



**CLANCY EXPLORATION LIMITED
ACN 105 578 756**

PROSPECTUS

THIS PROSPECTUS IS BEING ISSUED FOR THE FOLLOWING OFFERS:

- A RENOUNCEABLE PRO-RATA OFFER TO ELIGIBLE SHAREHOLDERS ON THE BASIS OF 7 NEW SHARES FOR EVERY 1 SHARE HELD ON THE RECORD DATE AT AN ISSUE PRICE OF \$0.001 EACH, WITH 1 FREE ATTACHING QUOTED OPTION FOR EVERY 3 NEW SHARES SUBSCRIBED ("ENTITLEMENT OFFER"); AND
- ANY SHORTFALL UNDER THE ENTITLEMENT OFFER AT AN ISSUE PRICE OF \$0.001 PER NEW SHARE, WITH 1 FREE ATTACHING QUOTED OPTION FOR EVERY 3 NEW SHARES SUBSCRIBED ("SHORTFALL OFFER").

THE PROSPECTUS IS ALSO BEING ISSUED FOR THE ISSUE OF THE SUB-UNDERWRITER COMMITMENT OPTIONS AND THE PLACEMENT OPTIONS.

THE ENTITLEMENT OFFER AND THE SHORTFALL OFFER ARE FULLY UNDERWRITTEN BY PATERSONS SECURITIES LIMITED (AFSL 239052).

REFER TO SECTION 3 FOR DETAILS OF THE TERMS OF THE UNDERWRITING AGREEMENT.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SHARES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 8 April 2016 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Shares or Quoted Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at 3 Corporation Place, Orange, New South Wales, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.4).

The Shares and Quoted Options offered by this Prospectus should be considered speculative. Please refer to Section 5 for details relating to investment risks.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Acceptances of Securities under the Entitlement Offer can only be submitted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer. If acceptance is by BPAY there is no need to return the original Entitlement and Acceptance Form. Applications for Additional Securities must be made on the separate section on the Entitlement and Acceptance Form sent with this Prospectus. More information on the Shortfall Offer is in Section 1.3.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offer of Shares and attaching Quoted Options under this Prospectus in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares and attaching Quoted Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offers. This does not take into account the investment objectives, financial or taxation, or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed. Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to WST (Western Standard Time).

This Prospectus contains forward-looking statements which involve a number of risks and

uncertainties. These forward looking statements are expressed in good faith and are considered by the Board to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this Prospectus. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

CORPORATE DIRECTORY

Directors

Mr Nathan Featherby	Non-Executive Director
Mr Evan Cranston	Non-Executive Director
Mr David Scoggin	Non-Executive Director

Company Secretary

Mr Rowan Caren

Registered Office

3 Corporation Place
Orange NSW 2800

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ASX Code: CLY

Website: www.clancyexploration.com

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Lawyers

Bellanhouse Legal
Ground Floor, 11 Ventnor Avenue
West Perth WA 6005

Underwriter, Lead Manager and Nominee

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
Perth WA 6000

PROPOSED TIMETABLE FOR ENTITLEMENT OFFER

Lodgement of Appendix 3B and Prospectus with ASX	11 April 2016
Notice of Entitlement Offer sent to Shareholders	12 April 2016
Shares quoted on an "EX" basis	13 April 2016
Rights start trading on a deferred settlement basis	13 April 2016
Record Date for determining Entitlements and Quoted Options	15 April 2016
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	20 April 2016
Rights trading ends	22 April 2016
Securities quoted on a deferred settlement basis	26 April 2016
Last day to extend the offer closing date	27 April 2016
Closing Date of Entitlement Offer (5pm WST)*	2 May 2016
Notification of Shortfall	5 May 2016
Anticipated date for issue of the Shares and Quoted Options Deferred settlement trading ends	9 May 2016
Anticipated date for commencement of Shares and Quoted Options trading on a normal settlement basis	10 May 2016

All dates are indicative only and subject to change without prior written notice. Any extension of the Entitlement Offer Closing Date will have a consequential effect on the date of issue of the Shares and Quoted Options.

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LETTER FROM THE DIRECTORS

Dear Shareholder

On behalf of the Directors, I am pleased to invite you to participate in a renounceable pro-rata offer on a seven for one basis at an issue price of \$0.001 per Share to raise up to approximately \$2,062,847 (before costs). For every three New Shares for which you subscribe, you will also receive one free Quoted Option. The Quoted Options are exercisable at \$0.004 each expiring 3 years from the Issue Date.

Eligible Shareholders also have the opportunity to subscribe for any Securities that are not subscribed for under the Entitlement Offer pursuant to the Shortfall Offer under this Prospectus.

The Offers are being managed and underwritten by Patersons Securities.

These funds raised pursuant to the Offers are intended to be used to progress exploration on the Company's existing projects. The funds raised from the Offers are also intended to be allocated to general working capital costs incurred by the Company and for potential new acquisitions that have the capacity to add significant long-term Shareholder value.

Further details of the Offers are contained in this Prospectus which I encourage you to read carefully before deciding to invest.

For further information on the Company, you can visit the Company's website at www.clancyexploration.com. If you are in any doubt as to how to respond to the Offers, you should consult your stockbroker, accountant or other independent professional adviser.

I look forward to your support and to keeping you updated on our progress.

Yours faithfully,



Nathan Featherby
Director

1. Details of the Offers

1.1 The Offers

This Prospectus is primarily being issued for the following offers:

- (a) the Entitlement Offer; and
- (b) the Shortfall Offer.

This Prospectus is also being issued for the issue of the Placement Options and the Sub-Underwriting Commitment Options.

1.2 Entitlement Offer

The Company is making a renounceable pro-rata offer on the basis of 7 Shares for every Share held at 5:00pm (WST) on the Record Date, with 1 free attaching Quoted Option for every 3 New Shares subscribed (**Entitlement Offer**).

The Company has as at the date of this Prospectus 256,254,392 Shares on issue, and no Options on issue.

Before the Record Date for the Entitlement Offer, the Company intends to issue 38,438,159 Shares to participants in the Placement.

Subject to the receipt of Shareholder approval at a general meeting to be convened shortly, the Company also intends to issue 12,812,720 Quoted Options to the participants in the Placement (**Placement Options**). The Placement Options will be issued pursuant to this Prospectus and on the same terms and conditions as set out in Section 6.2.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share or Quoted Option, such fraction will be rounded up to the nearest whole Share or Quoted Option. Further details on the rights and liabilities attaching to the Shares proposed to be issued under the Offers are contained in Section 6.1. The Quoted Options will be granted on the terms and conditions set out in Section 6.2.

Refer to Section 4.1 for additional information regarding the effect of the Offers on the capital structure of the Company.

1.3 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

Eligible Shareholders may apply for Additional Securities under the Shortfall Offer by completing the prescribed section on the Entitlement and Acceptance Form designated to the Shortfall and by paying the appropriate Application Monies in accordance with the instructions set out on the Entitlement and Acceptance Form.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Entitlement Offer Closing

Date. All Shares and attaching Quoted Options issued under the Shortfall Offer shall be issued on the same terms as the Shares and Quoted Options being offered under the Entitlement Offer (including the issue price).

The Directors, in conjunction with the Underwriter, reserve the right to issue Shortfall Securities at their absolute discretion. As such there is no guarantee that Applicants under the Shortfall Offer will receive any Additional Securities, applied for under the Shortfall. The Directors, in conjunction with the Underwriter, reserves the right to issue to an Applicant a lesser number of Shortfall Securities, than the number for which the Applicant applies, or to reject an Application, or to not proceed with placing the Shortfall Securities. In that event, Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

1.4 Placement

The Company has agreed to issue 38,438,159 New Shares at \$0.001 per New Share (the same issue price as the Entitlement Offer) to sophisticated and professional investors introduced by Patersons Securities (**Placement Participants**). The Placement Participants are entitled to be issued 1 free attaching Quoted Option granted for every 3 New Shares subscribed for by each Placement Participant under the Placement (**Placement**). The Placement raised approximately \$38,438 (before costs).

The 38,438,159 New Shares to be issued under the Placement will be issued to the Placement Participants on or about 11 April 2016. The 12,812,720 free attaching Quoted Options will be issued to the Placement Participants on or before the date specified in the proposed timetable in this Prospectus.

As the issue date of the New Shares under the Placement will be prior to the Record Date for the Entitlement Offer, the Placement Participants will be entitled to participate in the Entitlement Offer.

The Placement Options are being issued with disclosure under this Prospectus in order to:

- (a) remove any secondary sale restrictions that may otherwise attach to the Placement Options; and
- (b) ensure a disclosure exception is available for the issue of Shares on the exercise of the Placement Options and any on-sale of those Shares in the 12 months from the date of issue.

The Placement Options are exercisable at \$0.04 each expiring 3 years from the Issue Date, and will be issued on the terms and conditions set out in Section 6.2.

The Company has applied for quotation of these Quoted Options on the date of this Prospectus.

The Shares issued upon exercise of the Placement Options will be fully paid and will rank equally with Shares on issue at the date of this Prospectus. A summary of the rights and liabilities attaching to Shares is set out in Section 6.1.

1.5 Purpose of the Offer and Use of Funds

Completion of the Offers will result in an increase in cash at hand of up to approximately \$2,062,847 (before costs).

The funds raised from the Offers are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offers	Amount (\$)	%
1.	Existing projects	\$1,000,000	48.5%
2.	Working capital	\$557,550	27%
3.	Project acquisitions	\$300,000	14.5%
4.	Expenses of the Offers ¹	\$205,297	10%
	Total	\$2,062,847	100%

Note:

1. Refer to Section 6.12 of this Prospectus for further details relating to the estimated expenses of the Offers.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

1.6 Opening and Closing Dates

For the Entitlement Offer, the Company will accept Entitlement and Acceptance Forms from the Record Date in determining Eligible Shareholders' entitlements until 5:00pm WST on 2 May 2016 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Entitlement Offer Closing Date**).

The Shortfall Offer will remain open after the Entitlement Offer Closing Date.

1.7 Minimum subscription

There is no minimum subscription for the Offers. As the Offers are underwritten it is anticipated that the Offers will only be undersubscribed if the Underwriting Agreement is terminated (refer to Section 3 for further details relating to the Underwriting Agreement).

1.8 Underwriting of Offers

Patersons Securities has been appointed as the underwriter (**Underwriter**) to fully underwrite the Offers for up to \$2,062,847 worth of Shares and attaching Quoted Options (being 2,062,847,857 Shares and 687,615,952 Quoted Options) (**Underwritten Amount**).

In consideration for the Underwriter's underwriting obligations, the Company has agreed to pay the Underwriter an underwriting fee of 6% (plus GST) of the total gross amount raised under the Entitlement Offer (being \$123,771).

A conditional formal underwriting agreement, dated 8 April 2016, has been agreed between the Underwriter and the Company (**Underwriting Agreement**). A summary of the Underwriting Agreement is contained in Section 3.

1.9 Sub-Underwriting Commitment Options

The Company has also agreed to issue an aggregate of 687,615,952 Quoted Options exercisable at \$0.004 each expiring 3 years from the Issue Date to the sub-underwriters of the Entitlement Offer arranged by the Underwriter (**Sub-Underwriting Commitment Options**).

The issue of the Sub-Underwriter Commitment Options is subject to the receipt of Shareholder approval, which will be sought at a general meeting to be convened shortly.

1.10 Substantial Shareholders

As at the date of the Prospectus, the Company has the following substantial Shareholders:

Substantial Shareholder	Number of Shares	Voting power
Macquarie Holdings No 2 Pty Ltd	50,000,000	19.51%
Gold Fields Ltd	17,764,783	6.93%
Alexander Angelopoulos	15,476,469	6.04%
Motte & Bailey as trustee of the Bailey Superannuation Fund	14,731,500	5.75%

1.11 Effect of the Offers on control of the Company

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- (a) from 20% or below to above 20%; or
- (b) from a starting point of above 20% and below 90%.

One of the exceptions to section 606(1) of the Corporations Act is where that increase occurs as a result of taking up Entitlements under a 'rights issue'. The Company intends that the Entitlement Offer will fall within this exception.

However, an increase in voting power that occurs as a result of acquiring Shares under the Shortfall Offer will not fall within that exception. Accordingly, if you are an Eligible Shareholder who wishes to apply for Shortfall Securities, it is your responsibility to ensure that if you are issued with Shares under the Shortfall

Offer, and exercise the attached Quoted Options, you will not be in breach of section 606(1) of the Corporations Act. If you are in any doubt as to the consequences of applying for Shares and attached Quoted Options under the Shortfall Offer, you should seek independent legal advice. Further, there is no exception applicable to the acquisition of Shares on the exercise of Quoted Options.

As at the date of this Prospectus, Macquarie Holdings hold a relevant interest in 50,000,000 Shares, giving them a voting power of 19.51%. The Company will scale back any application by Macquarie Holdings under the Shortfall Offer to ensure that there is no breach of section 606(1) of the Corporations Act.

It is not anticipated that either the issue of Shares under the Placement, or the exercise of any of the Placement Options will have any effect on the control of the Company.

The Underwriter presently has no Shares in the Company, and it has indicated that it has no intention of acquiring Shares in the Company prior to the Record Date. Further, the Underwriter has advised the Company that the Underwriter has entered into binding sub-underwriting agreements for the total Underwritten Amount. Accordingly, it is unlikely that the Underwriter will be obliged to subscribe for the Shortfall, as these obligations are intended to be passed on to the sub-underwriters, subject to there being a breach of the sub-underwriting agreements.

The table below sets out the Underwriter's potential relevant interest in Shares in several scenarios in the unlikely event that the sub-underwriting agreements are breached and the Underwriter is required to subscribe for the Shortfall. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

Event	Shares issued to the Underwriter	Total Shares on issue	Voting power of the Underwriter
Date of Prospectus	0	256,254,392	0%
After issue of New Shares under Placement	0	294,692,551	0%
Completion of Entitlement Offer			
• Fully subscribed	0	2,357,540,408	0%
• 75% subscribed	515,711,964	2,357,540,408	22%
• 50% subscribed	1,031,423,929	2,357,540,408	44%
• 0% subscribed	2,062,847,857	2,357,540,408	88%

Note: The table above does not take into consideration the Quoted Options and the dilution effect that the exercise of any of the Quoted Options would have on the Shareholders.

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offers. However, it is unlikely that no Eligible Shareholders will take up Entitlements under the Entitlement Offer.

The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements taken up by Eligible Shareholders.

The Underwriter has advised the Company that no sub-underwriter may potentially hold voting power of 20% or above as a result of their respective sub-underwriting agreements. At a Shareholder meeting to be convened shortly, resolutions will be put to Shareholders to approve Mr Nathan Featherby (or his nominee) participating in the Shortfall Offer to a maximum amount of 200,000,000 New Shares and 66,666,667 attaching Quoted Options.

Eligible Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under Entitlement Offer	Holdings if Entitlement not taken up	% post Offers only
Shareholder 1	24,000,000	8.14%	168,000,000	24,000,000	1.02%
Shareholder 2	12,000,000	4.07%	84,000,000	12,000,000	0.51%
Shareholder 3	6,000,000	2.04%	42,000,000	6,000,000	0.25%
Shareholder 4	3,000,000	1.02%	21,000,000	3,000,000	0.13%
Shareholder 5	1,500,000	0.51%	10,500,000	1,500,000	0.06%

Notes:

1. The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.
2. The table above does not take into consideration the Quoted Options and the dilution effect that the exercise of any of the Quoted Options would have on the Shareholders.

1.12 Rights trading

The rights under the Entitlement Offer are renounceable. Accordingly, there will be trading of rights on ASX and you may dispose of your rights to subscribe for Securities to any other party. If you do not take up your Entitlement to Shares under the Entitlement Offer by the Entitlement Offer Closing Date, the Entitlement Offer to you will lapse.

1.13 Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares and Quoted Options accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Shares and Quoted Options.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form, is final.

The Company will send this Prospectus, together with an Entitlement and Acceptance Form, to all Eligible Shareholders.

1.14 Issue Date and dispatch

All Shares under the Offers, and Quoted Options under the Entitlement Offer and Placement Offer, are expected to be issued on or before the date specified in the proposed timetable in this Prospectus.

Security holder statements will be dispatched at the end of the calendar month following the issue of the Shares and Quoted Options under the Offers and Placement Offer.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.15 Application Monies held on trust

All Application Monies received for the Shares under the Offers will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued under the relevant Offer. All Application Monies received in respect of an Offer will be returned (without interest) if the Shares under the relevant Offer are not issued.

1.16 ASX quotation

Application has been or will be made for the official quotation of the Shares and Quoted Options offered by this Prospectus. If permission is not granted by ASX for the official quotation of the Shares and Quoted Options offered by this Prospectus within three months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.17 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Shares and Quoted Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHES statement.

The CHES statement will specify the number of Shares and Quoted Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares and Quoted Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Security Transfer Registrars Pty Ltd and will contain the number of Shares and Quoted Options issued to you under this Prospectus and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.18 Ineligible Foreign Shareholders

No Offers will be made to Ineligible Foreign Shareholders. This Prospectus, and any accompanying Entitlement and Acceptance Form, do not, and is not intended to, constitute an offer of Shares and attaching Quoted Options in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares and attaching Quoted Options under the Offers.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shareholders with a registered address outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their Entitlement. The return of a completed Entitlement and Acceptance Form from a Shareholder with a registered address outside Australia will be taken by the Company to constitute a representation and warranty by that Shareholder that all relevant approvals have been obtained and that the Company may legally issue the Shares and Quoted Options to that Shareholder.

1.19 New Zealand offer restrictions

The Shares and Quoted Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain

all the information that an investment statement or prospectus under New Zealand law is required to contain.

1.20 Nominee

Patersons Securities has been appointed as the Company's nominee for Ineligible Foreign Shareholders for the purposes of Listing Rule 7.7 (**Nominee**).

Pursuant to the arrangement with the Nominee, the Company will transfer to the Nominee the Entitlements that would otherwise be issued to Ineligible Foreign Shareholders and the Nominee will then sell those Entitlements and provide the proceeds of those sales (net of expenses) to the Company (or the Share Registry). The Company will then distribute to each of those Ineligible Foreign Shareholders their proportion of the proceeds of the sale net of expenses.

The Company will pay the Nominee a brokerage fee of \$1,000 or 1.5% on the total gross dollar value of all Entitlements sold, whichever is greater.

The Nominee will remit the net proceeds (i.e. sale proceeds less brokerage and applicable GST) to either the Company (or the Company's share registry) for ultimate pro rata distribution to the Ineligible Foreign Shareholders. The Nominee will not and not be required to individually correspond on any matter with any of the Company's Ineligible Foreign Shareholders.

The Company has agreed to take full responsibility and to unconditionally and irrevocably indemnify and keep indemnified and hold harmless the Nominee, together with its associates and related companies, its directors, agents and staff (collectively referred to as the **Indemnified Parties**) against any and all liabilities, losses of any description incurred in the Nominee's role as nominee (including any loss of profit or losses or costs incurred in preparation for or involvement in connection with any prosecution, investigation, enquiry or hearing by ASIC, ASX or any governmental authority or agency), demands, damages, penalties, proceedings (whether civil or criminal), costs, fees or expenses (including legal costs on a full indemnity basis) of any kind whatsoever which may be incurred, suffered, paid or liable to be paid by an Indemnified Party in any jurisdiction directly or indirectly arising out of or in respect of the Nominee's role of acting as nominee as detailed herein.

1.21 Risk factors

An investment in Securities of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 5.

1.22 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares and Quoted Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.23 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2015 can be found in the Company's Annual Financial Report lodged with ASX. The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Company's Annual Financial Report on 18 September 2015 are listed in Section 6.4. Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.24 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's Shareholding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Acceptance or Application (as applicable).

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.25 Enquiries concerning Prospectus

All enquiries concerning the Entitlement and Acceptance Form and the Prospectus, please contact Clancy Exploration Limited on +61 2 6361 1285.

For general shareholder enquiries, please contact Security Transfer Registrars Pty Ltd on +61 8 9315 2333.

2. Action required by Shareholders

2.1 What Eligible Shareholders may do

The number of Shares and the number of attaching Quoted Options to which Eligible Shareholders are entitled are shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept all Shares under the Entitlement Offer (refer to Section 2.2);
- (b) sell all of your Entitlement under the Entitlement Offer on the ASX (refer to Section 2.3);
- (c) accept only part of your Entitlement under the Entitlement Offer and sell the remaining Entitlement on the ASX (refer to Section 2.4);
- (d) accept only part of your Entitlement under the Entitlement Offer and allow the remaining Entitlement to lapse (refer to Section 2.5);
- (e) sell all or part of your Entitlement under the Entitlement Offer other than on the ASX (refer to Section 2.6);
- (f) apply for Additional Securities (refer to Section 2.7); or
- (g) allow all or part of your Entitlement to lapse (refer to Section 2.8).

2.2 Acceptance of Shares under the Entitlement Offer

Should you wish to accept all of your Entitlement to Shares under the Entitlement Offer and you are not paying by BPAY, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Clancy Exploration Limited" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Entitlement Offer Closing Date. If you elect to pay via BPAY, you

must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

2.3 If you wish to sell all of your Entitlement under the Entitlement Offer on the ASX

Should you wish to sell all of your Entitlement under the Entitlement Offer on the ASX you must provide instructions to your stockbroker regarding the Entitlement you wish to sell on the ASX. Trading of Entitlements will commence on the ASX on 13 April 2016 and will cease on 22 April 2016.

The Company does not guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on the ASX or that any particular price will be paid for the Entitlements sold on the ASX.

2.4 If you wish to accept only part of your Entitlement under the Entitlement Offer and sell the remaining Entitlement on the ASX

Should you wish to accept part of your Entitlement under the Entitlement Offer and sell the remaining Entitlement on the ASX, follow the instructions in Section 2.2 in relation to the part of the Entitlement that you wish to accept, and follow the instructions in Section 2.3 in relation to the part of the Entitlement that you wish to sell on the ASX.

2.5 If you wish to accept only part of your Entitlement under the Entitlement Offer and allow the remaining Entitlement to lapse

Follow the instructions in Section 2.2 in relation to the Entitlement under the Entitlement Offer that you wish to accept.

If you do not wish to accept part of your Entitlement, you are not obliged to do anything. The part of the Entitlement Offer that you do not accept will lapse by the Entitlement Offer Closing Date. However, you should be aware that as your Entitlement is renounceable, the Entitlement may have value should you choose to sell or trade your Entitlement on the ASX. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.6 If you wish to sell all or part of your Entitlement under the Entitlement Offer other than on the ASX

Should you wish to sell part of your Entitlement under the Entitlement Offer other than on the ASX, and the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to accept the Entitlement that they have purchased.

If you are a shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on the ASX, please complete the standard renunciation and transfer form (obtainable from the Company's share registry) by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on standard renunciation and transfer form.

Completed standard renunciation and transfer forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Clancy Exploration Limited" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Should you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by the Company's share registry in accordance with Section 2.2.

2.7 If you wish to apply for Additional Securities

If you wish to apply for Shares in excess of your Entitlement under the Entitlement Offer by applying for Additional Securities you may do so by completing the relevant separate section of the Entitlement and Acceptance Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Any Shares applied for in excess of your Entitlement will be applied for under the Shortfall Offer and will be issued at the complete discretion of the Directors.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Clancy Exploration Limited" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

2.8 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. However, you should be aware that as your Entitlement is renounceable, the Entitlement may have value should you choose to sell or trade all or some of your Entitlement on the ASX. The Entitlement Offer will lapse by the Entitlement Offer Closing Date. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.9 Enquiries concerning your Entitlement

For all enquiries concerning the Prospectus, please contact Clancy Exploration Limited on +61 2 6361 1285.

For all general shareholder enquiries, please contact Security Transfer Registrars Pty Ltd on +61 8 9315 2333.

3. Underwriting Agreement

Subject to the conditions in the Underwriting Agreement, the Underwriter agreed to manage the Entitlement Offer and conditionally underwrite the Underwritten Shares for the Underwritten Amount.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% (plus GST) of the total gross amount raised under the Offers (being \$2,062,847), in consideration for the Underwriter's underwriting obligations.

The Company has agreed that, for a period of three months from 2 May 2016, it, and its major subsidiaries will not, without the Underwriter's consent:

- (a) reduce its capital or otherwise alter its equity capital structure other than as disclosed in this Prospectus;
- (b) amend its Constitution or any other constituent document except as required to comply with the Listing Rules, or as required by the Corporations Act;
- (c) pass or take any steps to pass a resolution under section 260A of the Corporations Act;
- (d) dispose or agree to dispose of the whole or a substantial part of its business or property; or
- (e) charges or agrees to charge the whole or a substantial part of its business or property other than as contemplated by the Prospectus.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement, upon or prior to the issue date of the Shares, if:

- (a) **(Indices fall):** any of the S&P/ASX 200 Index or the S&P/ASX 200 Materials as published by ASX is at any time after the date of the Underwriting Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (b) **(Share price):** the Shares of the Company finish trading on the ASX under the code of "CLY" on any trading day with a closing price that is less than \$0.001 per share;
- (c) **(Prospectus):** the Company does not lodge the Prospectus on the agreed date for lodgement or the Prospectus or the Entitlement Offer is withdrawn by the Company;
- (d) **(Copies of Prospectus):** the Company fails to comply with the agreed timetable for the Offers and such failure is not remedied within 2 days;

- (e) **(No official quotation):** official quotation has not been granted for all Securities by the shortfall notice deadline date or, having been granted, is subsequently withdrawn, withheld or qualified;
- (f) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 3(q)(vi) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with the ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (g) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act;
- (h) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (i) **(Restriction on allotment):** the Company is prevented from allotting the Shares under the Offers within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by the ASIC, the ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (j) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (k) **(ASIC application):** an application is made by ASIC for an order under section 1324B of the Corporations Act or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date (or such other date agreed in writing between the parties) has arrived, and that application has not been dismissed or withdrawn;
- (l) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act or any other provision of the Corporations Act;

- (m) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (n) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (o) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (p) **(Indictable offence):** a director or senior manager of a Relevant Company is charged with an indictable offence;
- (q) **(Termination events):** subject always to the Material Adverse Effect qualification described below, any of the following events occurs:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking, provided however, if such default can be rectified the Company fails to rectify the same within 2 Business Days of the default;
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of Constitution or Act):** a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (v) **(Error in due diligence results):** it transpires that any of the due diligence results or any part of the Verification Material in relation to this Prospectus was false, misleading or deceptive or that there was an omission from them;

- (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements):** without the prior approval of the Underwriter a written public statement is made by the Company in relation to the Offer, the issue of Shares under the Offers or the Prospectus;
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of Shares under the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official quotation qualified):** the Official quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence):** a Prescribed Occurrence occurs;
- (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency):** an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter;
- (xvii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;

- (xviii) **(Timetable)**: there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than 3 Business Days, and the Underwriter has not given its prior consent agreeing to a delay exceeding 3 Business Days (such consent not to be unreasonably withheld or delayed);
- (xix) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital structure)**: any Relevant Company alters its capital structure in any manner not contemplated by this Prospectus;
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxiii) **(Market conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the Philippines, any member of the European Union, the United Kingdom, the United States of America or other international financial markets; or
- (xxiv) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation following the Lodgement Date and that suspension is not lifted within 24 hours following such suspension.

The Underwriter may not exercise its rights under termination event 3(q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise. The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

4. Effect of the Offers

4.1 Capital structure on completion of the Offers

	Number of Shares	Number of Quoted Options
Balance at the date of this Prospectus	256,254,392	Nil
Number of Securities to be issued under the Placement Offer ¹	38,438,159	12,812,720
Maximum number of Securities to be issued under the Entitlement Offer and Shortfall Offer ²	2,062,847,857	687,615,952
Number of Sub-Underwriting Commitment Options	Nil	687,615,952
TOTAL ON COMPLETION	2,357,540,408	1,388,044,624

Notes:

1. The number of Quoted Options issued to the Placement Participants is 1 Quoted Option for every 3 New Shares subscribed for by each Placement Participant under the Placement. The issue of these Quoted Options is subject to the receipt of Shareholder approval to be sought at a general meeting to be convened shortly.
2. This assumes that all Shares and attaching Quoted Options offered under the Entitlement Offer and Shortfall Offer are issued, either under the Entitlement Offer itself, or Shortfall Offer. The actual number of Shares and attaching Quoted Options to be issued will vary based on the Securities subscribed for and issued pursuant to the Entitlement Offer and the Shortfall Offer.

4.2 Pro forma consolidated statement of financial position

	Consolidated Statement of Financial Position at 30 June 2015	Consolidated Statement of Financial Position at 31 December 2015	Proforma Consolidated Statement of Financial Position at 31 December 2015 (unaudited)
Current Assets			
Cash and cash equivalents	1,231,434	736,557	2,628,585
Restricted cash asset	210,000	210,000	210,000
Trade and other receivables	101,206	93,305	93,305
Prepaid exploration expenditure	19,821	18,211	18,211
Total Current Assets	<u>1,562,461</u>	<u>1,058,073</u>	<u>2,950,101</u>
Non-Current Assets			
Plant & equipment	34,758	29,881	29,881
Intangible assets	995	262	262
Total Non-Current Assets	<u>35,753</u>	<u>30,143</u>	<u>30,143</u>
Total Assets	<u>1,598,214</u>	<u>1,088,216</u>	<u>2,980,244</u>

	Consolidated Statement of Financial Position at 30 June 2015	Consolidated Statement of Financial Position at 31 December 2015	Proforma Consolidated Statement of Financial Position at 31 December 2015 (unaudited)
Current Liabilities			
Trade and other payables	114,778	479,824	479,824
Provisions	59,121	94,331	94,331
Unearned revenue	3,171	455	455
Exploration expenditure reimbursed in advance	174,645	222,564	222,564
Total Current Liabilities	<u>351,715</u>	<u>797,174</u>	<u>797,174</u>
Non-Current Liabilities			
Provisions	18,350	-	-
Total Non-Current Liabilities	<u>18,350</u>	-	-
Total Liabilities	<u>370,065</u>	<u>797,174</u>	<u>797,174</u>
Net Assets	<u>1,228,149</u>	<u>291,042</u>	<u>2,183,070</u>
Equity			
Contributed Equity	15,207,200	15,207,200	17,099,228
Option Reserve	1,665,605	1,665,605	1,665,605
Accumulated Losses	(15,644,656)	(16,581,763)	(16,581,763)
Total Equity	<u>1,228,149</u>	<u>291,042</u>	<u>2,183,070</u>

Basis of Preparation

The above pro forma consolidated statement of financial position has been prepared in accordance with ASIC Regulatory Guide 230: Disclosing non-IFRS Pro Forma Financial Information (issued December 2011).

The pro forma balance consolidated statement of financial position has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The consolidated statement of financial position as at 30 June 2015 has been extracted from the audited financial report of the Company as at 30 June 2015. The consolidated statement of financial position as at 31 December 2015 has been extracted from the 31 December 2015 interim financial report, which was subject to a review. The pro forma consolidated financial position is based off the 31 December 2015 consolidated financial position adjusted for the transactions associated with the Placement and the Offers. It assumes that the Entitlement Offer is fully subscribed and that the Offers are completed on 31 December 2015.

Other than in the ordinary course of business, there have been no other material transactions between that date and the date of this Prospectus.

Assumptions for Unaudited Pro Forma Consolidated Statement of Financial Position

The unaudited pro forma consolidated statement of financial position set out above represents the consolidated statement of financial position as at 31 December 2015 adjusted for the following transactions:

- (a) the placement of 38,438,159 New Shares at an issue price of \$0.001 per share to raise a total of \$38,438 together with 12,812,720 Quoted Options;
- (b) the payment of estimated cash costs in relation to the Placement of \$3,960;
- (c) the issue of approximately 2,062,847,857 New Shares at an issue price of \$0.001 per share to raise a total of \$2,062,847 together with 687,615,952 Quoted Options, issued in accordance with this Prospectus;
- (d) the Quoted Options have an assessed value of nil, using the binomial tree model of option valuation;
- (e) payment of estimated cash costs in relation to the Offers of \$205,297; and
- (f) the issue of 687,615,952 Quoted Options to the Sub-Underwriters.

For the binomial tree valuation of the Quoted Options, the following inputs were used:

- (a) exercise price of \$0.004 per share;
- (b) expiry date of 30 April 2019;
- (c) the underlying asset price based on the issue price of \$0.001 per share;
- (d) a continuously compounding risk free rate of 2.5%;
- (e) a volatility factor of 24%; and
- (f) no expected dividend yield.

If an underlying asset price of \$0.002 per share is assumed, and all other inputs remain unchanged, the assessed value of the Quoted Options using the binomial tree valuation method would increase from nil to \$0.00002 each.

4.3 Market price of Shares

The latest available market sale price of the Shares on the ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.010 per Share on 6 April 2016.

The highest and lowest market sale prices of the Shares on the ASX during the three months immediately preceding the lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Lowest: \$0.007 on 24 February 2016

Highest: \$0.012 on 3 February 2016

4.4 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of in evaluating the Company's business and risks of investing in the Company. Potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

5.1 Risks specific to the Company

(a) Going concern risk

The Directors have determined that future equity raisings or debt financing arrangements may be required to assist the funding of the Company's activities to meet the Company's objectives. There is no certainty that these will be successfully completed to provide adequate working capital for the Company.

In the event that the Offers are not completed successfully, or the Company is unable to arrange appropriate financing over the next two to three months, there is some uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company's activities and the Company may not be able to continue in its present form.

(b) Future capital needs

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

The Company's ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to develop its projects and it may impact on the Company's ability to continue as a going concern.

Any additional equity financing will dilute Shareholders and debt financing, if available, may restrict the Company's financing and operating activities.

(c) **Reliance on key management**

The Company is reliant on a number of key personnel employed or engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the Company's projects.

(d) **Joint venture risks**

The Company is currently, and may in the future become a party to joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

5.2 Mining Industry Risks

(a) **Metals and currency price volatility**

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for gold, copper and other metals that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. Metals are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars, and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

(b) Operating risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(d) Exploration risk

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the case reserves of the Company and possible relinquishment of part or all of its projects.

(e) Payment obligations

Pursuant to the licences comprising the Company's projects, the Company will become subject to payment and other obligations. In particular, licence holders are required to expend the funds necessary to meet the

minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the licence liable to be cancelled or its size reduced. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its projects.

(f) **Title risk and native title**

Interests in tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licenses' or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments. It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest; there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(g) **Environmental risk**

The operations and proposed activities of the Company are subject to state and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, government authorities may, from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

5.3 General Risks

(a) **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(c) Litigation risks

Litigation risks to the Company include, but are not limited to, employee claims, contractual claims, environmental claims, occupational health and safety claims, regulatory disputes, legal actions from special interest groups, as well as third party damage or losses resulting from operations.

(d) Insurance

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

5.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

6. Additional information

6.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per Share on a poll.

A person who holds a Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant Options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the Shares in any special class of those Shares.

(d) Variation of rights

At present, the Company has on issue one class of Shares only, namely ordinary Shares. Unless otherwise provided by the Constitution or by the terms of issue of a class of Shares, the rights attached to the Shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued Shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued Shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, ordinary Shares are freely transferable.

(f) Dividends

Subject to the Corporations Act, the Listing Rules and the rights attaching to Shares issued on special conditions (at present there are none), the Directors may from time to time declare that a dividend is payable to the holders of ordinary Shares in proportion to the number of Shares held by them respectively and are paid proportionately to the amounts paid or credited as paid on Shares.

(g) Winding up

Subject to the Constitution, the Corporations Act and the rights of holders of Shares with special rights, on a winding up of the Company, all monies and property that are to be distributed among members on a winding-up, shall be so distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid up on the Shares.

(h) Dividend reinvestment and share plans

The Directors may establish a dividend reinvestment plan on any terms, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a Dividend from the Company in subscribing for securities of the Company or a related body corporate of the Company.

(i) Directors

The Company must have not less than 3, and not more than 10, Directors.

(j) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors may exercise all the powers of the Company except any powers that the Corporations Act or this Constitution requires the Company to exercise in general meeting.

(k) Capitalisation of profits

Subject to the Listing Rules a Company may capitalise profits. The capitalisation need not be accompanied by the issue of shares.

(l) Preference Shares

The Company may issue preference Shares including preference Shares which are liable to be redeemed in a manner permitted by the Corporations Act, and preference Shares in accordance with the terms of the Constitution.

6.2 Terms and conditions of Quoted Options

Each of the Quoted Options issued under this Prospectus will be granted on the following terms and conditions:

- (a) **(Entitlement):** each Quoted Option entitles the holder to subscribe for one Share upon exercise of the Quoted Option.
- (b) **(Exercise Price):** the amount payable upon exercise of each Quoted Option will be \$0.004 (**Exercise Price**).
- (c) **(Expiry Date):** each Quoted Option will expire at 5.00pm (AEST) 3 years from the Issue Date (**Expiry Date**). A Quoted Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period):** the Quoted Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **(Notice of Exercise):** the Quoted Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Quoted Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **(Exercise Date):** a Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Quoted Option being exercised in cleared funds (**Exercise Date**).
- (g) **(Quotation):** the Quoted Options will form a class of Options quoted on ASX.
- (h) **(Quotation of Shares issued on exercise):** application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Quoted Options.
- (i) **(Timing of issue of Shares on exercise):** after a Quoted Option is validly exercised, the Company must, within, 30 business days of receipt of the Notice of Exercise and receipt of cleared funds equal to the Exercise Price of the exercised Quoted Option:
 - (i) issue the Share; and
 - (ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 10 Business Days after issuing the Share.
- (j) **(Shares issued on exercise):** Shares issued on exercise of the Quoted Options rank equally with the then issued Shares of the Company.
- (k) **(Reconstruction of capital):** in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date of the Quoted Options,

all rights of the Option holder will be varied in accordance with the Listing Rules.

- (l) **(Participation in new issues):** there are no participation rights or entitlements inherent in the Quoted Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Quoted Options without exercising the Quoted Options.
- (m) **(Change in Exercise Price):** there will be no change to the Exercise Price of the Quoted Options or the number of Shares over which the Quoted Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (n) **(Adjustment for bonus issues):** if the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of a Quoted Option will be increased by the number of Shares which the holder would have received if the holder of the Quoted Options had exercised the Quoted Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Quoted Option Exercise Price.
- (o) **(Transferability):** the Quoted Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6.3 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.4 below). Copies of all documents announced to the ASX can be found at <http://www.clancyexploration.com/Content/prospectus>.

6.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC.

The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2015 and the half-year ended 31 December 2015, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following notices given by the Company to notify the ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in Section 6.4(a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
21/10/2015	Annual Report to Shareholders
21/10/2015	Annual Corporate Governance Statement and Appendix 4G
23/10/2015	Notice of Annual General Meeting
28/10/2015	Quarterly Activities and Cashflow Report
26/11/2015	Diamond drilling in progress at the Trundle Joint Venture
26/11/2015	Director Resignation
26/11/2015	Results of Meeting
1/12/2015	Final Director's Interests Notice
29/01/2016	Quarterly Activities and Cashflow Report
19/02/2016	HPX withdraws from the Trundle cooper-gold project in NSW
15/03/2016	Half Year Accounts
29/03/2016	Kaizen withdraws from the Fairholme JV Project in NSW
31/03/2016	Board changes
31/03/2016	Final Director's Interest Notice - G Barnes
31/03/2016	Initial Director's Interest Notice - D Scoggin
1/04/2016	Ramelius withdraws from the Condobolin JV Project in NSW
7/04/2016	Trading Halt

The following documents are available for inspection throughout the period of the Entitlement Offer during normal business hours at the registered office of the Company:

- (c) this Prospectus;
- (d) the Constitution; and

- (e) the consents referred to in Section 6.13 and the consents provided by the Directors to the issue of this Prospectus.

6.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

6.6 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.7 Directors' interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

6.8 Directors' interests in Company Shares

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their Entitlement under the Entitlement Offer is set out below:

Director	Shares	Shares under Entitlement Offer	Quoted Options under Entitlement Offer	Maximum Shares under Shortfall Offer	Maximum Quoted Options under Shortfall Offer
Mr Nathan Featherby	1,000,000	7,000,000	3,500,000	200,000,000	66,666,667
Mr Evan Cranston	Nil	Nil	Nil	Nil	Nil
Mr David Scoggin ¹	Nil	Nil	Nil	Nil	Nil

¹Mr David Scoggin was appointed on 31 March 2016.

Notes: The Company will seek Shareholder approval for Nathan Featherby (or his nominee) to participate in the Shortfall Offer to the maximum extent set out in the table.

Only Mr Featherby intends to take up all of his respective Entitlements under the Entitlement Offer.

6.9 Directors' remuneration

The Constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal Shares.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Directors received the following remuneration for the year to 30 June 2015:

Director	Directors' fees, consulting fees and salary (\$)	Superannuation (\$)	Others(\$)	Total (\$)
Dr Michael Etheridge ¹	60,000	5,700	Nil	65,700
Mr Nathan Featherby ²	32,000	Nil	Nil	32,000
Mr Evan Cranston ²	24,000	Nil	Nil	24,000
Dr James Macdonald ³	11,032	Nil	Nil	11,032
Ms Natalie Forsyth-Stock ⁴	45,874	1,307	195	47,376
Mr Gordon Barnes ⁵	236,810	21,732	21,310	279,852

Notes to 2015 remuneration:

¹Mr Michael Etheridge resigned on 26 November 2015.

² Mr Nathan Featherby and Mr Evan Cranston were appointed as Directors on 22 October 2014.

³ Dr James Macdonald resigned on 22 October 2014.

⁴ Ms Natalie Forsyth-Stock resigned on 26 November 2014.

⁵Mr Gordon Barnes resigned on 31 March 2016.

Directors received the following remuneration for the year ended 30 June 2014:

Director	Directors' fees, and salary (\$)	Superannuation (\$)	Others (\$)	Total (\$)
Dr Michael Etheridge	30,000	2,775	Nil	32,775

Mr Gordon Barnes	119,734	11,013	11,503	142,250
Mr James Macdonald	18,006	Nil	Nil	18,006
Ms Natalie Forsyth-Stock	64,902	1,527	726	67,155

6.10 Related party transactions

There are no related party transactions involved in the Offers that are not otherwise described in this Prospectus.

6.11 Interests of other persons

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

Patersons Securities is acting as Lead Manager and Underwriter to the Company in relation to the Offers. Patersons Securities has also been appointed as a Nominee to sell Ineligible Foreign Shareholders' Entitlements under Listing Rule 7.7. The Company will pay Patersons Securities an underwriting fee of approximately \$123,771 and a management fee of approximately \$37,500 (assuming full subscription and all excluding GST) in respect of the Offers. Patersons Securities

will be paid for its services as Nominee on standard industry terms and conditions. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities has been paid fees totalling \$2,306 (excluding GST) by the Company.

Bellanhouse Legal has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Bellanhouse Legal \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bellanhouse Legal has been paid fees totalling nil (excluding GST and disbursements) for legal services provided to the Company.

Ernst & Young is the auditor of the Company's balance sheets dated 30 June 2015 and 31 December 2015, details of which are included in this Prospectus. Ernst & Young was paid \$46,590 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ernst & Young has been paid fees totalling \$85,090 (excluding GST and disbursements) for audit and non-audit services provided to the Company.

6.12 Expenses of Offers

The estimated expenses of the Offers are as follows:

	\$
ASIC fees	2,320
ASX quotation fee	21,277
Legal and preparation expenses	10,000
Printing, mailing and other expenses	9,429
Underwriting fee	123,771
Lead Manager fee	37,500
Nominee fee	1,000
Total	<u>205,297</u>

6.13 Consents

- (a) In accordance with section 720 of the Corporations Act, each Director as at the date of lodgement of this Prospectus with ASIC has consented to the lodgement of this Prospectus and has not withdrawn, their written consent to being named in this Prospectus as Directors.
- (b) Bellanhouse Legal has given, and as at the date of lodgement of this Prospectus with ASIC has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Bellanhouse Legal has not authorised or caused the issue of this Prospectus or the making of the Offers. Bellanhouse Legal make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.
- (c) Security Transfer Registrars Pty Ltd has given, and as at the date of lodgement of this Prospectus with ASIC has not withdrawn, its written consent to being named in this Prospectus as the Company's share

registry. Security Transfer Registrars Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar of the Company. Security Transfer Registrars Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

- (d) Patersons Securities has given, and as at the date of lodgement of this Prospectus with ASIC, has not withdrawn its written consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named. Patersons Securities was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Patersons Securities makes no express or implied representation or warranty in relation to the Company, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities. To the maximum extent permitted by law, Patersons Securities expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

7. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:



Evan Cranston
Director

Dated: 8 April 2015

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid acceptance of Shares made pursuant to this Prospectus on a Form.

Act means any statute of the Commonwealth or of any state of Australia and any regulations made there under.

Additional Securities means Shares subscribed for under the Shortfall Offer.

AEST means Australia Eastern Standard Time.

Applicant means a person who makes an application under this Prospectus.

Application means a valid application for Shares made on an Entitlement and Acceptance Form.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Shares and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Shares Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that the ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregistry System.

Company means Clancy Exploration Limited ACN 105 578 756.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means *Corporations Act 2001* (Cth).

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to Shares and attaching Quoted Options under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form provided by the Company with a copy of this Prospectus that describes the

Entitlement of Shareholders to subscribe for Shares pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to it in Section 1.2.

Entitlement Offer Closing Date has the meaning given to it in Section 1.6.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Exercise Date has the meaning given to it in Section 6.2(f).

Exercise Period has the meaning given to it in Section 6.2(d).

Exercise Price has the meaning given to it in Section 6.2(b).

Expiry Date has the meaning given to it in Section 6.2(c).

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

Indemnified Parties has the meaning given to in in Section 1.20.

Ineligible Foreign Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is not in Australia or New Zealand.

Insolvency Provision means any Act relating to insolvency, sequestration, liquidation or bankruptcy (including any Act relating to the avoidance of conveyances in fraud of creditors or of preferences, and any Act under which a liquidator or trustee in bankruptcy may set aside or avoid transactions), and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person.

Issue Date means the date of issue of the Shares and Quoted Options pursuant to this Prospectus.

Issuer Sponsored means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Lead Manager means Patersons Securities.

Listing Rules means the Listing Rules of ASX.

Macquarie Holdings means Macquarie Holdings No 2 Pty Ltd ACN 168 361 546.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offers or on the subsequent market for the Shares issued under the Offers (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Shares under the Offers);
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole;
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either:
 - (i) the Company and its Subsidiaries either individually or taken as a whole; or
 - (ii) an Australian resident shareholder in the Company.

New Share means a Share issued pursuant to this Prospectus or under the Placement.

Nominee has the meaning given to it in Section 1.20.

Notice of Exercise has the meaning given to it in Section 6.2(e).

Offers means the Entitlement Offer, Shortfall Offer, the issue of Placement Options and Sub-Underwriting Commitment Options, and **Offer** means either of them.

Option means the right to acquire one Share in the capital of the Company.

Patersons Securities means Patersons Securities Limited ACN 008 896 311.

Placement has the meaning given to it in Section 1.4.

Placement Options means the 12,812,720 Quoted Options to be issued to the Placement Participants under this Prospectus.

Placement Participants means each applicant who has subscribed for Shares under the Placement.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) Relevant Company:
 - (i) entering into a buy back agreement; or
 - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;

- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus means this prospectus dated 8 April 2016.

Quoted Option means a quoted Option to be issued under this Prospectus, exercisable at \$0.004 each expiring 3 years from the Issue Date, and otherwise having the terms and conditions as set out in Section 6.2.

Record Date means 5:00pm (WST) on the date identified in the proposed timetable.

Relevant Company means the Company and each Subsidiary.

Section means a section of this Prospectus.

Securities means Shares and/or Options (as applicable).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall means the Securities not applied for under the Entitlement Offer (if any).

Shortfall Offer has the meaning given to it in Section 1.3.

Shortfall Securities means those Securities issued pursuant to the Shortfall Offer.

Subsidiary means:

- (a) each company which at the date of execution of the Underwriting Agreement or at the time of Completion is a subsidiary of the Company within the meaning of the Corporations Act; and
- (b) each company stated in the Prospectus whose issued capital is to be acquired by the Company, and any subsidiary of such company within the meaning of the Corporations Act.

Sub-Underwriter Commitment Options has the meaning given to it in Section 1.8.

Takeovers Panel means the takeovers panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Underwriter means Patersons Securities.

Underwritten Amount has the meaning given to it in Section 1.8.

Underwriting Agreement has the meaning given to it in Section 1.8.

Verification Material means the material maintained by the Company being the documents and information provided by the Company in verification of statements made in the Prospectus.

WST means Western Standard Time.