

QUARTERLY ACTIVITIES REPORT

For the period ending 31 March 2013

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 31 March 2013.

Highlights

- In the March 2013 quarter Clancy sold its minority interest in six joint ventures to its former joint venture partner Gold Fields Ltd for A\$1million cash with a further \$500,000 raised via a placement to Gold Fields. Clancy retains a 2.5% Net Smelter Royalty on the projects, however Gold Fields has the right to buy back each NSR for A\$20 million.
- At **Condobolin** basement faults were successfully mapped by a detailed gravity survey and by six pole-dipole induced polarisation arrays. A 2000m RC drill program is proposed for the next quarter. Key drill targets are the Meritilga and Bluebell prospects.
- Planning for a deep penetrating induced polarisation survey at **Fairholme** is ongoing.
- At **Cundumbul** detailed mapping, mechanical auger sampling and geophysical surveys have identified Mehruda, Bakers Swamp and Andrews for further investigation. Induced polarisation surveys and mechanical auger drilling are proposed for the next quarter.
- Six mud-rotary pre-collar diamond holes were drilled at **Genaren** to test compelling gravity and magnetic anomalies. Three further holes will complete the program. Results will be reported in the June quarter.
- A 50m line-spaced airborne magnetic survey and 250m offset ground gravity survey were completed at **Currumburrama**. A ten hole mud-rotary pre-collar diamond drill program has been proposed to test the areas of coincident geophysical and metal anomalies.
- A 20 hole mechanical auger drill program was conducted at **East Parkes**.

Exploration

Gravity surveys were completed at Genaren, Currumburrama and Condobolin and helicopter-borne magnetic and radiometric surveys were completed at Cundumbul and Currumburrama. A ground magnetic survey was also completed at Cundumbul and 3D IP surveys were completed at Condobolin and were in progress at Cundumbul at quarter end. A major structural mapping project was completed at Cundumbul along with an extension of the mechanical auger geochemical survey. The geophysical, geochemical and geological work undertaken in the March quarter has defined multiple drill targets and these targets are currently being tested with mud rotary pre-collar diamond holes at Currumburrama and Genaren and RC drilling at Condobolin. A small mechanical auger geochemical survey was also completed at East Parkes. A total of six mud rotary pre-collar diamond holes (724m) were completed on Clancy projects in the March 2013 quarter.

Condobolin EL7748

(NSW, Clancy 100%)

The Condobolin tenement 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 and shear zones within metasedimentary units, inferred to be the Ordovician Girilambone Group. The veins are associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and gold.

During the March 2013 quarter, further detailed geophysical surveys were carried out across the Condobolin Mineral Field in order to identify methods that will allow Clancy to better target potentially mineralised structures.

A 250m offset gravity survey, consisting of 683 stations was completed. Following preliminary results, a further 500 infill stations were surveyed on a 125m offset grid. The gravity survey was successful in identifying a complex network of structures which are coincident with significant intercepts of gold and copper at the Meritilga, Bluebell and Phoenix prospects. Processing and inversion modelling of the survey data will continue into the June quarter.

Following the successful 3D Induced Polarisation survey across the Meritilga prospect in late 2011 an additional 4 arrays were completed to extend the surveyed area south-west, to the Bluebell prospect. Two arrays were completed north of Meritilga over the palaeochannel area, where an aircore drilling program in November 2011 identified alluvial and basement gold. Preliminary results show that the Bluebell prospect also lies on the prospective Meritilga Fault, confirming its strike length to now be 2km.

A 2000m RC drilling program is proposed to follow up on high grade gold intercepts received in early 2012 at the Meritilga prospect. The Bluebell prospect will also be drilled to follow up on gold and copper intercepts from previous drilling programs.

Fairholme EL6552 and EL6915

(NSW, Clancy 100%)

The Fairholme project covers 172km² of the Fairholme Igneous Complex and is located 12km north of the Cowal gold mine. The geophysical characteristics of the Fairholme Igneous Complex are similar to the Cowal Complex to the south, which hosts the Cowal gold mine (Barrick) and the Marsden copper-gold deposit (Newcrest). Work during the quarter consisted of planning a large IP survey. The survey is planned to test for disseminated mineral deposits beneath transported cover. Planning and logistics will continue into the next quarter.

Cundumbul EL6661 and EL7399

(NSW, Clancy 100%; Mitsubishi earning 49%)

The Cundumbul project covers 204.9km² 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. A helicopter-borne magnetic and radiometric survey (1,805 line km) and a ground magnetic survey (116 line km) were completed in the March quarter. Detailed geological mapping and soil sampling continued and mechanical auger drilling in areas of deeper soil cover was

completed. A total of 175 mechanical auger holes (420m) were completed and 194 soil sample results were received in the March quarter.

The helicopter-borne magnetic and radioelement survey was flown on 75m line spacing. High quality data was produced and the resultant imagery has defined the complex structural setting of the project with major N-S trending arc parallel faults and NW-oriented cross-arc structures featuring prominently. The results of magnetic and radiometric surveys were incorporated into the detailed mapping project managed by SRK Consulting which was also completed in the March quarter.

Three prospects have been selected for follow-up work:

- Mehruda – low-level Cu and Mo anomalism in soils occurs across the Mehruda area. Mo persists to the SW and appears to be associated with a prominent NW-trending fault. The Mehruda historic workings shows a strong association of Sb and As. Mechanical auger drilling intersected a granitic to dioritic intrusion which has not been observed at surface.
- Bakers Swamp – Cu-Mo anomalism, associated with a low frequency magnetic feature and the intersection of NW and NNE trending faults. Quartz-carbonate-fluorite veins and hematite alteration have been observed in andesitic feldspar porphyry on the NE edge of the Cu anomaly.
- Andrews – coincident As-Sb-Au anomaly associated with a limestone unit in the SW of the auger grid. Patches of pinking (K-feldspar alteration or hematite dusting), carbonate spotting and sericite-chlorite alteration have been noted in porphyritic andesite and a quartz-feldspar porphyry.

Work will continue in the June quarter with 3D IP surveys to be conducted at the Mehruda and Bakers Swamp prospects and further mechanical auger drilling is being considered for the Andrews prospect, pending site logistics.

Genaren EL7927

(NSW, Clancy 100%; Mitsubishi earning 49%)

Genaren is located at the northern end of the Northparkes Igneous Complex 29km north of Rio Tinto's Northparkes copper-gold mine. A gravity survey was completed on 250m offset pattern to cover the magnetic basement thought to represent the Ordovician Northparkes Igneous Complex (1259 stations). The gravity survey has mapped a coherent portion of the igneous complex which appears to have a deep root and is prospective for porphyry mineralisation. The complex appears to thin to the SW and several crosscutting faults are apparent in the data.

Interpretation of the gravity data in conjunction with previously acquired aeromagnetic data identified numerous drill targets associated with coincident compelling magnetic and gravity anomalies. A total of 6 mud-rotary pre-collar diamond holes (277m of pre-collars and 446.6m of diamond core) tested these anomalies in the March quarter. Drilling will be completed in the next quarter. Geological logging and core processing is also in progress and drill results will be reported in the June quarter.

Currumburrama EL6784

(NSW, Clancy 100%; Mitsubishi earning 49%)

Currumburrama is located 40km east of West Wyalong and covers a large basement magnetic complex that is inferred to be the Ordovician Macquarie arc based on magnetic and gravity data. A gravity survey was

completed on a 250m offset pattern to cover the inferred arc units (814 stations). A helicopter-borne magnetic and radiometric survey (622 line km) was also completed in the March quarter.

The geophysical surveys successfully mapped the fragmented Ordovician basement and highlighted numerous basement faults. Drill targets were determined by interpreting results from previous air core drilling and the detailed airborne magnetic data and ground gravity data. Numerous drill targets were defined and drilling will commence in the next quarter on these targets using mud-rotary pre-collared diamond holes. Results will be reported in the June quarter.

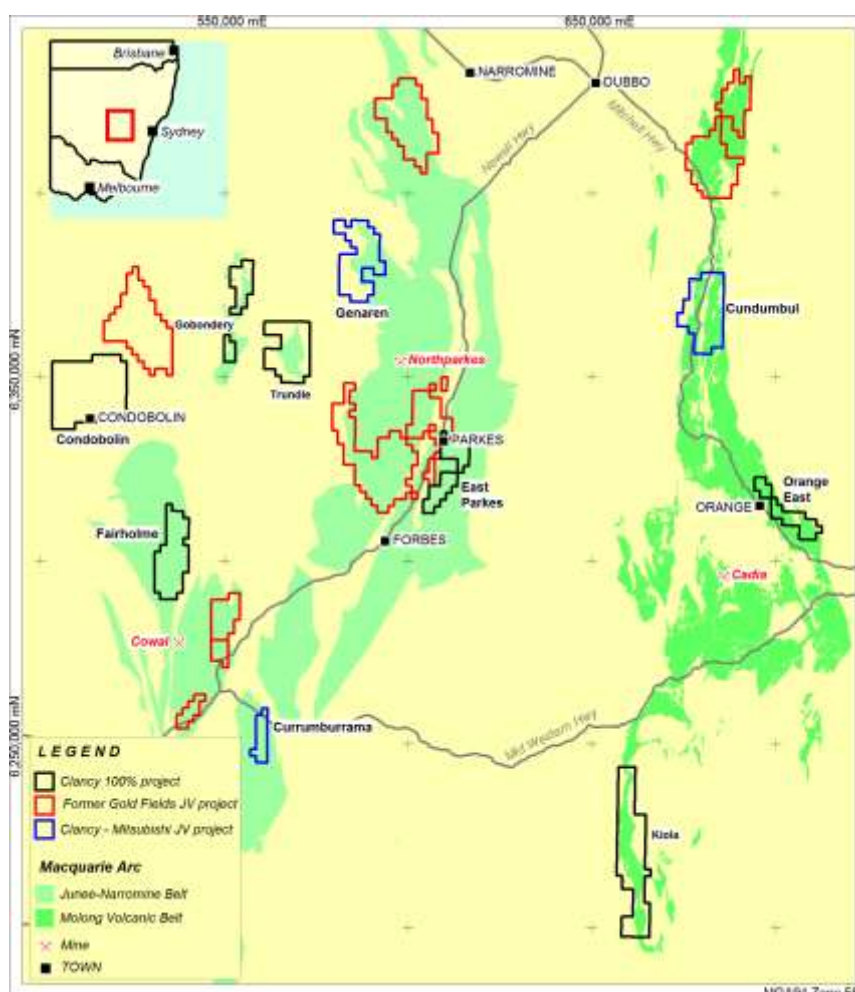


Figure 1 – Map showing the Clancy projects in the Macquarie Arc of Lachlan Fold Belt. Former Gold Fields JV projects are shown in red.

East Parkes EL7747

(NSW, Clancy 100%)

East Parkes is located in the vicinity of Parkes township, NSW, and covers a portion of the highly prospective Parkes Thrust. Magnetic and non-magnetic rocks units varying from Ordovician to Early Devonian in age occur in the thrust. The area is prospective for high sulfidation and orogenic gold deposits.

During the quarter a previously untested area presenting as a series of magnetic low anomalies was the focus of exploration effort. A small trailer-mounted mechanical auger was used as an inexpensive first pass

test to determine the basement geology. Twenty holes were drilled, though in many areas the cover material was deeper than the capability of the auger. Further testing of this area will be required.

Corporate

Sale of JV interests to Gold Fields

In the March 2013 quarter Clancy sold its minority interest in six joint ventures to its former joint venture partner Gold Fields Ltd. Clancy received a total of A\$1.5 million from a combination of the sale consideration and a placement of shares to Gold Fields. Both party's pre-emptive rights and the Gold Fields back-in right on the Gobondery project were terminated. Clancy retains a 2.5% Net Smelter Royalties (NSR) on the projects however Gold Fields has the right to buy back each NSR for A\$20 million. The sale will enable Clancy to focus on generating value from its 100% owned projects without restriction and the cash and equity component will strengthen the Company's balance sheet and provide capital for ongoing exploration and corporate development.

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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 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 and base metal and tin projects in the Mount Read Volcanic Belt of Tasmania.

In NSW, Clancy has 10 exploration projects and 3 of which are joint ventures with Mitsubishi Materials Corporation, all of which are managed by Clancy. In Tasmania, Clancy has 2 base metal joint venture projects with Bass Metals and 1 tin joint venture project 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