area is located to the west of Parkes, over a narrow sliver of Ordovician rocks considered as a rifted off portion of the Northparkes Igneous Complex. The Northparkes Igneous Complex hosts the world-class Northparkes operations of Rio Tinto.



Forest View Prospect, showing IP survey area and anomalous copper results *(Source: Clancy Exploration Ltd)*

Previous work over Gobundery has outlined base metal soil anomalism, and drilling by Clancy has intersected porphyry-related alteration styles and altered porphyritic intrusives

Previous exploration of the 179km^2 project area outlined base metal soil anomalism, and mapping by Clancy has identified altered and veined intrusive units. Clancy followed up reconnaissance work with IP surveys, which defined a number of drill targets, including ones at Allandale and Forest View. To date three drillholes have been drilled into the Allandale and Forest View prospects, with these exhibiting variable porphyry-related alteration styles, albeit sulphide poor. Rock types intersected include breccias, as well as altered porphyritic monzonite at Forest View, which is the first significant identification of , in-situ intrusive rocks at Gobondery.

The presence of the broad zones of alteration within the drillholes is encouraging, and detailed logging and interpretation of the core is currently being carried out. Assay results are also awaited at the time of writing.

Cowal East (CLY 100%, Gold Fields earning up to 80%)

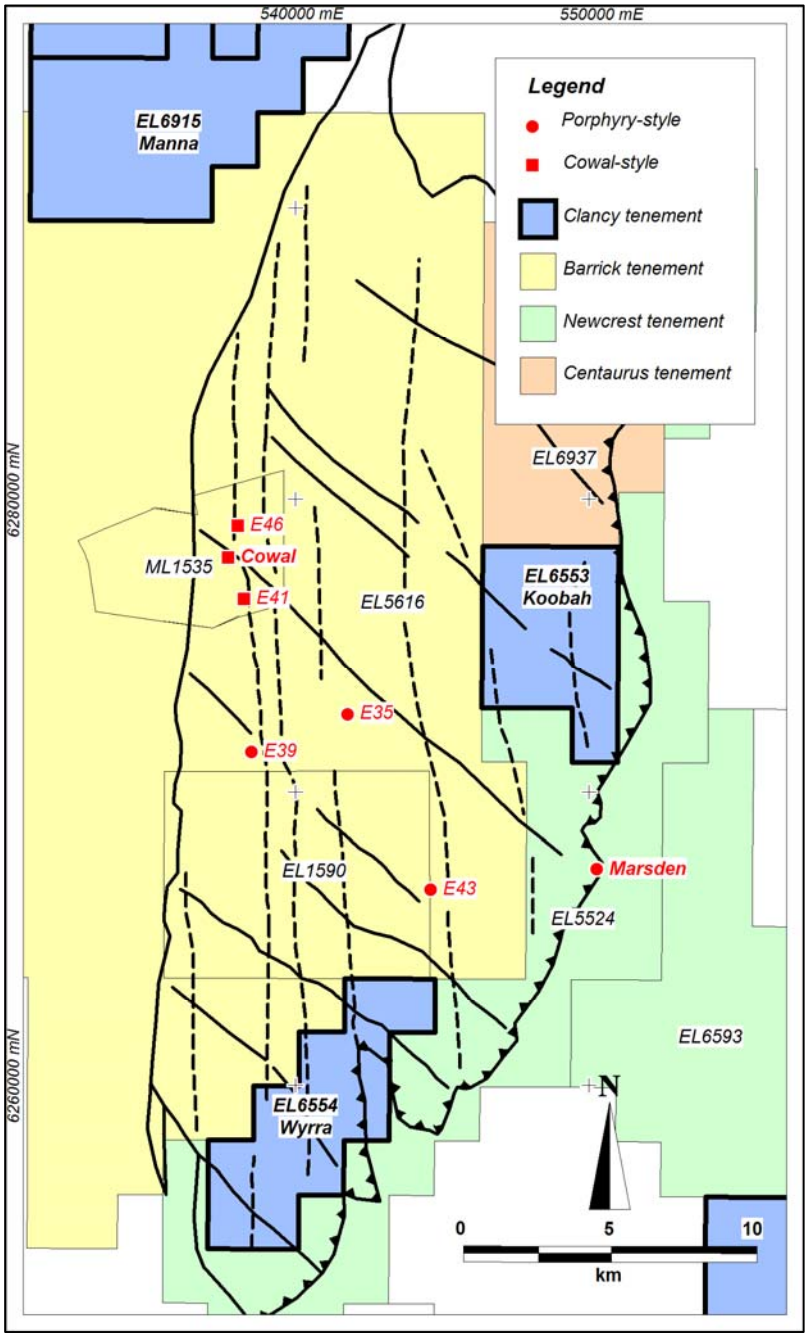
The Cowal East Project is located 12km East of Barrick's Cowal mine, and adjacent to Newcrest's Marsden Project

The project, comprising two tenements, is located within the Cowal Igneous Complex, approximately 12km east of Barrick's Cowal gold mine and adjacent to Newcrest's Marsden prospect. The Ordovician basement target rocks, including shoshonitic intrusives, are covered by 60-140m of Quaternary cover, and have been defined by magnetics and drillhole information where available. The area includes two A-Class targets.

Previous work has outlined a significant aircore Cu and Au anomalism

Previous work by Newcrest within the licences included 63 holes within EL6544 (Wyrra), which defined an over 2.5km long aircore anomaly of +200ppb Au and +500ppm Cu. This included a basement intercept of 4m @ 2.16 g/t Au that was never followed up. Drilling within EL6553 (Koobah) was limited to 17 holes, which included an intercept of 4m @ 0.26ppb Au.

Aircore drilling over the project by Clancy has been frustrated by rig breakdowns (early 2007) and rain (January 2008), with only 21 holes for 1841m completed to date. It is expected drilling will resume at the end of the wheat harvest in October/November over this highly prospective area. Results from the 2008 programme are awaited.

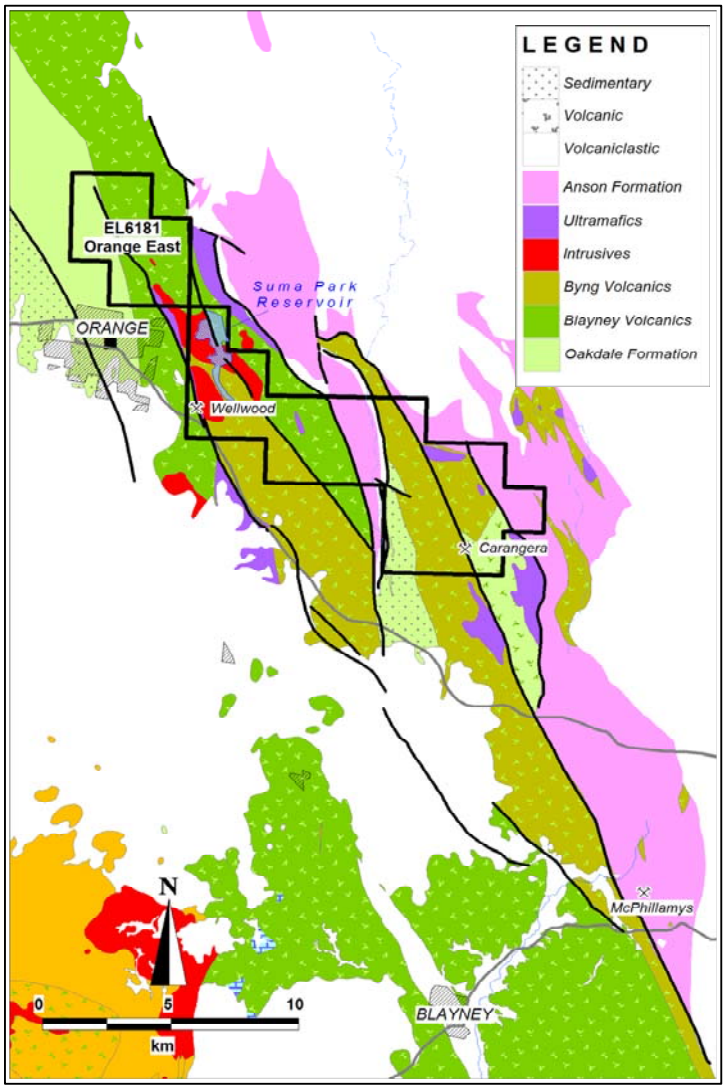


Cowal East Project location, showing known copper and gold mineralisation and deposits
(Source: Clancy Exploration Ltd)

Orange East (CLY 100%)

The Orange East Project is located to the east and south of Orange, and is considered prospective for porphyry-related mineralisation as well as McPhillamy's style Au mineralisation

This project is situated immediately to the east and south east of Orange, is a highly ranked porphyry target. In addition, the southern end of the licence covers northern extensions of the Godolphin Fault, and is considered prospective for Silurian McPhillamy's style mineralisation, with Alkane's McPhillamy's mineralisation located on the structure 15km to the southeast of Clancy's tenement.



Orange East Project area *(Source: Clancy Exploration Ltd)*

Outcrops within the tenement include quartz monzonites with sheeted quartz-pyrite veins, similar to those found at Cadia. Work to date has included geological mapping and soil sampling, with interesting results obtained over the Godolphin Fault. The company will be following up these results; however access is difficult given the density of landholders.

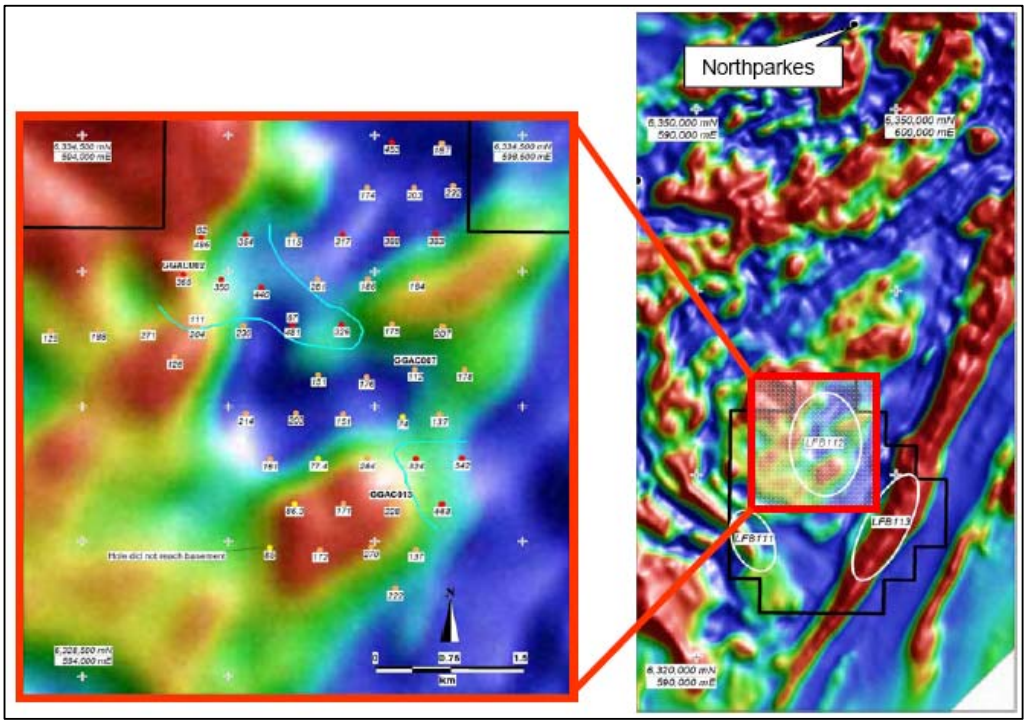
Goobang (CLY 100%)

Recent work over the Goobang Project, located 22km south of Northparkes, suggest the area is more prospective than thought by previous explorers.

The Goobang licence, EL6537, contains a number of targets, and is located 22km south of Northparkes in the Junee-Narromine Volcanic Belt, within the southern part of the Goonumbla Igneous Complex. Outcrop is limited to small exposures in the east of the lease, with the rest of the area covered by 35 to >75m of Quaternary and Tertiary cover.

Recent work suggests the underlying rocks are an older and more prospective unit than originally thought, and little historic work was carried out over the area due to the original interpretations. Historic work has been limited to largely ineffectual geochemical sampling and some limited RAB drilling. Broad-spaced aircore drilling by Clancy over one target has delineated elevated basement Cu anomalism (>300ppm Cu) in several holes, associated with prospective porphyritic intrusives.

Recent aircore work by Clancy has outlined elevated basement Cu and Au anomalism



Goobang Project, showing bottom of hole aircore drilling from 2006 Clancy programme and magnetics image *(Source: Clancy Exploration Ltd)*

The company is currently carrying out further aircore drilling (as of late February, 2008) to infill and close off anomalies. A full assessment of the results, along with spectral analysis will be used in conjunction with IP surveys to delineate RC and DDH drill targets.

Illabunda (CLY 100%)

Clancy are currently undertaking drilling over Illabunda to determine depth to basement

The Illabunda project (EL6535) is located within the Junee-Narromine Belt of Ordovician arc units, 42 km NNE of Nyngan. The A-Class target, located underneath Quaternary and Mesozoic cover has been defined from gravity and magnetics, with a probable Ordovician signature. No previous drilling has been carried out within the project area, and Clancy is currently carrying out drilling to determine the depth to basement and the characteristics of the basement units.

Spring Creek (CLY 100%)

The Spring Creek project (EL6536) is located in the Molong Volcanic Belt, 35km northeast of Dubbo and to the north of the company's Wellington North JV. The licence contains one A-Class target, probably reflecting an Ordovician magnetic signature. No drilling has been carried out over the area, with it covered by Quaternary and Mesozoic cover units, believed to be <150m deep. A large part of the area is within a State Conservation Area, and also subject to a Native Title claim by the Tubbah-Gah People.

Dependent upon the negotiating of successful access agreements into the State Conservation Area, Clancy plans drilling to validate the depth to basement, and to look for evidence of interesting hydrothermal/magmatic activity.

Currumburrama EL6784 (CLY 100%)

Aircore drilling over the Currumburrama Project in Q3, 2008, a project area with only limited previous drilling

Currumburrama EL6784 is located 40km east of West Wyalong and 7.5km north of the Silverstone-Imola (Goldminco) porphyry copper-gold project. Drilling at the latter has identified a fractionated and highly altered alkaline monzodiorite to monzonite intrusive complex with significant mineralisation; e.g. 96m @ 0.7g/t Au and 74m @ 0.15% Cu. Clancy is targeting this style of mineralisation at Currumburrama, in an area with hardly any previous drilling. There is no outcrop at Currumburrama., and aircore drilling is planned for the third quarter of 2008.

Billabong Creek EL6802 (CLY 100%)

The Billabong Creek Project area is located adjacent to the Gilmore Suture, similar to the Temora area where Goldminco have

Billabong Creek EL6802 is located 40km east of Wagga Wagga and is situated within a thickened section of the arc alongside the regionally extensive Gilmore Fault. Outcrop is confined to scattered small exposures on low hills with most of the area covered by Quaternary alluvium and clay. Clancy believes that the arc thickening is due to Ordovician intrusive activity, similar to the Temora area to the northwest, where Goldminco have recently released highly significant results at their Monza prospect; e.g. 150m @ 1.02% Cu, 0.75g/t Au from 65m, including an interval of 12.7m @ 8.88% Cu,

released significant results

6.15g/t Au from 127m.

Previous exploration has resulted in Cu and Au anomalism in prospective porphyry host rocks

Previous exploration at Billabong Creek identified copper mineralisation in monzonite with rock-chip sampling returning up to 2% copper in weathered monzonite. Scout drilling in the south of the licence by a previous explorer intersected 2m @ 0.15% Cu, 0.04g/t Au and 80ppm Mo in monzonite. Interestingly, Goldminco's Monza prospect near Temora also has elevated molybdenum, with large intervals at +80ppm Mo in drill core. The small amount of work completed to date has confirmed the targeting premise and suggests that Billabong Creek remains highly prospective for porphyry copper-gold mineralisation. Aircore drilling is planned for the third quarter of 2008.

Tasmanian Projects

Clancy has a portfolio of 12 exploration licences in the Mt Read Volcanics, which have been joint ventured to Bass Metals

Clancy has a portfolio of 12 exploration licences covering (732 km^2) in seven project areas in the Mount Read Volcanic Belt tenement in western Tasmania. These projects have been joint ventured to Bass Metals who are earning 75% (Bass operator)

The significantly mineralised Mt Read Volcanic Belt hosts a number of historic and operating VHMS base metal mines, and is considered highly prospective for further discoveries

The Mount Read Volcanic Belt is a 200 x 20km north-northeast trending belt of calc-alkaline volcanic and volcaniclastic rocks. The belt is prolifically mineralised, hosting several significant VHMS base metal deposits including Mt Lyell, Rosebery, Que River and Hellyer, intrusive-related tin deposits including, Renison and Mt Bischoff, the recently discovered Avebury intrusive-related nickel sulphide deposit, and the Henty gold deposit. Clancy has targeted all of these deposit styles in its tenement portfolio which are currently being explored by Bass Metals. Planned work in early 2008 includes drilling around the historic Magnet lead-silver-zinc mine, and geological mapping and geochemical sampling over other joint venture areas. Clancy's continuing relationship with Bass Metals has the potential to provide a pipeline of new opportunities and projects for both companies.

In addition to the above Clancy holds 1,161,250 fully paid ordinary shares in Bass Metals (ASX Code "BSM") and 56,250 listed options to each acquire one Bass Metals share at any time up to 30 April 2010 by paying an exercise price of 40 cents. Also Clancy has the right to receive up to a maximum of 5 million performance shares in Bass Metals based on the achievement of discovery milestones based on gold or gold equivalent ounces delineated by Bass Metals on the Clancy tenements or on the Bass Metals tenements within an area defined for those purposes as the area of mutual interest. This includes the Hellyer tenements as well as other tenements held by third parties with which Bass Metals has completed joint ventures.

Disclaimer

Taylor Collison Limited ("Taylor Collison") may from time to time provide corporate advice or other services for, or solicit business from, Clancy Exploration Limited. For the securities discussed in this report, Taylor Collison may make a market, may sell or buy on a principal basis. Taylor Collison, its employees and directors may at any time have a position in any securities or options of Clancy Exploration Limited. The IPO was facilitated by Martin Place Securities; however Taylor Collison clients took up 5 million shares for which Taylor Collison received a fee in June 2007. Taylor Collison also provides corporate advisory services to Clancy Exploration Limited on an on-going basis, for which a fee is payable.

This report is a private communication to clients and intending clients it is not intended for public circulation or publication or for the use of any third party, without the approval of Taylor Collison. While the report is based on information from sources that Taylor Collison considers reliable, its accuracy and completeness cannot be guaranteed. This report does not take into account specific investment needs or other considerations, which may be pertinent to individual investors, and for this reason clients should contact Taylor Collison to discuss their individual needs before acting on this report. Those acting upon such information and recommendations without contacting one of our advisors do so entirely at their own risk. Under no circumstances, has Taylor Collison been influenced, either directly or indirectly, in making any recommendation contained in this report.

Taylor Collison Limited
Sharebrokers and Investment Advisers

A.B.N. 53 008 172 450
AFSL No. 247083

Participant of the Australian Stock Exchange Group
Level 2, 12 Pirie Street
Adelaide, South Australia, 5000
G.P.O. Box 2046 Adelaide, South Australia, 5001
Telephone: 08 8217 3900 Facsimile: 08 8231 3506
Email: broker@taylorcollison.com.au

Level 10, 167 Macquarie Street
Sydney, New South Wales, 2000
G.P.O. Box 4261, Sydney, New South Wales, 2001
Telephone: 02 9232 1688 Facsimile: 02 9232 1677
Email: sydney1@taylorcollison.com.au

www.taylorcollison.com.au

ESTABLISHED 1928