

QUARTERLY ACTIVITIES and CASHFLOW REPORT

For the period ending 30 June 2016

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 30 June 2016.

Summary

- Clancy is well-funded following completion of an underwritten rights issue and placement which raised \$2.1 million.
- Evan Cranston appointed Chairman.
- Scott Patrizi appointed a Non-Executive Director.
- Search underway for a project to secure the Company's future.

Capital Raising

During the quarter, the Company completed a capital raising process which raised a total of \$2.1m, comprising a placement for \$38,000 and a fully underwritten renounceable rights issue for \$2.06 million. The Rights issue was fully underwritten by Patersons Securities Limited. Proceeds from the capital raisings, after deduction of the costs, will be applied to the exploration of existing projects, the search for a new project and working capital.

As at 30 June 2016, the Company had cash on hand of \$1,868,000. For further details, refer to the Appendix 5B.

Corporate

Subsequent to the end of the quarter, Mr. Evan Cranston was appointed as Chairman following the resignation of Mr. Nathan Featherby. Mr. Scott Patrizi was appointed as Non-Executive Director.

Mr. Patrizi is a corporate finance professional having been previously employed with Deloitte Touche Tohmatsu in Perth. Scott holds a Bachelor of Commerce from the University of Western Australia. During his time at Deloitte, Scott worked across a range of industries including mining, oil and gas, healthcare, education and private equity providing merger and acquisition, valuation and due diligence services. Prior to Deloitte, Scott worked for Argonaut Limited, a full service advisory, stockbroking & research and investment house focussed on clients in the natural resources sector, where he gained significant equity capital market experience.

The Company has completed the transition of its administrative office from Orange to Perth. As a result, Clancy has reduced its operating cost base to a minimum whilst it focuses attention on identifying and acquiring a project to secure the Company's future.

Exploration

The Board is focused on securing a new project opportunity for Clancy. It has an active identification and assessment process underway, with several interesting opportunities under consideration, though no suitable opportunities have been advanced to date.

Clancy's joint venture partners at the Trundle, Condobolin and Fairholme projects withdrew during the March quarter. Clancy is now seeking new partners for these projects. Clancy's exploration office in Orange continues to manage the Company's interests in the NSW licences.

Orange East EL6181 & ELA5243

(NSW, Clancy 100%; Alkane Resources Ltd, earning 60% and funding 100%)

Orange East is located 15km ESE of the city of Orange and contains several target styles including Ordovician porphyry copper-gold and post-Ordovician copper-gold targets. Numerous old workings occur in the area and many are focused along regional-scale structures, such as the Lucknow and Godolphin faults. Previous work by Clancy defined a soil anomaly at the Gunnarbee prospect, which has similar geochemical, structural and geological characteristics as the nearby McPhillamys gold deposit, 15km along strike to the south (Figure 1).

Alkane Resources Ltd (Alkane; ASX: ALK) can earn a 60% interest in the Orange East project by spending \$500,000 on exploration over three years. Alkane can earn a further 20% interest (80% total) by spending an additional \$500,000 on exploration over the subsequent two years. Alkane is managing the exploration program. The project was inactive during the quarter.

Trundle EL8222

(NSW, Clancy 100%)

The Trundle project consists of a single exploration licence EL8222 located 25km west of the Northparkes copper-gold mine. There is extensive evidence of porphyry and skarn-style copper-gold mineralisation similar to the Cadia Valley and Northparkes. Following the withdrawal of High Power Exploration Inc in the March quarter, Clancy is seeking a partner for the Trundle project.

Condobolin EL7748

(NSW, Clancy 100%)

Condobolin EL7399 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 the metasedimentary units of the Ordovician Girilambone Group, associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and free gold. Following the withdrawal of Ramelius Resources Limited in the March quarter, Clancy is seeking a partner for the Condobolin project.

Fairholme EL6552 & EL6915

(NSW, Clancy 100%)

The Fairholme project is located in the Fairholme Igneous Complex 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 porphyry copper-gold deposit (Newcrest). The

project was formerly a joint venture with Kaizen Discovery Inc (Kaizen). The Kaizen joint venture focused on the porphyry copper-gold potential and a number of IP chargeability anomalies were drill tested with disappointing results. Other potential targets such as epithermal Cowl-style gold systems and porphyry copper-gold targets in areas where the IP survey did not penetrate into the basement due to conductive overburden, remain to be followed up. Following the withdrawal of Kaizen in the March quarter, Clancy is seeking a partner for the Fairholme project.

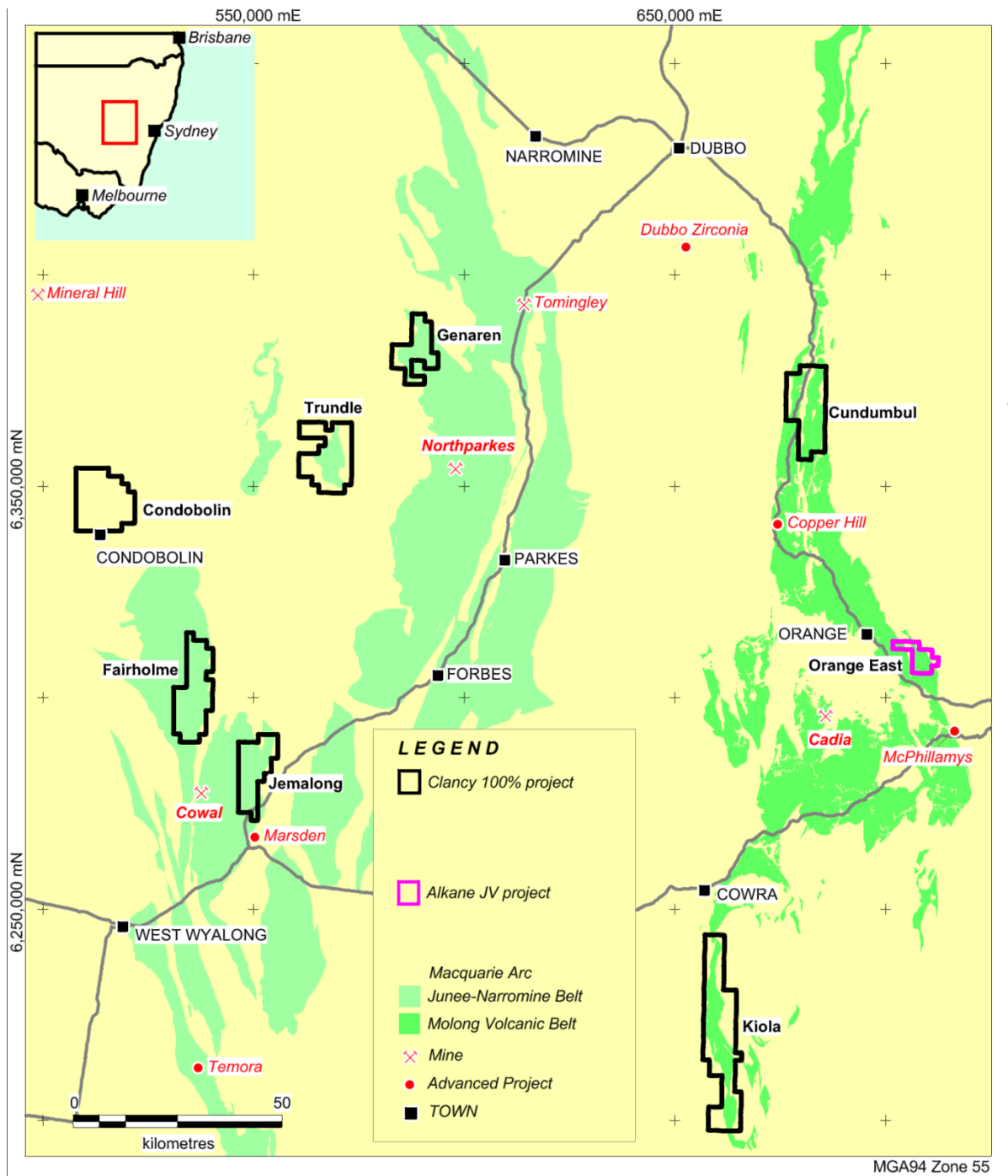


Figure 1 – Map showing location of Clancy projects in central NSW.

Clancy Tenement Listing

(As at 30 June 2016)

List of tenements - Clancy interest

State	Project	Lease No	Status	JV Project	Manager	Clancy interest	Area (km ²)	Note
NSW	Condoblin	EL7748	Renewed	No	Clancy	100%	181.5	
NSW	Genaren	EL7927	Renewal pending	No	Clancy	100%	95.4	
NSW	Cundumbul	EL6661	Renewed	No	Clancy	100%	141.4	
NSW	Cundumbul	EL7399	Renewed	No	Clancy	100%	26.0	
NSW	Fairholme	EL6552	Renewal pending	No	Clancy	100%	54.5	
NSW	Fairholme	EL6915	Renewed	No	Clancy	100%	114.7	
NSW	Kiola	EL8151	Granted	No	Clancy	100%	284.2	
NSW	Orange East	ELA5243	Application	Yes	Alkane	100%	40.2	Alkane earning 60%
NSW	Trundle	EL8222	Granted	No	Clancy	100%	167.2	
NSW	Jemalong	EL8302	Granted	No	Clancy	100%	28.6	
NSW	Jemalong	ELA5218	Application	No	Clancy	100%	91.6	

Please direct enquiries to:

Evan Cranston
 Non-Executive Chairman
 Phone: +61 8 6143 6720
 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 Mr Gordon Barnes who is a Member of the Australian Institute of Geoscientists. Mr Barnes is a consultant to 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". 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 and gold explorer. The Company's portfolio consists of copper-gold projects in the Lachlan Fold Belt of NSW where it has seven wholly owned and managed projects and one joint venture project with Alkane Resources Ltd (ASX: ALK). 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 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	9
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(415) (152)	(1,184) (609)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	13
1.5 Interest and other costs of finance paid		
1.6 Income taxes (paid)/refunded		
1.7 Other Cash calls received from JV partners	 23	 422
Net Operating Cash Flows	(543)	(1,349)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 -	 (3)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	 11	 21
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) Release of restricted cash	 80	 80
Net investing cash flows	91	98
1.13 Total operating and investing cash flows (carried forward)	(452)	(1,251)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(452)	(1,251)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,101	2,101
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 – Costs of Issue	(213)	(213)
	Net financing cash flows	1,888	1,888
	Net increase (decrease) in cash held	1,436	637
1.20	Cash at beginning of quarter/year to date	432	1,231
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,868	1,868

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	45
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 consulting fees, directors' fees and superannuation on salaries upon termination 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	149
4.2	Development	-
4.3	Production	-
4.4	Administration	129
Total		278

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	1,868	45
5.2 Deposits at call	-	387
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,868[#]	432[*]
[#] Excludes \$130,000 of restricted cash but includes a total of \$132,000 sequestered for Fairholme project.		
[*] Excludes \$210,000 of restricted cash but includes \$132,000 sequestered for Fairholme projects.		

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	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	2,357,540,408	2,357,540,408		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,101,286,016	2,101,286,016		
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>	1,388,044,679	1,388,044,679	Exercise Price \$0.004	Expiry Date 9 May 2019
7.8 Issued during quarter	1,388,044,679	1,388,044,679	\$0.004	9 May 2019
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: 29 July 2016
(~~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.

====

+ See chapter 19 for defined terms.