Date 18 October 2007
ASX / Media Announcement

CLANCY UNCOVERS SIGNIFICANT IP ANOMALIES AT GOBONDERY

Clancy Exploration (ASX: CLY, Clancy) today announced that two significant Induced Polarisation (IP) geophysical anomalies have been identified at the Gobondery Joint Venture (JV) Project in the Macquarie Arc of NSW.

In addition to managing its own projects in the Macquarie Arc, Clancy manages three joint venture projects that are funded by Gold Fields Limited, one of those being the highly ranked Gobondery project (EL 6543). Gold Fields can earn an 80% interest by spending up to $5 million over three years on these projects, which include Cowal East and Wellington North.

A gradient array IP survey was completed at the Forest View prospect in the central part of the Gobondery tenement and a 3D IP survey was completed at the Allandale prospect to the north (Figure 1). The objective of the IP surveys is to detect the disseminated sulphide (pyrite) halo that is typically associated with porphyry copper-gold systems. Today's results are the first in an extended program of IP surveys that will continue for several months over numerous targets within the Company's tenement portfolio in the Macquarie Arc.

Clancy Managing Director, Mr Mark Stewart, said the new IP anomalies at Gobondery were robust and encouraging and provided an immediate focus for drilling.

"We specifically targeted this area for copper-gold mineralisation based on regional magnetic and gravity signatures," said Mr Stewart. "The fact that the host volcanics are similar to the volcanic units at Rio Tinto's Northparkes copper-gold mine, about 47 kilometres to the east, was very interesting to us."

A large 1.1km long and 0.6km wide +15 millisecond chargeable gradient array anomaly was defined at Forest View, which has been confirmed by follow-up 2D lines (Figure 2). The anomaly is associated with elevated, but inconsistent copper geochemistry defined by previous explorers.

"While the area has been explored previously by Shell and North Limited in the 1980's and 90's, most RAB holes were less than 10m deep and one, 150m deep RC hole was drilled to the west, away from the IP anomaly at Forest View," he said. "Our modelling suggests that the top of the IP anomaly at Forest View varies from 60 to 150m deep, well below the depth of the previous drilling, so the anomaly remains untested."

The 3D IP survey at Allandale defined a discrete cigar-shaped chargeable anomaly at +8 milliseconds over a strike length of 750m with a diameter of 150m, less than 100m deep. The Allandale IP anomaly is situated within a basement +500ppm copper anomaly defined by broad-spaced reconnaissance drilling by Clancy in 2006.

"The drilling we completed in 2006 suggested that Allandale may be associated with a zoned hydrothermal alteration system and the IP results have confirmed that a chargeable anomaly is present within this system."

"Today's results not only reinforce that Gobondery displays characteristics associated with porphyry-style mineralisation, which warrants further investigation, but also that our use of the Geoinformatics Process is sending us down the right path."

For a more detailed analysis of today's IP survey results, please refer to the attached Appendix.

Clancy will commence diamond drilling on the IP anomalies at both prospects as soon as a drill rig becomes available, which we expect to be in the near future.

-ENDS-

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APPENDIX

About Gobondery EL 6534

Three A-class targets have been defined at Gobondery. Exploration on the Gobondery JV will be funded by Gold Fields with an agreement to spend $2M over three years to earn an 80% interest. Clancy will remain the manager during this period.

No previous exploration had been completed at Allandale prior to Clancy picking up the tenement. At Forest View, previous shallow RAB drilling by Shell in the early 1980's intersected copper mineralisation on the margin of the Clancy IP anomaly. The Shell RAB holes were assayed for bottom-of-hole only and the deepest hole was 29m, with most holes being less than 10m deep. Rock-chip sampling by North Ltd over the zone in the early 1990's returned up to 2,390ppm copper from andesitic breccia. North Ltd drilled one 150m deep RC hole beneath the breccia, with no significant results, however the hole was drilled to the west, away from the recently detected IP anomaly.

Summary of IP Results – Gobondery EL 6534

The Forest View gradient array survey has been followed-up with three 2D pole-dipole IP lines to provide a depth constraint. Two of the lines were oriented east-west (lines 6,370,700mN and 6,371,100mN) and one north-northeast (line 555,150mE) across the gradient array IP anomaly. The results from the east-west lines suggest that the +15 millisecond chargeable zone is at least 400m long (open to the north and south) and 300m to 570m wide, with the top of the zone being 60m to 150m deep, substantially below the depth reached by previous drilling (Figure 2). Line 6,370,700mN also identified a second +15 millisecond chargeable zone at depth to the east of the gradient array anomaly (Figure 2). The north-northeast line (555,150mE) defined two zones at +12 milliseconds with a combined strike length of 560m (Figure 2). Two smaller +15 millisecond chargeable anomalies to the southwest and west of the large gradient array IP anomaly were also identified (Figure 2). These anomalies are also being followed up with 2D pole-dipole lines. The geometry of the chargeable zones will be validated by re-running selected lines in the opposite direction. This work is currently in progress.

The 3D IP survey at Allandale defined a discrete cigar-shaped +8 millisecond chargeable anomaly over a strike length of 750m with a diameter of 150m. The top of the zone is within 100m of surface. The geometry of the Allandale anomaly was defined by merging the results of two separate 3D inversion models to produce a "best-fit" solution. The cigar-like core is within a broader +5 millisecond chargeable zone that extends laterally for 400m down to a depth of +400m.

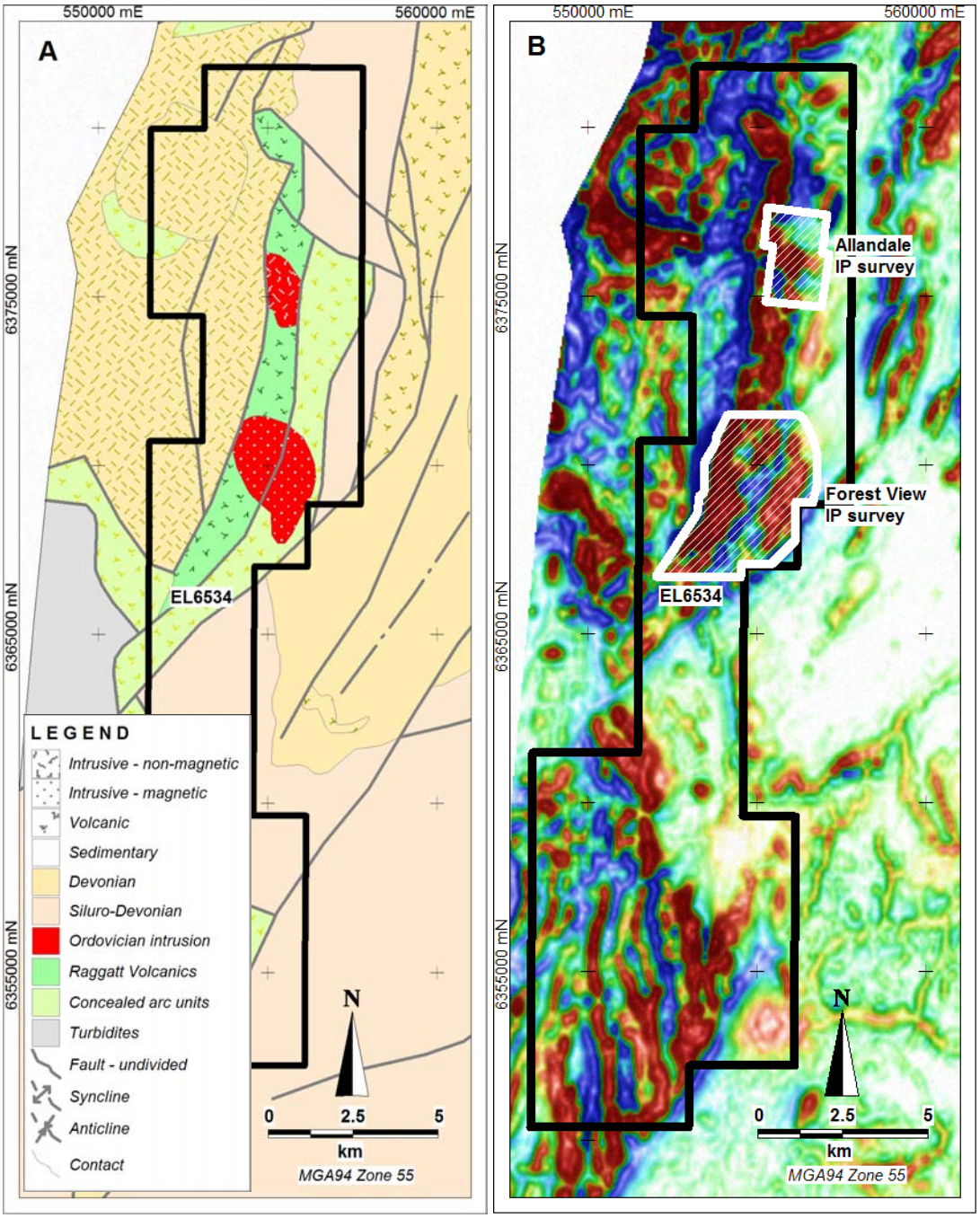

Figure 1 – *Gobondery EL6534 interpreted geology and RTP magnetics. A: interpreted pre-Tertiary geology and major structure; B: 0–200m RTP magnetic residual with vertical illumination showing the location of the IP survey areas at Allandale and Forest View (white). The Forest View IP results are shown in Figure 2.*

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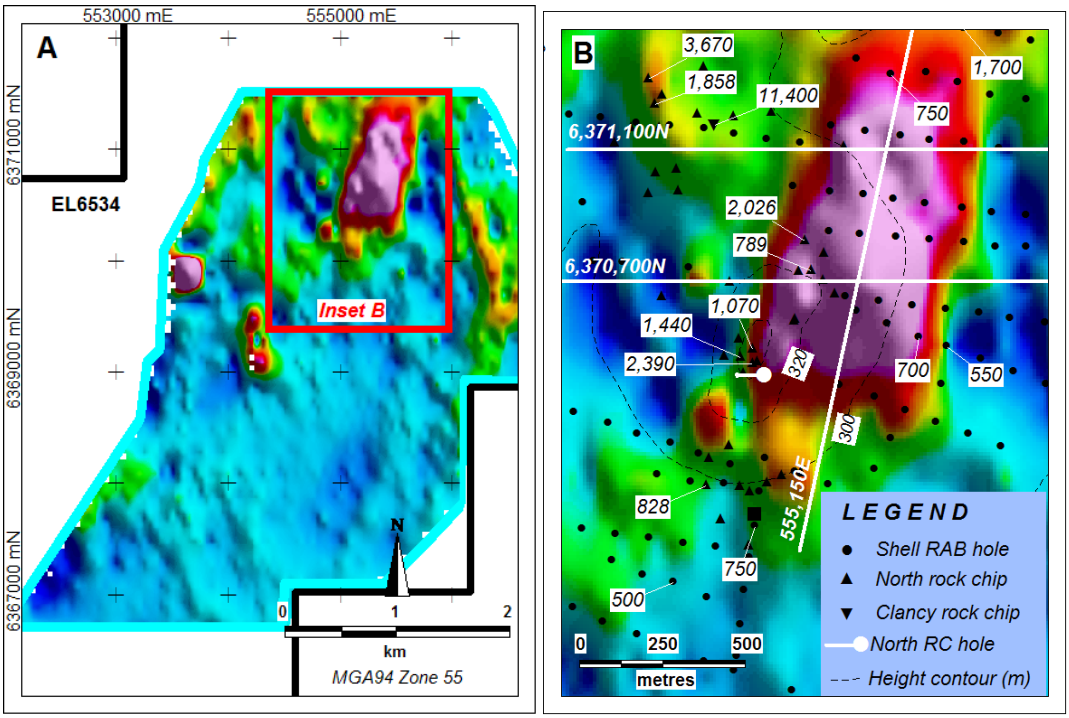

Figure 2 – *Gobondery EL6534 Forest View prospect gradient array IP survey. A: Image of the entire gradient array survey – note the discrete IP anomalies (red and pink) which have a chargeability of >15milliseconds. The northern anomaly is enlarged in B; B: Enlargement of the northern IP anomaly showing previous exploration, with copper results > 500ppm labelled. The follow-up 2D pole-dipole lines (white) are shown in section view in Figure 3.*

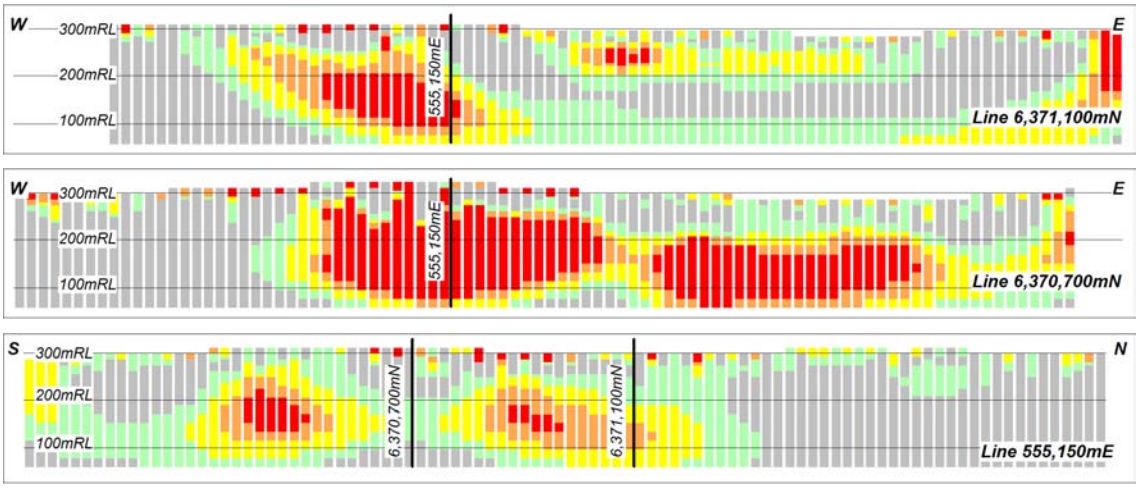

Figure 3 – *Inverted 2D pole-dipole sections for the lines 6,371,100mN, 6,370,700mN and 555,150mE at the Forest View prospect. The top of the +15 millisecond chargeable zone is 60 to 150m deep, well below the depths tested by previous drilling. The surface at Forest View is between 280 to 320mRL.*

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About Clancy

Clancy Exploration (ASX: CLY) is an Australian-focused copper, gold and base metals explorer.

Although relatively new to the ASX (July 2007), the Company's portfolio has been built up over the past four 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 support from major shareholder, Geoinformatics Exploration Inc (TSX-V), having one of the largest ground positions of any explorer in the prospective Macquarie Arc (>1850km^2), 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 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 (ASX: BSM) 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 within two years of listing.

A six month drilling program is set to commence in November with a healthy exploration budget and a well-credentialed team in place to advance several 'drill-ready' targets.

About the Geoinformatics Process

As the listed arm of Geoinformatics in Australasia, Clancy has access to leading edge targeting applications, technology and substantial technical resources.

Geoinformatics has developed a rigorous and innovative data manipulation and targeting methodology, the Geoinformatics Process. This unique process incorporates risk and uncertainty into the target models, the output of which quantifies the probability of potential mineral discoveries.

Clancy holds a target bank of highly prospective targets which were generated by the Geoinformatics Process. The target bank will provide an immediate focus for exploration by Clancy. Therefore, the Company is well positioned for growth through further data analysis and the development by Geoinformatics of future targeting innovations.

An independent expert, SRK, reviewed the methodology's targeting results and found it to be technically sound. Targets generated by the Geoinformatics Process were validated against known deposits and occurrences. The independent expert confirmed that Clancy's results were exceptional in their ability to predict the location of known mineralisation and intrusions, which provides independent confidence in this probabilistic modelling approach. To view this report, please refer to Clancy's prospectus also available on www.clancyexploration.com.

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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