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ASX / MEDIA ANNOUNCEMENT
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CONDOBOLIN, TRUNDLE AND GOBONDERY DRILLING UPDATE

Diamond drilling resumed at Condobolin and RC drilling to commence at Trundle on 5 January 2012

Clancy Exploration Limited (ASX: CLY) is pleased to announce that diamond drilling has resumed at Condobolin and RC drilling will commence at Trundle on 5 January 2012. RC and diamond drilling is also scheduled for Gobondery after the completion of the Condobolin and Trundle programs.

Highlights

- Two drilling rigs are on site, one at Condobolin which resumed drilling after the holiday break and one at Trundle to start tomorrow (5 January 2012).
- At Condobolin:
    - Diamond drilling has resumed today at the Mascotte prospect.
    - Assay results for more than 1,300 diamond, RC and aircore drill samples are pending.
    - A further 585m diamond core samples are pending submission for assay.
    - 2,250m of RC drilling is planned for the Meritilga, Potters and Bluebell prospects.
- At Trundle an 1,100m RC drill program testing Cu-Au-Fe skarn targets will commence on 5 January 2012. These holes will test iron grades in the skarn over an 18 km^2 area. This drilling will also provide a test for Cu-Au potential within and beneath the skarn horizons.
- At Gobondery, 100m of diamond drilling and 750m of RC drilling is planned to test hematite-magnetite iron-skarn targets after the completion of the Condobolin and Trundle programs.

Clancy's Managing Director Gordon Barnes said that it will be a busy start to the New Year, with two drilling rigs on site and drilling planned across three projects.

"Diamond drilling resumed today at the Mascotte prospect at Condobolin, RC drilling will start tomorrow at Trundle and continue at Gobondery after that. We are continuing to process the Condobolin core from drilling completed prior to Christmas and there are 1,300 samples with results pending. We expect the first of those results to be finalised in the next couple of weeks," Mr Barnes said.

The diamond drilling at Condobolin is targeting extensions of gold, silver and base metals intercepts from previous RC drilling at the Phoenix and Mascotte prospects. RC drilling (2,250m) will commence at the Meritilga, Potters and Bluebell prospects at Condobolin after completion of the Trundle program. The drilling at Trundle and Gobondery is targeting skarn horizons that have potential for shallow iron (magnetite and hematite) mineralisation.

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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.

About Condobolin

Located north of the township of Condobolin, NSW, EL7748 spans two target styles including narrow structurally-hosted high grade gold-base metals, as well as epithermal gold-copper. Numerous old workings cross the area in a general north-east oriented trend. The area has been mined at various times since the early 1890's, producing high-grade gold, copper, silver, lead and zinc.

About Trundle

Trundle consists of two tenements (EL4512 and EL7187) located in the Macquarie Arc 25km west of Northparkes. The project covers an arc fragment that was rifted to the west off the Northparkes complex. There is extensive evidence of porphyry and skarn-style copper-gold mineralisation similar to the Cadia Valley and Northparkes. Large magnetic anomalies at Trundle Park and Mordialloc are associated with iron-dominant skarn horizons. These horizons have not been thoroughly assessed for their iron content. The project area is well located to infrastructure such as power, road and rail.

About Gobondery

Gobondery (EL6534) is located approximately 50km northwest of Northparkes, just south of Tullamore. Medium grained magnetite-hematite dominant skarn is present in the central part of the tenement, which was worked in 1920 to produce iron ore. The skarn crops out over an area of 250m by 80m along the contact of the Raggatt Volcanics and the Gobondery Granite. The thickness of the skarn lenses is unknown, as they have not been drill tested. The project area is well located to infrastructure such as power, road and rail.

About Clancy Exploration

Clancy Exploration (ASX: CLY) is an Australian-focused copper, gold, base metals and tin explorer. The Company's portfolio consists of copper-gold projects in the Lachlan Fold Belt of NSW, base metal and tin projects in the Mount Read Volcanic Belt of Tasmania, Nadbuck near Broken Hill in NSW and Yalgoo, adjacent to the Golden Grove mine in Western Australia.

In NSW, Clancy has 12 wholly owned and managed projects and 7 joint venture projects which are managed by Gold Fields Australasia Pty Ltd. In Tasmania, Clancy has 2 base metal joint venture projects with Bass Metals and 2 tin joint venture projects with TNT Mines Pty Ltd (a wholly owned subsidiary of Minemakers Ltd). The Tasmanian projects are managed by Clancy's joint venture partners. This mix of Clancy and joint venture project funding allows a high level of exploration activity to be maintained, whilst prudently

managing Clancy's financial resources. Details of Clancy's projects can be found at the Company's website: www.clancyexploration.com