

## QUARTERLY ACTIVITIES and CASHFLOW REPORT

### For the period ending 30 June 2015

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 30 June 2015.

### Summary

- New joint venture with High Power Exploration Inc at **Trundle**:
  - Typhoon IP survey underway;
  - Targeting deeper porphyry source to shallow skarn copper-gold occurrences;
  - Survey will be completed in August;
  - Drilling of targets scheduled for December quarter.
- New joint venture with Ramelius Resources at **Condobolin**:
  - 3D-IP survey completed;
  - Data processing in progress;
  - Survey will assist drill targeting.
- Placement completed – raised \$750,000.

### Exploration

#### Trundle EL8222

(NSW, Clancy 100%; High Power Exploration Inc, earning 51% and funding 100%)

The Trundle project consists of a single exploration licence EL8222 located 25km west of the Northparkes copper-gold mine. The project covers an arc fragment that was rifted to the west off the Northparkes complex. There is extensive evidence of porphyry and skarn-style copper-gold mineralisation similar to the Cadia Valley and Northparkes. Several prospects at Trundle have strong similarities to the porphyry deposits at Northparkes, with characteristic magnetic and gravity anomalies and coincident anomalous copper and gold geochemistry. There is significant potential for porphyry copper-gold discovery at depth and numerous copper-gold anomalies on the Trundle licence that remain under-explored.

During the quarter, a new joint venture to explore the project with High Power Exploration Inc (HPX) was formed<sup>1</sup>. HPX will fund \$1,000,000 on exploration over 12 months to earn an initial 51% of the Trundle project with a minimum spend of \$750,000. HPX may then sole fund an additional \$4,000,000 over 3 years to earn an additional 29% of the Trundle project, for a total of 80%.

A Typhoon IP survey has commenced and will cover approximately 50km<sup>2</sup> of a 12.5km long prospective corridor of porphyry and skarn prospects extending from Botfield in the south to Pig Pen in the north (Figure 1).

<sup>1</sup> See ASX release dated 5 May 2015 for further details

Previous drilling at Trundle has established that low-grade porphyry copper-gold systems are associated with coarse grained monzonite porphyry intrusions hosted by andesitic fragmental and flow units at Mordialloc and Bloomfields. Numerous skarn-style copper-gold occurrences are also present at Trundle Park, Willcoxs, Dunns, Waynes and Mordialloc (Figure 1). At Trundle Park, monzonite with quartz-calcite-molybdenite-pyrite-chalcopyrite veins at depth, indicate a transition from shallow skarn mineralisation to deeper porphyry mineralisation.

The tenor and style of the skarn copper-gold intercepts are consistent with the outer zone of a gold-rich Ordovician porphyry system. At Trundle Park these intercepts are associated with magnetite skarn, similar in style to the Big Cadia skarn that is peripheral to the world-class Cadia porphyry copper-gold deposits near Orange in NSW. Significant previous skarn intercepts at Trundle Park include<sup>2</sup>:

- 60m @ 0.54g/t Au from 1m
- 39m @ 0.55g/t Au, 0.14% Cu from surface
- 35m @ 0.55g/t Au, 0.25% Cu from 12m
- 51m @ 0.58g/t Au, 0.14% Cu from 33m
- 58m @ 0.44g/t Au, 0.17% Cu from 22m

Higher grade vein-style mineralisation has also been intersected at Trundle Park; e.g. 2m @ 20g/t Au, 6.97% Cu and 81g/t Ag from 64m. At Cadia, the skarn mineralisation is up to 1.5km away from the causative porphyry intrusion; however the skarn mineral assemblages at Trundle suggest the causative intrusions are proximal rather than distal.

The source of the skarn mineralisation along the 12.5km long prospective corridor is likely to be monzonite porphyry intrusions at depth, similar to the Northparkes porphyry mine, which is located 25km to the east of Trundle.

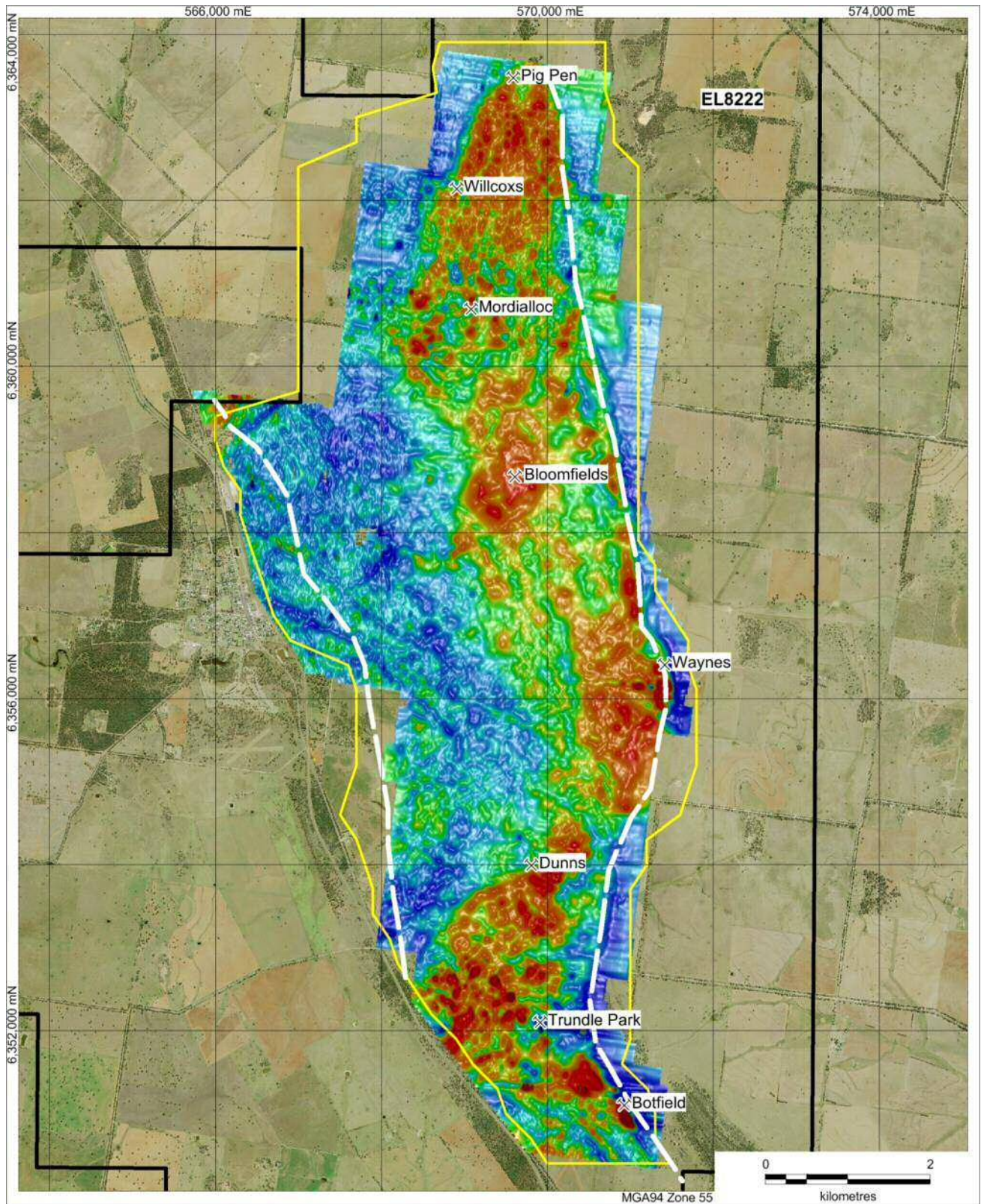
Limited previous drilling at Trundle Park, Bloomfields and Mordialloc has tested to depths of up to 400m vertical, however most previous drill holes are less than 50m deep. Therefore, significant scope remains for porphyry discovery at depth along the prospective corridor.

The Typhoon IP survey will cover the prospective corridor and will detect chargeable bodies down to a vertical depth of up to 1500m. This will assist with defining the deeper source of the copper-gold anomalism and vectoring to the richer potassic core of the porphyry system.

The Typhoon IP survey is expected to be completed in August, followed by data processing, inversion modelling and drill target selection in September. Drilling of targets is likely to commence in the December 2015 quarter.

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<sup>2</sup> See ASX release dated 9 July 2015 for further details



**Figure 1** – Trundle EL8222 (black perimeter) showing the area that will be covered by the Typhoon IP survey (yellow perimeter), the RTP ground magnetic image with the prospective corridor highlighted (white dashes) and skarn and porphyry prospects (labelled). The background image is the aerial photograph.

### Condobolin EL7748

(NSW, Clancy 100%; Ramelius Resources Ltd, earning 80% and funding 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, chalcocopyrite, arsenopyrite and free gold.

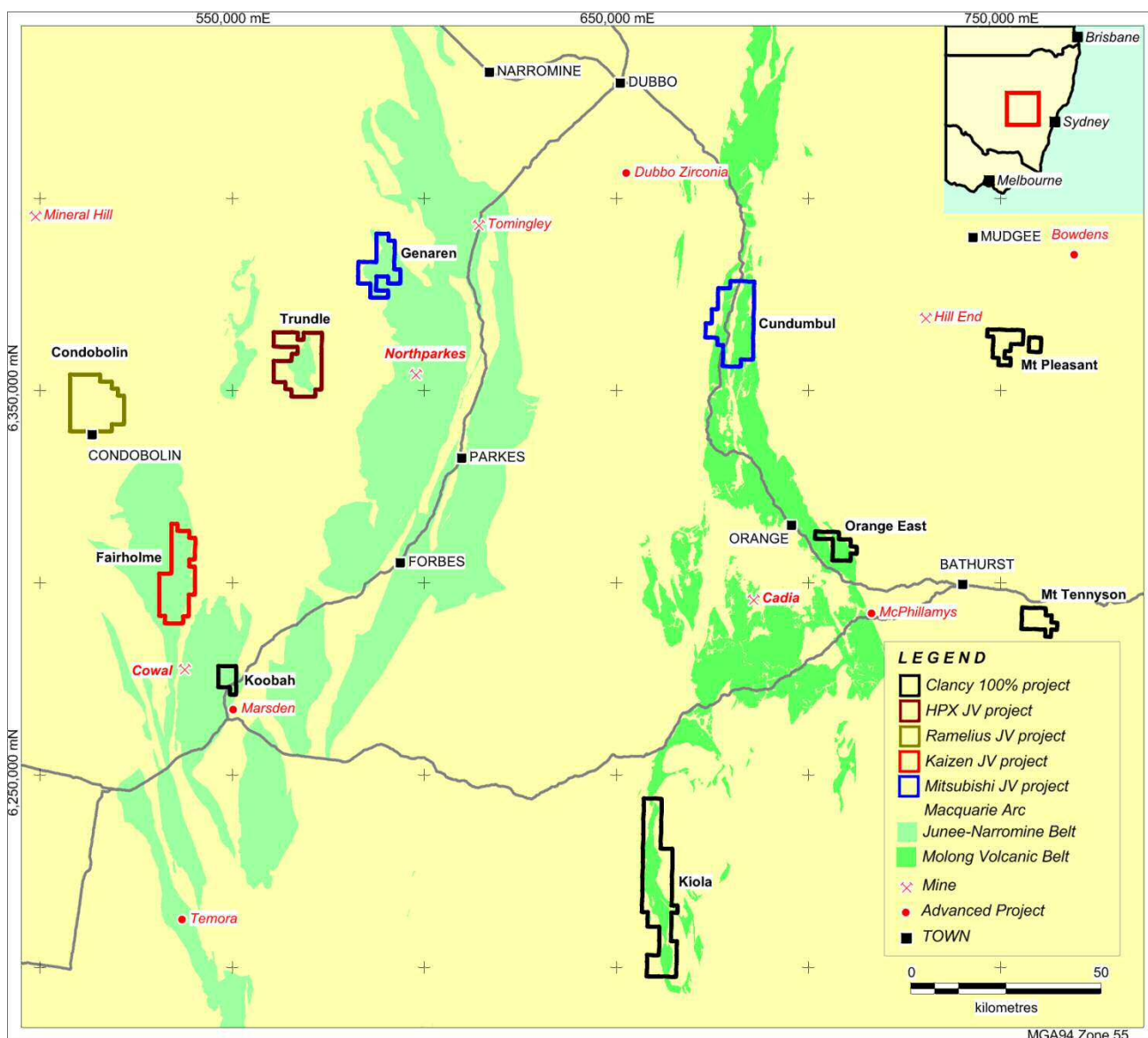


Figure 2 – Map showing location of Clancy projects in central NSW.

During the quarter, a new joint venture to explore the project with Ramelius Resources Ltd (Ramelius) was formed<sup>3</sup>. Ramelius has the right to earn 80% by funding A\$2 million for exploration over four years. If Ramelius withdraws before earning 80%, the project ownership reverts 100% to Clancy. After the farm-in

<sup>3</sup> See ASX release dated 30 April for further details

phase is completed, Clancy will be carried to a decision to mine, at which point Clancy will have the right to contribute its 20% share of costs post decision to mine, or dilute according to standard industry provisions.

A 3D IP survey to extend the previous IP survey coverage at Meritilga to the north commenced during the quarter and was completed in early July 2015. The aim of the survey is to further define basement structures associated with the numerous gold and base metal occurrences in the Condobolin Mineral Field. Processing and interpretation of the IP survey data is currently in progress.

### **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.

Assay results were received for the two diamond holes completed at the Bell Prospect in the previous quarter. The molybdenum-bearing, silica-sericite-pyrite (phyllic) alteration observed in previous RC drilling<sup>4</sup> at the Bell prospect was not intersected. North-south oriented strike-slip movement of the Bell Shear Zone is inferred, transposing the continuation of the mineralisation at depth. No significant copper or molybdenum results were returned.

### **Corporate**

As at 30 June 2015, the company held cash and restricted cash of \$1,441,434.

The Company completed the placement of shares to High Power Exploration Inc. (HPX) during the quarter. HPX subscribed for 50,000,000 Clancy shares at 1.5 cents (\$0.015) each to raise \$750,000. A total of \$525,000 will be expended by the Company and credited to the Trundle joint venture. The remaining \$225,000 will be available to fund Clancy's working capital.

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<sup>4</sup> See ASX release dated 3 December 2014 for further details

## Clancy Tenement Listing

(As at 30 June 2015)

State	Project	Lease No	Status	JV Project	Manager	Clancy interest	Area (km2)	Note
NSW	Condobolin	EL7748	Renewal pending	Yes	Ramelius	100%	181.5	Ramelius Resources Ltd earning 80%
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	Yes	HPX	100%	167.2	High Power Exploration Inc earning 51%
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	
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 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 5 wholly owned and managed projects, 2 joint venture projects with Mitsubishi Materials Corporation (MMC) of Japan, 1 joint venture project with High Power Exploration Inc, 1 joint venture project with Ramelius Resources Limited and 1 joint venture project with Kaizen Discovery Inc. 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")

30 June 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	(5)*	175
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(265)  (142)	(2,863)  (610)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	30
1.5 Interest and other costs of finance paid		
1.6 Income taxes (paid)/refunded		
1.7 Other		
Cash calls received from JV partners	(57)*	2,024
* Cashflow affected by GST remittance		
Grants Received	28	142
<b>Net Operating Cash Flows</b>	<b>(436)</b>	<b>(1,102)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	  (15)	  (15)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	  -	  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
Release of cash from security deposits	-	90
<b>Net investing cash flows</b>	<b>(15)</b>	<b>288</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(451)</b>	<b>(814)</b>

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(451)	(814)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	750	750
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>	750	750
	<b>Net increase (decrease) in cash held</b>	299	(64)
1.20	Cash at beginning of quarter/year to date	932	1,295
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,231	1,231

**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	70
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	667 (includes approximately \$150,000 which is to be funded by JV partners pursuant to cash calls during the quarter and the balance of the sequestered funds from HPX of \$456,000)
4.2	Development	-
4.3	Production	-
4.4	Administration	146
<b>Total</b>		<b>813</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	27	682
5.2 Deposits at call	1,204	250
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,231*#</b>	<b>932*</b>
*Excludes \$210,000 of restricted cash.		
# Includes \$456,000 sequestered for Trundle project.		

### 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>	256,254,392	256,254,392		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	50,000,000	50,000,000		
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: 28 July 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.

## 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>	Diamond drilling was used to obtain core samples of nominally 1m. Core samples are cut in half, and dried. Samples are transported to ALS Chemex Orange for preparation and assay.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Assay standards are inserted at least every 40 samples. Laboratory standards and blanks are analyzed 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>	Diamond and drilling was used to obtain core samples of nominally 1m.  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 analyzed 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 analyzed by method Au-AA26 with a detection level of 0.01ppm. A further 48 elements are analyzed from a 0.25g charge which is dissolved using a near total four acid digest with AAS and ICPMS finish (Method ME-MS61). Detection limits for this method can be found at: <a href="http://www.alsglobal.com/en/Our-Services/Minerals/Geochemistry/Downloads">http://www.alsglobal.com/en/Our-Services/Minerals/Geochemistry/Downloads</a> . Samples returning >1% Cu, Pb, Zn and > 100g/t Ag are analyzed 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>	Diamond drilling was used to obtain 1 m samples from which the core was, where possible, split along the orientation line to obtain an approximately 3 kg sample.  The samples were pulverized to produce a 50g charge for fire assay and 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>	Diamond drilling: Surface holes generally commence as HQ core until consolidated rock is reached. The HQ rods are left as casing thence NQ coring is employed.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Core recoveries are recorded for every 3 m sample.

Criteria	JORC Code explanation	Commentary
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Triple tube diamond drilling ensures good recovery from varying ground conditions.
	<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.
Logging	<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>	Systematic geological logging is undertaken. Data collected includes: <ul style="list-style-type: none"> <li>• Nature and extent of lithologies</li> <li>• Relationship between lithologies</li> <li>• Amount and mode of occurrence of ore minerals</li> <li>• Location, extent and nature of structures such as bedding, cleavage, veins, faults etc. Structural data are recorded for orientated core</li> <li>• Magnetic susceptibility recorded at 0.33m intervals in core and 1m intervals in chips</li> </ul> <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>	Logging was qualitative by the on-site geologist and re-checked at a later time.
	<i>The total length and percentage of the relevant intersections logged.</i>	All core and chips are geologically logged.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core is sawn in half lengthways and one side is sent for analysis.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Not applicable
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Samples are dried crushed and pulverized 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 conducts 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>	No field duplicates are taken for core samples. Core samples are cut in half for nominal down hole intervals of 1m. This is considered representative of the in situ material. 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.
Quality of assay data and	<i>The nature, quality and appropriateness of the assaying and laboratory</i>	Standard assay procedures performed by a reputable assay lab, (ALS Group), were undertaken. Gold assays are initially by 50g fire assay with AAS finish,

Criteria	JORC Code explanation	Commentary
laboratory tests	<i>procedures used and whether the technique is considered partial or total.</i>	(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 analyzed 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>	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. Intercepts 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 $\pm 5m$ .
	<i>Specification of the grid system used.</i>	All coordinates are based on Map Grid 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 Reserve estimation procedure(s) and classifications applied.</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 the 2012 JORC code.
	<i>Whether sample compositing has been applied.</i>	Sample compositing is not applied.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	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.
	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.	No sample bias due to drilling orientation is known.
Sample security	The measures taken to ensure sample security.	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.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits or reviews have been conducted at this stage.

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p>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.</p> <p>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.</p>	<p>EL6661 Cundumbul, 35km north of Molong NSW. Clancy 100%, with joint venture arrangement whereby Mitsubishi Materials Corporation (MMC) is earning in for a 49% stake.</p> <p>A \$10,000 security is held at the time of reporting.</p>
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	At the Bell prospect, no previous work has been carried out prior to Clancy's work.
Geology	Deposit type, geological setting and style of mineralisation.	The targets are Ordovician porphyry Cu-Au deposits in the Macquarie Arc and post-Ordovician gold-silver orogenic and molybdenum-porphyry deposits.
Drill hole Information	<p>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:</p> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul>	Refer to March 2015 quarterly activities report.
	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.	All holes are reported.



Criteria	JORC Code explanation	Commentary
<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>	No significant results reported.
	<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>	Not applicable.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	Not applicable.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Not applicable.
	<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>	Not applicable.
<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>	Not applicable.
<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>	No significant results reported.
<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>	No significant results reported.
<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>	The joint venture partners are considering if further drilling is required at the Bell Prospect.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Not applicable.