**ASX/ Media Announcement**
**12 September 2008**

# CLANCY EXPLORATION ON THE HUNT AFTER HITTING BIG SYSTEM

Clancy Exploration Limited **(ASX: CLY)** is pleased to announce the discovery of a large mineralised hydrothermal system with the first diamond drill hole at the freshly named Eurowie prospect within the Cowal East project. The system is currently open in all directions.

Hole WYACD001, was drilled into the previously reported phyllic alteration zone in the southern part of the Wyrra EL6554 tenement, now named the Eurowie prospect. WYACD001 had a planned hole depth of 400m, however it was extended to 645.9m due to the presence of abundant sulphide mineralisation and pervasive hydrothermal alteration.

Clancy's Managing Director, Mr Mark Stewart, said that the diamond drilling has confirmed that the extensive phyllic alteration zone defined by earlier aircore drilling is linked to a large mineralized hydrothermal system at depth.

"It's early days yet, but the mineralisation and alteration we have observed in both of the Eurowie holes, along with the assays we have received to date, confirm that a large mineralized hydrothermal system is present and what we need to do now is define where the core of that system is," said Mr Stewart.

WYACD001 intersected 566m of altered pyrite-chalcopyrite bearing rocks, consisting of coarse-grained volcaniclastic conglomerate, pyroxene-plagioclase phyric dykes and diorite. The pyrite occurs as disseminated masses and stringers occupying up to 15% of the total rock. Chalcopyrite mainly occurs in quartz-carbonate-epidote-hematite veins, but is also disseminated in zones outside of the veins.

Results for the top 388m of WYACD001 have been received and a broad halo of anomalous sulphur encloses discrete zones of elevated copper and silver. The high sulphur content is due to the abundant pyrite mineralisation, with broad zones of sulphur > 1% defining the pyrite halo around mineralized zones. The results received to date include:

*100m at 2.55% sulphur from 246m including:*
**4m at 0.35% copper and 1.99g/t silver from 290m**
**2m at 0.18% copper and 2.06g/t silver from 325m**

Results for the remaining part of WYACD001 are pending, however visual results indicate that a second zone of mineralisation is present beyond 388m (Figure 1). Final assays are expected in the next two weeks. A list of intersections is provided in Table 1.

A second diamond hole, WYACD002, was collared 190m to the northwest of WYACD001 and drilled to a depth of 543.7m. Bedded volcaniclastic rocks, plagioclase phyric dykes and diorite were intersected. The top of the WYACD002 consisted of phyllic alteration containing mass sericite replacement, pyrite and specular hematite and quartz veins. Chalcopyrite-bearing quartz-carbonate veins and hydrothermal breccias with a broad halo of pyrite and hematite were also intersected. Strong epidote flooding occurs at the bottom of hole. This hole is currently being logged with results expected in four to six weeks.

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"We have recently completed a ground magnetic survey and a detailed gravity survey will commence shortly. The results from the geophysical surveys and the detailed information we get from the diamond core will help us define the extent of the system and provide focus for the next drill program. In the interim we look forward to providing further updates on Eurowie as additional results come to hand," said Mr Stewart.

-ENDS-

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**Cowal East Project**
Located east of the Cowal Gold Mine (Barrick) and west of the Marsden copper-gold prospect (Newcrest), the Cowal East project is considered prospective for similar style deposits. The Cowal gold deposit is a low-sulphidation carbonate-base metal gold system with an endowment of >4.5M oz of gold. Marsden is a porphyry copper-gold prospect that is currently being drilled out to resource status. Marsden has an inferred resource of 1,100,000 oz of gold, 640,000 tonnes of copper and 9,100 tonnes of molybdenum and has yielded recent drilling intercepts such as 171m @ 0.82g/t gold and 0.7% copper. Gold Fields Australasia Pty Limited is earning an 80% interest in Cowal East by spending $1 million over 3 years.

**About Clancy**
Clancy Exploration (ASX: CLY) is an Australian-focused copper, gold and base metals explorer. Although a relatively new listing on the ASX (July 2007), 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 and base metal projects in the Mount Read Volcanic Belt of Tasmania.

Full details of Clancy's projects can be found at the website - www.clancyexploration.com/news/news.html

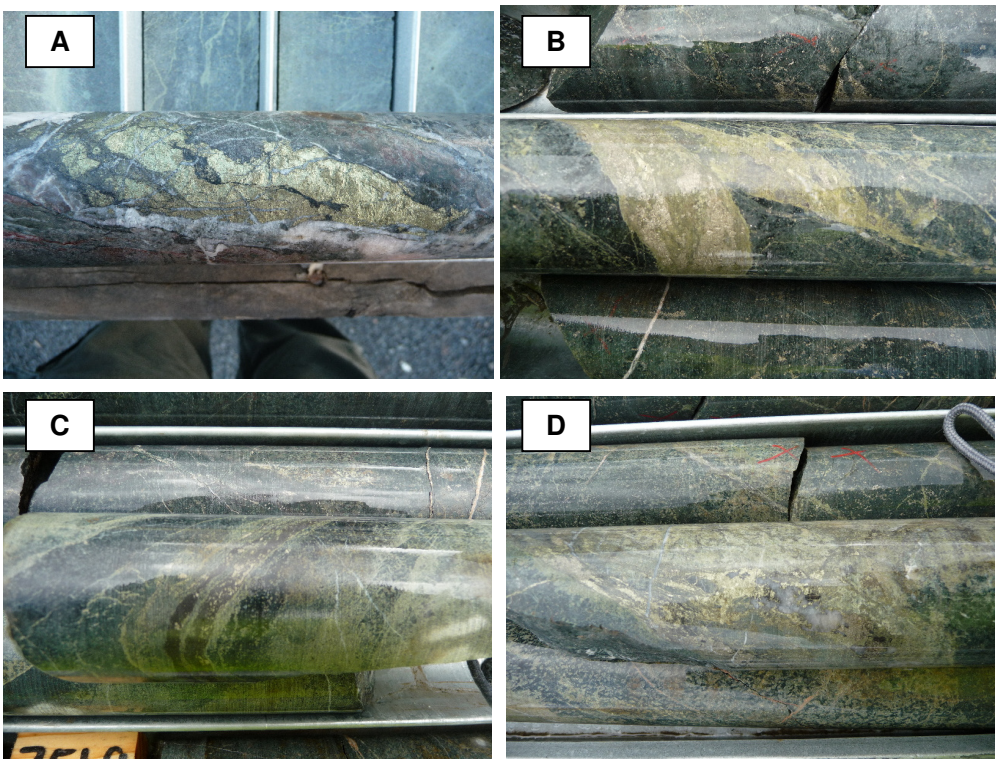
Clancy's competitive advantages include having one of the largest ground positions of any explorer in the prospective Macquarie Arc (>2035km2), and the innovative use of digital geological and geophysical data in probability based targeting.

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. The exploration activities are well-funded, applying Clancy's funds and those of its joint venture partners, and substantial upside exists with the potential addition of resources.

Additionally, Clancy has established joint ventures with Gold Fields Limited on three projects in NSW (managed by Clancy) and with Bass Metals Limited on the Tasmanian tenement package (managed by Bass Metals). Clancy, in conjunction with its JV partners, has spent significant funds on the projects to date, with a combined $7.4 million to be spent on the Company's tenement package over the two years from date of listing.

*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.*

**Figure 1 – photos of mineralized intervals from hole WYACD001**




***A** – quartz-carbonate-chalcopyrite vein in altered volcaniclastic rocks ~294m; **B** – epidote-quartz-carbonate-pyrite-chalcopyrite vein in silica altered diorite host at 327.9m; **C** – magnetite-epidote-pyrite-chalcopyrite vein in altered diorite at 350.9m; **D** – Quartz-epidote-pyrite-magnetite-chalcopyrite vein in silicic-K-feldspar-propyllitic altered diorite at 405.3m.*

**Table 1 – Eurowie diamond drilling results**

| Hole | East | North | Total Depth (m) | From (m) | Interval (m) | S (%) | Cu (%) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|
| WYACD001 | 539,450 | 6,255,447 | 645.9 | 246 | 100 | 2.55 | | |
| | | | *including* | *271* | *6* | *2.87* | *0.07* | *0.65* |
| | | | *including* | *282* | *2* | *2.96* | *0.07* | *0.69* |
| | | | *including* | *290* | *4* | *1.94* | *0.35* | *1.98* |
| | | | *including* | *297* | *8* | *2.79* | *0.06* | *0.63* |
| | | | *including* | *325* | *2* | *3.93* | *0.18* | *2.06* |
| | | | *including* | *330* | *6* | *2.51* | *0.06* | *0.74* |
| | | | *including* | *341* | *2* | *1.97* | *0.12* | *1.17* |

Note – The above intercepts are based on one metre samples of half sawn NQ diamond core from hole WYACD001 down to 388m depth. Assays for samples between 389m and 645.9m are pending. Intercepts are based on 1% sulphur (S) cutoff with no more than two contiguous metres of internal dilution. Italicised text refers to sub-intervals, which are based on a minimum two metre interval at a 0.05% copper (Cu) cutoff with no more than two contiguous metres of internal dilution. 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.

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