Clancy Exploration Limited
3 Corporation Place
Orange NSW 2800
Australia

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

ASX / MEDIA ANNOUNCEMENT
2 December 2014

Fairholme Drilling to Commence
Targeting Priority IP Anomalies

Highlights

- **HPX Typhoon IP system identified large (2.7km x 1.2km), complex induced polarisation anomaly cluster**
- **Fairholme JV approves 3 hole 2300m drill program to test top 3 chargeable parts of the anomaly cluster over 1.6km of strike**
- **Individual anomalies represent attractive copper-gold porphyry targets**
- **Program fully funded by JV Partner Kaizen Discovery Inc**
- **New Frontiers Co-operative Drilling funding of up to $198,750 will be provided by the NSW State government to partially fund the program**
- **Drilling expected to be completed in January 2015 with results later in Q1 2015**

Clancy Exploration Limited (ASX: CLY) is pleased to announce that diamond drilling of high priority Induced Polarisation (IP) targets at Fairholme will commence in early December. A three hole, 2300m diamond drill program will test three of the top five chargeable IP targets defined by the High Power Exploration (HPX) Typhoon IP system at the Fairholme project (EL6552 & EL6915). The aim of the program is to locate an economic porphyry Cu-Au system. Drilling is due to commence in early December 2014, once all statutory approvals are received.

CLY Managing Director, Mr Gordon Barnes, said "This will be the first significant test of the Fairholme mineral system in over 13 years, since the target was identified by Clancy, and it represents the culmination of 18 months of sustained exploration effort by the joint venture team. Drilling is likely to conclude in January 2015, with assay results to follow."

The combined data from the 2013 gradient array and 2014 3D IP survey have detected anomalies under the extensive conductive clay cover sequences (Figure 1). The three targets to be tested are within a broader >3.5 mv/V chargeability shell which is 2.7 km long and 1.2 km wide at 450m depth. The amplitude of the anomalies is suppressed due to signal loss in the conductive cover sequences. However, petrophysical testing of diamond core has shown that the chargeable bodies may represent disseminated or vein-hosted sulphide and iron-oxide mineral accumulations. The southern part of the large chargeability shell coincides with a prominent magnetic anomaly at Dungarvan and with the >500 ppm maximum-in-hole copper contour from historic air core drilling.

The individual targets to be tested lie adjacent to, and along strike of, the Dungarvan Cu-Au porphyry prospect. Each hole is proposed to be 700 to 800m deep including a 100m pre-collar, and will test 1.6 km of strike length of the system (Figure 1). None of the targets has been drilled previously. The anomalies lie within a structurally favourable NW-trending corridor which is thought to represent a zone of dilation which localised porphyry intrusions and Cu-Au mineralisation. New Frontiers Co-operative Drilling funding of up to $198,750 will be provided by the NSW State government to partially fund the program.

Anomaly 3 is the highest priority target and will be tested first (Figure 2). Anomaly 3 is a >5 mv/V chargeability anomaly with an approximate diameter of 440m at 450m depth. The target lies on the inferred northern edge of the NW-striking Dungarvan Diorite and is a magnetic high at depth. The margin is inferred

to be a contact between the country rocks of basaltic-andesitic composition, and therefore interpreted as a rheological/structural boundary favourable to host mineralisation. Minimal historic shallow drilling has been completed in the vicinity of the anomaly.

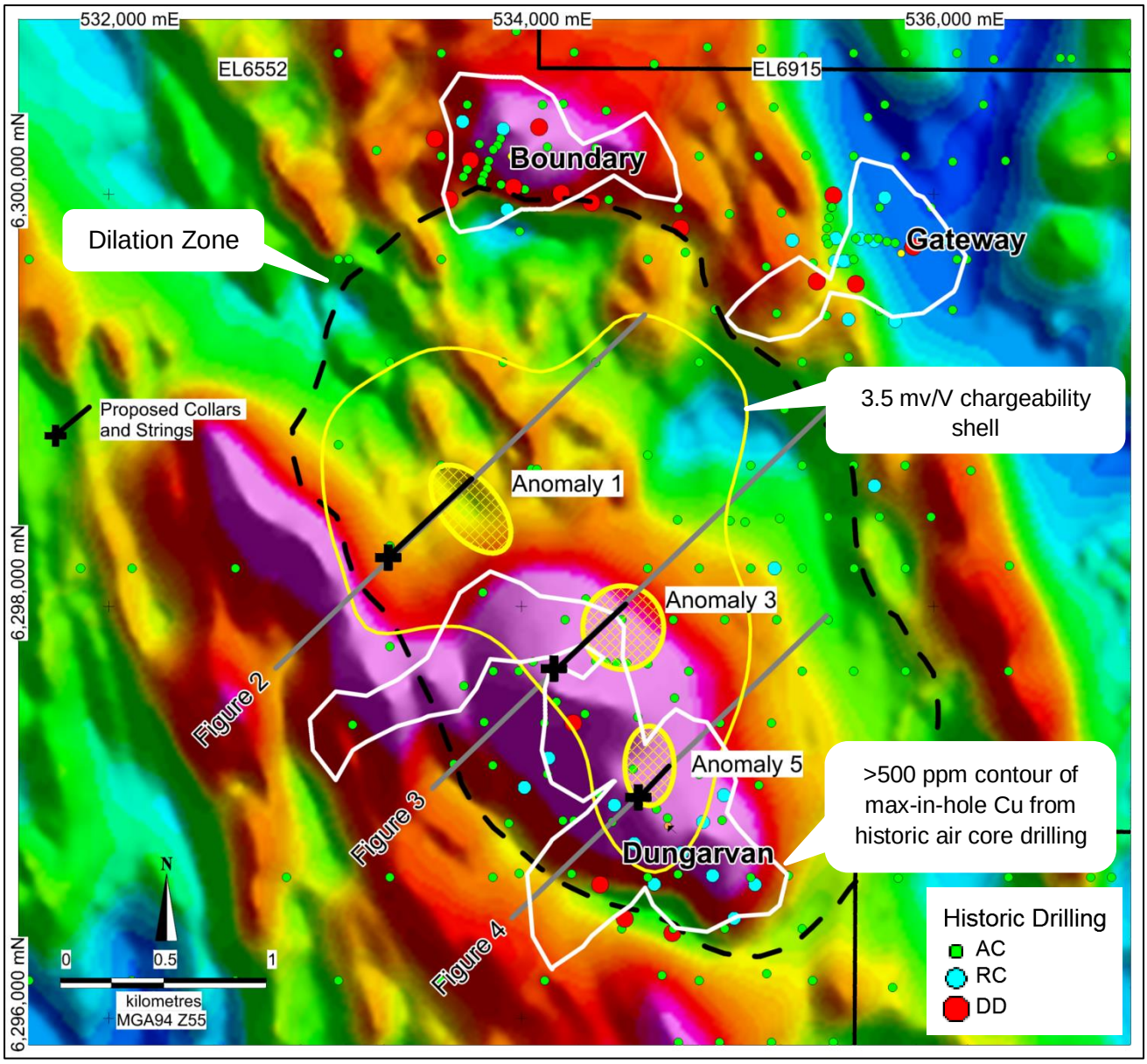

Figure 1 - *Plan view of the proposed Diamond drill program at Fairholme with the background total magnetic intensity image, showing the locations of cross-sections shown in Figures 2-4, the IP chargeability anomaly targets relevant to this release (yellow hatches) and the >500 ppm maximum-in-hole copper contour as reported from historic drilling (white contours). Historic drill hole collars are also shown by type reflecting shallow (<100m) to deep (~600m) testing of the system, respectively: AC = air core; RC = Reverse Circulation and DD = Diamond Drilling.*

Anomaly 1 is the second priority drill target (Figure 3). Anomaly 1 is a >5.5mv/V elliptical chargeable anomaly with the dimensions 270m by 520m at 450 m depth. The anomaly lies between two steeply north-dipping bodies and is inferred to be sub-perpendicular to the stratigraphy. Minimal historic shallow drilling has been completed in the vicinity of the anomaly.

Anomaly 5 is the third priority drill target (Figure 4). This anomaly is a 4 mv/V chargeability anomaly 220m wide at 500m depth and lies on the northern side of the Dungarvan Diorite. Historical moderate (~200m)

and deep drilling (~600m) has located Cu-Au mineralisation on the southern side of the diorite. A strong magnetic anomaly coincides with the peak of the chargeability anomaly and presents an attractive drill target.

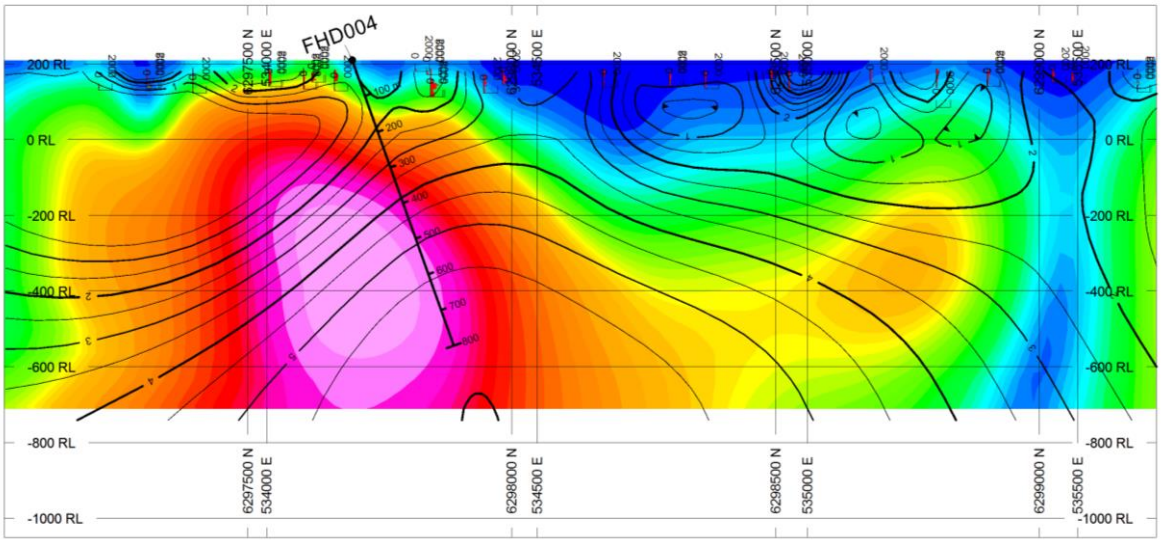

Figure 2 - *Anomaly 3 cross-section looking NW, with IP chargeability contours overlying a slice of the magnetic inversion model. The trace of the proposed drill hole is shown. Coordinates are MGA94 Z55.*

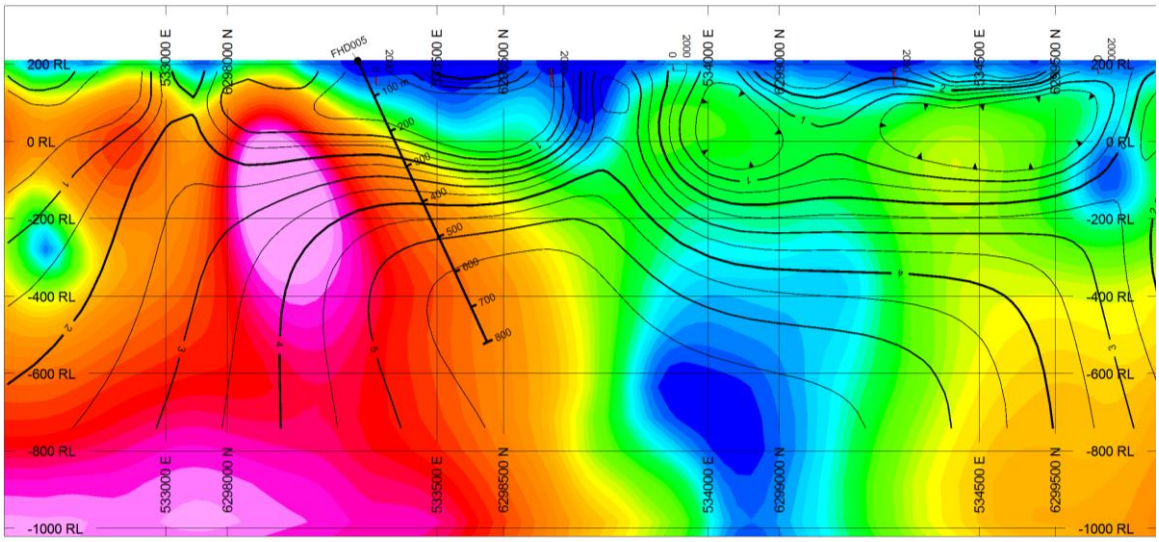

Figure 3 - *Anomaly 1 cross-section looking NW, with IP chargeability contours overlying a slice of the magnetic inversion model. The trace of the proposed drill hole is shown. Coordinates are MGA94 Z55.*

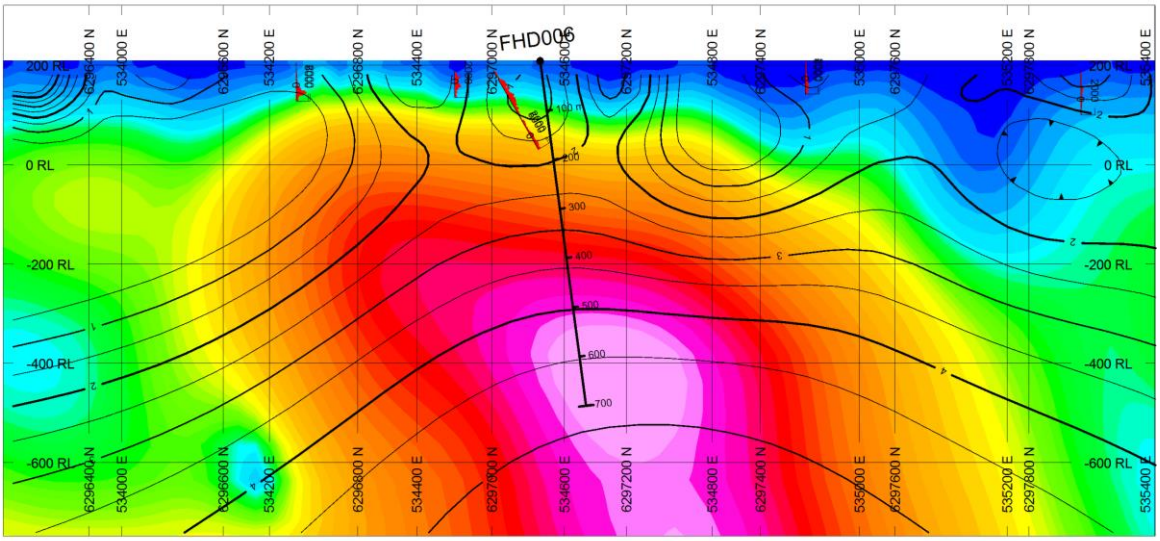

Figure 4 - *Anomaly 5 cross-section looking NW, with IP chargeability contours overlying a slice of the magnetic inversion model. The trace of the proposed drill hole is shown. Coordinates are MGA94 Z55.*

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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 announcement that relates to Initial Exploration Results is based on information compiled by Dr Jeff Vassallo who is a Member of the Australian Institute of Geoscientists. Dr Vassallo 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 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Dr Jeff Vassallo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Fairholme

The Fairholme project is located 12km north of the Cowal gold mine in central NSW. The project consists of two tenements, EL6552 and EL6915 that cover 172km^2 of the Fairholme Igneous Complex, part of the Macquarie Arc that hosts porphyry copper-gold deposits at Cadia and Northparkes. 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 prospect (Newcrest). Fairholme is a joint venture between Clancy Exploration Limited (51%) and Kaizen Discovery Inc. (TSX.V: KZD; 49%, earning 65% and funding 100%).

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 and around 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, 2 joint venture projects with Mitsubishi Materials Corporation (MMC) of Japan and 1 joint venture project with Kaizen Discovery 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