

QUARTERLY ACTIVITIES and CASHFLOW REPORT

For the period ending 30 June 2013

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 30 June 2013.

Highlights

- RC drilling was completed at the **Condobolin** project during the quarter. Significant gold and silver intercepts extend the Meritilga lode at depth:
 - **10m @ 5.78 g/t Gold & 26.79 g/t Silver** from 80m, including:
 - **4m @ 14.16 g/t Gold & 61.7 g/t Silver** from 83m
 - **15m @ 2.76 g/t Gold & 8.78 g/t Silver** from 90m, including:
 - **5m @ 7.89 g/t Gold & 22.28 g/t Silver** from 99m.
 - **23m @ 0.36 g/t Gold & 46.15 g/t Silver** from 24m, including:
 - **4m @ 0.83 g/t Gold & 226.93 g/t Silver** from 42m.
 - **28m @ 0.76 g/t Gold** and 3.99 g/t Silver from 26m, including:
 - **6m @ 2.87 g/t Gold & 15.54 g/t Silver** from 45m.
- A new joint venture was formed with High Power Exploration Inc. (HPX) at the **Fairholme** project to explore for porphyry copper-gold deposits. The JV will see the project-wide deployment of HPX's proprietary IP system at Fairholme. Planning and permitting for the IP survey has been completed and the survey commenced in July 2013.
- Significant IP anomalies defined at Bakers Swamp and Mehruda prospects at the **Cundumbul** JV project with follow-up work in progress.
- Drilling completed at the **Genaren** and **Currumburrama** JV projects. Further drilling is planned later this year.
- A total of 3,452m of drilling was completed on Clancy projects in the June 2013 quarter.

Exploration

Drilling was completed at the Condobolin, Genaren and Currumburrama projects and a 3D IP survey was completed at Cundumbul. At Fairholme, a new joint venture was formed with HPX to explore for porphyry copper-gold deposits with a project-wide IP survey commencing in July 2013. A total of 3,452m of drilling was completed on the Clancy projects in the June 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, as a gold and base metals field (lead, zinc and copper,

as well as silver). The mineralisation is hosted in epithermal-style quartz veins and shear zones within meta-sedimentary units, inferred to be the Ordovician Girilambone Group. The veins are associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and gold.

RC drilling was completed at the Meritilga and Bluebell Prospects in June 2013 quarter (17 holes; 2,118m). Significant gold and silver intercepts were returned which were reported to the market in June 2013 (refer to ASX release entitled "Further Gold and Silver Hits for Clancy at Condobolin" dated 17/06/2013). The results have confirmed the existence of a fertile epithermal-style system at the Meritilga Prospect where the high-grade zone has been extended up and down dip, as well as along strike. There may be another lens at around 130 vertical metres depth and there is potential to define further mineralisation beyond that depth.

The maiden RC drill program in early 2012 returned several intercepts at Meritilga, including the discovery lens with an intercept of **4m @ 20 g/t Gold**, 30.1 g/t Silver and 0.26% Copper (from 75m, CORC029). The latest drilling has extended the lens up- and down-dip and along strike.

Hole CORC041, drilled 25m down-dip, intersected **5m @ 7.89 g/t Gold**, 22.28 g/t Silver and 14.04ppm Molybdenum (from 99m) within a broader interval of **15m @ 2.76 g/t Gold**, 8.78 g/t Silver, 6.48ppm Molybdenum (from 90m, Figure 2).

Hole CORC044, drilled 15m along strike to the north of hole CORC029, intersected **4m @ 14.16 g/t Gold**, **61.7 g/t Silver** and 11.65ppm Molybdenum (from 83m) within a broader interval of **10m @ 5.78 g/t Gold**, **26.79 g/t Silver**, 0.1% Copper and 7.42ppm Molybdenum (from 80m).

At depth, intercepts become significantly wider in a lower-grade halo with higher concentrations of base metals, such as in hole CORC052: **29m @ 0.58g/t Gold**, 7.07 g/t Silver and 5.95ppm Molybdenum (from 127m), including: **6m @ 1.29 g/t Gold**, 19.97 g/t Silver, 0.23% Zinc and 6.58ppm Molybdenum (from 129m), and, **2m @ 2.5 g/t Gold**, 15.42 g/t Silver and 34.65ppm Molybdenum (from 154m).

The lens has also been extended up-dip, and remains open, with intercepts such as **23m @ 0.36 g/t Gold**, **46.15 g/t Silver** and 0.1% Lead (from 24m, CORC043), including: **4m @ 0.83 g/t Gold**, **226.93 g/t Silver** and 0.33% Lead (from 42m); and, **28m @ 0.76 g/t Gold** and 3.99 g/t Silver (from 26m, CORC042), including **6m @ 2.87 g/t Gold**, 15.54 g/t Silver, 0.12% Lead (from 45m). The high-grade silver intercept in hole CORC043 introduces an oxide-upgrade component to the system.

The drilling has further defined the geometry of the lenses, with the SE-dipping high-grade zone now projected to also plunge to the south. The area due south of holes CORC041, CORC052 and CORC053 (Figure 1) is currently open and will be targeted in a future drilling campaign.

The host structure for the mineralisation has also been delineated as shown in the cross-sections (Figures 2 and 3). The mineralised bodies are hosted within tightly folded Silurian volcanoclastic sandstone, which has been disrupted by SE-dipping, NE-SW oriented, thrusts. The mineralisation is inferred to have been emplaced syn to post-thrusting, possibly with multiple pulses of mineralisation. The source of the mineralisation is likely to be magmatic, with a correlation between gold and molybdenum in the system. Molybdenum is generally introduced into a system from magmatic sources. The implication is that the magmatic source is fertile, therefore the potential exists for further mineralisation at depth.

Drilling at the Bluebell Prospect followed up on hits received in 2012, such as **4m @ 0.51 g/t Gold**, **1.24% Copper**, 10.4 g/t Silver (from 105m, CORC039). Recent drilling intersected further shoot-style gold and copper, with the addition of silver and molybdenum, not previously seen:

- **1m @ 0.41 g/t Gold, 4.8 % Copper, 39.7 g/t Silver and 4.37ppm Molybdenum** (from 100m, CORC056),
- **1m @ 0.35 g/t Gold, 1.34% Copper, 15.95 g/t Silver and 8.29ppm Molybdenum** (from 81m, CORC055),
- **2m @ 1.4 g/t Gold, 0.14% Copper, 2.31 g/t Silver and 3.96ppm Molybdenum** (from 70m, CORC057).

Refer to the ASX release entitled "Further Gold and Silver Hits for Clancy at Condobolin" dated 17/06/2013 for a comprehensive list of significant intercepts. A copy of the ASX release can be found at www.clancyexploration.com.



Figure 1 - Plan view of RC drill program over the Meritilga Prospect lode zone. Included are drill collars from the 2012 RC program, some of which are depicted on cross – sections in Figures 2 & 3.

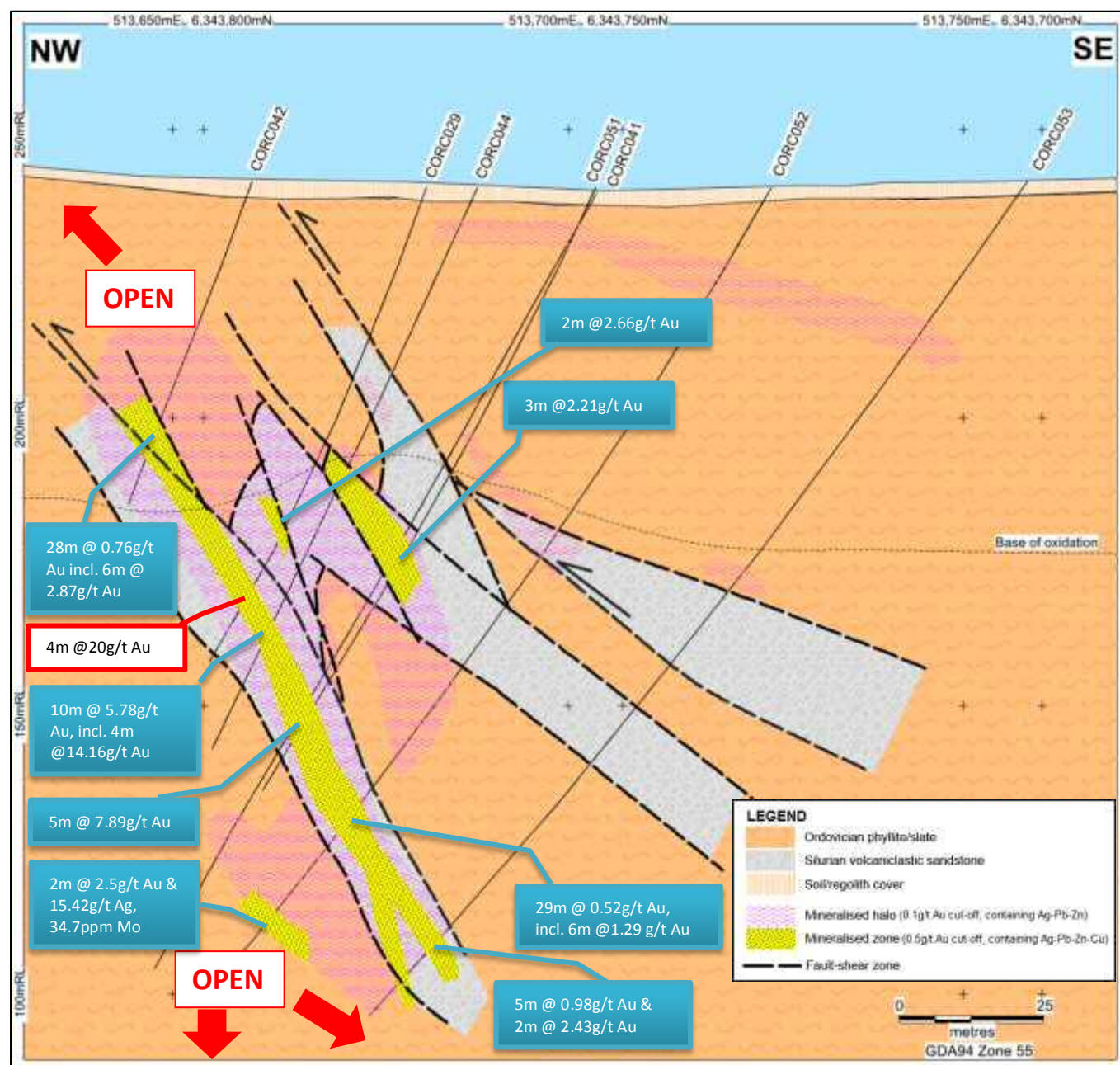


Figure 2 - Meritilga Prospect Cross-Section – High-grade zone. Looking North. Current intercepts denoted in blue boxes , 2012 intercepts denoted in red boxes.

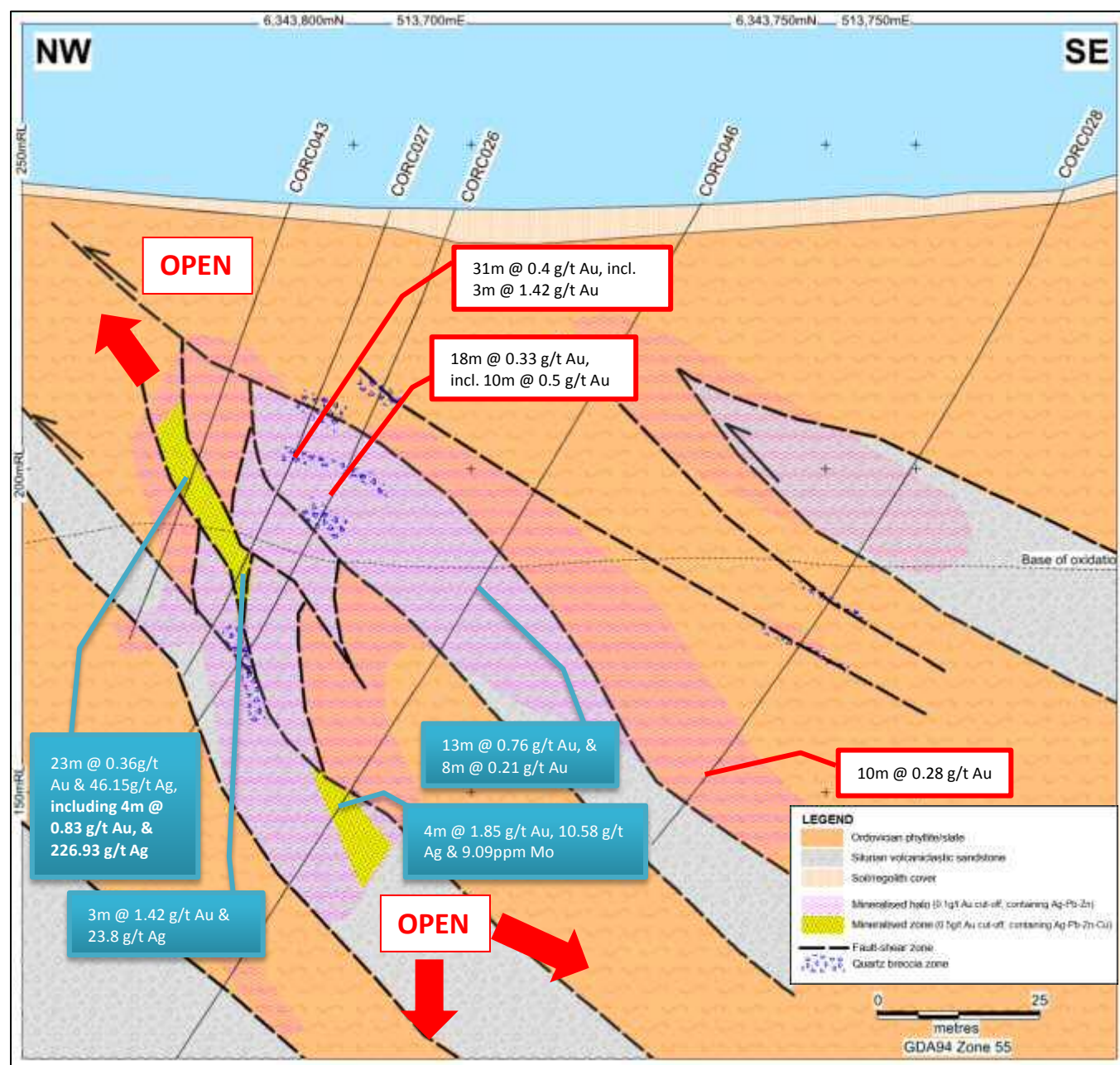


Figure 3 - Meritilga Prospect Cross-Section – Gold-polymetallic halo. Looking North. Current intercepts denoted in blue boxes, 2012 intercepts denoted in red boxes.

Fairholme EL6552 and EL6915

(NSW, Clancy 100%; HPX earning 49% and funding 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). Clancy formed a new joint venture with High Power Exploration Inc. (HPX) during the quarter on the Fairholme project.

Under the terms of the Agreement, HPX has the right to earn an initial 49% of the Fairholme project by funding A\$1 million in exploration over one year, with a minimum spending commitment of A\$500,000. HPX then will have the right to fund a further A\$4 million in exploration over the subsequent two years with the aim of delineating a scoping study to take HPX's stake to 65%. Clancy will manage the project on behalf of the joint venture partners during the first two earn-in phases. HPX can increase its stake to 80% or 85% by funding a Prefeasibility Study, depending on the cost of the study (refer to the ASX release dated 20/05/2013 for further details).

The joint venture will see the project-wide deployment of HPX's proprietary IP system at Fairholme. Planning and permitting for the IP survey has been completed and the survey commenced in July 2013.

Cundumbul EL6661 and EL7399

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

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. During the quarter, 3D IP surveys were undertaken at the Mehruda and Bakers Swamp prospects and significant chargeable anomalies have been defined at both prospects. Gravity surveys at the Bakers Swamp, Mehruda and Andrews prospects and further mechanical auger drilling at Andrews prospect are planned for the September 2013 quarter with follow-up RC drilling of targets scheduled for the December 2013 quarter.

Genaren EL7927

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

Genaren is located at the northern end of the Northparkes Igneous Complex 29km north of Rio Tinto's Northparkes copper-gold mine. During the quarter, mud-rotary pre-collar diamond drilling was undertaken to test geophysical targets defined in the previous quarter (9 holes; 1,079m).

The highest priority target was a coincident magnetic and gravity low which was tested by the first hole in the program. This hole intersected interbedded limestone breccia and polymictic conglomerate with strong alteration zones in the conglomerate (hematite flooding and carbonate veining), including strong zones of quartz-sericite-pyrite (phyllitic) alteration with trace chalcopyrite. The phyllic alteration is significant in that it is the probable cause for the targeted magnetic low (magnetite destructive) and it may be associated with a porphyry system.

Results have been received and whilst no significant copper or gold intercepts were returned, pathfinder geochemistry suggests the drilling could be in the distal section of a porphyry system. Spectral logging of the drill core is in progress. Petrological studies will be undertaken in the September 2013 quarter and further geophysical surveys are being considered. Follow-up drilling is scheduled for the December 2013 quarter after crop harvest.

Currumburrama EL6784

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

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. During the quarter, mud-

rotary pre-collar diamond drilling was undertaken to test geophysical, geochemical and structural targets defined previously (6 holes; 979m).

The first hole CBMD001 intersected a 7m zone with approximately 10% fine grained sulphides and coincident elevations in Mo and As from 154m. The origin of the sulphides will be investigated in the next quarter. Other holes intersected zones magnetite-epidote alteration suggesting the presence of nearby intrusions. However, no other significant assay results were returned. Spectral logging of drill core and further geophysical data processing is in progress.

Corporate

As at June 30 2013, the company held cash, restricted cash and marketable securities (at market value) of \$2.8 million.

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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 being undertaken to qualify as a Competent Person as defined in the 2012 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 5 wholly owned and managed projects, 3 joint venture projects with Mitsubishi Materials Corporation (MMC) of Japan and 1 joint venture project with High-Power Exploration Inc., 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. 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

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CLANCY EXPLORATION LIMITED

ABN

65 105 578 756

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	18	11
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,117) (203)	(1,655) (416)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	22	38
1.5	Interest and other costs of finance paid		
1.6	Income taxes (paid)/refunded		
1.7	Other		
	Cash calls received from JV partners	179	102
Net Operating Cash Flows		(1,101)	(1,920)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 1	 (5)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(100)	1,000
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(99)	995
1.13	Total operating and investing cash flows (carried forward)	(1,200)	(925)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,200)	(925)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares,options, etc.	-	500
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – share issue costs	-	(4)
	R&D Grant	362	362
	Net financing cash flows	362	858
	Net increase (decrease) in cash held	(838)	(67)
1.20	Cash at beginning of quarter/year to date	2,611	1,840
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,773	1,773

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	94
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of salaries, consulting fees and directors fees to directors and director related entities.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	869
4.2 Development	-
4.3 Production	-
4.4 Administration	171
Total	1,040

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,223	2,061
5.2 Deposits at call	550	550
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,773*	2,611*
*Excludes \$300,000 of restricted cash.		

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 7747	East Parkes	100%	Nil
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	205,990,049	205,990,049		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	94,134,786 2,050,000 1,100,000 1,650,000	94,134,786 - - -	Exercise Price \$0.15 \$0.175 \$0.185 \$0.195	Expiry Date 31 July 2013 10 August 2013 30 September 2013 31 December 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 5).
- 2 This statement does ~~/does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 31 July 2013
(Director/Company secretary)

Print name: Rowan Caren

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.