

QUARTERLY ACTIVITIES and CASHFLOW REPORT

For the period ending 31 March 2014

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 31 March 2014.

Highlights

- A Typhoon 3D IP survey and a helimagnetic survey are planned to follow-up chargeable IP anomalies defined last year at the **Fairholme JV**. This work is scheduled to commence in June 2014.
- RC drilling has intersected anomalous molybdenum associated with a gravity low at the Mehruda Mo Prospect within the **Cundumbul JV**. Further work is planned.
- Aircore drilling commenced at the **Genaren JV** but was curtailed due to wet weather.
- AGM to be held in May at which shareholder approval will be sought for the acquisition of 100% of ABM's interests in the **North Arunta Project** Region in the Northern Territory.

Exploration

Fairholme EL6552 and EL6915

(NSW, Clancy 51%; Kaizen Discovery Inc 49%, earning 65% 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).

A Typhoon 3D IP survey is planned to follow-up the Typhoon gradient array chargeable IP anomalies defined in 2013. A project-wide helimagnetic survey is also planned. This work is scheduled to commence in June 2014.

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.

RC drilling was completed at the Bakers Swamp, Mehruda Mo Anomaly and Mehruda Mine Prospects (11 holes, 1852m). The holes were designed to test chargeability anomalies generated from 3D Induced Polarisation surveys carried out in the June quarter of 2013. All anomalies were successfully tested, and were proven to contain disseminated pyrite, commonly associated with hydrothermal alteration.

The Mehruda Mo Anomaly, now referred to as the Mehruda Mo Prospect, is of greatest interest. In hole CNRC003 (Figure 1), andesitic (intermediate) volcanics, lithic volcanoclastic sediments and tuffs were intersected with occasional feldspar porphyry and diorite intrusives. Pervasive silica alteration persisted throughout the hole and became intense between 176-210m. It consisted of texturally-destructive pink, silica-pyrite alteration, surrounded by intense silica-sericite alteration. Molybdenum was anomalous throughout the hole, associated with the alteration, with significant intercepts including: 3m @ 48ppm Mo (from 115m, CNRC003); 27m @ 11ppm Mo (from 191m, CNRC003), including 4m @ 33ppm Mo (from 192m); 38m @ 16ppm Mo (from 230m, CNRC003), including 12m @ 29ppm Mo (from 242m) and 2m @ 46ppm Mo (from 262m). Follow up drilling at this prospect is currently being planned.

Anomalous copper was returned from CNRC001, ~500m east of the Mehruda Mo Prospect, which returned 3m @ 0.27% Cu (from 98m) in chlorite-silica-carbonate (-hematite-epidote) altered intermediate volcanics, with pyrite-chalcopyrite.

Drilling at the Bakers Swamp prospect returned low-level molybdenum and copper within volcanoclastic sequences, trachyandesite intrusives and skarniferous horizons. Further work is required at Bakers Swamp to fully assess its potential.

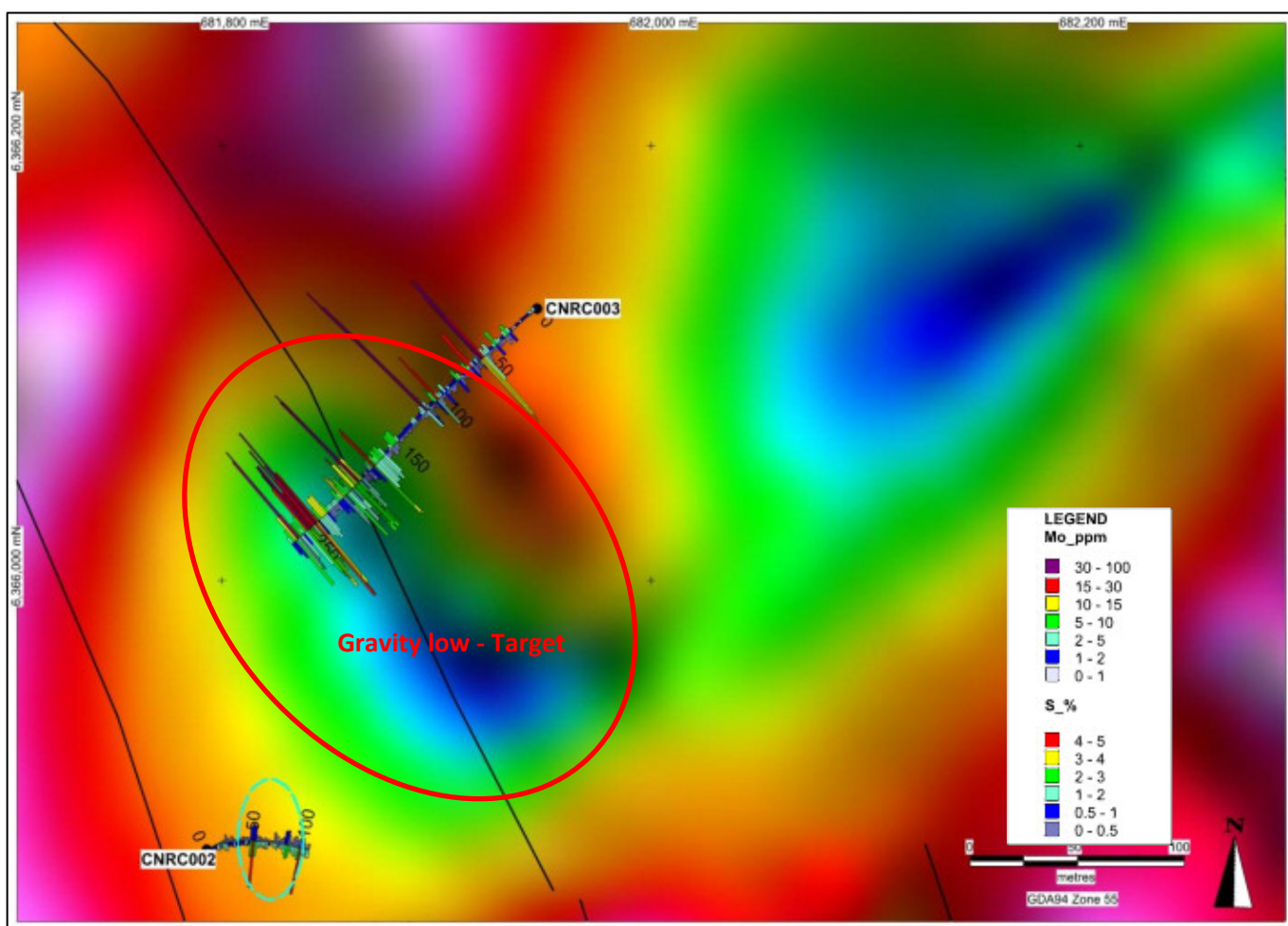


Figure 1: Mehruda Mo Prospect - Drill Holes CNRC002 and CNRC003
 Shown are assay results for Mo (on left of drill trace) and S (on right of drill trace), and major structures (black lines). Background image is detailed Bouguer gravity.

Table 1: Cundumbul-Bakers Swamp Collars

Hole ID	MGA_E	MGA_N	RL (m)	Depth (m)	Dip°	Azi° (Mag)
CNRC001	681411	6365771	500	198	-55	217.6
CNRC002	681793	6365876	481	108	-65	53.6
CNRC003	681947	6366125	485	270	-55	219
CNRC004	681371	6365757	500	148	-55	217.6
CNRC005	682931	6366361	453	108	-65	218
CNRC006	682924	6366422	445	96	-60	222.6
CNRC007	683225	6366339	458	138	-55	227.6
CNRC008	682955	6366318	458	132	-60	257.6
BARC001	679183	6371243	448	264	-55	121.5
BARC002	679006	6370811	450	132	-55	113.6
BARC003	678394	6370891	450	258	-55	137.6

Table 2: Cundumbul-Bakers Swamp Intercepts¹

Hole	From (m)	To (m)	Intercept (m)	True width (m)	Mo (ppm)	Cu (%)
CNRC001	98	101	3	not determined		0.27
CNRC001	182	186	4	not determined	14	
CNRC002	48	54	6	not determined	12	
CNRC002	96	100	4	not determined	14	
CNRC003	56	60	4	not determined	34	
CNRC003	68	74	6	not determined	9	
CNRC003	104	108	4	not determined	13	
CNRC003	115	118	3	not determined	48	
CNRC003	166	180	14	not determined	8	
<i>including</i>	176	178	2	not determined	21	
CNRC003	191	218	27	not determined	11	
<i>including</i>	192	196	4	not determined	33	
CNRC003	230	268	38	not determined	16	
<i>including</i>	242	254	12	not determined	29	
<i>and</i>	262	264	2	not determined	46	
CNRC005	34	36	2	not determined		0.14
CNRC006	30	32	2	not determined		0.13
CNRC008	0	6	6	not determined	14	
BARC001	214	218	4	not determined	8	
BARC002	16	30	14	not determined	7	
BARC002	128	130	2	not determined		0.053

A 3D IP survey was completed at the Andrews prospect (11 arrays) with data processing in progress at quarter end.

¹ Refer to Data aggregation methods section of Appendix I for intercept calculation details

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 the Northparkes copper-gold mine. Aircore drilling to test the Wombin Volcanics (host rocks for most of the Northparkes porphyry systems) was curtailed due to wet weather. A total of 18 holes (1026m) were completed prior to the wet weather. The aircore program will resume in the summer after crops are harvested. Results for the holes completed to date are pending.

Corporate

As at March 31 2014, the company held cash and restricted cash of \$1.58 million.

In November 2013, the Company announced that it had entered into an agreement with ABM Resources NL (ASX: ABU) (ABM) whereby Clancy will have the option to acquire 100% of ABM's interests in the **North Arunta Project** Region in the Northern Territory. Due diligence has been completed and an exercise fee of \$150,000 was paid during the quarter. Completion of the transaction is subject to Clancy and ABM obtaining all necessary approvals including any shareholder approvals required pursuant to the Corporations Act or ASX Listing Rules and any government or third party approvals and to Clancy appointing an Investment bank/broker to coordinate a placement of its ordinary shares to raise gross proceeds of between \$2,500,000 and \$4,000,000. Clancy's shareholders will meet to approve the transaction at the AGM to be held in Orange on 7th May 2014.

The transaction, if it is completed, will deliver an exciting portfolio of exploration targets within a land package covering more than 12,500km² in the highly prospective North Arunta region of the Northern Territory. Due diligence enquiries have re-affirmed Clancy's belief in the Project's potential, as follows;

- The land package is located in the North Arunta region, part of the Proterozoic Tanami-Arunta Orogen in the Northern Territory where over 11.5 million ounces of gold have been discovered since 1985;
- The Tanami-Arunta Orogen is highly prospective for Au, Cu & Ni and shares many similarities with the Albany-Fraser Orogen in Western Australia;
- The North Arunta Project is prospective for Intrusion Related Gold Systems (IRGS) and magmatic nickel deposits, the potential for which may have been overlooked in the past;
- Modern techniques and technologies, a new exploration model and a fresh approach could provide the key to discovery.

Clancy tenement listing

(As at 31 March 2014)

State	Project Name and Location	Lease No	Status	JV Project	Manager	Clancy interest	Area (km ²)	Note
NSW	Condobolin	EL7748	Renewed	No	Clancy	100%	362.8	
NSW	Genaren	EL7927	Granted	Yes	Clancy	100%	193.6	Mitsubishi Materials Corp earning 49%
NSW	Cundumbul	EL6661	Renewed	Yes	Clancy	100%	141.4	Mitsubishi Materials Corp earning 49%
NSW	Cundumbul	EL7399	Renewed	Yes	Clancy	100%	63.5	Mitsubishi Materials Corp earning 49%
NSW	Currumburrama	EL6784	Renewed	Yes	Clancy	100%	45.6	Mitsubishi Materials Corp earning 49%
NSW	Fairholme	EL6552	Renewal Pending	Yes	Clancy	51%	54.5	Kaizen Discovery Inc earning 65%
NSW	Fairholme	EL6915	Renewed	Yes	Clancy	51%	117.5	Kaizen Discovery Inc earning 65%
NSW	Kiola	EL8151	Granted	No	Clancy	100%	284.2	
NSW	Orange East	EL6181	Renewal Pending	No	Clancy	100%	40.2	
NSW	Trundle	EL8222	Granted	No	Clancy	100%	167.2	
NSW	Mount Tennyson	EL8226	Granted	No	Clancy	100%	45.8	
NSW	Mount Pleasant	EL8237	Granted	No	Clancy	100%	63.5	
NSW	Koobah	ELA4996	Application	No	Clancy	100%	28.6	
NT	Mount Gardiner	EL30297	Application	No	Clancy	100%	639.7	
TAS	Lake Margaret	EL28/2009	Granted	Yes	Bass Metals	25%	59.0	Clancy interest carried to Prefeasibility study
TAS	Sock Creek	EL20/2010	Granted	Yes	Bass Metals	25%	11.0	Clancy interest carried to Prefeasibility study
TAS	Oonah	EL63/2004	Renewed	Yes	TNT Mines	25%	24.0	Clancy contributing

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

In NSW, Clancy has 7 wholly owned and managed projects, 3 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

Appendix I – JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data: Cundumbul Project

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Reverse circulation drilling was used to obtain basement rock chip samples at nominal 1m intervals. Rock chips are split using a cone splitter directly mounted to the drill rig cyclone, in a ratio of 95 (waste): 5 (laboratory sample). Samples are dried, where necessary, prior to laboratory submission.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Samples are transported to ALS Chemex Orange for preparation and assay. Assay standards are inserted at least every 40 samples. Laboratory standards and blanks are analysed with sample batches as a secondary performance check. One standard is included with every fire assay batch.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	Reverse circulation drilling was used to obtain basement rock chip samples at nominal 1m intervals. Samples are then crushed to 70% nominal -6mm and pulverized where up to 85% is less than 75 microns. Samples are then homogenized by light pulverizing. Quality control testing on pulverizing efficiency is conducted on random samples. Gold was analysed using a 50g sample via fire assay with AAS finish, (Method Au – AA22) with a detection level of 0.002ppm. Samples returning >1 g/t are analysed by method Au-AA26 with a detection level of 0.01ppm. A further 48 elements are analysed from a 0.25g charge which is dissolved using a near total four acid digest with AAS and ICPMS finish (Method ME-MS61). Samples returning >1% Cu, Pb, Zn and > 100g/t Ag are analysed by method Aqua Regia Digestion with ICP-AES finish (ME-OG46).
	<i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	Reverse circulation drilling was used to obtain 1 m samples from which 2 – 2.5kg was pulverized to produce a 50g charge for fire assay and a 0.25g charge for acidic digestion..
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Drilling is by reverse circulation. Surface holes were collared straight into weathered basement, with a 6m pre-collar. PVC casing was utilized to collar the hole. A 4 1/2" hammer drill bit and HQ diameter rods were used to drill holes up to 270m angled depth.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Rock chip samples are recorded for every 2m sample, with intervals containing significant sulphide material duplicated every 1m sample.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	A Metzke cone splitter was connected directly to the drill rig and dust suppression unit to completely contain the sample between the collar and the

Criteria	JORC Code explanation	Commentary
		<p>sample bag. Due to the adjustable split ratio of the cone splitter used, the laboratory sample obtained is at the correct weight for sample submission. No additional splitting of the sample is required.</p> <p>A cone splitter was preferentially used to ensure sample homogeneity and reduce sample bias.</p>
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	No analysis of recovery versus grade has been undertaken.
<i>Logging</i>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	<p>Systematic geological logging is undertaken. Data collected includes:</p> <ul style="list-style-type: none"> • Nature and extent of lithologies • Relationship between lithologies • Amount and mode of occurrence of ore minerals • Location, extent and nature of structures such as veins and faults. • Magnetic susceptibility recorded at 1m intervals in chips <p>No geotechnical logging is undertaken as all prospects are considered exploration targets.</p>
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Petrology routinely completed to confirm mineral identification and textures. Spectral logging at 1 m intervals also to confirm logged minerals.
	<i>The total length and percentage of the relevant intersections logged.</i>	All chips are geologically logged.
<i>Sub-sampling techniques and sample preparation</i>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	N/A
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	All samples were split using a cone splitter and sampled dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Samples are dried crushed and pulverised to 85% passing 75 microns, then homogenized. This is considered appropriate to blend the material prior to laboratory analysis.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	The use of Certified Standard Reference Materials and blanks are inserted at least every 40 samples to assess the accuracy and reproducibility of results. The results of the standards are to be within $\pm 10\%$ variance from known certified result. ALS conduct internal check samples. These are checked by Clancy employees. Assay grades are compared with mineralogy logging estimates.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Chip samples are taken for down hole intervals of 2m. This is considered representative of the in situ material. Where significant sulphide material is observed, selected downhole intervals are re-sampled by hand spear every 1m. The sample is crushed and pulverised to 85% passing 75 microns and then homogenized. This is considered appropriate for the sample material.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate to the grain sizes of the minerals encountered.
<i>Quality of</i>	<i>The nature, quality and appropriateness of the assaying and laboratory</i>	Standard assay procedures performed by a reputable assay lab, (ALS Group),

Criteria	JORC Code explanation	Commentary
assay data and laboratory tests	<i>procedures used and whether the technique is considered partial or total.</i>	were undertaken. Gold assays are initially by 50g fire assay with AAS finish, (method Au-AA22). For samples with a gold value greater than 1ppm method AU-AA26 is employed. Method ME-MS61 utilizes a near total four acid digest for a further 48 element suite. Ore grade Ag and base metals are analysed using method ME-OG46.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Terraspec 4 Hi-Res mineral spectrometer is used to quantitatively identify mineral assemblages. Wavelength range is 350-2500nm with a scanning time of 100 milliseconds and wavelength accuracy of 0.5nm. Measurements are taken every 1 metre for 10 seconds on dry, clean sample. Regular calibration occurs using the standard white disc. KT10 magnetic susceptibility meter is used for susceptibility measurements in 3 second readings.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Certified reference material or blanks are inserted at least every 40 samples. Standards are purchased from Certified Reference Material manufacture companies: Ore Research and Exploration, and Geostats Pty Ltd. Standards were purchased in foil lined packets of between 60g and 100g. The standard names on the foil packages were erased before going into the pre numbered sample bag and the standards are submitted to the lab blind.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The raw assay data forming significant intercepts are examined by at least two company personnel. Intercept are calculated via a database query method.
	<i>The use of twinned holes.</i>	Twinned holes have not been used since this work is intended to test areas not previously explored.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Drill hole data including meta data, orientation methods, lithological, mineral, structural, survey, sampling and magnetic susceptibility is collected and entered directly into an excel spread sheet using drop down codes. When complete the spreadsheet is emailed to the geological database administrator, the data is validated and uploaded into an SQL database. Assay data is provided by ALS via electronic spreadsheet. The data is validated using the results received from the known certified reference material. Using an SQL based query the assay data is merged into the database. Hard copies of the assay certificates are stored with drill hole data.
	<i>Discuss any adjustment to assay data.</i>	Assay data is not adjusted.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill hole collars are located using hand held GPS to ±5m.
	<i>Specification of the grid system used.</i>	All coordinates are based on Map Grid of Australia 1994 Zone 55.
	<i>Quality and adequacy of topographic control.</i>	Topographic control is maintained by use of State government datasets.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drill results are generally widely spaced in the nature of greenfields exploration.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore</i>	The mineralized areas are yet to demonstrate sufficient grade or continuity to support the definition of a Mineral Resource and the classifications applied under

Criteria	JORC Code explanation	Commentary
	<i>Reserve estimation procedure(s) and classifications applied.</i>	the 2012 JORC code.
	<i>Whether sample compositing has been applied.</i>	Sample compositing is not applied.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Where known, drilling is generally orientated to cross the geological trends at high angles to strike. Where possible, the use of orientated core allows estimates of the true width and orientation of the mineralisation to be made.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No sample bias due to drilling orientation is known.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Chain of custody is managed by Clancy. Samples are placed in tied calico bags with sample numbers that provide no information on the location of the sample. Samples are delivered by Clancy personnel to the assay lab.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been conducted at this stage.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	See Clancy tenement listing section in main body of announcement.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	At Cundumbul, previous work was completed by MIM, North Ltd and LFB Resources. Where available, existing reverse circulation/air core drill chips have been examined, and the logs and assays re-interpreted and plotted downhole. Existing limited soil survey data has been plotted to inform Clancy's forward soil sampling program.
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	At Cundumbul the targets are Ordovician porphyry Cu-Au deposits in the Macquarie Arc and post-Ordovician gold-base metal deposits along faults.
<i>Drill hole Information</i>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> 	See tables 1 and 2 in main body of announcement.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> hole length. 	
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	All holes are reported.
<i>Data aggregation methods</i>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	All reported assays have been length-weighted. All intervals are calculated with a 5ppm Mo and a 500ppm Cu cut-off with no more than 2 m of internal dilution. No upper cut-offs have been applied.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	Intercepts are length-weighted with no cutting of grades. This may lead to elevation of intercept grades due to the presence of a narrow interval of high grade material. Such high grade zones are reported as included intercepts inside the broader intercept.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalences quoted.
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	Where possible orientated drill core used to allow determination of orientation of structures and mineralisation.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Only preliminary information is currently available due to the lack of drill density.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	See table in body of report.
<i>Diagrams</i>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	See figures in body of report.
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	See table in body of report.
<i>Other substantive exploration data</i>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	See table in body of report.
<i>Further work</i>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	See body of report.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not</i>	See figures in body of report.

Criteria	JORC Code explanation	Commentary
	<i>commercially sensitive.</i>	

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")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	34	34
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(463) (202)	(463) (202)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes (paid)/refunded		
1.7 Other Cash calls received from JV partners	 300	 300
Net Operating Cash Flows	(322)	(322)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) Costs associated with ABM Acquisition Exercise fee paid to ABM	 (104) (150)	 (104) (150)
Net investing cash flows	(254)	(254)
1.13 Total operating and investing cash flows (carried forward)	 (576)	 (576)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(576)	(576)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares	5	5
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	5	5
	Net increase (decrease) in cash held	(571)	(571)
1.20	Cash at beginning of quarter/year to date	1,851	1,851
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,280	1,280

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	105
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	257
4.2	Development	-
4.3	Production	-
4.4	Administration	177
Total		434

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	1,030	1,601
5.2 Deposits at call	250	250
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22) *Excludes \$300,000 of restricted cash.	1,280*	1,851*

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 4512 Trundle		100%	Nil
	EL 7187 Trundle		100%	Nil
	EL 6534 Gobondery		100%	Nil
6.2 Interests in mining tenements acquired or increased	EL 8222 Trundle		100% of ELA 4684	100%
	EL 8226 Mt Tennyson		100% of ELA 4881	100%
	EL 8237 Mt Pleasant		100% of ELA 4894	100%
	ELA 4996 Koobah		Nil	100%
	EL 30297 Mt Gardiner (NT)		Nil	100%

+ 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	206,254,392	206,254,392		
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>			Exercise Price	Expiry Date
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: 23 April 2014
(~~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.