Clancy Exploration Limited
3 Corporation Place
Orange NSW 2800
Australia

Phone: (02) 6361 1285
Fax: (02) 6361 1202
www.clancyexploration.com
info@clancyexploration.com

QUARTERLY ACTIVITIES REPORT
For the period ending 30 June 2012

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 30 June 2012.

Highlights

- Clancy continued to build understanding of the Au-Cu-Ag mineral system at Meritilga at **Condobolin** with further structural and mineralisation studies.
- Auger soil results from **Orange East** show that the Springfield Zn-Cu-Pb-As-Au anomaly extends to the north and is 1000m long by 150m wide. The Favell Zone is also persistently anomalous in copper for >4 km along strike consistent with the occurrence of a quartz-sulfide vein system along this length.
- Geological mapping at **Cundumbul** has identified porphyritic intrusives with encouraging alteration.
- Drilling is scheduled to commence at Yalgoo in the September quarter.
- Drilling at the **Myall JV** has intersected a porphyry system containing sheeted quartz-chalcopyrite-pyrite veins hosted in monzodiorite with low-grade Cu mineralisation.
- Drilling at the **Wellington North JV** intersected low-grade porphyry-style Au and Cu mineralisation.

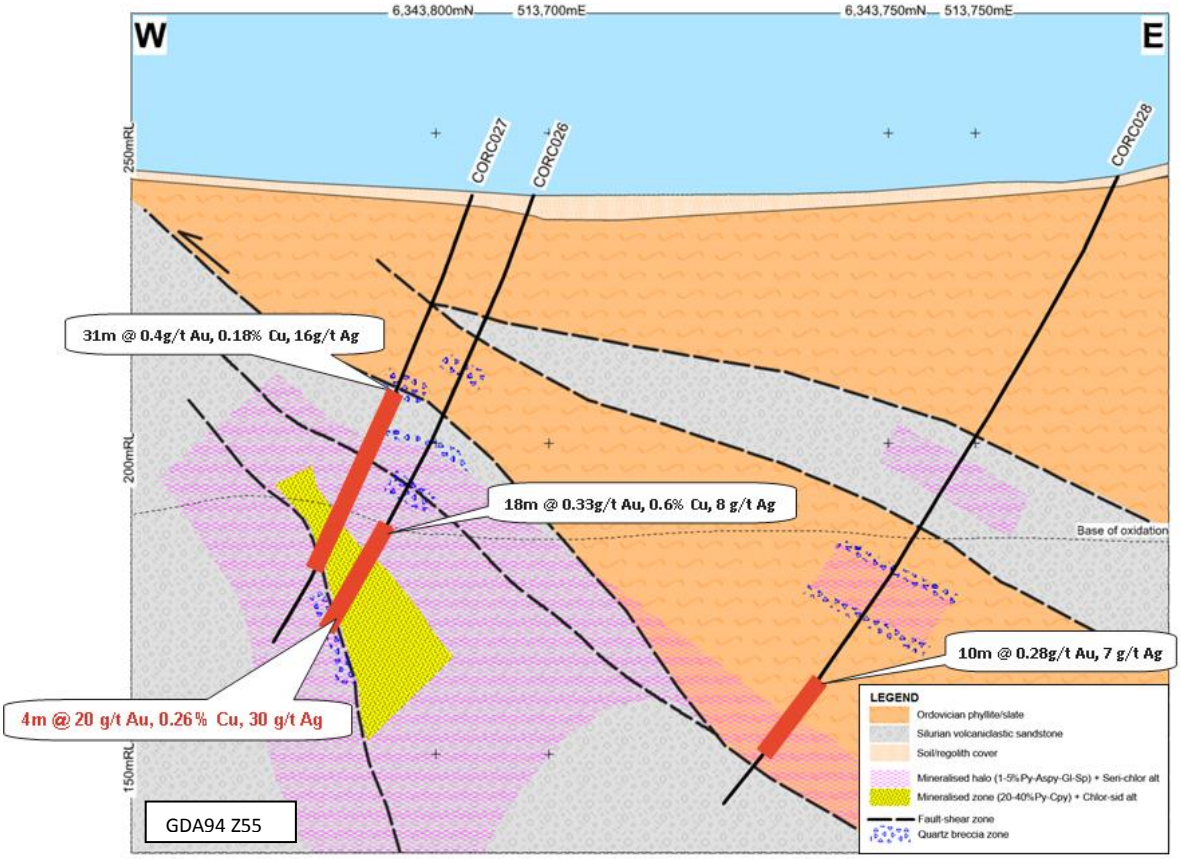
Clancy Managed Projects

Auger soil geochemical surveys continued at Cundumbul and Condobolin and results were received for auger soil surveys completed in the previous quarter at Orange East and Billabong Creek. Structural and mineralisation studies continued at Condobolin and detailed geological mapping commenced at Cundumbul.

Condobolin EL7748

(NSW, Clancy 100%)

Condobolin is located in the central west of NSW immediately north of the Condobolin township. Condobolin has a substantial mining history, predominantly as a base metals field (lead, zinc and copper), as well as gold. The mineralisation is hosted in epithermal-style quartz veins within metasedimentary units, inferred to be the Ordovician Girilambone Group. The veins are associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and gold.



Interpretation of the Condobolin drilling data from the previous quarter continued. The geological cross section shown above is drawn through the Au-Cu-Ag bearing mineral system at Meritilga. The section shows that much of the mineralisation encountered so far is preferentially hosted in volcaniclastic sandstones. The mineralisation is zoned with a core of pyrite-chalcopyrite encompassed in a halo of pyrite ± arsenopyrite-galena-sphalerite. The location of the mineralisation appears to be controlled by the Meritilga Fault Zone.

A detailed auger soil sampling program commenced, extending the current 100m x 100m soil coverage further north over Mt Tilga in order to investigate K-anomalism which was identified during the detailed magnetic and radioelement surveys flown by Clancy in 2011. This work will continue into the September quarter.

Trundle EL4512 and EL7187

(NSW, Clancy 100%)

Trundle consists of two exploration licences EL4512 and EL7187 and is located 25km west of the Northparkes copper-gold mine (Rio Tinto) and has many similarities to Northparkes. Planning of future ground geophysical surveys occurred during the quarter. The ground geophysics will attempt to determine the extent and locate repetitions of the high-grade Cu-Au and Ag-Pb-Zn veins at Trundle Park.

Gobondery EL6534

(NSW, Clancy 100%)

Gobondery (EL6534) is located approximately 50km NW of Northparkes, just south of Tullamore. Two samples were submitted for petrographic analysis to help determine the mineral system association of

zoned carbonate-siderite-chalcopyrite veins occurring at the historic Allandale mine. Results should be returned in the next quarter.

Orange East EL6181

(NSW, Clancy 100%)

Orange East (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. Laboratory results from auger soil samples were returned during the quarter. The results showed the Springfield Zn-Cu-Pb-As-Au anomaly continued to the north to a topographic location favourable for future drill testing. The northern portion of the anomaly, as defined by >50 ppm As in soil is 1000m long by 150m wide and the southern portion is 320m long by 150m wide. The Favell Zone is also persistently anomalous in copper for >4 km along strike consistent with the occurrence of a quartz-sulfide vein system along this length.

Cundumbul EL6661 and EL7399

(NSW, Clancy 100%)

The Cundumbul project covers 204.9km^2 of prospective arc units in the Molong Volcanic Belt between Molong and Wellington. There are numerous intrusive complexes at Cundumbul that have anomalous copper and/or gold associated with them. Detailed geological mapping across a number of prospects was undertaken in the June quarter. Several porphyry dykes and encouraging alteration have been identified to date and rock chip and petrological samples have been submitted for analysis. The mapping will continue into the September quarter. Auger soil sampling also remains in progress.

Billabong Creek EL6802

(NSW, Clancy 100%)

Billabong Creek is located 20km west of Gundagai and 45km ENE of Wagga Wagga. It is located alongside the regionally extensive Gilmore Fault which marks the southern edge of the Macquarie Arc. It shares many similarities to the well mineralised Temora area, which also sits alongside the Gilmore Fault approximately 90km to the northwest. Seventy three soil samples weakly anomalous in Cu and As (as determined by portable XRF) which were collected from an area of outcropping Ordovician andesite, diorite and jasper were submitted to the laboratory for further analysis. The anomalous elements were confirmed, but no other significant results were returned.

Yalgoo EL59/1302

(WA, Clancy 100%)

Yalgoo E59/1302 is adjacent to the Golden Grove zinc-copper-gold-silver-lead mine which is located in the Yalgoo-Singleton greenstone belt in the Murchison Province of WA. The exploration targets in the Yalgoo project are discrete aeromagnetic anomalies. Magnetic inversion modelling of ground magnetic data suggests that the anomalies represent sub-vertical magnetic sources that are within 50m of surface and extend to depth. The geometry of the inversion models is consistent with a plug-like source, however this can only be tested with drilling due to the lack of outcrop.

Clancy received a $15,000 grant from the DMP under the Royalties for Regions exploration incentive scheme. The grant will cover approximately half of the drilling costs for two proposed RC holes at Yalgoo to test the anomalies. This drilling will be undertaken in the September quarter.

Gold Fields Managed JV Projects

Diamond drilling was undertaken at the Myall and Wellington North JV's. A total of 3,586m of drilling was completed on the Gold Fields JV projects during April and May 2012.

Myall EL6913

(NSW, Gold Fields 51%, Clancy 49%, Gold Fields earning 80%)

Myall (EL6913) is located 25km southwest of Narromine at the northern end of the Junee-Narromine Volcanic Belt of the Macquarie Arc. Drilling of two mud-rotary precollared diamond drill holes was completed at the SLR prospect (MYACD366 and MYACD367). The holes were designed to test beneath significant basement copper and gold anomalism (9m @ 0.11% Cu; including 1m @ 0.62 g/t Au BOH) and intense pervasive phyllic alteration identified in previous aircore drilling. MYACD366 intersected a porphyry system containing sheeted quartz-chalcopyrite-pyrite veins hosted in monzodiorite. MYACD367 intersected quartz-carbonate base metal epithermal veins, similar to the nearby Gemini prospect. Both holes returned low-grade intercepts including 30m @ 0.06% Cu from 179m in MYACD366 and 13m @ 0.16g/t Au and 0.33% Cu from 300m in MYACD367.

Wellington North EL6178, EL6328, EL6662, EL7200 and EL7440

(NSW, Gold Fields 87%, Clancy 13%)

The Wellington North project covers approximately 30km of strike length of the Molong Volcanic Belt immediately north of Wellington. Eight RC precollared diamond holes testing three geophysical and geochemical targets at the Mayhurst prospect were drilled. Six holes were completed and 2 RC precollars were drilled prior to mechanical breakdown of the drilling rig. Target definition auger drilling also continued on the Rose Lawn trend.

Significant, low-grade gold and copper porphyry-style mineralisation was intersected in WTRCD016: 25m @ 0.10g/t Au & 0.18% Cu from 195m and 11m @ 0.29g/t Au & 0.14%Cu from 294m. The intercepts are associated with moderate to strong propylitic altered basaltic andesite, overprinted by localised zones of potassic alteration. The mineralisation is associated with rare porphyry-related quartz-native copper veins, that are cross cut by a stockwork of native copper ± carbonate veinlets and later epidote-chlorite ± chalcopyrite-bornite veins.

Corporate

Off-market takeover bid for Genesis Resources Ltd

Clancy (ASX: CLY) launched a conditional off-market takeover bid for Genesis Resources Ltd (ASX: GES) on 2 April 2012 with an offer consideration of 2 CLY shares for each GES share. On 22 June 2012 CLY increased the offer to 3 CLY shares for each GES share. On 20 July 2012 CLY extended the offer until 20 August and freed it

of all defeating conditions. The offer is now final and will not be increased and the offer period will not be extended further other than as required under the Corporations Act.

CLY believes that the bid provides it with the opportunity to build a sizeable exploration business, with a diversified portfolio of exploration tenements in Australia and Europe. The GES exploration licences in Queensland and the Northern Territory and its joint venture agreement giving it the right to earn the majority position in the Plavica gold and copper project in Macedonia, complement CLY's substantial ground position in the prospective Lachlan Fold Belt in New South Wales.

Please direct enquiries to:

Gordon Barnes
Managing Director
Phone: +61 2 6361 1285
Email: info@clancyexploration.com
Web: 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.

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