

## QUARTERLY ACTIVITIES and CASHFLOW REPORT

### For the period ending 31 December 2014

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

### Summary

- Diamond drilling is in progress at the **Fairholme JV** testing high-priority Typhoon IP targets:
  - One hole has been completed to date;
  - Drilling is expected to be completed in February 2015;
  - Drilling fully funded by JV partner, Kaizen Discovery Inc.
- Significant molybdenum intercepts returned from RC drill program at the Bell Prospect within the **Cundumbul JV**:
  - 14m @ 732 ppm Molybdenum, including;
    - **4m @ 0.176% Molybdenum.**
  - 16m @ 216 ppm Molybdenum, including;
    - **2m @ 704 ppm Molybdenum.**
  - Molybdenum intercepts open along strike and down dip;
  - Follow-up diamond drilling scheduled for late-January 2015;
  - Drilling fully funded by JV partner, Mitsubishi Materials Corporation.
- Aircore drilling completed at the **Genaren JV**:
  - 22 holes, 1218m;
  - Results expected in March 2015;
  - Program fully funded by JV partner, Mitsubishi Materials Corporation.

### Exploration

#### Fairholme EL6552 and EL6915

(NSW, Clancy 51%; Kaizen Discovery Inc 49%, earning 65% and funding 100%)

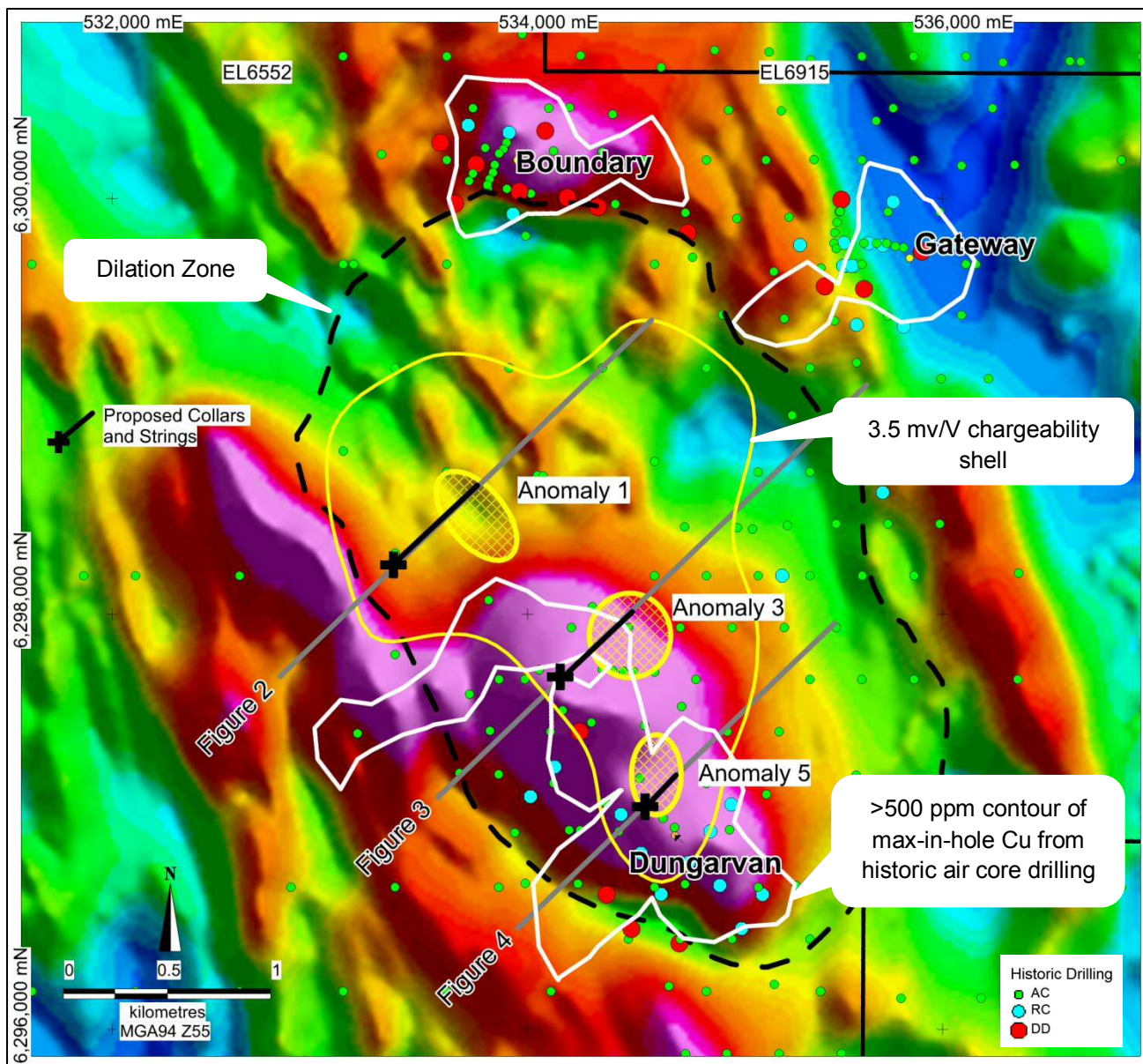
The Fairholme project covers 172km<sup>2</sup> of the Fairholme Igneous Complex and is located 12km north of the Cowal gold mine. The geophysical characteristics of the Fairholme Igneous Complex are similar to the Cowal Complex to the south, which hosts the Cowal gold mine (Barrick) and the Marsden porphyry copper-gold deposit (Newcrest).

Diamond drilling of high priority Induced Polarisation (IP) targets at Fairholme commenced in early December 2014<sup>1</sup>. A four hole, 2700m diamond drill program will test three of the top five chargeable IP targets defined by the 3D Typhoon IP system completed in the previous quarter. The aim of the program is to locate an economic porphyry Cu-Au system.

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<sup>1</sup> Refer to ASX release dated 2 December 2014 for further details

The combined data from the 2013 gradient array and 2014 3D IP survey have detected anomalies under 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.



**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.

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, 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 that 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.

One hole FHD004 (541.9 m) was completed prior to quarter end. Drilling is currently in progress and is expected to be completed in February 2015 with results to follow after that.

### Cundumbul EL6661 and EL7399

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

The Cundumbul project covers 204.9km<sup>2</sup> 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.

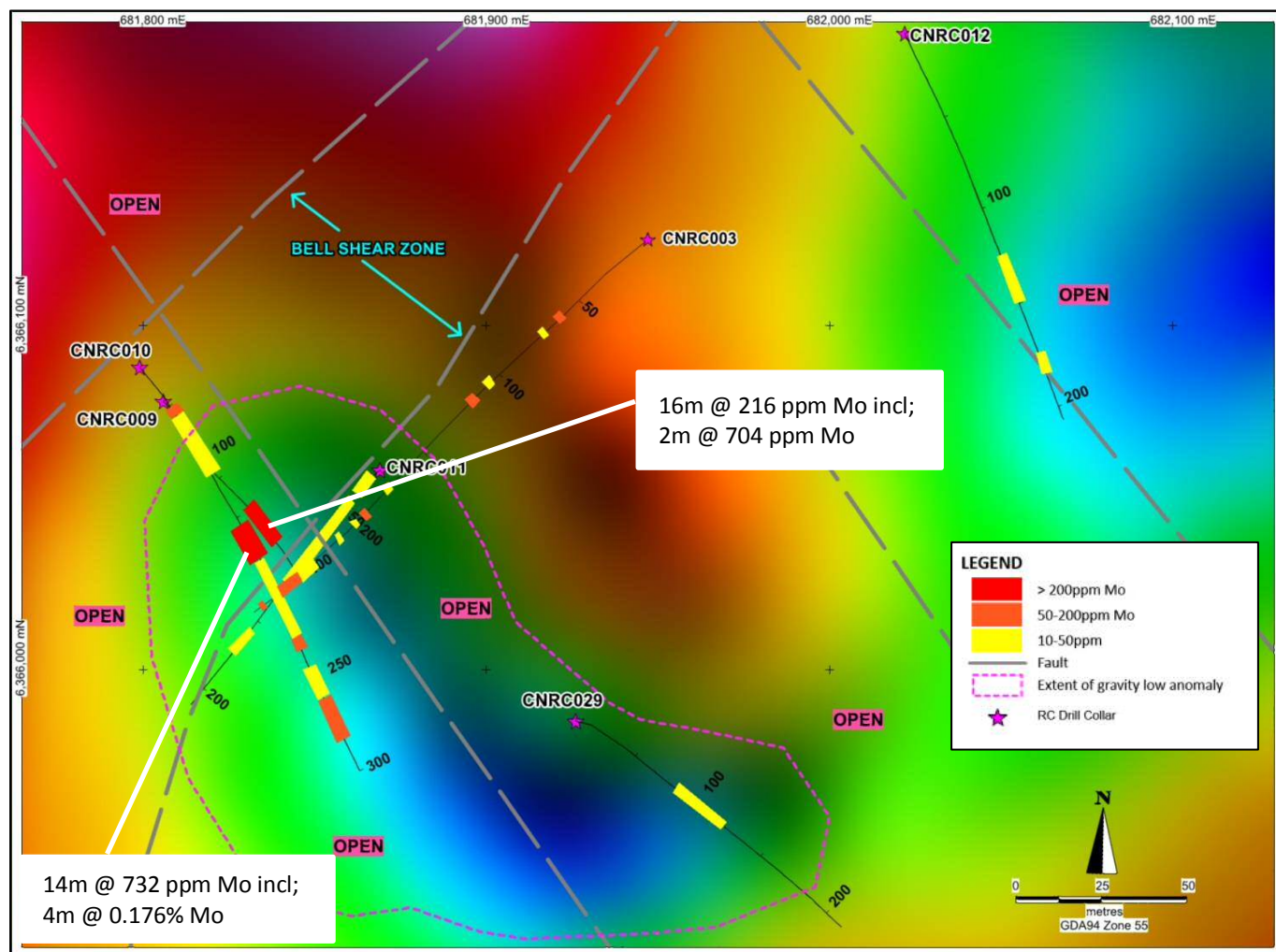


Figure 2 – Plan view of RC drilling at the Bell Prospect showing the gravity low anomaly (purple dashed outline). Background image is detailed Bouguer gravity.



Results were received for reverse circulation (RC) drilling completed in the previous quarter at the Bell Prospect<sup>2</sup>. Fenced drill holes CNRC009 and CNRC010 (Figure 2) returned significant intercepts of molybdenum with high-grade intervals (>0.1% Mo): 14m @ 732 ppm Mo (160-174m, CNRC010), incl. 4m @ 0.176% Mo (168-172m); and, 16m @ 216 ppm Mo (68-84m, CNRC009), incl. 2m @ 704 ppm Mo (70-72m). The mineralisation is currently open in all directions and is associated with a broad 190m x 100m gravity low anomaly (Figure 2). The gravity anomaly is thought to represent a deeper intrusive source for the mineralisation.

The molybdenum mineralisation occurs in shear zones and quartz veins proximal to a range of evolved intrusive dykes, including monzonite, microdiorite and aplite. The host rocks surrounding the intrusives are very strongly altered. A follow-up diamond drilling program has been approved by the joint venture partners and will commence in late-January 2015, with results expected later in the March 2015 quarter.

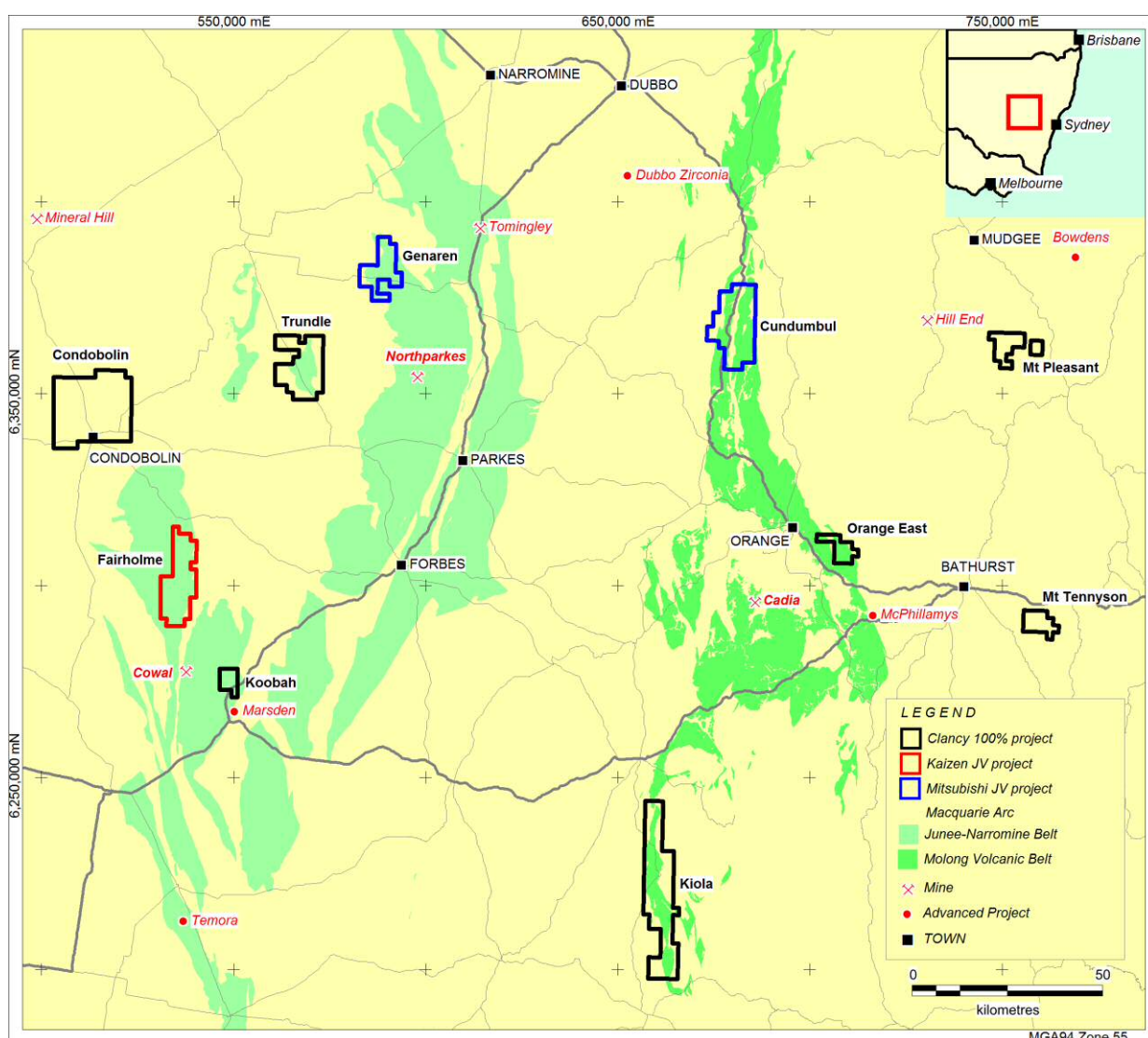


Figure 3 – Map showing location of Clancy projects in central NSW.

<sup>2</sup> Refer to ASX release dated 3 December 2014 for further 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. In the March quarter 2014, Clancy completed 18 out of a planned 55, reconnaissance air core (AC) drill holes to test three prospects. The program was curtailed prematurely due to unseasonable wet weather. AC drilling resumed in December 2014 and was completed prior to quarter end (22 holes; 1218 m). Drilling was completed at the Cora Lynn and Wilga Vale anomalies and mostly intersected hematite-sericite and chlorite altered volcanic/volcaniclastic rocks interpreted to be the Ordovician Wombin Volcanics. All samples have been submitted to the laboratory for analysis, with results expected in the March 2015 quarter.

## Corporate

As at 31 December 2014, the company held cash and restricted cash of \$1,038,000.

On 31 December 2014, the Company received a request from a shareholder holding more than 5% of the Company's issued capital to hold a General Meeting of Shareholders. A Notice of Meeting was distributed to all shareholders on 21 January 2015 with the meeting to be held on 27 February 2015 in Sydney.

## Clancy Tenement Listing

(As at 31 December 2014)

State	Project	Lease No	Status	JV Project	Manager	Clancy interest	Area (km2)	Note
NSW	Condobolin	EL7748	Renewed	No	Clancy	100%	362.8	
NSW	Genaren	EL7927	Renewed	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	Fairholme	EL6552	Renewed	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	Renewed	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	EL8302	Granted	No	Clancy	100%	28.6	
NT	Reynolds Range	EL30297	Application	No	Clancy	100%	639.7	
NT	Lander River	EL30422	Application	No	Clancy	100%	326.8	
NT	Barrow Creek	EL30445	Application	No	Clancy	100%	735.7	
NT	Barrow Creek	EL30470	Application	No	Clancy	100%	450.9	
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

### Please direct enquiries to:

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Web: [www.clancyexploration.com](http://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 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". 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 7 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 (ASX: BSM) and 1 tin joint venture project with Niuminco Group Limited (ASX: NIU). 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](http://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")

31 December 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	24	84
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(676)  (133)	(1,607)  (300)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	18
1.5 Interest and other costs of finance paid		
1.6 Income taxes (paid)/refunded		
1.7 Other Cash calls received from JV partners	 436	 1,035
<b>Net Operating Cash Flows</b>	<b>(342)</b>	<b>(770)</b>
<b>Cash flows related to investing activities</b>		
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	  (3)	  63
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) Refund of fee paid to ABM	 -	 150
<b>Net investing cash flows</b>	<b>(3)</b>	<b>213</b>
1.13 Total operating and investing cash flows (carried forward)	 (345)	 (557)

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(345)	(557)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
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		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(345)	(557)
1.20	Cash at beginning of quarter/year to date	1,083	1,295
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	738	738

**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	76
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	1,504 (includes approximately \$1,459,000 which is to be funded by JV partners pursuant to cash calls during the quarter )
4.2	Development	-
4.3	Production	-
4.4	Administration	133
<b>Total</b>		<b>1,637</b>

### 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	488	833
5.2 Deposits at call	250	250
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>738*</b>	<b>1,083*</b>
*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	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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 29 January 2015  
(~~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.