

16 May 2012

ASX Limited
Company Announcements Office
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Clancy Exploration Limited (ACN 105 578 756) – Takeover Bid for Genesis Resources Limited (ACN 114 787 469)

I enclose, in accordance with section 633(1) item 5 of the Corporations Act, a copy of Clancy's bidder's statement and offer (**Bidder's Statement**) in relation to its off-market takeover bid for the shares in Genesis Resources Limited.

The Bidder's Statement was lodged with the Australian Securities and Investments Commission and sent to Genesis Resources Limited earlier today.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Gordon Barnes', written in a cursive style.

Gordon Barnes
Managing Director

**Bidder's Statement
Off-Market Offer**

by

**Clancy Exploration Limited
(ACN 105 578 756)
(ASX Code: CLY)**

to acquire all of your shares in

**Genesis Resources Limited
(ACN 114 787 469)
(ASX Code: GES)**



Solicitors to the Offer

This is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with it, you should consult your financial or other professional adviser.

To accept this Offer please complete the enclosed Acceptance Form and return to Security Transfer Registrars Pty Limited.

The Offer is dated [•] 2012 and will expire at 7.00pm (Sydney time) on [•] 2012 unless earlier withdrawn or extended. ASIC takes no responsibility for this Bidder's Statement.

Important Information

Important dates

Event	Date
Date of Bidder's Statement	16 May 2012
Date of Offer conditions notice*	[•]
Close of Offer*	[•]

* This date is indicative only and may be changed as permitted by the Corporations Act.

Bidder's Statement and Offer

This is the Bidder's Statement dated 16 May 2012 given by Clancy to Genesis and each holder of Genesis Shares under Part 6.5 of Chapter 6 of the Corporations Act.

This Bidder's Statement was approved by a unanimous resolution of the Board of Clancy. It includes an Offer for the Genesis Shares dated [•] 2012.

The Offer extends to Genesis Shares on issue on 16 May 2012 and extends to all Genesis Shares issued during the Offer Period due to conversion or exercise of a Right including Genesis Shares issued on exercise of Genesis Options. The Offer does not extend to Genesis Options.

ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and ASX on 16 May 2012. None of ASIC, ASX or their officers take any responsibility for the contents of this Bidder's Statement.

An application for admission of the Clancy Shares to be issued under this Offer for quotation on the ASX will be made within 7 days of the date of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each Genesis Shareholder or any other person. Genesis Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Those risks and uncertainties include factors and risks specific to the industry in which Clancy and Genesis operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results made differ materially. For a

discussion of important risk factors which could cause actual results to differ materially from such forward-looking statements, refer to Section 8 of this Bidder's Statement.

None of Clancy's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

Notice to Foreign Genesis Shareholders

This Bidder's Statement and the Offers are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Bidder's Statement and the Offers do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may in some countries be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of and observe those restrictions.

Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 12. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 12, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Privacy

Clancy has collected your personal information from the register of Genesis Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of Genesis Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Clancy's related bodies corporate and holders of securities in Clancy and its related bodies corporate, service providers and advisers, and may be required to be disclosed to regulators such as ASIC.

Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

The Offer	Clancy is offering to acquire all of your Genesis Shares on the terms set out in Appendix A.
Offer Price	<p>Clancy will offer consideration of 3 Clancy Shares for each Genesis ordinary share.</p> <p>This represent an implied offer price of 10.2 cents per Genesis Share based on the last price at which Clancy Shares traded on ASX on 15 May 2012, the last trading day before the date of this Bidder's Statement.</p>
Offer Period	The Offer is scheduled to close at 7pm (Sydney time) on [•] 2012 (but it may be extended).
Offer Conditions	<p>The Offer is subject to the conditions set out in Clause 8 of Appendix A.</p> <p>Clancy may choose to waive any of the conditions in accordance with the Offer.</p>
Settlement Terms	<p>If you accept the Offer, Clancy Shares will be issued to you on the later of:</p> <ul style="list-style-type: none">(a) 1 month after the date you validly accept the Offer; or(b) 1 month after the date the Offer becomes or is declared unconditional, <p>and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.</p>
Clancy's existing shareholding in Genesis	As at the date of this Bidder's Statement Clancy has a Relevant Interest in 6,375,000 Genesis Shares. This represents Voting Power of 8.01%.
How to accept the Offer	Complete and sign the attached Acceptance Form in accordance with the instructions on the form, and return the form in the enclosed reply paid envelope or to the address on the form.

The above information is a summary of key elements of this Bidder's Statement only. Genesis Shareholders should read all of this Bidder's Statement before making any decision in relation to the Offer.

Why you should accept the Offer

Attractive implied offer price

Clancy is offering 3 Clancy Shares for every 1 Genesis Share. The Offer presents Genesis Shareholders with the ability to retain exposure to the Genesis portfolio of assets while capturing an attractive premium for their shareholding and becoming part of a major new Australian exploration company.

As at the date of this Bidders Statement the offer of 3 Clancy Shares for every 1 Genesis Share represents an implied offer price of 10.2 cents (based on 3.4 cents, being the last price at which Clancy Shares traded on ASX on 15 May 2012, the last trading day before the date of this Bidder's Statement).

This implied offer price of 10.2 cents represents:

- a 50% premium to 6.8 cents, being the closing share price of Genesis Shares on ASX on 30 March 2012 (the last trading day prior to the Announcement Date);
- a 96.2% premium to 5.2 cents, being the volume weighted average price at which Genesis Shares traded on the ASX over the 90 days up to the Announcement Date (being the period 26 September 2011 to 30 March 2012); and
- a 126.7% premium to the issue price of 4.5 cents under the recent Genesis Rights Issue.

The closing price of Genesis Shares on ASX on 15 May 2012 was 8 cents.

Increased scale

Genesis Shareholders will benefit from being part of a larger ASX listed company with an increased capacity to develop projects, such as the Plavica Project, to their full potential.

Clancy has strong support from its shareholders and has a demonstrated capacity to raise funds to meet exploration activity. Since its inception in June 2007, Clancy has raised \$14.5 million through a combination of its initial public offer, rights issues, share placements and share purchase schemes.

On 16 May 2012 Clancy received a letter of support from Patersons Securities Limited (**Patersons**) to indicate that if Clancy is successful in its Offer, Patersons is interested in completing a capital raising to sufficiently support the Company for the next 12-24 months. See Section 3.11 for details. Clancy believes that this support and the increased scale will assist in raising funds vital to ensure the success of the Plavica Project in particular.

Board and management

Clancy has a strong board and dedicated management team with a focus on shareholder value. Three Clancy board members are highly experienced geologists with extensive experience in the exploration and resources sector. Clancy's Chairman, Dr Mike Etheridge, has a demonstrable track record of delivering increased shareholder value in the exploration sector. He was previously a director of Ballarat Goldfields NL prior to its takeover by Lihir Gold Ltd in March 2007 and of Lihir Gold Ltd (from March 2007 to September 2010), prior to its merger with Newcrest Ltd. See Section 3.2 for information on Clancy Board. See Section 3 for further information regarding Clancy.

In contrast, Genesis has made only limited progress on its project's portfolio over the past two and a half years and Clancy questions whether it has the management and financial capacity to make effective progress especially with the Plavica Project.

Active exploration

Clancy is an active explorer with a scientific and strategic approach to exploration targeting. Clancy deploys a disciplined model-driven, probabilistic targeting methodology to define targets that are ranked by probability of success. Clancy believes that this results in better exploration outcomes because it provides a pipeline of high-quality drilling targets that support an aggressive drilling campaign. Since listing in 2007, Clancy and its joint venture partners have completed over 115 kilometres of drilling in New South Wales, at a rate of over 23,000 metres per annum. This has delivered excellent early-stage drill results at a number of projects including Condobolin, Trundle and Myall.

Clancy believes that a well-targeted, aggressive drilling campaign is required to advance the Plavica Project to a commercial outcome. The current drill spacing at Plavica is too coarse (100 metres x 100 metres) to adequately define the scope and scale of the gold, silver and copper mineralisation and most of the historic drilling is of limited usefulness to a full feasibility study. Plavica therefore requires a significant and sustained drilling campaign and Clancy's track record to date demonstrates that it is capable of delivering this.

Greater diversification

The exploration tenements of Clancy and Genesis are complementary. The Merged Entity will have a diverse portfolio of tenements across numerous geographic regions in Australia (in New South Wales, Queensland, Western Australia, Northern Territory and Tasmania) as well as a project in Europe and a range of commodities – iron ore, magnesium, copper, gold and silver. This is expected to reduce operational risks. See Sections 3.3 - 3.5 for a discussion of Clancy and its current portfolio of exploration properties.

Reduced administration costs

Clancy has historically had a commitment to limiting administration costs as a proportion of total expenditure. See Section 4.6 for details. The Clancy Board considers that the increased scale of operations of the Merged Entity will not result in a corresponding increase in administration costs. Costs savings may be achieved through the integration of Genesis with Clancy. See Section 4.5 for details.

Capital gains tax rollover relief

If, as a result of the Offer, Clancy becomes the holder of 80% or more of Genesis Shares and Genesis Shareholders would otherwise make a capital gain in respect of the disposal of Genesis Shares, Genesis Shareholders may be entitled to CGT scrip-for-scrip rollover relief. Such rollover relief may allow Genesis Shareholders to disregard any capital gain that would otherwise arise in respect of the disposal of their Genesis Shares.

See Section 9 for further information in relation to the availability of CGT rollover relief and taxation considerations generally.

Risk Factors

Genesis Shareholders who accept the Offer will receive Clancy Shares as consideration. The acquisition of Clancy Shares exposes accepting Genesis Shareholders to a number of risks. Many of these risks are similar to the risks encountered by Genesis Shareholders in holding Genesis Shares.

A summary of a number of the key risks to which accepting Genesis Shareholders may be exposed in connection with the Offer is set out below. Further information regarding these risks are set out in Section 8. You are encouraged to read Section 8 in full when considering this Offer.

Specific business risks

Exploration, development, mining and processing risks

The business of mineral exploration, project development and mining and processing by its nature contains elements of inherent risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- the metallurgical characteristics of mineral deposits being explored and developed by Clancy may be such as to prevent commercial exploitation;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Development of mining operations

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations.

Government regulation

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Clancy.

Changes to government regulations, policy (including the Minerals Resource Rent Tax proposed to be effective from 1 July 2012) and royalty regimes may have an adverse impact upon the development options available to Clancy for its projects.

Native Title and Aboriginal Heritage

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land and water where those rights have not been extinguished. These rights, where they exist, may impact on the ability of Clancy to carry out exploration or obtain mining tenements. In applying for certain mining tenements, Clancy must observe the provisions of the native title legislation (where applicable) and Aboriginal heritage legislation which protects Aboriginal sites.

General operating risks

The current and future operations of Clancy, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns, flood and cyclone activity;
- alterations to joint venture programs and budgets;
- gaining access to private land for exploration activities;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- occupational health and safety in a potentially dangerous workplace;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations; shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- inability to obtain consents or approvals.

Commodity prices

Commodity prices fluctuations may have a positive or negative effect on Clancy's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Funding requirements

Clancy has incurred significant expense in undertaking exploration and development activities. See Section 4.6 for details. Additional funding will be required for further exploration, appraisal and development following expenditure of the existing cash reserves of Clancy. There can be no assurance that Clancy will be in a position to raise such funding.

Risks relation to the Clancy acquisition of Genesis

The following risk factors may arise as a result of the Offer and the acquisition of Genesis by Clancy.

Issue of Clancy Shares

Pursuant to the Offer, Clancy will issue a significant number of new Clancy Shares. Some Genesis Shareholders may not wish to continue to hold Clancy Shares which they receive and may choose to sell them on the ASX. Further, a nominee appointed by Clancy (and approved by ASIC) will be issued any Clancy Shares attributable to Foreign Shareholders and will sell them. See Section 1.3 for details.

If a significant number of Genesis Shareholders sell their Clancy Shares, or there is a significant number of Genesis Shares held by Foreign Shareholders (resulting in a significant number of Clancy Shares being sold by the nominee) the price at which Clancy Shares are traded on ASX may be adversely affected.

Further fundraising

The successful conclusion of the Offer will result in Clancy holding significantly greater exploration properties than it presently holds. This may result in Clancy needing to raise further capital to fund exploration activities on this expanded tenement portfolio. Clancy proposes to undertake a capital raising to fund such exploration following successful conclusion of the Offer. See Section 3.11 for details. There can be no assurance that additional funding required for further exploration, appraisal and development will be available.

Non-Australian Projects

As at the date of this Bidder's Statement, Clancy's exploration properties are located within Australia. A material opportunity for Genesis is its right to increase its interest in the Plavica Project in Macedonia.

The Plavica Project involves conducting exploration activities in the Republic of Macedonia by the project operator. Any circumstances or event which negatively impacts the development in Macedonia could materially affect the financial and operating performance of GES.

There is no assurance that future political and economic conditions in Macedonia will not result in the government adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, title, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the ability to develop the Plavica Project.

Integration risks

Clancy expects that value may be added for shareholders of Clancy following the Offer by the efficient and timely integration of Genesis with Clancy.

The conduct and timing of the integration of Clancy and Genesis will depend on the results of the Review referred to in Section 6.3. However, the risk exists that any integration may take longer than expected or that the extraction of efficiencies is less than estimated at the time of the Review.

There is also a risk that, if the integration of Genesis into Clancy is not completed in a timely manner, it will negatively affect key stakeholders such as employees and suppliers.

Information on Genesis

In preparing the information on Genesis included in this Clancy's Statement, Clancy has relied only on publicly available information only. Clancy has not otherwise been allowed direct access to Genesis or its independent accountant. Any inaccuracy in the information on Genesis contained in this Bidder's Statement could have an adverse impact on the financial performance of Clancy following the Offer and the value of Clancy Shares.

In addition, it is possible that additional risks may exist in relation to Genesis's businesses which are unknown to Clancy.

Investment risks

Genesis Shareholders should be aware that acquiring Clancy Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of Clancy or Genesis. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and the Australian interest rates, foreign exchange, taxation and labour relations environments.

Risks of investment which are considered beyond the control of Clancy include possible volatility of the Clancy share price, regulation and publicity, macroeconomic risks, taxation risks and the risk of regulatory changes.

Chairman's letter

Dear Genesis Resources Shareholder

On 2 April 2012 Clancy Exploration Limited (**Clancy**) announced its intention to make an off-market scrip offer to acquire all of the shares in Genesis Resources Limited (**Genesis**). Clancy's announced intention was to offer consideration of 8 cents per Genesis Share, in the form of Clancy Shares.

Clancy announced on 3 April 2012 that it had acquired voting power of 8.01% in Genesis as a result of execution of an option arrangement with respect to Genesis Shares held by entities associated with Dr Ahmet Kerim Sener, former director of Genesis.

On 16 May 2012 Clancy announced that it would increase its offer to 3 Clancy Shares for every 1 Share in Genesis.

Rationale for the Offer

The Clancy Board is making this Offer for the following reasons.

- It believes that the Plavica Project, in which Genesis is earning a 62% interest, will benefit greatly from Clancy's technical expertise, management capability and access to adequate finance. Our assessment is that the Genesis management and board has yet to demonstrate the capacity to materially advance the project, and therefore to extract value for Genesis Shareholders by reducing the risk and uncertainty in the project. The recently announced (11 May 2012) expansion of the Genesis board and management team was notable for its limited core mineral exploration and development skills. We note that Dr Kerim Sener, who originally brought the project to Genesis' attention, who has planned and overseen the technical work undertaken by Genesis on the project, and who was until early 2012 a director of Genesis, has granted an option over his Genesis Shares to Clancy which will terminate if he accepts this Offer. See Section 10.2 for details.
- If Clancy acquires Genesis, it would have a diverse and attractive portfolio of Australian exploration projects. Our view is that Clancy has the management and technical expertise to rationalise the portfolio and to progress those projects with the highest potential, thereby extracting maximum value.
- We have a strong strategic view that listed junior exploration companies must aspire to the scale necessary to enable the adequate funding of an aggressive exploration program and the pursuit of quality, preferably more advanced, projects. Arguably, both Genesis and Clancy are sub-optimal in scale, and we consider that the combination of the two companies will form an attractive launching pad for further growth.

Details of the Offer

The Clancy Offer of 3 Clancy Shares for every Genesis Share is made for all of your Genesis Shares. As at the date of this Bidders Statement this represents an implied offer price of 10.2 cents (based on 3.4 cents, being the last price at which Clancy Shares traded on ASX on 15 May 2012, the last trading day before the date of this Bidder's Statement).

The implied offer price of 10.2 cents represents:

- a 50% premium to 6.8 cents, being the closing share price of Genesis Shares on ASX on 30 March 2012 (the last trading day prior to the Announcement Date);
- a 96.2% premium to 5.2 cents, being the volume weighted average price at which Genesis Shares traded on the ASX over the 90 days up to the Announcement Date (being the period 26 September 2011 to 30 March 2012); and

- a 126.7% premium to the issue price of 4.5 cents under the recent Genesis Rights Issue.

The closing price of Genesis Shares on ASX on 15 May 2012 was 8 cents.

As outlined above, the Clancy Board considers that Genesis Shareholders will benefit from the increased scale and capability of the combined Clancy/Genesis. It is largely for this reason that we are making a scrip offer for your Genesis Shares. Should our offer be successful, Genesis Shareholders will own about 60% of the Merged Entity, and will be well placed to benefit from our aggressive growth plans.

It is important that you read the information in this booklet in deciding on our Offer and if necessary, contact a qualified investment adviser for assistance.

The Offer is subject to conditions which are summarised in Section 1.8 of this Bidder's Statement.

How to accept

If you choose to accept the Offer you can either direct your broker to accept the Offer on your CHES holding on your behalf, or complete and sign the enclosed Acceptance Form and return it in the reply paid envelope so that it is received before the Closing Date.

The Offer is scheduled to close at 7:00pm (Sydney time) on [•] 2012.

More information

If you have any questions concerning the Offer, we recommend you contact your broker or financial adviser.

Yours sincerely

Dr. Mike Etheridge
Chairman

Contents

1.	Main Features of the Offer	12
2.	Reasons to Accept the Offer	16
3.	About Clancy	18
4.	Effect of the Offer on Clancy	27
5.	Genesis Resources	32
6.	Clancy's Intentions	37
7.	Sources of Bid Consideration	39
8.	Risk Factors	40
9.	Taxation Implications	45
10.	Information on Genesis Securities	48
11.	Additional Information	50
12.	Definitions and Interpretation	56
13.	Approval of Bidder's Statement.....	61

1. Main Features of the Offer

This Section sets out a summary of the main features of the Offer. It is qualified by the detailed information contained in the remainder of the Bidder's Statement.

1.1 The Offer

Clancy announced its intention to make an offer to acquire all of the Genesis Shares on 2 April 2012. Appendix A of this Bidder's Statement contains the terms of the Offer. The remainder of this Bidder's Statement contains information known to Clancy which maybe relevant to your decision as to whether to accept or reject the Offer.

1.2 What is Clancy offering for my Genesis Shares?

The offer is 3 Clancy Shares for every Genesis Share.

The Offer extends to Genesis Shares on issue on 16 May 2012 and extends to all Genesis Shares issued during the Offer Period due to conversion or exercise of a Right including Genesis Shares issued on exercise of Genesis Options.

1.3 Foreign Shareholders

Foreign Shareholders will not receive Clancy Shares on the acceptance of the Offer. Instead, a nominee approved by ASIC will be appointed by Clancy to receive Clancy Shares to which Foreign Shareholders are entitled under the Offer. The nominee will then sell those Clancy Shares on behalf of the Foreign Shareholders and will receive the proceeds of the sale (less any expenses incurred in giving effect to the sale). These sales proceeds will then be distributed to the Foreign Shareholders.

Foreign Shareholders should read Clause 7.3 of Appendix A for further details.

1.4 Will I pay any brokerage if I accept any of the Offer?

You will not pay brokerage as a result of accepting the Offer unless you instruct your broker to initiate acceptance of the Offer on your behalf.

1.5 When do the Offers close?

The Offers close at 7.00pm (Sydney time) on [•], unless extended or withdrawn in accordance with the Corporations Act.

1.6 How do I accept the Offer?

To accept the Offer, complete and execute the enclosed Acceptance Form in accordance with the instructions on it and return it to:

Security Transfer Registrars Pty Limited
PO Box 535
Applecross WA 6953
Australia

You may only accept the Offer for all of your Genesis Shares.

1.7 Can I sell my Clancy Shares?

Clancy Shares are quoted on the ASX. Clancy will apply to the ASX for quotation of the New Clancy Shares. The Offer is conditional on Clancy applying for quotation of the New Clancy Shares under the Offer on ASX within 7 days from the date this Bidder's Statement is given to Genesis and permission for admission to quotation being granted no later than 7 days after the end of the Offer Period.

1.8 What are the Conditions of the Offer?

The Offer is subject to the following Conditions:

- (a) **90% relevant interest:** the number of Genesis Shares in which Clancy and its Associates have a Relevant Interest at the expiry of the Offer Period is not less than 90% of the Genesis Shares then on issue and Clancy satisfies any other requirements to effect compulsory acquisition of all outstanding Genesis Shares;
- (b) **No acquisition or disposal of material asset:** except for any proposed transaction publicly announced by Genesis before 2 April 2012 (**Announcement Date**) none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
 - (i) Genesis or any controlled entity of Genesis acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$250,000 or makes an announcement in relation to such an acquisition, offer or agreement; or
 - (ii) Genesis or a controlled entity of Genesis enters into, offers to enter into or agrees to enter into any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue by Genesis and/or its controlled entities of an amount which is, in aggregate, more than \$250,000 other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement;
 - (iii) Genesis or a controlled entity of Genesis amends the terms of, waives any material rights under, terminates or agrees to terminate any agreement, joint venture, partnership or commitment regarding the Plavica joint venture;
- (c) **No change in control:** no person having, or being entitled to have, as a result of any change in control in respect of Genesis or any of its controlled entities, any right to:
 - (i) terminate or alter any contractual relations between any person and Genesis or any of its controlled entities;
 - (ii) require the sale of any interest in the Plavica joint venture or otherwise restrict the ability of Genesis to earn-in with respect to the Plavica joint venture, exercises that right during the period commencing on the Announcement Date and ending on the expiry of the Offer Period or notifies Genesis during that period that it has or intends to exercise that right;
- (d) **No material adverse change:** during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no change occurs or is announced that would reasonably be expected to adversely affect the capital structure, business, financial or trading position, future profitability, condition of assets or liabilities of Genesis or a controlled entity of Genesis in a manner which would be material in the context of Genesis's operations as a whole;
- (e) **No litigation:** during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no litigation or arbitration proceedings have been or are instituted or threatened against Genesis or a controlled entity of Genesis which are material in the context of Genesis's operations as a whole;
- (f) **No regulatory intervention:** during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no Governmental Agency or any other person takes any action to:
 - (i) prohibit, prevent or inhibit the acquisition of, or trading in, Genesis Shares;

- (ii) impose conditions on the Offer which impose unduly onerous obligations upon Clancy or would materially affect the business or capital structure of Genesis;
 - (iii) require the divestiture by Clancy of Securities or assets of any Genesis Group Entity, other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act;
- (g) **No prescribed occurrence:** no prescribed occurrences happen during the period commencing on the Announcement Date and ending on the expiry of the Offer Period;
- (h) **No selective disclosure of information:** at all times during the period from the Announcement Date to the end of the Offer Period, Genesis promptly provides to Clancy a copy of all information that is not generally available which relates to Genesis or any of its controlled entities or any of their respective businesses or operations that has been provided by Genesis or any of their respective officers, employees, advisers or agents to any person for the purposes of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person in relation to a transaction which may result in a change in control of Genesis.

The Offer is also subject to a statutory condition required by Section 625(3) of the Corporations Act (see Clause 4 of Appendix A).

If the Conditions are not satisfied or waived then the Offer will not proceed.

1.9 When will I receive my Offer Consideration?

Clancy will provide or procure the provision of the Offer Consideration due for your Genesis Shares on or before the later of:

- (a) 1 month after the date you validly accept the Offer; or
- (b) 1 month after the date the Offer becomes or is declared unconditional,

and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

1.10 What happens if I do not accept?

If Clancy becomes entitled to acquire your Genesis Shares compulsorily under the Corporations Act, it intends to do so. If your Genesis Shares are compulsorily acquired, you will receive the Offer Consideration later than the Genesis Shareholders who choose to accept the Offer.

If Clancy does not become entitled to compulsorily acquire your Genesis Shares, unless you otherwise dispose of them, you will remain a Genesis Shareholder. Following conclusion of the Offer, the price at which Genesis Shares traded on ASX may fall below the implied Offer Price and liquidity in Genesis Shares on ASX may be reduced.

1.11 Are there any risks associated with holding Clancy Shares?

There are a number of risks associated with holding Clancy Shares. These are outlined in detail in Section 8.

1.12 What are the tax consequences of the Offers?

Our understanding of the major tax implications for Genesis Shareholders resident for tax purposes in Australia are summarised in Section 9.

Your personal financial and other circumstances will influence your taxation position. You should read Section 9 carefully and seek professional taxation advice if necessary.

1.13 What are the rights attaching to Clancy Shares?

The terms of issue of Clancy Shares are summarised in Section 11.1.

1.14 Does the Offer extend to Genesis Options?

No, the Offer extends only to Genesis Shares including any Genesis Shares issued on exercise of a Genesis Option. Under the Genesis Rights Issue, Genesis issued 26,540,376 Genesis Options. These Genesis Options have an exercise price of 10 cents.

If Clancy is successful in its Offer and is in a position to proceed with compulsory acquisition of the Genesis Shares it does not acquire under this Offer, Clancy will offer to the holders of Genesis Options in accordance with the Corporations Act.

1.15 Questions

If you have any enquiries about the Offers you should consult your financial or other professional adviser.

2. Reasons to Accept the Offer

2.1 Attractive implied offer price

Clancy is offering 3 Clancy Shares for every 1 Genesis Share. The Offer presents Genesis Shareholders with the ability to retain exposure to the Genesis portfolio of assets while capturing an attractive premium for their shareholding and becoming part of a major new Australian exploration company.

As at the date of this Bidder's Statement this represents an implied offer price of 10.2 cents (based on 3.4 cents being the last price at which Clancy Shares traded on ASX on 15 May 2012, the last trading day before the date of this Bidder's Statement).

This implied offer price of 10.2 cents represents:

- a 50% premium to 6.8 cents, being the closing share price of Genesis Shares on ASX on 30 March 2012 (the last trading day prior to the Announcement Date);
- a 96.2% premium to 5.2 cents, being the volume weighted average price at which Genesis Shares traded on the ASX over the 90 days up to the Announcement Date (being the period 26 September 2011 to 30 March 2012); and
- a 126.7% premium to the issue price of 4.5 cents under the recent Genesis Issue.

The closing price of Genesis Shares on ASX on 15 May 2012 was 8 cents.

2.2 Increased Scale

Genesis Shareholders will benefit from being part of a larger ASX listed company with an increased capacity to develop projects such as the Plavica Project to their full potential. Clancy believes that the Plavica Project in particular will benefit greatly from its technical expertise, management capability and access to adequate finance. Clancy has strong support from its shareholders and has a demonstrated capacity to raise funds to meet exploration activity. Since its inception in June 2007, Clancy has raised \$14.5 million through a combination of its initial public offer, rights issues, share placements and share purchase schemes. See Section 3.11 for details. This compares to \$5.19 million raised by Genesis including its initial public offering in 2009. See Section 5.12 for details.

On 16 May 2012 Clancy received a letter of support from Patersons Securities Limited (**Patersons**) to indicate that if Clancy is successful in its Offer, Patersons is interested in completing a capital raising to sufficiently support the Company for the next 12-24 months. See Section 3.11 for details. Clancy believes that this support and the increased scale will assist in raising funds vital to ensure the success of the Plavica Project in particular.

2.3 Board and management

Clancy has a strong Board and dedicated management team with a focus on shareholder value. Three Clancy Board members are highly experienced geologists with extensive experience in the exploration and resources sector. Clancy's Chairman, Dr Mike Etheridge, has a track record of delivering increased shareholder value in the exploration sector. He was previously a director of Ballarat Goldfields NL prior to its takeover by Lihir Gold Ltd in March 2007 and of Lihir Gold Ltd (from March 2007 to September 2010), prior to its merger with Newcrest Ltd. See Section 3.2 for information on Clancy Board. See Section 3 for further information regarding Clancy.

In contrast, Genesis has made only limited progress on its project's portfolio over the past two and a half years and Clancy questions whether it has the management and financial capacity to make effective progress especially with the Plavica Project.

2.4 Active Exploration

Clancy is an active explorer with a scientific and strategic approach to exploration targeting. Clancy deploys a disciplined model-driven, probabilistic targeting methodology to define targets that are ranked by probability of success. Clancy believes that this results in better exploration outcomes because it provides a pipeline of high-quality drilling targets that support an aggressive drilling campaign. Since listing in 2007, Clancy and its joint venture partners have completed over 115 km of drilling in NSW, at a rate of over 23,000m per annum. This has delivered excellent early-stage drill results at a number of projects including Condobolin, Trundle and Myall.

Clancy believes that a well-targeted, aggressive drilling campaign is required to advance the Plavica Project to a commercial outcome. The current drill spacing at Plavica is too coarse (100 metres x 100 metres) to adequately define the scope and scale of the gold, silver and copper mineralisation and most of the historic drilling is of limited usefulness to a full feasibility study. Plavica therefore requires a significant and sustained drilling campaign and Clancy's track record to date demonstrates that it is capable of delivering this.

2.5 Greater diversification

The exploration tenements of GLY and Genesis are complementary. The Merged Entity will have a diverse portfolio of tenements across numerous geographic regions in Australia (in New South Wales, Queensland, Western Australia, Northern Territory and Tasmania) as well as a project in Europe and a range of commodities – iron ore, magnesium, copper, gold and silver. This is expected to reduce operational risks. See Sections 3.3 - 3.5 for a discussion of Clancy and its current portfolio of exploration properties.

2.6 Reduced administration costs

Clancy has historically had a commitment to limiting administration costs as a proportion of total expenditure. See Section 4.6 for details. The Clancy Board considers that the increased scale of operations of the Merged Entity will not result in a corresponding increase in administration costs. Costs savings may be achieved through the integration of Genesis with Clancy. See Section 4.5 for details.

2.7 Capital gains tax rollover relief

If, as a result of the Offer, Clancy becomes the holder of 80% or more of Genesis Shares and Genesis Shareholders would otherwise make a capital gain in respect of the disposal of Genesis Shares, Genesis Shareholders may be entitled to CGT scrip-for-scrip rollover relief. Such rollover relief may allow Genesis Shareholders to disregard any capital gain that would otherwise arise in respect of the disposal of their Genesis Shares.

See Section 9 for further information in relation to the availability of CGT rollover relief and taxation considerations generally.

3. About Clancy

3.1 Corporate

Clancy Exploration (ASX: CLY) is an Australian-focused copper, gold and base metals explorer listed on the ASX. The Company's exploration portfolio has evolved from initial holdings secured in NSW in 2003 to a substantial portfolio of highly prospective copper-gold projects in the Lachlan Fold Belt of NSW, and base metal and tin projects in the Mount Read Volcanic Belt of Tasmania. Clancy also has one tenement just west of Broken Hill and one tenement in Western Australia adjacent to the Golden Grove mine.

Clancy was incorporated on 17 July 2003 as a wholly owned subsidiary of Geoinformatics Exploration Inc. On 6 March 2007 it converted to a public company. Clancy acquired the core Australian assets of the Geoinformatics group prior to listing on the ASX on 11 July 2007.

3.2 Directors of Clancy

Brief profiles of the directors of Clancy are as follows:

**Dr Michael Etheridge, FTSE, FAICD, FAIG, FGSA
(Non-Executive Chairman) 65 Years**

Dr Etheridge is a geologist who has had a varied career in universities, a government research organisation and in industry. He is currently non-executive chairman of ABM Resources Ltd (appointed November 2009) and Zeus Uranium Ltd, and a non-executive director of DET CRC Ltd, a collaborative research organisation involving the mining industry, universities and government research bodies. He was previously a director of Ballarat Goldfields NL prior to its takeover by Lihir Gold Ltd in March 2007 and of Lihir Gold Ltd (from March 2007 to September 2010), prior to its merger with Newcrest Ltd. He was also a director of Consolidated Minerals Ltd prior to its takeover by Palmary Plc (AIM) and Ariana Resources Plc (AIM). In 1989, Dr Etheridge switched from public sector research to industry and co-founded the geoscience consultancy business Etheridge Henley Williams (EHW). EHW grew to over 30 staff on three continents before it merged with the SRK Consulting group to become SRK's Australasian business in 1997. In 2004 Dr Etheridge left SRK Australasia, where he was chairman, to pursue a career as a professional company director in the resources and related R&D sectors.

Dr Etheridge was appointed as a director of Clancy on 11 March 2011 and became Chairman on 25 July 2011. His relationship with the Company stretches back to 2004 when he was founding non-executive chairman of Geoinformatics Exploration Inc (TSX-V). He is currently a member of the audit and the remuneration committees.

Dr Etheridge is a Fellow of the Australian Academy of Technological Sciences and Engineering, the Australian Institute of Company Directors, the Society of Economic Geologists and the Australian Institute of Geoscientists.

**Gordon Barnes, BSc, MSc, MAIG, MSEG
(Managing Director and Exploration Manager) 47 years**

Mr Barnes is an exploration geologist with a background in exploration project management and technical consulting services. He has 22 years of practical experience, ranging from active field based projects through to multi-commodity project generation initiatives in Australia, Asia, North and South America. He worked as an Exploration Geologist with Freeport-McMoRan Copper & Gold Inc at the Karonie gold project in the Eastern Goldfields. Following Freeport's merger with the Normandy-Poseidon Group in 1989, Mr Barnes became a Project then Senior Geologist with Normandy Exploration, working on projects in the Murchison (Au), Southern Cross (Au, Ni), Eastern Goldfields (Au), Pilbara (Au, Cu) and Kimberley (Ni, Co, Zn) regions of Western Australia.

Mr Barnes started consulting to the industry in 1996 and co-founded the Insight Geoscience Group the following year. Insight Geoscience participated in several client-sponsored project generative initiatives in Asia (Au, Cu), Australia (Zn, Cu, Pb) and North America (Zn). He has also worked on a variety of advanced database projects for multi-national clients.

Mr Barnes joined Clancy's original parent company, Geoinformatics Exploration Inc., in April 2004 to manage the Australian exploration projects and transferred to Clancy in 2007 with overall responsibility for the management of Clancy's exploration projects.

Mr Barnes graduated from Royal Melbourne Institute of Technology with a Bachelor of Science in Applied Geology in 1987 and completed a MSc in Ore Deposit Geology at the University of Western Australia in 1996. He is a Member of the Australian Institute of Geoscientists and the Society of Economic Geologists.

Mr Barnes was appointed as Managing Director, a position he holds in conjunction with the Exploration Manager role, on 1 January 2011. He has not held a directorship in any other listed entity in the past three years.

**Dr James Macdonald, BA (Hon), MSc, PhD, PGeo, FSEG
(Non-Executive, (Technical)) 57 Years**

Dr Macdonald is a geoscientist. During the past 28 months he has operated a New Zealand-based consultancy business which for the previous five years was Brisbane-based, providing professional geoscientific services to exploration and mining companies, mainly in Australia, Asia and Southern Africa. Dr Macdonald has over 31 years' experience in the global exploration and mining industries. He was Chief Geologist for AGIP Resources focused on exploration in Canada and Europe in the late 1980's. Dr Macdonald managed Andean gold exploration for Homestake Mining Company from 1994 to 1998. In 1998, Dr Macdonald joined Billiton International Metals as Chief Geoscientist, based in the Netherlands. Following the merger with BHP in 2001, he relocated to Brisbane, Australia, in a similar capacity as Global Geoscience Leader. In 2008, Dr Macdonald became a non-executive Chairman of International Base Metals Ltd. (unlisted). He was a director of Mantle Diamonds Limited based in London from June 2006 to November 2009. In 2009, he became a non-executive Chairman of Craton Mining and Exploration Ltd, based in Windhoek, Namibia. He has not held a directorship in any other listed entity in the past three years. He is currently a member of the audit committee and Chairman of the remuneration committee. He was the chairman of Clancy until 25 July 2011.

Dr Macdonald completed a Bachelor of Arts with Honours at Oxford University, majoring in Geology. He subsequently completed an MSc and a PhD in Economic Geology at the University of Toronto. He is a Member of the Association of Professional Engineers and Geoscientists of British Columbia, a Fellow of the Society of Economic Geologists and a Member of the Australian Institute of Company Directors.

**Mark Lester, B.Com, CA
(Non-Executive Director, (Financial)) 58 Years**

Mr Lester is a Chartered Accountant in public practice. He is currently a partner in a Chartered Accounting practice based in Subiaco, Western Australia. He is also a Registered Auditor and a director of a Registered Tax Agent and is involved in advising a wide range of clients including public companies, large private groups, not for profit organisations and trustee entities. Previously, Mr Lester was company secretary of Melbourne-based biotech company Meditech Research Limited for six years until its acquisition by Alchemia Limited. During that period of time Mr Lester acted as chief financial officer and was responsible for all ASIC and ASX compliance matters. Following his graduation, he joined a major international accounting firm where he worked for six years. In 1982, Mr Lester left public accounting to work in commerce gaining experience in the financial services and manufacturing sectors. In 1988 he returned to public practice. He has not held a directorship in any other listed entity in the past three years. He is currently a member of the audit and remuneration committees.

Mr Lester graduated from the University of Western Australia with a Bachelor of Commerce.

3.3 Overview of Clancy and its principal activities

Clancy was formed in 2003 with the objective of pursuing opportunities in exploration and mining gold and copper within Australia and internationally. The NSW portfolio is the Company's primary focus with twelve 100% owned projects managed by Clancy from its head office in Orange NSW. Clancy also has seven copper-gold joint ventures with Gold Fields in NSW, two base metal joint ventures with

Bass Metals in Tasmania and two tin joint ventures with TNT Mines in Tasmania. All current joint venture projects are managed by Clancy's partner companies.

Clancy deploys a model driven, probabilistic targeting methodology to define targets that are ranked by probability of success. The methodology uses a mineral systems approach to target definition, whereby the mineral system being targeted is divided into its essential components, and each of those components is attributed with robust estimates of probability.

3.4 Clancy's New South Wales Projects

Clancy's tenement portfolio in NSW consists of 19 exploration projects covering 3,127km². The majority of the portfolio is in the Lachlan Fold Belt, focused on the Ordovician Macquarie Arc, which hosts several large porphyry copper-gold deposits, including the world class deposits in the Cadia Valley near Orange. Clancy's targeting indicates that the geological environment in respect of its projects within the Macquarie Arc is prospective for porphyry copper-gold deposits. Clancy also has several tenements outside of the Macquarie Arc that are prospective for gold and base metals.

The Clancy portfolio in NSW consists of 12 wholly owned projects managed by Clancy and 7 joint venture projects with Gold Fields Australasia Pty Ltd (**Gold Fields**) managed by Gold Fields. Both the Clancy and Gold Fields exploration teams are based in Orange, NSW. A total of 20,075m of drilling and numerous geophysical and geochemical surveys were completed on the NSW project portfolio in the year to 31 December 2011.

- (a) Condobolin
(NSW, Clancy 100%)

Condobolin (EL7399) is located in the central west of NSW immediately north of the Condobolin township. Condobolin has a substantial mining history, predominantly as a base metals field (lead, zinc and copper), as well as gold. The mineralisation is hosted in epithermal-style quartz veins within the metasedimentary units of the Ordovician Girilambone Group, associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and free gold.

Geophysical and geochemical surveys defined a significant area of anomalism centered on the Meritilga prospect. The gold, copper, lead, silver and zinc mineralisation at Meritilga and the broader Condobolin mineral field appears to be a manifestation of a zoned hydrothermal system, with near surface, low-sulphidation epithermal mineralisation potentially linked at depth to a deeper intrusive source.

RC drilling at Meritilga intersected a high-grade gold shoot in hole CORC029, with the following results:

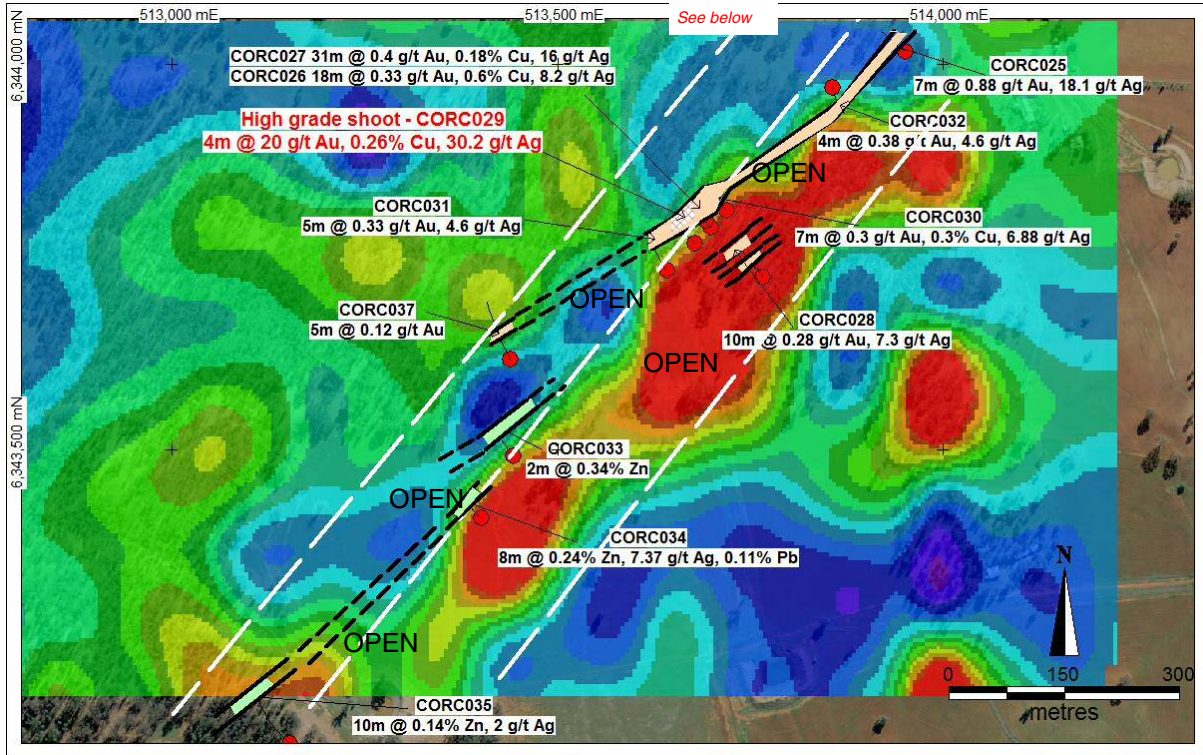
- 4m @ 20g/t Au, 0.26% Cu and 30.2g/t Ag from 75m; including:
 - 1m @ 62g/t Au, 60g/t Ag from 76m

The high-grade shoot is open at depth and along strike to the south and is adjacent to broad zones of lower-grade gold, copper and silver mineralisation e.g. 31m @ 0.4g/t Au, 0.18% Cu and 16g/t Ag from 34m in CORC027 and 18m @ 0.33g/t Au, 0.6% Cu and 8.2g/t Ag from 60m in CORC026. The mineralisation is associated with the previously untested Meritilga Fault Zone, which has a strike length of 1km.

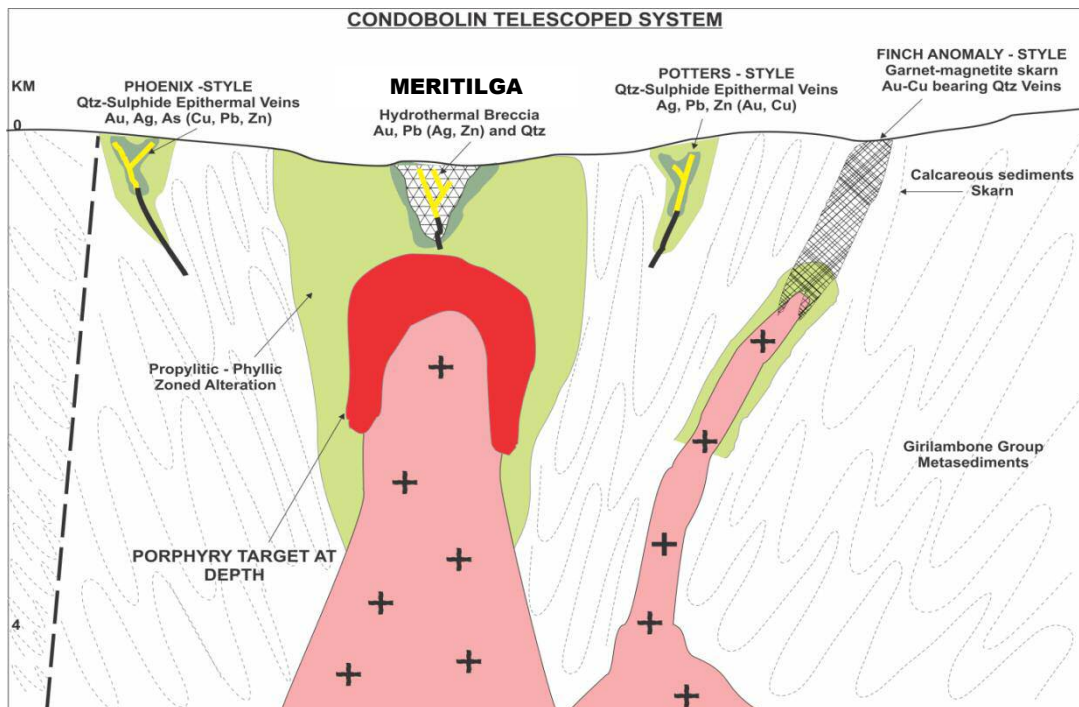
RC drilling at the Potters, Phoenix and Bluebell prospects also returned encouraging intercepts. At Potters, drilling tested the footprint of the old workings. Ore-grade material remains in close proximity to the workings with hole CORC023 intersecting 11m @ 1.5% Pb, 0.58% Zn and 17.68g/t Ag from 48m, including 2m @ 7.1% Pb, 2.4% Zn and 83.5g/t Ag from 51m. Hole CORC022 was drilled to intersect extensions of the Potters lode, 20m below the known extent of the workings. At 136m, 10m @ 1.79% Zn, 1.23% Pb and 12.9g/t Ag was intersected. The zone included 4m @ 4.1% Zn, 2.87% Pb and 29.6g/t Ag from 136m.

Elsewhere several aircore holes returned elevated gold from phyllite host rocks containing quartz veins and patchy copper oxides (e.g. 2m @ 3.99 g/t Au from 28m in COAC005 and 1m @ 4.75 g/t Au from 44m in COAC009). Drilling proximal to the Eureka workings returned visible gold at 40m and

elevated gold and base metals in epithermal quartz veins in altered phyllite host rocks. The sample with visible gold assayed 1.86 g/t Au, suggesting the gold could be nuggetty above the primary zone (e.g. 3m @ 0.75 g/t Au from 38m in COAC027; including, 1m @ 1.86 g/t Au, 0.14% Lead from 40m). Drilling proximal to the Mt Tilga Gold workings returned elevated gold occurring in quartz-carbonate veins bearing arsenopyrite-pyrite (e.g. 4m @ 0.26 g/t Au from 44m in COAC018).



Plan view of RC drill program at the Meritilga Prospect showing major intercepts, interpreted mineralisation geometry and 3D IP chargeability anomalies at 100m vertical depth.



Schematic model for mineralisation in the Condoobolin Mineral Field.

(b) Trundle
(NSW, Clancy 100%)

Trundle consists of two exploration licences EL4512 and EL7187 located 25km west of the Northparkes copper-gold mine (Rio Tinto). The project has many similarities to Northparkes and is separated from the Northparkes district by a north-south trending Devonian rift basin. Interpretation of geophysical data suggests that Trundle may have originally been part of the Northparkes complex, which was subsequently dismembered during development of the rift.

In 2011, RC drilling was undertaken at Trundle Park testing copper-gold skarn and epithermal targets (10 holes; 1,239m). The highlights from this program included a high-grade intercept of 2m @ 20g/t Au and 6.97% Cu from 64m in TPRC003 and 58m @ 0.44g/t Au and 0.17% Cu from 22m in TPRC005. The high-grade intercept in TPRC003 is associated with quartz veining and native copper and the broad, moderate-grade gold and copper intercept in TPRC005 is associated with magnetite-rich skarn.

RC drilling to test the iron potential of magnetite skarn horizons at Trundle Park and Mordialloc was recently completed. No significant iron assays were returned. However, TPRC022 at the Trundle Park prospect intersected significant silver and base metal mineralisation consisting of 1m @ 284 g/t Ag, 2.54% Pb and 0.68% Zn from 30m. Follow up of significant epithermal and porphyry gold and copper intercepts is planned.

(c) Orange East
(NSW, Clancy 100%)

Orange East EL6181 is located east of the city of Orange and contains several target styles including Ordovician porphyry copper-gold and post-Ordovician copper-gold targets. Numerous old workings occur in the area and many are focussed along regional-scale structures, such as the Lucknow and Godolphin faults. An extensive auger soil sampling program was undertaken in 2011 to extend the soil sample coverage in the southern and central parts of the tenement. Processing of the results is in progress.

(d) Fairholme
(NSW, Clancy 100%)

The Fairholme project (EL6552 and EL6915) is located about 12 km NE of Burcher and 12km north of the Cowal gold mine. The project consists of two tenements, EL6552 and EL6915 that cover 172km² of the Fairholme Igneous Complex. The geophysical characteristics of the Fairholme Igneous Complex are similar to the Cowal Complex to the south, which hosts the Cowal gold mine (Barrick) and the Marsden copper-gold prospect (Newcrest). A funding partner is being sought for this project and discussions with potential partners are in progress.

(e) Cundumbul
(NSW, Clancy 100%)

The Cundumbul project consists of two exploration licenses (EL6661 and EL7399) that cover 204.9km² of prospective arc units in the Molong Volcanic Belt between Molong and Wellington. The Molong Volcanic Belt is host to the giant Cadia porphyry Cu-Au deposits (Newcrest) south of Orange that have a combined endowment of >65Moz Au and 10.6Mt Cu. There are numerous intrusive complexes at Cundumbul that have anomalous copper and/or gold associated with them and chargeable IP anomalies. An extensive auger soil sampling program was initiated in 2011, with 838 samples collected to year end. This program remains in progress and results will be reported in 2012.

(f) Myall JV
(NSW, Gold Fields 51%, Clancy 49%, Gold Fields earning 80%)

Myall (EL6913) is located 25km southwest of Narromine at the northern end of the Junee-Narromine Volcanic Belt of the Macquarie Arc. Myall covers most of the Narromine Igneous Complex which is prospective for Ordovician porphyry copper-gold deposits. The first diamond hole drilled by Clancy in early 2009 identified significant porphyry copper-gold mineralisation at the Kingswood prospect, which included the following intercepts:

- 70m @ 0.54% Cu, 0.15g/t Au from 141m; including:
 - 52m @ 0.67% Cu, 0.20g/t Au from 144m; and
- 62m @ 0.27% Cu, 0.13g/t Au from 260m; including:
 - 10m @ 0.64% Cu, 0.61g/t Au from 268m.

Gold Fields has managed the project since April 2009 and is currently completing a systematic 500m x 500m aircore drilling coverage across the project area. Wet weather and flooding caused significant delays with the regional aircore program, however a total of 10,521m of drilling (99 holes) was completed by Gold Fields in 2011. Several aircore holes, have intersected attributes consistent with porphyry-style systems and one hole intersected alteration related to potential orogenic gold style mineralisation. Several holes intersected low level copper anomalism (>500ppm Cu), most of which is associated with supergene enrichment over quartz monzodiorite and granodiorite bodies. Significant end-of-hole copper anomalism was identified in one hole, where minor disseminated chalcopyrite was observed. Further aircore drilling is planned for 2012 with approximately 12,000m of aircore drilling remaining.

- (g) Wellington North JV
(NSW, Gold Fields 87%, Clancy 13%)

Wellington North consists of five exploration licences (EL6178, EL6328, EL6662, EL7200 and EL7440) and covers approximately 30km of strike length of the Molong Volcanic Belt immediately north of Wellington. RC and diamond drilling (2,684m), auger drilling (2,758 samples), a 3D IP survey (15km²) rock-chip sampling and ground magnetic and gravity surveys were completed in 2011.

At the Boda prospect, diamond hole BGDRC001 was re-entered to extend intersections including 7m @ 0.83g/t Au and 0.40% Cu; 8m @ 0.45g/t Au and 0.17% Cu and an open bottom of hole intercept of 85.1m @ 0.08% Cu, 39ppm Mo and 0.06g/t Au in potassic alteration. The hole was extended to 503.2m and the intercept was extended by another 29m to 114m @ 0.08% Cu, 33ppm Mo & 0.05g/t Au. Shallow RC holes on nominal 150m centres were drilled to delineate strike extensions to the BGDRC001 mineralisation. Low-level copper (up to 0.23% Cu) and gold (up to 0.13g/t Au) anomalism has been defined. Further RC drilling is planned.

Target definition auger geochemistry was undertaken at the Mayhurst-Girraween and Glenrowan prospects, which has defined significant gold (up to 0.21g/t Au) and copper (up to 0.18% Cu) anomalism associated with hydrothermally altered rocks and geophysical anomalies. This area will be a focus for further drilling activity in 2012.

3.5 Clancy's Tasmanian Projects

Clancy has two joint venture projects with Bass Metals Limited (**Bass**) and two joint venture projects with TNT Mines Pty Ltd (TNT). Bass and TNT manage the respective joint ventures which are located in the Mount Read Volcanic Belt in northwest Tasmania. This area is host to a wide variety of mineral deposits styles, including Renison Bell (tin and silver), Mt Lyell (copper and gold) and the VHMS deposits Rosebery, Hellyer, Que River and Hercules (zinc, silver, lead, copper and gold). More recent discoveries include intrusive-related skarn-style nickel deposits (Avebury) and skarn-style tin-tungsten-iron deposits (Mt Lindsay). Most of the base metals deposits are hosted by Cambrian rocks of the Mount Read Volcanic Belt. At least two periods of mineralisation are represented in this belt by the Cambrian VHMS deposits (e.g. Rosebery, Hellyer) and the Devonian intrusive related systems (e.g. Renison Bell, Avebury, Mt Bischoff).

3.6 Substantial shareholders of Clancy

As at the date of this Bidder's Statement, the substantial shareholders of Clancy were as follows (based on notices of substantial holding and notices of change in substantial holding received up to that date):

Name	Number of Shares	Voting Power
Austock Capital Management	26,126,866	15.9%
Evolution Master Fund Limited SPC, Segregated Portfolio M and Evolution Capital Management LLC	13,377,251	8.14%

3.7 Clancy Share trading

Set out below is trading data regarding the price at which Clancy Shares have traded on ASX in the period 1 January – 15 May 2012, being the last date on which Clancy Shares traded on ASX prior to the date of this Bidder's Statement.

Share price	High	Low	VWAP	Average daily
1-15 May 2012	3.6 cents	3.2 cents	3.4 cents	75,159
April 2012	3.9 cents	3.5 cents	3.7 cents	69,125
March 2012	5 cents	4 cents	4.7 cents	102,400
February 2012	4.9 cents	4.2 cents	4.6 cents	64,846
January 2012	5.9 cents	4.7 cents	5.3 cents	35,221

Note: As permitted by ASIC Class Order 07/429, the table above contains ASX trading information sourced from IRESS without its consent.

3.8 Financial Information regarding Clancy

A summary of the historical financial performance of Clancy for the financial years ended 31 December 2010 and 2011 is set out below:

A\$	2010 ¹	2011 ²
Revenue	81,643	180,147
Net profit/(loss) before tax	(3,119,802)	(2,740,538)
Net profit/(loss) after tax	(2,743,959)	(2,325,265)

Notes:

1. Based on audited consolidated financial statements of Clancy for the financial year ended 31 December 2010 released to the market through ASX on 31 March 2011.
2. Based on audited financial statements of Clancy for the financial year ended 31 December 2011 released to the market through ASX on 30 March 2012.

As at 31 December 2011, Clancy had total assets of \$4,137,611 and net assets of \$3,714,041. See Section 4.3 for details.

3.9 Cash and minimum expenditure

As at 15 May 2012, Clancy had cash at bank of \$2,485,000.

In the March 2012 quarter, Clancy reported net operating expenditure of \$715,000 on exploration and development with a further \$226,000 of expenditure on administration costs. Interest received on cash deposits represented \$78,000. Cash held at the end of the March 2012 quarter was \$2,485,000, down from cash reserves of \$3,348,010 reported as at 31 December 2011.

Details of the historical expenditure on exploration and development as a proportion of total expenditure is set out in Section 4.6.

In respect of the financial year ended 31 December 2012, Clancy is required by the terms of its exploration tenements or agreements with joint venture parties to expend approximately \$885,000 in exploration and development activities. Clancy is continuing to explore options to establish joint ventures in relation to tenements presently held by Clancy which, if agreed, may reduce this minimum exploration expenditure.

The extent to which Clancy will expend sums greater than the minimum amount specified above in exploration and development activities will depend, among other things, on the results of exploration activities undertaken by Clancy and joint venture commitments presently in place or agreed in the future and the availability of capital necessary to undertake that exploration. Clancy is committed to the continuing conduct of exploration activities to the extent that cash resources remain available.

Clancy does not have any bank overdraft facilities.

3.10 Historical fundraising activities

Since its inception in June 2007, Clancy has raised \$14.5 million through a combination of its initiated public offer, rights issues, share placements and share purchase schemes, as set out in the table below:

Date	Fund raised A\$	Type of Issue
June 2007	5,000,00	IPO
June 2009	1,022,000	Rights issue
December 2009	954,000	Placement and share purchase plan
March 2010	900,000	Placement
August 2010	2,200,000	Rights issue
June 2011	4,380,000	Rights issue
Total	14,456,000	

3.11 Potential future fundraising

If the Offer is successful and Clancy acquires all of the issued capital of Genesis, Clancy is likely to require additional funds to continue exploration activities of its tenements and those of Genesis. Genesis has not publicly released information regarding the minimum exploration expenditure requirements under its exploration tenements and joint venture agreements. Nor has Genesis provided any information regarding its expected exploration expenditure for the financial years ending 30 June 2012 or 30 June 2013. Accordingly, Clancy is not in a position to assess precisely what funds are required nor the timeframe within which any such funds would be expended.

It is likely that any funds would be raised by way of an issue of Clancy Shares, either by way of a placement or entitlement offer, not dissimilar to the Genesis Rights Issue or a combination of both. As at the date of this Bidder's Statement no decision has been made whether to undertake such a raising.

Clancy has sought support from Patersons, a stockbroking and corporate advisory house for a potential future capital raising. Patersons has confirmed its interest in completing a capital raising to sufficiently support Clancy for the coming 12-24 months and the intended exploration and development of Clancy's existing and new projects. It is envisaged that the proceeds of the capital raising will be used to complete exploration drilling, increased resource definition and ongoing working capital. The capital raising would be subject to Patersons' internal due diligence process and agreement on terms and structure of any capital raising including pricing, timing and any other pertinent requirements for any offer to proceed. A copy of the Patersons letter is included in Appendix E.

3.12 Acquisition Strategy

During the second half of 2011, the Board of Clancy undertook a strategic review of the Company's business. As a result, Clancy commenced a search for a flagship, more advanced project to bring into the Company. Several opportunities have been assessed to date, including Genesis. Clancy is of the view that the Plavica gold-copper-silver project in Macedonia would be an attractive flagship project.

Clancy believes that there is an opportunity for the Plavica Project to be proven up to be a significant resource. In order for that potential to be realised, the project requires technical expertise, strong corporate governance and access to substantial funding. Clancy believes that its strong Board and dedicated management team will contribute to the project's success. In addition, Clancy's disciplined model driven, probabilistic targeting methodology will assist in exploiting in a cost effective manner.

3.13 Proposed Change of Auditor

Deloitte Touche Tohmatsu, the auditors of Clancy for each of the financial years ended 31 December 2010 and 2011, have applied to ASIC for consent to resign their appointment as auditors on 20 April 2012, ASIC provided consent for the resignation of Deloitte Touche Tohmatsu to take effect from conclusion of annual general meeting of Clancy. This general annual meeting is scheduled to be held on 31 May 2012. Clancy shareholders will consider a resolution at the annual general meeting to be held on 31 May 2012 to appoint Ernst & Young as replacement auditors of Clancy.

3.14 Public Announcements by Clancy

On 2 April 2012, Clancy made a public announcement to ASX in relation to the takeover offer for Genesis. A copy of this announcement is contained in Appendix B.

Clancy is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Clancy to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning Clancy of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Clancy, subject to certain limited exceptions related mainly to confidential information.

Since the issue of the last audited financial statements for Clancy for the year ended 31 December 2011 to ASX on 23 April 2012, Clancy has issued the ASX announcements listed in Appendix C.

Copies of documents lodged at ASIC in relation to Clancy may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to Clancy may be obtained from, or inspected at ASX.

Clancy will provide a copy of any of the following documents free of charge to any person who requests a copy in relation to this Bidder's Statement:

- (a) the financial statements of Clancy for the year ended 31 December 2011 being the last financial statements for a financial year lodged with ASIC before the issue of this Bidder's Statement; and
- (b) any other document or financial statement lodged by Clancy with the ASIC or the ASX under the continuous disclosure reporting requirements in the period after lodgement of the 31 December 2011 financial statements referred to above to the date of lodgement of this Bidder's Statement with ASIC being 16 May 2012.

4. Effect of the Offer on Clancy

4.1 Capital Structure

As at the date of this Bidder's Statement, Clancy has 167,962,010 Clancy Shares on issue. Of these Clancy Shares, 1,499,353 Clancy Shares are subject to ASX imposed or voluntary escrow restrictions. These Clancy Shares will be released from these escrow restrictions in the period 27 November 2012 (200,507 Clancy Shares), 19 December 2012 (771,447 Clancy Shares) and 24 January 2013 (527,399 Clancy Shares).

Clancy also has 1,100,000 ESOP options, 94,134,786 listed options, 2,050,000 2013 incentive options and 1,650,000 2013 director options on issue. Of the listed options, 2,000,000 Clancy Options are subject to ASX imposed or voluntary escrow restrictions expiring 20 September 2012. See Section 11.2 for details of the terms of issue of these options.

4.2 Capital Structure Post-Offer

The following table sets out the expected capital structure of Clancy on completion of the Offer if the Offer is declared free from all Conditions and Clancy acquires all Genesis Shares currently on issue.

Clancy Securities	Number	%
Shares		
Existing Clancy Shareholders	167,962,010	41.2%
Genesis Shareholders	238,863,384	59.8%
Total	406,825,394	100%
Options		
ESOP options	1,100,000	
Listed options	94,134,786	
Incentive options	2,050,000	
Director options	1,650,000	
Total Clancy Options	98,934,786	
Total Clancy Shares and Clancy Options	505,760,180	

The above table assumes that:

- Genesis does not issue any Genesis Shares after the date of this Bidder's Statement;
- no Clancy Options are exercised; and
- no Genesis Options currently on issue are exercised.

See Section 11.2 for details of the exercise prices and expiry dates of Clancy Options.

At its annual general meeting in 2011, Clancy received approval to adopt a new employee share and loan plan pursuant to which the Board may make offers of Clancy Shares to eligible employees and consultants of the Company. No Clancy Shares have been issued under this plan to date.

4.3 Proforma Summary Statements of Financial Position of Merged Entity

The proforma consolidated summary statement of financial position of Clancy and the Merged Entity set out below have been prepared to illustrate the financial position of Clancy following completion of the Offer assuming that Clancy completes the acquisition of all Genesis Shares currently on issue and these transactions had taken place on 31 December 2011.

The unaudited pro forma consolidated summary statement of financial position for the Merged Entity as at 31 December 2011 is set out in the table below for illustrative purposes as a guide to assist Genesis Shareholders in considering the effect of completion of the Offer on Clancy. By its nature, a pro forma consolidated summary statement of financial position is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information.

These proforma consolidated summary statements of financial position are intended to be illustrative only and will not reflect the actual position and balances as at the date of this Bidder's Statement or at the conclusion of the Offer.

Pro Forma Summary Statements of Financial Position

(All A\$)			
	Clancy Reported ¹	Genesis Reported ²	Merged Entity ³
ASSETS			
Current Assets			
Cash and cash equivalents	3,348,010	373,841	3,568,126
Trade and other receivables	631,841	36,976	668,817
Other financial assets		9,627	9,627
Total Current Assets	3,979,851	420,444	4,246,570
Non-Current Assets			
Plant and equipment	154,209		154,209
Intangible assets	3,551		3,391,829
Other financial assets		67,190	67,190
Exploration and evaluation assets		3,404,095	3,404,095
Total Non-Current Assets	157,760	3,471,285	7,017,323
TOTAL ASSETS	4,137,611	3,891,729	11,263,893
LIABILITIES			
Current Liabilities			
Trade and other payables	347,146	100,469	447,615
Provisions	38,952		38,952
Total Current Liabilities	386,098	100,469	486,567
Non-Current Liabilities			
Provisions	37,471		37,471
Total Non-Current Liabilities	37,471		37,471
TOTAL LIABILITIES	423,569	100,469	524,038
NET ASSETS	3,714,041	3,791,260	10,739,855
EQUITY			
Contributed equity	13,409,971	4,826,885	21,531,326
Reserves	1,660,974		1,660,974
Accumulated losses	-11,356,904	-1,035,625	-12,452,446
TOTAL EQUITY	3,714,041	3,791,260	10,739,854

Notes:

The pro forma consolidated summary statements of financial position outlined above have been prepared on the following bases:

1. The statement entitled "Clancy Reported" reflects the Statement of Financial Position of Clancy set out in the audited consolidated financial statements of Clancy as at 31 December 2011.

2. The statement entitled "Genesis Reported" reflects the position of Genesis set out in the auditor-review consolidated financial statements of Genesis as at 31 December 2011 (reviewed by PriceWaterhouseCoopers).
3. The pro forma consolidated summary statement of financial position headed "Merged Entity" has been prepared on the basis of 1 and 2 above, as if Clancy completed the acquisition of all of the issued Genesis Shares as at 31 December 2011 and assuming:
 - (a) the net cash position is adjusted for the fact that Clancy had net cash outflows amounting to \$863,042 for the period 1 January 2012 to 31 March 2012, as disclosed in Clancy's Appendix 5B Exploration Entity Quarterly Reports released to the ASX on 30 April 2012;
 - (b) Clancy had paid costs of the Offer of \$235,500 on 31 December 2011;
 - (c) completion of the issue of 26,540,376 Genesis Shares at an issue price of 4.5 cents per Genesis Share to raise gross proceeds of \$1,194,317 and Genesis Options under the Genesis Rights Issue less underwriting and management costs of \$71,659 being 6% of the gross proceeds of the raising;
 - (d) a closing price for Clancy Shares of 3.4 cents, reflecting a total Offer consideration of \$8,121,355;
 - (e) no Genesis Options had been exercised;
 - (f) the net cash position is adjusted for the fact that Genesis had net cash outflows amounting to \$180,841 in the period 1 January to 31 March 2012 as disclosed in Genesis Appendix 5B Exploration Entity Quarterly Reports released to the ASX on 30 April 2012 had been expended prior to 31 December 2012;
 - (g) no expenditure incurred by Genesis between 1 January 2012 and 31 March 2012 had been capitalised by Genesis. It has been assumed that, consistent with the accounting policy applied by Clancy in preparing its audited financial statements, all expenditure has been recognised in profit or in the statement of comprehensive income. See Section 4.4 for further information.

4.4 No proforma summary statement of comprehensive income

Clancy and Genesis adopt different accounting policies in respect of exploration and evaluation costs. The Clancy policy has been to recognise all exploration and evaluation expenditure in the statement of comprehensive income, while the Genesis policy has been to capitalise all exploration and evaluation costs as assets on an area of interest basis and assess the assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed recoverable value.

For the purposes of the pro forma consolidated statement of financial position, Clancy has not attempted to restate the Genesis statement of financial position in accordance with its accounting policies as it does not believe it has the level of detail required to accurately undertake the restatement.

For the same reasons, Clancy does not consider it appropriate to prepare a proforma summary statement of comprehensive income including the income of both Clancy and Genesis on a historical basis. Further information regarding net cashflows of both Clancy and Genesis and expenditure on exploration and development activities in Sections 3.9, 4.6 and 5.11.

4.5 Potential cost savings

Clancy has a dedicated management and exploration team in place that will assume responsibility for the operations of Clancy and Genesis if the Offer is successful. In the six months to 31 December 2011 (the latest reporting period), Genesis incurred \$279,471 in expenditure in relation to administration and other expenditure.

Clancy expects that cost savings in the order of \$500,000 per annum could be achieved across the expenditure of both Clancy and Genesis following the acquisition of all Genesis Shares. The potential cost savings are outlined below:

Potential Cost Savings	Amount
Accounting/professional	\$287,330
Corporate secretarial	\$103,887
Insurance	\$32,832
Rent	\$17,625
ASX Listing	\$17,440
Office Administration	\$14,864
Management fee	\$10,421
Other	\$16,000
Superannuation contributions - director	\$27,000
Total	\$503,099

Potential cost savings in relation to accounting/professional, corporate secretarial, insurance, rent, ASX listing, office administration, management fees and superannuation contributions have been based on reported fees Genesis expenditure for the year ended 30 June 2011. Accordingly, the above analysis assumes that Genesis' cost structure for the year ended 30 June 2011 remains current. Cost savings in the other categories are Clancy estimates based on its own expenditure.

4.6 Exploration and cash expenditure

Set out in the table below is a summary of exploration and development expenditure and expenditure on administration reported by each of Genesis and Clancy over the 2 years to 31 March 2012. The table also illustrates the expenditure on administration as a portion of total expenditure reported by each of Genesis and Clancy for the relevant period.

Comparison of historical expenditure			
Genesis reported expenditure ¹			
A\$,000			
Quarter Ended	Exploration and Development	Administration	%
30-Jun-10	511	303	37.2%
30-Sep-10	265	229	46.4%
31-Dec-10	146	281	65.8%
31-Mar-11	127	132	51.0%
30-Jun-11	512	236	31.6%
30-Sep-11	582	102	14.9%
31-Dec-11	220	189	46.2%
31-Mar-12	116	103	47.0%
Expenditure over last 8 quarters (2 Years)	2,479	1,575	38.9%

Clancy reported expenditure²			
A\$ Quarter Ended	Exploration and Development	Administration	Percentage
30-Jun-10	820	208	20.2%
30-Sep-10	507	192	27.5%
31-Dec-10	440	280	38.9%
31-Mar-11	573	219	27.7%
30-Jun-11	312	212	40.5%
30-Sep-11	324	221	40.6%
31-Dec-11	661	200	23.2%
31-Mar-12	715	226	24.0%
Expenditure over last 8 quarters (2 Years)	4,352	1,758	28.8%

Notes:

1. Based on Appendix 5B Exploration Entity Quarterly Reports issued by Genesis to the ASX in respect of the relevant periods.
2. Based on Appendix 5B Exploration Entity Quarterly Reports issued by Clancy to the ASX in respect of the relevant periods.

4.7 Forecast financial performance

Clancy has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Entity. The Clancy Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the large effect that variations in key variable inputs, most of which are outside the control of Clancy may have on the future financial position of the Merged Entity.

5. Genesis Resources

5.1 Disclaimer

The following description of Genesis and the financial information concerning Genesis contained in this Section have been prepared by Clancy using publicly available information. Information in this document concerning Genesis's business has not been independently verified and Clancy has not conducted any due diligence on Genesis's business. To the extent permitted by law, Clancy does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The information on Genesis in this Bidder's Statement should not be considered comprehensive. You should refer to Genesis's ASX announcements and Genesis's Target Statements, which Genesis must provide to Genesis Shareholders in response to this Bidder's Statement.

5.2 Overview of Genesis and its principal business activities

The principal activities of Genesis are the exploration for and evaluation of gold, manganese and base metals. The company was incorporated on 16 June 2005 to pursue exploration opportunities in the Archaean and Proterozoic metallogenic provinces of Northern Australia. Genesis converted to a public company on 24 November 2006. Since incorporation, Genesis has assembled a portfolio of five 100%-owned exploration licences and two 55%-owned exploration licences covering more than 1,877 km² in Queensland and the Northern Territory and entered into a joint venture agreement giving it the right to earn the majority position (62%) in prospective gold and copper projects in the Former Yugoslav Republic of Macedonia.

5.3 The Plavica Project

The Plavica Project, in the Republic of Macedonia, consists of 7 granted concession licences covering 184.94 km² in the Carpathian Volcanic Arc, a major epithermal province running through Eastern Europe that is highly prospective for gold, copper and silver mineralisation. The licences are held by RIK Sileks AD Kratovo (Sileks) and Genesis has the right to earn a 62% joint venture interest in the project.

Previous workers, including Rio Tinto, defined a significant gold-copper-silver resource over 1.5km in length, 500m in width and with mineralisation delineated to a depth of 800m from surface. Drilling by Genesis in 2011 was undertaken to verify the previous resource estimate and establish extensions to the known mineralisation. This work resulted in an updated resource of 1,858,611 ounces of gold, 28,232,352 ounces of silver and 33,921,304 kilograms of copper at set out below.

The following table appeared in the resource statement for the Plavica Project announced by Genesis to ASX on 28 March 2012.

Element	Cut Off (ppm)	Tonnes	Grade	Au (oz)	Ag (oz)	Cu (kg)	Classification
Au	0.75	55,465,647	1.0 g/t	1,858,611			Inferred
Ag	15	34,766,222	25 g/t		28,232,352		Inferred
Cu	4,000	7,975,180	0.43%			33,921,304	Inferred

5.4 Genesis Rights Issue

On 11 May 2012 Genesis announced the successful completion of the Genesis Rights Issue which raised \$1,194,316.92 (before expenses of the offer).

On 14 May 2012 Genesis announced that it intends to use the funds raised under the Genesis Rights Issue to commence the following activities:

Internal Review and Independent Expert's Report

Genesis proposes to apply the majority of the funds raised from the Genesis Rights Issue to advance its gold, copper and silver deposit known as the Plavica Project located in the Republic of Macedonia.

A resource statement released to the ASX on 28 March 2012 reported a JORC Inferred Resource of 1.86 million ounces of gold (55.5 million tonnes averaging 1.0 g/t Au based on a 0.75 g/t Au cut off). This resource did not take into account the gold equivalents of the copper and silver resources. The Genesis board is now reviewing this resource calculation with a view to advising on:

- gold equivalents for copper and silver;
- prepare a "cut off" resource table based on lower and higher cut off parameters.

Genesis Shareholders will be advised when this internal study is complete. The procurement of an Independent Expert's Report will further support this internal review. In this matter, Genesis board will appoint an independent expert to determine the value of Genesis's portfolio of resource assets and will advise shareholders accordingly.

Plavica Project Scoping Study

The Genesis board will move to tender and select an experienced consulting firm to complete a scoping study of the Plavica Project so as to assist management in the planning of the next stages of exploration and evaluation of the Plavica Project. The objectives of the scoping study will be to:

- determine the conceptual net present value and internal rates of return of the Plavica Project;
- determine the drilling required to advance the resource to an indicated and/or mining status for the bankable feasibility study;
- determine with confidence the mineralogy and metallurgical makeup of the deposit for metals recovery and mining processing;
- review infrastructure requirements and engineering modules for mining designs and processing;
- determine estimates of operating and capital costs for a mining model, including the scale and type of mining operation (e.g. open pit or underground) to support a potential export market;
- determine indicative costs of production in accordance with regional industry standards;
- carry out an environmental impact assessment study to ensure compliance with local requirements; and
- do all things necessary to advance the Plavica Project to bankable feasibility study.

The scoping study will assist the board of Genesis and management of Genesis to plan and schedule ongoing programs to further advance the Plavica Project and allow the board of Genesis to commence discussions with interested parties and potential partners or investors.

The Genesis board intends to appoint an appropriately qualified consultant to prepare an initial scoping assessment for an impact assessment study in accordance with the requirements of the Republic of Macedonia.

Management/Operations

The Genesis board proposes to establish a subsidiary company in the Republic of Macedonia which will be used as the operating vehicle for the Plavica Project.

In addition, there are plans to expand the exploration team to include not only international exploration and mining experts but also to provide local employment that will form part of our management team.

Gladstone-Mount Miller Project (Manganese)

The Gladstone-Mount Miller Project is located approximately 15 kilometres by road from the port of Gladstone on the east coast of central Queensland. The largest mine on the tenements controlled by Genesis is at Mount Miller. The mine opened in 1895 and operated intermittently until 1916 and then from 1958 to 1960. A total of 21,785 tonnes of ore was mined with a grade which ranged up to 75%MnO₂. A diamond drilling program has been planned at Mount Miller to establish the depth and strike extent of mineralisation believed to remain after previous mining activity and will be undertaken pending the outcome of certain governmental planning exemption applications.

Genesis also announced that it is the objective of the Genesis board to move the Plavica Company Project to a bankable feasibility study as soon as it can. It stated that Genesis would require additional funds in the future to undertake a bankable feasibility study in advance that Plavica Project deposit to an operating mine.

5.5 Directors

As at the date of this Bidder's Statement, there are 6 directors of Genesis as follows:

- (a) Mr Eddie Yiu Pang (Non Executive Chairman);
- (b) Mr Peter Hong (Managing Director);
- (c) Dr John Parker (Non Executive Director);
- (d) Mr Deric Wee (Non Executive Director)
- (e) Mr Patrick Volpe (Non Executive Director); and
- (f) Mr John Zee (Non Executive Director).

5.6 Substantial shareholders of Genesis

As at the date of this Bidder's Statement, the substantial shareholders of Genesis were as follows (based on notices of substantial holding and notices of change in substantial holding relevant to ASX up to that date):

Name	Number of Shares¹	Voting Power¹
Greenvale Asia Limited	7,715,314	14.54%
Cartier Peaks Investments Ltd	7,715,314	14.54%
Indigo Pearl Capital Ltd	7,715,314	14.54%
Bluekebble Pty Limited	6,250,000	11.77%
Clancy Exploration Limited	4,250,000	8.01%
Mr Pedro Kastellorizos	3,000,000	5.09%

Note ¹: No change in substantial shareholder notices have been issued since the completion of the Genesis Rights Issue. Accordingly the above information may not be current.

5.7 Genesis Share Trading

Set out below is trading data regarding the price at which Genesis Shares have traded on ASX in the period 1 January - 15 May 2012, being the last date on which Genesis Shares traded on ASX prior to the date of this Bidder's Statement.

Share price	High	Low	VWAP	Average daily volume
1-15 May 2012	10 cents	8 cents	8.6 cents	50,215
April 2012	9.5 cents	6.8 cents	7.9 cents	95,279
March 2012	6.8 cents	2.7 cents	5.8 cents	147,827
February 2012	3.6 cents	2.52 cents	2.7 cents	23,783
January 2012	3.6 cents	3.6 cents	3.6 cents	1,261

Note: As permitted by ASIC Class Order 07/429, the table above contains ASX trading information sourced from IRESS without its consent.

5.8 Overview of Genesis's historical financial performance

A summary of the historical financial performance of Genesis in respect of the financial years ended 30 June 2009, 2010 and 2011 is set out below:

A\$'000	2009 ¹	2010 ²	2011 ³
Other Income Revenue	747,042	676,280	141,390
Loss Before Tax	(129,924)	(34,387)	(542,990)
Loss for the Year	(129,924)	(112,530)	(562,052)
Other Comprehensive Income net of tax		335,539	(44,478)
Total Comprehension Income for the year	(129,924)	223,009	(606,530)

Notes:

1. Based on consolidated financial statements of Genesis for the financial year ended 30 June 2009 released to the market through ASX on 23 October 2009.
2. Based on consolidated financial statements of Genesis for the financial year ended 30 June 2010 released to the market through ASX on 30 September 2010.
3. Based on consolidated financial statements of Genesis for the financial year ended 30 June 2011 released to the market through ASX on 27 September 2011.

5.9 Genesis commentary on financial results

In its annual report for the financial year ended 30 June 2011, Genesis stated that the loss after tax of the company for the financial year attributable to the members of Genesis was \$562,052. The loss was mainly due to professional, consultancy and administrative fees incurred during the year.

5.10 Cash

The most recent information provided by Genesis regarding its cash position was set out in its quarterly activities report and Appendix 5B Exploration Entity Quarterly Reports released on 30 April 2012. In that announcement, Genesis reported cash at the end of the March 2012 quarter of \$193,000. Cash outflows in respect of that quarter totalled \$181,000 of which \$116,000 represented exploration and evaluation expenditure.

On 4 May 2012 Genesis reported that it had issued 19,429,424 Genesis Shares and 19,429,424 Genesis Options in relation to the Genesis Rights Issue which closed on 27 April 2012. The gross proceeds generated by the Genesis Rights Issue was approximately \$1.19 million.

5.11 Exploration expenditure

Genesis has not publicly released information regarding the minimum exploration expenditure requirements under its exploration tenements and joint venture agreements. Nor has Genesis provided any information regarding its expected exploration expenditure for the financial years ending 30 June 2012 or 30 June 2013.

Information regarding the historical expenditure on exploration and development for Genesis and a comparison with such expenditure by Clancy is set out in Section 4.6.

5.12 Historical fundraising activities

Genesis has had one capital raising since its initial public offering in 2009, being its most recent rights issue.

Date	A\$	Type of Issue
October 2009	4,000,000	IPO ¹
March 2012	1,190,000	Rights issue ²
Total	5,190,000	

Notes:

1 Refer to Genesis IPO prospects issued on ASX on 18 August 2009

2 Genesis Rights Issue announced to ASX on 27 March 2012.

5.13 ASX Announcements

Genesis is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Genesis to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning Genesis of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Genesis, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Genesis may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to the Genesis may be obtained from, or inspected at, an office of the ASX.

Since the issue of the last audited financial statements for Genesis for the year ended 30 June 2011 to ASX on 27 September 2011, Genesis has issued the announcements listed in Appendix D to the ASX.

6. Clancy's Intentions

6.1 General

This Section 6 sets out Clancy's intention in relation to the:

- (a) continuation of the business of Genesis;
- (b) any significant changes to be made to the business of Genesis, including any redeployment of fixed assets of Genesis; and
- (c) the future employment of Genesis's employees.

Clancy's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Clancy has reviewed information in the public domain concerning Genesis, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of Genesis's operations, Clancy's intentions in relation to Genesis are summarised below. Statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

6.2 Rationale for the Offer

During the second half of 2011, the Board of Clancy undertook a strategic review of Clancy's business. As a result, Clancy commenced a search for a flagship, more advanced project to bring into the company. Several opportunities have been assessed to date, including Genesis. Clancy is of the view that the Plavica gold-copper-silver project in Macedonia would be an attractive flagship project.

Clancy believes that there is an opportunity for the Plavica Project to be proven up to be a significant resource. In order for that potential to be realised, the project requires technical expertise, strong corporate governance and access to substantial funding. Clancy believes that its strong board and dedicated management team, coupled with a supportive shareholder base will help to ensure the project's success. In addition, Clancy's disciplined model driven, probabilistic targeting methodology will ensure that the project is exploited in a cost effective manner.

6.3 Strategic review

As Clancy does not currently have access to all material information, facts and circumstances which are necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon the successful completion of the acquisition of Genesis, Clancy will conduct a review of the strategy, operations, activities, assets accounting policies and employees of Genesis in light of the information which then becomes available to it (**Review**). Out of the Review, it is expected that a number of revenue enhancement and cost rationalisation initiatives may be implemented, including:

- (a) the appointment of Clancy's auditors as auditors of Genesis;
- (b) implementation of Clancy operational, governance and reporting systems; and
- (c) applying Clancy's model driven, probabilistic targeting methodology to define targets that are ranked by probability of success.

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

6.4 Clancy's intentions upon acquisition of 90% or more of Genesis Shares

This Section sets out Clancy's intentions if it acquires 90% or more of Genesis Shares, if the Offer is declared free of all Conditions and Clancy becomes entitled to proceed to compulsory acquisition under the Corporations Act for the Genesis Shares.

- (a) It is Clancy's present intention, following the close of the Offer, to control the board of directors of Genesis and to acquire 100% of Genesis Shares.
- (b) Clancy intends to proceed to compulsory acquisition of the remaining Genesis Shares in accordance with the provisions of the Corporations Act.
- (c) Clancy intends to arrange for Genesis to be removed from the Official List of the ASX.
- (d) Clancy intends to replace all members of the Genesis board of directors with nominees of Clancy whom it expects will be the current Directors of Clancy. However, if Clancy invites existing members of the Genesis board of directors to become Directors of Clancy, those members may remain as directors of Genesis.
- (e) Clancy intends to undertake the Review.
- (f) Clancy would also propose, through its nominees on the Genesis board of directors, to review Genesis's dividend policy.

6.5 Intentions generally

Except for the changes and intentions set out in this Section 6, Clancy intends, based on the information presently known to it:

- (a) to continue the business of Genesis;
- (b) not to make any major changes to the business of Genesis or the deployment of Genesis's assets; and
- (c) to make no change to the terms of employment of Genesis's employees.

6.6 Limitations on intentions

The intentions and statements of future conduct set out in this Section 6 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions given that, if Clancy gains control of Genesis but does not acquire all of the Genesis Shares, it will be treated as a related party of Genesis for these purposes;
- (b) the legal obligation of the Genesis directors at the time, including any nominees of Clancy, to act in good faith and the best interests of Genesis and for proper purposes and to have regard to the interest of all Genesis Shareholders (in which regard the role of independent directors of Genesis will also be important); and
- (c) the outcome of the Review.

7. Sources of Bid Consideration

7.1 Consideration under the Offer

The consideration for the acquisition of the Genesis Shares to which the Offer relates will be satisfied by the issue of Clancy Shares.

7.2 Shares consideration

Based on the number of Genesis Shares on issue as at the date of this Bidder's Statement and the Genesis Shares to be issued in connection with the indemnity of the Genesis Rights Issue announced on 4 May 2012, the maximum number of Clancy Shares that would be required to settle acceptances under the Offer is 239,863,384.

In addition, if the holders of all Genesis Options are able to exercise, and exercise those options and accept the Offer in respect to the Genesis Shares issued to them, an additional 81,121,128 Clancy Shares could be issued (disregarding rounding for fractional entitlements).

Accordingly, the maximum number of Clancy Shares that may be issued under the Offer is 310,984,512.

7.3 No Clancy Shareholder approval required

Clancy does not require Clancy Shareholder approval for the issue of Clancy Shares as the Offer Consideration. Listing Rule 7.2 exception 5 exempts any issue of Clancy Shares issued as consideration for a takeover bid under Chapter 6 of the Corporations Act from the requirement to obtain Clancy Shareholder approval.

7.4 Provision of Offer Consideration

On the basis of the arrangements described in this Section, Clancy is of the opinion that it has reasonable basis for holding the view, and holds the view, that Clancy will be able to provide the Offer Consideration.

8. Risk Factors

8.1 Risk factors associated with owning Shares

Genesis Shareholders who accept the Offer will receive Clancy Shares as their Offer Consideration.

The business activities of Clancy and Genesis are subject to risks. These risks include those that apply specifically to Clancy's business and those that apply to Clancy following the Offer. To some extent Genesis Shareholders are exposed to these risks now. Some of the specific risks can be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of Clancy and its Directors and cannot be mitigated. The occurrence of any of the risk factors set out in this Section 8 may have an adverse impact on the financial performance of Clancy following the Offer and the value of Clancy Shares.

The Directors are responsible for ensuring that appropriate policies and procedures are in place to identify and monitor the risks faced by Clancy and to ensure that those risks are managed in an appropriate and prudent manner.

Investors should appreciate that owning Clancy Shares involves various risks which can be broadly categorised into general investment risks and specific business risks. To fully understand the risks associated with an investment in Clancy, this Bidder's Statement should be read in its entirety.

Careful consideration should be given to the risk factors identified below, as well as the other information contained in this Bidder's Statement, before an investment decision is made. This Bidder's Statement contains statements that involve certain assumptions that are subject to potential risks and uncertainties. Actual events and results, including the results of Clancy's operations, could differ materially from those anticipated. Some of the risks may be mitigated by Clancy using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of Clancy and not capable of mitigation. There are also general risks associated with any investment in securities.

8.2 Specific Business Risks

An analysis of some of the specific business risks facing Clancy, both presently and if the Offer is successful, are as set out below:

Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining and processing by its nature contains elements of inherent risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- the metallurgical characteristics of mineral deposits being explored and developed by Clancy may be such as to prevent commercial exploitation;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Development of mining operations

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Government regulation

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Clancy.

Changes to government regulations, policy (including the Minerals Resource Rent Tax proposed to be effective from 1 July 2012) and royalty regimes may have an adverse impact upon the development options available to Clancy at its projects.

Native Title and Aboriginal Heritage

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land and water where those rights have not been extinguished. These rights, where they exist, may impact on the ability of Clancy to carry out exploration or obtain mining tenements. In applying for certain mining tenements, Clancy must observe the provisions of the native title legislation (where applicable) and Aboriginal heritage legislation which protects Aboriginal sites.

Operating Risks

The Company's projects represent the main business activity and focus of Clancy. Risks specific to these Projects include operating risks.

The current and future operations of Clancy, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns, flood and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and
- production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- occupational health and safety in a potentially dangerous workplace;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations; shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- inability to obtain consents or approvals.

Commodity Prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of Clancy. These factors include world-wide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on Clancy's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Funding requirements

Clancy has incurred significant expense in undertaking exploration and development activities. See Section 4.6 for details. Additional funding will be required for further exploration, appraisal and development following expenditure of the existing cash reserves of Clancy. There can be no assurance that Clancy will be in a position to raise such funding.

8.3 Risks relating to the Offer

The following risk factors may arise as a result of the Offer and the acquisition of Genesis by Clancy.

Issue of Clancy Shares

Pursuant to the Offer, Clancy will issue a significant number of new Clancy Shares. Some Genesis Shareholders may not wish to continue to hold Clancy Shares which they receive and may sell them on the ASX. Further, a nominee appointed by Clancy (and approved by ASIC) will be issued any Clancy Shares attributable to Foreign Shareholders and will sell them. See Section 1.3 for details.

If a significant number of Genesis Shareholders sell their Clancy Shares, or there is a significant number of Genesis Shares held by Foreign Shareholders (resulting in a significant number of Clancy Shares being sold by the nominee) the price at which Clancy Shares are traded on ASX may be adversely affected.

Further fundraising

The successful conclusion of the Offer will result in Clancy holding significantly greater exploration properties than it presently holds. This may result in Clancy needing to raise further capital to fund exploration activities on this expanded tenement portfolio. Clancy has sought support from Patersons, a stockbroking incorporative advisory house for potential future capital raising. Patersons has confirmed its interest in completing a capital raising to sufficiently support Clancy for the coming 12-24 months and the intended exploration and development of Clancy's existing and new projects. See Section 3.11 for details. There can be no assurance that additional funding required for further exploration, appraisal and development will be available.

Non-Australian Projects

As at the date of this Bidder's Statement, Clancy's exploration properties are located within Australia. A material opportunity for Genesis is its right to increase its interest in the Plavica Project in Macedonia.

The Plavica Project involves conducting exploration activities in the Republic of Macedonia by the project operator. Any circumstances or event which negatively impacts the development in the Republic of Macedonia could materially affect the financial and operating performance of GES.

There is no assurance that future political and economic conditions in Macedonia will not result in the government adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, title, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the ability to develop the Plavica Project.

Integration risks

Clancy expects that value may be added for shareholders of Clancy following the Offer by the efficient and timely integration of Genesis with Clancy.

In addition, the conduct and timing of the integration of Clancy and Genesis will depend on the results of the Review referred to in Section 6.3. However, the risk exists that any integration may take longer than expected or that the extraction of efficiencies is less than estimated at the time of the Review.

There is also a risk that, if the integration of Genesis into Clancy is not completed in a timely manner, it will negatively affect key stakeholders such as employees and suppliers.

Information on Genesis

In preparing the information on Genesis included in this Clancy's Statement, Clancy has relied only on publicly available information only. Clancy has not otherwise been allowed direct access to Genesis or its independent accountant. Any inaccuracy in the information on Genesis contained in this Bidder's Statement could have an adverse impact on the financial performance of Clancy following the Offer and the value of Clancy Shares.

In addition, it is possible that additional risks may exist in relation to Genesis's businesses which are unknown to Clancy.

8.4 General Investment Risks

Genesis Shareholders should be aware that acquiring Clancy Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of Clancy or Genesis. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and the Australian interest rates, foreign exchange, taxation and labour relations environments.

These are risks of investment which are considered beyond the control of Clancy.

Possible Volatility of Clancy Share Price

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies. The market price of Clancy Shares may be volatile and may go down as well as up. Factors that may have a significant impact on the market price and marketability of Clancy Shares include announcements as to government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in Clancy's operating results.

Regulation and Publicity

Changes to the regulatory environment for the mining industry and/or any publicity may have an impact on Clancy which may materially affect an investment.

Macro Economic Risks

The general state of the Australian and international economies as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the profitability of Clancy, and may affect the value of Clancy Shares.

Taxation Risks

Tax liabilities are the responsibility of each individual investor, and Clancy is not responsible either for taxation or penalties incurred by investors. Investors should consult their own taxation advisers to ascertain the tax implications of their investment.

This list is not exhaustive and potential investors should read this Bidder's Statement in full. If prospective investors require further information on these risks, prospective investors should seek professional advice.

Taxation Considerations

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 9. However, this summary is general in nature and, as the circumstances for each Genesis Shareholder may vary, Genesis Shareholders should seek professional taxation advice in relation to their own position.

Changes to the taxation environment, including taxation laws and their commercial application may have a material adverse effect on an Genesis Shareholder's investment in Clancy Shares or otherwise have a material adverse effect on Clancy's business and financial position.

Future Securities Issues

Clancy may, without the approval of Clancy Shareholders issue further Clancy Shares or other securities. Any such issue may dilute the interest a Clancy Shareholder will have in Clancy.

Regulatory Changes

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on a Clancy Shareholder's investment in Clancy Shares or otherwise have a material adverse effect on Clancy's business and financial position.

8.5 Note on Risk Factors

The above list of general and specific risk factors should not be taken as exhaustive of the risks faced by Clancy and Genesis or by Genesis Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Clancy and Genesis and the value of Clancy Shares. Therefore, Clancy Shares carry no guarantee with respect to the payment of dividends or returns of capital. Neither Clancy nor any of its Directors guarantees that any specific objectives of Clancy and Genesis will be achieved or that any particular performance of Clancy, Genesis or of Clancy Shares will be achieved.

9. Taxation Implications

9.1 Introduction

The following is a broad outline of the principal Australian income tax consequences for Australian resident individual and company Genesis Shareholders associated with acceptance of the Offer and issue of Clancy Shares. This outline is not exhaustive of all possible income tax considerations that could apply to particular Genesis Shareholders. There are a number of limitations to the outline including that:

- (a) it applies only to Australian resident individual and company taxpayers. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, insurance organisations, superannuation funds, trusts or employees of Genesis who acquired their Genesis Shares in respect of their employment;
- (b) it applies only where Genesis Shareholders hold their Genesis Shares on capital account. It does not apply where the Genesis Shares are held on revenue account (e.g. shares held by Genesis Shareholders who trade in Securities or hold Genesis Shares as trading stock);
- (c) it does not cover the tax treatment of Genesis Options which are not exercised and become Genesis Shareholders before the end of the Offer Period; and
- (d) it is based on Australian tax law in effect at the date of this Bidder's Statement. It does not consider or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

Clancy and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves. All Genesis Shareholders, and particularly those shareholders whose situation is not addressed in this outline as noted above, should consult their own independent professional tax advisers regarding the tax consequences of disposing of Genesis Shares and acquiring Clancy Shares.

9.2 Acceptance of the Offer and disposal of Genesis Shares

Capital gain or loss

The disposal of Genesis Shares by an Genesis Shareholder pursuant to the Offer constitutes a Capital Gains Tax (CGT) event for Australian income tax purposes.

Genesis Shareholders may realise a capital gain or a capital loss in respect of the disposal of their Genesis Shares (refer to Section 9.2(a) below), subject to the availability of scrip for scrip roll-over relief (refer Section 9.2(b) below).

In certain circumstances, Genesis Shareholders may be eligible to apply the CGT discount to reduce their assessable capital gain (the eligibility requirements for the CGT discount are discussed in the following paragraphs). The relevant rate of the CGT discount is 50% for individuals, and 33 1/3% for complying superannuation funds.

- (a) Where roll-over relief is unavailable or not chosen

To the extent that scrip for scrip roll-over relief is not available (e.g. if Clancy does not achieve an 80% level of acceptance) or is not accessed (e.g. the Genesis Shareholder is not a resident of Australia for taxation purposes, or the Genesis Shareholder chooses not to access roll-over relief), the tax consequences should be as follows:

- a capital gain should arise to the extent that the capital proceeds from the disposal of Genesis Shares (being either the cash consideration or the issue price of Clancy Shares) exceeds the cost base of the Genesis Shares (or, in some cases, the indexed cost base); or

- a capital loss should be realised to the extent the capital proceeds received by an Genesis Shareholder are less than the reduced cost base of the Genesis Shares.

Any capital gain realised in respect of the disposal of the Genesis Shares should be included in the Genesis Shareholder's assessable income in the tax year in which the Offer is accepted (unless the resulting capital gains are completely offset against other capital losses of the Genesis Shareholder). Capital losses may be applied against any other capital gains derived by the Genesis Shareholder in the same year. Any unapplied capital losses may be carried forward to be applied against future capital gains.

The availability of indexation or a CGT discount in calculating the amount of the capital gains included in assessable income depends on the date of acquisition of the Genesis Shares whether the Shareholders are companies or individuals and the choice made by these Genesis Shareholders (refer to Section 9.2(b) below).

Genesis Shares acquired after 11.45am on 21 September 1999.

If Genesis Shares are held by an individual and:

- they were acquired after 11.45am on 21 September 1999; and
- have been held for more than 12 months before the date on which the Genesis Shareholder accepted the Offer,

then the CGT discount referred to above should generally be available.

There is no entitlement to indexation of the cost base for the Genesis Shareholder in these circumstances.

It should be noted that the CGT discount is not available where Genesis Shares are held by a company.

(b) Scrip for scrip roll-over relief

Subdivision 124-M of the Income Tax Assessment Act 1997 provides scrip for scrip roll-over relief where shareholders dispose of some or all of their shares in one company in exchange for shares in another company. Roll-over relief may be available where:

- an Genesis Shareholder receives Clancy Shares in consideration for the disposal of some or all of their Genesis Shares under the Offer;
- as a result of the Offer, Clancy obtains 80% or more of the Genesis Shares;
- the Genesis Shareholder acquired their Genesis Shares on or after 20 September 1985 and, but for the roll-over, a capital gain would arise from the exchange;
- the relevant Genesis Shareholder is an Australian resident; and
- the relevant Genesis Shareholder chooses that the roll-over applies.

It is a condition of the Offer that Clancy has a relevant interest in at least 90% of all Genesis Shares. Clancy is not in a position to confirm that the 80% requirement will be satisfied for the purposes of determining whether roll-over relief will be available to the Genesis Shareholders. Should this 80% requirement not be satisfied, scrip for scrip roll-over relief may not be available.

Where scrip for scrip rollover relief is accessed, any capital gain resulting from the disposal by Genesis Shareholders of Genesis Shares pursuant to the Offer is disregarded. Furthermore, Clancy Shares should be deemed to have the same cost base and acquisition date for CGT purposes as the corresponding Genesis Shares disposed.

As a result of accessing scrip for scrip rollover relief, the CGT implications should be effectively deferred until the relevant Genesis Shareholders dispose of Clancy Shares acquired pursuant to the Offer.

All Genesis Shareholders, and particularly those not covered by this outline as noted above, should obtain their own independent professional taxation advice as to whether and how a roll-over election should be made.

9.3 Disposal of Clancy Shares

The income tax consequences of any disposal by an Genesis Shareholder of Clancy Shares should be broadly the same as for the disposal of Genesis Shares as described in Section 9.2, subject to the differences outlined below.

Clancy Shares acquired where roll-over election was made

Where a choice to apply scrip for scrip roll-over relief was available and was made by an Genesis Shareholder in respect of the disposal of Genesis Shares, the cost base of Clancy Shares issued to the Genesis Shareholder under the Offer is equal to the cost base of the Genesis Shares that were exchanged for Clancy Shares which will be apportioned across Clancy Shares on a reasonable basis. Accordingly, the cost base of Clancy Shares may include indexation to 30 September 1999 if the Genesis Shares were acquired on or before 11.45am on 21 September 1999, unless the CGT discount is applied in relation to the disposal of Clancy Shares.

Individual Genesis Shareholders may determine whether Clancy Shares have been held for at least 12 months for the purpose of applying the CGT discount in relation to any capital gain as a result of disposing of Clancy Shares (see Section 9.2(a) above) by reference to the date that they acquired the Genesis Shares. Therefore, if the combined period during which the Genesis Shareholder held the Genesis Shares and Clancy Shares is at least 12 months, the Genesis Shareholder may be entitled to apply the CGT discount in respect of the disposal of Clancy Shares.

Clancy Shares acquired where roll-over relief does not apply

Where roll-over does not apply to the disposal of Genesis Shares, the cost base of Clancy Shares which are received in exchange for those Genesis Shares includes the market value of the Genesis Shares at the date of acceptance of the Offer.

9.4 Stamp duty

All Australian States and Territories currently exempt the transfer of shares quoted on a recognised stock exchange from stamp duty. Therefore, no stamp duty should be payable on the transfer of Genesis Shares pursuant to the Offer for so long as Genesis remains listed. If Genesis is removed from the Official List of ASX, stamp duty will be payable on a transfer of Genesis Shares by the transferee.

10. Information on Genesis Securities

10.1 Genesis Capital Structure

As at the date of this Bidder's Statement, there are 79,621,128 Genesis Shares and 27,040,376 Genesis Options on issue.

In connection with the Genesis Rights Issue, Genesis issued 26,540,376 Genesis Options. These options have an exercise price of 10 cents and expire on 4 May 2014 (in respect of 19,429,424 Genesis Option) and 11 May 2014 (in respect of 7,110,952 Genesis Options).

Genesis also has on issue 500,000 Genesis Options. These options have an exercise price of 20 cents and expire on 27 October 2012.

The Offer extends only to Genesis Shares, including Genesis Shares issued of exercise of any Genesis Options. The Offer does **not** extend to Genesis Options. However, if Clancy is successful in its Offer and moves to compulsory acquisition of all of the Genesis Shares on issue, it will offer to acquire the Genesis Options on issue on conclusion of the Offer.

10.2 Bidder interests in Genesis

As at the date of this Bidder's Statement, Clancy and its Associates have a Relevant Interest in 6,375,000 Genesis Shares.

As at the date of this Bidder's Statement Clancy had Voting Power in Genesis of 8.01%.

By way of background, on 2 April 2012, Clancy entered into option agreements with Dr. Ahmet Kerim Sener and an entity associated with Dr. Sener, Aslan Capital Limited to acquire 4,250,000 Genesis Shares. These options may be exercised at any time after 1 June 2012 until expiry of the option. The option expires on the earlier of:

- (a) Clancy makes a takeover for all the issued Genesis Shares held by the grantors of the options and the grantors accept that offer;
- (b) an unconditional cash and/or script takeover offers made by a third party at a price greater than the exercise price under the options and Clancy:
 - (i) does not make a takeover offer for all Genesis Shares at a price which exceeds;
 - (ii) if a Clancy offer has been made and remains open for acceptance, Clancy does not increase the offer price under that offer to exceed,

the offer price under the third party offer within 2 business days of the third party offer being declared unconditional;

- (c) 1 August 2012 or such later date as may be agreed.

The aggregate of the exercise price and grant fee paid in respect of the grant of these options totals \$340,000.

Clancy may in its discretion, satisfy this obligation by issuing fully paid Clancy Shares at an issue price of 4 cents per share. The last price at which Clancy Shares traded on ASX on 15 May 2012 (being the last date on which Clancy Shares traded on ASX before the date of this Bidder's Statement) was 3.4 cents.

Dr. Sener was (until 19 March 2012) a director of Genesis.

Clancy has agreed to acquire 2,125,000 Genesis Shares from entities associated with Dr Sener at a purchase price of 4.5 cents per Genesis Share. These Genesis Shares were issued by Genesis as part of the Genesis Rights Issue.

10.3 No Collateral benefits

Except as set out below, neither Clancy nor any Associate of Clancy has, during the period of 4 months ending on the day immediately before the date of Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of Genesis Shares,

which benefit was not offered to all Genesis Shareholders under the Offer.

10.4 No escalation agreements

Neither Clancy nor any Associate of Clancy has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

10.5 Dealings in Clancy Shares

In the 4 months prior to the date of the Offer, there have been no dealings in Clancy Shares by Directors or their related entities.

11. Additional Information

11.1 Rights attaching to Clancy Shares

The following information is a summary of Clancy's constitution. Genesis Shareholders have the right to obtain a copy of Clancy's constitution, free of charge, from Clancy during the Offer Period.

Each Clancy Share confers on its holder:

- The right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Clancy Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Clancy Shares (at present there are none).
- The right to receive dividends, according to the amount paid up on Clancy Share.
- In a winding up, the right to receive payment in proportion to the amount paid up on a Clancy Share. The liquidator may distribute the assets of Clancy as it thinks fit and, if thought expedient, a class of Clancy Shares may be given special or preferential treatment or may be excluded subject to the right of a Clancy Shareholder who would be prejudiced by that treatment to dissent and ancillary rights as if the determination were a special resolution passed pursuant to the Corporations Act relating to the sale or transfer of Clancy's assets by a liquidator in a voluntary winding up.

Subject to the Corporations Act and the Listing Rules, Clancy Shares are fully transferable.

The rights attaching to Clancy Shares may be varied with the approval of Clancy shareholders in general meeting by special resolution.

11.2 Terms of Clancy Options

Clancy presently has 94,134,786 listed options, 1,100,000 ESOP options, 2,050,000 2013 incentive options and 1,650,000 2013 director options on issue. Key terms of these Clancy Options are as follows:

Listed options

The 94,134,786 listed options have an exercise price of 15 cents and expire on 31 July 2013. These listed options were issued in connection with a 1 for 2 renounceable rights issue undertaken by Clancy in May 2011 or a part of a drill for equity arrangement with Australian Mineral and Waterwell Drilling Pty Limited. These Clancy Options are quoted on ASX. Of these listed options, 2,000,000 are subject to ASX imposed or voluntary escrow restrictions expiring on 30 September 2012.

ESOP options

The 1,100,000 ESOP options have an exercise price of 18.5 cents and expire on 30 September 2013.

2013 incentive options

The 2,050,000 2013 incentive options have an exercise price of 17.5 cents and expire on 10 August 2013.

2013 director options

The 1,650,000 2013 director options have an exercise price of 19.5 cents and expire on 31 December 2013.

11.3 Approvals for provision of Offer Consideration

Clancy is not aware of any Genesis Shareholder who requires any approval referred to in Clause 7.7 of Appendix A in order to be entitled to receive any consideration under the Offer.

11.4 Conditions

The Conditions of the Offer are as follows:

- (a) **90% relevant interest:** the number of Genesis Shares in which Clancy and its Associates have a Relevant Interest at the expiry of the Offer Period is not less than 90% of the Genesis Shares then on issue and Clancy satisfies any other requirements to effect compulsory acquisition of all outstanding Genesis Share;
- (b) **No acquisition or disposal of material asset:** except for any proposed transaction publicly announced by Genesis before the Announcement none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
 - (i) Genesis or any controlled entity of Genesis acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$250,000 or makes an announcement in relation to such an acquisition, offer or agreement; or
 - (ii) Genesis or a controlled entity of Genesis enters into, offers to enter into or agrees to enter into any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue by Genesis and/or its controlled entities of an amount which is, in aggregate, more than \$250,000 other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement;
 - (iii) Genesis or a controlled entity of Genesis amends the terms of, waives any material rights under, terminates or agrees to terminate any agreement, joint venture, partnership or commitment regarding the Plavica joint venture;
- (c) **No change in control:** no person having, or being entitled to have, as a result of any change in control in respect of Genesis or any of its controlled entities, any right to:
 - (i) terminate or alter any contractual relations between any person and Genesis or any of its controlled entities;
 - (ii) require the sale of any interest in the Plavica joint venture or otherwise restrict the ability of Genesis to earn-in with respect to the Plavica joint venture,

exercises that right during the period commencing on the Announcement Date and ending on the expiry of the Offer Period or notifies Genesis during that period that it has or intends to exercise that right;
- (d) **No material adverse change:** during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no change occurs or is announced that would reasonably be expected to adversely affect the capital structure, business, financial or trading position, future profitability, condition of assets or liabilities of Genesis or a controlled entity of Genesis in a manner which would be material in the context of Genesis's operations as a whole;
- (e) **No litigation:** during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no litigation or arbitration proceedings have been or are instituted or threatened against Genesis or a controlled entity of Genesis which are material in the context of Genesis's operations as a whole;

- (f) **No regulatory intervention:** during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no Governmental Agency or any other person takes any action to:
- (i) prohibit, prevent or inhibit the acquisition of, or trading in, Genesis Shares;
 - (ii) impose conditions on the Offer which impose unduly onerous obligations upon Clancy or would materially affect the business or capital structure of Genesis;
 - (iii) require the divestiture by Clancy of Securities or assets of any Genesis Group Entity, other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act;
- (g) **No prescribed occurrence:** no prescribed occurrences happen during the period commencing on the Announcement Date and ending on the expiry of the Offer Period;
- (h) **No selective disclosure of information:** at all times during the period from the Announcement Date to the end of the Offer Period, Genesis promptly provides to Clancy a copy of all information that is not generally available which relates to Genesis or any of its controlled entities or any of their respective businesses or operations that has been provided by Genesis or any of their respective officers, employees, advisers or agents to any person for the purposes of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person in relation to a transaction which may result in a change in control of Genesis.
- (i) **Statutory condition:**
- (i) an application for admission of Clancy Shares to be issued under this Offer to quotation on ASX is made within 7 days after commencement of the Offer Period; and
 - (ii) permission for admission of Clancy Shares to be issued under this Offer to quotation on ASX is granted no later than 7 days before the expiry of the Offer Period.

11.5 Matters relevant to the Directors

Other than as set out below or elsewhere in this Bidder's Statement, no Director or proposed Director:

- (a) has or had at any time during the two years preceding the date of this Bidder's Statement an interest in the formation or promotion of Clancy, or in any property acquired or proposed to be acquired by Clancy or in the Offer; and
- (b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of Clancy or the Offer.

Interest of Directors in Clancy.

There are no shareholder requirements for Directors under the constitution of Clancy.

As at the Announcement Date the Relevant Interests of each Director in Clancy Shares and Clancy Options was as follows:

No. of Shares	
	Currently Held
G Barnes	504,041
M Etheridge	518,847
J Macdonald	570,512
M Lester	201,926
Total	1,795,326

No. of Unlisted Options	
	Currently Held
G Barnes	1,000,000
M Etheridge	-
J Macdonald	400,000
M Lester	250,000
Total	1,650,000

No. of Listed Options	
	Currently Held
G Barnes	345,771
M Etheridge	259,424
J Macdonald	142,628
M Lester	100,964
Total	848,887

Under Clancy's constitution, each Director (other than a managing director or an executive director) may be paid remuneration for ordinary services performed as a director.

Non-executive Directors are entitled to receive fees of up to \$200,000 per annum in aggregate to be shared among the non-executive Directors. Additional remuneration may be paid in accordance with the constitution of Clancy. Following are the Director's remuneration expected to be received for the year ending 31 December 2012:

A\$	Fees/Salary	Superannuation	Total Consideration
G Barnes ¹	240,000	21,600	261,000
M Etheridge	30,000	2,700	32,700
J Macdonald	45,000	-	45,000
M Lester	30,000	2,700	32,700
Total	345,000	27,000	372,000

1. Mr Barnes is an executive director

Directors may be paid all travelling and other expenses properly incurred by them attending meetings of the Directors or any meeting of Directors or general meetings of Clancy or otherwise in connection with the execution of their duties as Directors.

In addition, any Director who is called on to perform extra services or to make special exertions or to undertake any executive or other work for Clancy beyond his ordinary duties will go or reside abroad or otherwise for the purposes of Clancy may, subject to law, be remunerated by a fixed sum or a salary as determined by the Directors. This sum may be either in addition to or in substitution for his remuneration for ordinary services.

Remuneration of managing director

The managing director, Mr Gordon Barnes received a total remuneration of \$261,000 (excluding long service leave) and superannuation in respect of the financial year ended 31 December 2011.

11.6 Date for determining holders of Genesis Shares

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of Section 633(1) is 16 May 2012.

11.7 ASIC modifications and exemptions

ASIC has published various Class Order instruments providing for modifications and exemptions that apply generally to all persons, including Clancy. Clancy may rely on class order relief granted by ASIC.

11.8 Disclosure of adviser interests

Watson Mangioni has acted as solicitors to the Offer. Clancy estimates that it will pay amounts totalling \$70,000 (excluding disbursements and GST) to Watson Mangioni in respect of this work.

Patersons Securities Limited is acting as corporate advisor to Clancy. Clancy pays Patersons a fee of \$5,500 per month (including GST).

11.9 Legal Proceedings

Clancy is not and has not been, during the 12 months preceding the date of this Bidder's Statement, involved in any legal or arbitration proceedings which have had a significant effect on the financial position on Clancy. As far as the Directors are aware, no such proceedings are threatened against Clancy.

11.10 Consents

Deloitte Touche Tohmatsu has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as auditor of Clancy for the years ended 31 December 2010 and 2011 in the form and context in which it is named. Deloitte Touche Tohmatsu has applied to ASIC to resign as auditor of Clancy to take effect at the next annual general meeting of Clancy to be held on 31 May 2012.

Watson Mangioni has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as solicitors to the Offer in the form and context in which it is named.

Patersons Securities Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as corporate advisors to the Offer in the form and context in which it is named.

Each of Watson Mangioni, Deloitte Touche Tohmatsu and Patersons:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified as in this Section;
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in documents lodged with ASIC or given to ASX. Pursuant to ASIC Class Order 01/1543, the makers of those statements are not required to consent to, and have not consented to, inclusion of

those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents (free of charge) please contact Rowan Caren, by fax on +612 6361 1202 or by email to info@clancyexploration.com.

11.11 Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Clancy and has not previously been disclosed to the holders of Genesis Shares) other than as disclosed in this Bidder's Statement.

12. Definitions and Interpretation

12.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

\$	Australian Dollars.
AASB	Australian Accounting Standards Board.
Acceptance Form	The acceptance form for the Offer accompanying this Bidder's Statement.
Announcement Date	The date on which the Offer was announced to ASX, namely 2 April 2012.
ASIC	Australian Securities and Investments Commission.
Associate	Has the same meaning given to that term in Section 9 of the Corporations Act.
ASX	Australian Securities Exchange.
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Operating Rules	The operating rules of the ASX Settlement.
Bidder's Statement	The contents of this booklet.
Board	The board of Directors of Clancy.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
CGT	Capital gains tax.
CHESS	The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
CHESS Holding	A holding of Genesis Shares on the CHESS subregister of Genesis.
Clancy	Clancy Exploration Limited (ACN 105 578 756).
Clancy Option	An option to subscribe for Clancy Shares.
Clancy Shareholder	A registered holder of Clancy Shares.
Clancy Share	Ordinary shares in the capital of Clancy.
Condition	A condition of the Offer being a condition set out in Clause 8 of Appendix A.
controlled entity	Has the meaning given to that word in the Corporations Act.
Controlling Participant	Has the meaning given in the ASX Settlement Operating Rules.

Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of Clancy.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Encumbrance	An interest or power: <ul style="list-style-type: none"> (a) reserved in or over an interest in any asset including, without limitation, any retention of title; or (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, (c) by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.
Foreign Law	A law of any jurisdiction other than an Australian jurisdiction.
Foreign Shareholder	Any Genesis Shareholder whose address shows in Genesis's register of members is a place outside Australia and its external territories, to whom it is unlawful for Clancy to make the Offer or for whom it is unlawful to accept the Offer.
Genesis	Genesis Resources Limited (ACN 114 787 469).
Genesis Group	Genesis and its controlled entities.
Genesis Rights Issue	Means the 1 for 2 pro-rata non-renounceable rights issue at an issue price of 4.5 cents per Genesis Share with one free attaching a Genesis Option (exercisable at 10 cents and expiring 2 years from the date of issue) announced to ASX on 27 March 2012.
Genesis Shareholder	A registered holder of Genesis Shares.
Genesis Shares	Ordinary shares in the capital of Genesis.
Genesis Option	An option to subscribe for Genesis Shares.
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
GST	Goods and services tax.
Holder Identification Number	The number used to identify a Genesis Shareholder on the CHESSE Subregister of Genesis.
Insolvency Event	In relation to a body corporate: <ul style="list-style-type: none"> (a) an order is made or an application is made for the winding up of that body corporate and that order or application is not withdrawn or set aside within 10 Business Days; (b) a liquidator or provisional liquidator of that body corporate is made or appointed or an application is made for the

appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 10 Business Days;

- (c) an effective resolution is passed for the winding up of that body corporate or a meeting is convened for the purpose of considering any such resolution;
- (d) that body corporate is placed under any formal or informal kind of insolvency administration or a meeting is convened for the purpose of considering the appointment of an insolvency administrator;
- (e) a receiver, manager, receiver and manager or controller of the main undertaking, property or material assets of that body corporate is appointed or any step is taken for the appointment of such a receiver, manager, receiver and manager or controller or execution or distress or any other process is levied or attempted or imposed against any of the main undertaking, property or material assets of that body corporate;
- (f) that body corporate stops payment or ceases to carry on the whole or any material part of its business or threatens to do so;
- (g) an order for payment is made or judgement is entered or signed against that body corporate in an amount of not less than \$100,000 and is not satisfied, stayed or set aside within 5 Business Days;
- (h) that body corporate becomes insolvent or unable to pay its debts;
- (i) a compromise, composition or arrangement is proposed with or becomes effective in relation to the creditors or any class of creditors of that body corporate or that body corporate proposes a reorganisation, moratorium or other administrative procedure involving its creditors or any class of its creditors; or
- (j) any action is commenced to strike that body corporate's name off any register of companies.

Instruction Form	The forms described in Clause 3.1(b) of Appendix B.
Listing Rules	The listing rules of the ASX.
Merged Entity	Clancy, following completing the acquisition of all Genesis Shares under the Offer.
New Clancy Shares	The Clancy Shares to be issued as Offer Consideration.
Offer	The offer to acquire Genesis Shares set out in Appendix A sent or to be sent to the holders of Genesis Shares (or persons entitled to receive those offers pursuant to the Corporations Act).
Offer Consideration	3 Clancy Shares for every 1 Genesis Share.
Offer Period	The period for which the Offer remains open as set out in Section 2

	of Appendix A.
Plavica Project	Gold-copper-silver project in Macedonia.
prescribed occurrences	The events referred to in Section 652C(1) and (2) of the Corporations Act.
Relevant Interest	Has the same meaning given to that term in Sections 608 and 609 of the Corporations Act.
Rights	All accretions, rights or benefits of whatever kind attaching to or arising from Genesis Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends, distributions, and all rights to receive dividends, distributions or to receive or subscribe for Securities, stock shares, notes, bonds, options or other securities, declared, paid or issued by Genesis or any of its controlled entities.
Security	Has the meaning as given in Section 92 of the Corporations Act.
Trading Day	Has the meaning given in the ASX Listing Rules.
Voting Power	Has the same meaning given to that term in Section 610 of the Corporations Act.
VWAP	The volume weighted average price at which shares trade on ASX in the relevant period

12.2 Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:

- (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to “\$”, “A\$”, “Australian Dollars” or “dollars” is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia;
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

13. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the directors of Clancy.

Dated 16 May 2012

Signed

For and on behalf of Clancy

Dr. Mike Etheridge
Chairman

Appendix A

Terms of Offer

1. Clancy's Offer

- 1.1 Clancy offers to acquire your Genesis Shares on the terms and conditions of this Offer. You may accept this Offer in respect of all of your Genesis Shares. The Offer extends to any Genesis Shares issued during the Offer Period due to the conversion or exercise of a Right including Genesis Shares issued on exercise of Genesis Options.
- 1.2 The consideration being offered by Clancy is 3 Clancy Shares for every 1 Genesis ordinary share.
- 1.3 If you accept this Offer and Clancy acquires your Genesis Shares, Clancy is also entitled to any Rights in respect of your Genesis Shares.
- 1.4 The Clancy Shares to be issued under the Offer will be issued fully paid and will rank equally in all respect with all other Clancy Shares currently on issue.

2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm on [•] 2012 Sydney time, subject to any extension of that period in accordance with the Corporations Act.

3. Who May Accept

- 3.1 An offer in the form of this Offer is being made to:
 - (a) each holder of Genesis Shares registered, or entitled to be registered, in the register of members of Genesis at 9.00am Sydney time on 16 May 2012; and
 - (b) each other holder of Genesis Shares who becomes so registered before the end of the Offer Period.
- 3.2 If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of, or entitled to be registered as the holder of, some or all of your Genesis Shares (transferred shares), Clancy is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
 - (a) to the other person, relating to the transferred shares; and
 - (b) to you, relating to your Genesis Shares other than the transferred shares (if any).
- 3.3 If at any time during the Offer Period and before this Offer is accepted, you hold your Genesis Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act:
 - (a) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your Genesis Shares;
 - (b) to accept any of those corresponding Offers, you must specify:
 - (i) by written notice accompanying your Acceptance Form; or

- (ii) if the notice relates to Genesis Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,

that your Genesis Shares consist of distinct portions and the number of the Genesis Shares to which the acceptance relates; and

- (c) otherwise, Section 653B of the Corporations Act applies to this Offer in respect of your Genesis Shares and any acceptance of this Offer by you.

4. Official quotation of New Clancy Shares

4.1 Clancy has been admitted to the official list of the ASX. Securities of the same class as those to be issued as Offer Consideration have been granted official quotation by the ASX.

4.2 This Offer and any contract that results from your acceptance of this Offer are subject to a condition that:

- (a) Clancy applies to the ASX within 7 days after this Bidder's Statement is given to Genesis, for the admission of the New Clancy Shares to official quotation; and
- (b) permission for admission to official quotation by ASX of Clancy Shares to be issued under the Offers which are accepted, is granted no later than 7 days after the end of the Offer Period.

4.3 The condition in Clause 4.2 is required by Section 625(3) of the Corporations Act, is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the conditions set out in Section 1.8 of the Bidder's Statement. Section 625(3) of the Corporations Act provides that this Offer cannot be freed of the condition prescribed in that section, and consequently no statement made by Clancy can be taken to be a waiver of that condition. If this condition is not fulfilled all contracts resulting from acceptance of the Offer will be void automatically.

4.4 Official quotation of securities by the ASX is not granted automatically on application. However, Clancy has no reason to believe that the New Clancy Shares will not be admitted to quotation by the ASX.

5. How to Accept this Offer

5.1 You may only accept this Offer in respect of all of your Genesis Shares.

5.2 You may only accept this Offer during the Offer Period.

5.3 If your Genesis Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.

5.4 To accept this Offer, you should proceed as follows:

- (c) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it (together with any relevant share certificates for your Genesis Shares), so that the envelope in which they are sent is received by Clancy in accordance with the Acceptance Form before the end of the Offer Period; and
- (d) if your Genesis Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
 - (i) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or

- (ii) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

6. Effect of Acceptance

6.1 By accepting the Offer in accordance with Clause 5.6, you will have:

- (a) accepted this Offer in respect of all of your Genesis Shares;
- (b) agreed to transfer your Genesis Shares to Clancy (subject to this Offer and the contract resulting from your acceptance of it becoming unconditional);
- (c) represented and warranted to Clancy that your Genesis Shares will at the time of acceptance of this Offer and at the time of their transfer to Clancy be fully paid up and that Clancy will acquire good title to and beneficial ownership of your Genesis Shares free from all Encumbrances and other adverse third party interests of any kind;
- (d) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, irrevocably appointed Clancy and each of its directors, secretaries and officers severally from time to time as your attorney to do all things which you could lawfully do in relation to your Genesis Shares or in exercise of any right derived from the holding of such Genesis Shares, including without limitation:
 - (i) attending and voting at any general meeting of Genesis;
 - (ii) notifying Genesis that your address in the records of Genesis for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by Clancy; and
 - (iii) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of Clancy as the registered holder of your Genesis Shares.

Clancy must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Clause 6.1(d);

- (e) agreed that in exercising the powers conferred by the power of attorney under Clause 6.1(d) the attorney may act in the interests of Clancy as the intended registered holder and beneficial holder of those Genesis Shares;
- (f) agreed not to attend or vote in person at any general meeting of Genesis or to exercise or purport to exercise any of the powers conferred on an attorney under Clause 6.1(d);
- (g) represented and warranted to Clancy that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
- (h) agree to indemnify Clancy and Genesis fully in respect of any claim, demand, action, suit or proceeding made or brought against Genesis and any loss, expense, damage or liability whatsoever suffered or incurred by Clancy, in each case as a result of any representation or warranty made by you not being true; and
- (i) irrevocably authorised and directed Genesis to pay to Clancy or to account to Clancy for all dividends and other distributions and entitlements which are declared, paid or made or which arise or accrue after the date of this Offer in respect of the Genesis Shares which Clancy acquires pursuant to this Offer, subject if your acceptance of this Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the

contract resulting from that acceptance becomes void, to Clancy accounting to you for any such dividends, distributions and entitlements received by it.

6.2 By completing, signing and returning the Acceptance Form, you will also have:

- (a) authorised Clancy and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
 - (i) to make the Acceptance Form an effectual acceptance of this Offer; and
 - (ii) to enable registration of the transfer to Clancy of your Genesis Shares; and
- (b) authorised Clancy and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

6.3 Clancy may at any time in its absolute discretion:

- (c) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although it does not receive all or any the relevant share certificates or any of the other requirements for a valid acceptance have not been complied with; and
- (d) where you have satisfied the requirements for acceptance in respect of only some of your Genesis Shares, treat the acceptance as a valid acceptance only in respect of those Genesis Shares.

In respect of any part of an acceptance treated by Clancy as valid, Clancy must provide you with the relevant consideration in accordance with Clause 7.1.

7. Consideration for your Shares

7.1 If you are not a Foreign Shareholder, the obligation of Clancy to issue and allot any Clancy Shares to which you are entitled as Offer Consideration under the Offer will be satisfied by Clancy:

- (a) entering your name on Clancy share register; and
- (b) dispatching or procuring the dispatch to you an uncertificated holding statement in your name (for Issuer Sponsored Holdings) or a confirmation of issue (for CHES Holdings) by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the Register (or such other address as you may notify in writing to Clancy).

If your Genesis Shares are held in a joint name, an uncertificated holding statement or a confirmation of issue will be issued in the name of the joint holders.

7.2 If you are not a Foreign Shareholder, subject to Clause 7.4 of this Offer, if the contract resulting from your acceptance of this Offer becomes unconditional, Clancy will provide the Offer Consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) one month after the date this Offer is validly accepted by you or, if this Offer is subject to a defeating condition when accepted, within one month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

7.3 If you accept the Offer and you are a Foreign Shareholder, in respect of any Clancy Shares which you would have become entitled to receive under Clause 7.2 of this Offer, Clancy will:

- (a) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of Clancy Shares to which you and all other Foreign Genesis Shareholders would have become entitled to receive as part of the Offer Consideration as a result of acceptance of the Offer (**Nominee Shares**);
- (b) cause the Nominee to offer for sale the Nominee Shares as soon as practicable or otherwise in such manner, at such price and on such other terms and conditions as are determined by the Nominee;
- (c) cause the Nominee to pay to you the amount calculated in accordance with the following formula:

Net Proceeds of Sale x Your Clancy Share

Total Nominee Shares

Where:

Net Proceeds of Sale is the amount the Nominee receives on sale of all Nominee Shares less tax, brokerage and other sale expenses;

Your Clancy Shares is the number of Clancy Shares which Clancy would otherwise be required to issue to you as part of the Offer Consideration; and

Total Nominee Shares is the total number of Nominee Shares issued to the Nominee under, Clause 7.4;

- (d) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Residents of certain places are not entitled to receive the Net Proceeds of Sale unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Refer to Clause 7.7 of this Offer for further information.

Notwithstanding anything else in the Bidder's Statement, Clancy is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Foreign Shareholders to receive Clancy Shares as set out in this Clause 7.3.

7.4 Where the Acceptance Form or any subsequent request from Clancy requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document requested by Clancy to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, Clancy will provide the Offer Consideration in accordance with Clause 7.2 or 7.3 of this Offer;
- (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that Clancy is given the documents, Clancy will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period; or

- (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that Clancy is given the documents, Clancy will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after Clancy is given the documents; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, Clancy will provide the Offer Consideration within 21 days after the documents are given.

If you do not provide Clancy with the required additional documents within one month after the end of the Offer Period, Clancy may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

7.5 If Clancy becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Clancy all documents necessary to vest those Rights in Clancy or otherwise to give Clancy the benefit or value of those Rights. If you do not give those documents to Clancy, or if you have received the benefit of those Rights, then Clancy may reduce the number of New Clancy Shares to which you are otherwise entitled under this Offer by the amount equal to the value, (as reasonably assessed by Clancy), of those Rights in accordance with Clause 7.6 of this Offer.

7.6 If:

- (a) you have (or any previous holder of your Genesis Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Genesis Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Genesis Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or
- (c) your Genesis Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Genesis Shareholders,

then Clancy may reduce the number of New Clancy Shares to be issued to you under this Offer by the value (as reasonably assessed by Clancy) of such Rights.

If Clancy does not, or cannot, make such a reduction, you must pay such value or amount to Clancy.

7.7 If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- (a) the Banking (Foreign Exchange) Regulations 1959 (Cth);
- (b) Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (c) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (d) Part 9 of the Anti-Money Laundering And Counter-Terrorism Financing Act 2006 (Cth);
- (e) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or

- (f) any other law of Australia that would make it unlawful for Clancy to provide Consideration for your Genesis Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

If Clancy is required by law to retain or withhold (and pay to a Public Authority) any amount of the Offer Consideration you are entitled to under this Offer, the retention or payment by Clancy of that amount in conjunction with providing the remaining Offer Consideration to be provided to you in accordance with Clause 7.7 of the Offer will constitute full and proper provision of the Offer Consideration to you under this Offer.

8. Conditions of this Offer

8.1 Subject to Clauses 8.2 and 8.4 this Offer and the contract that results from acceptance of this Offer are each conditional on the following occurrences:

- (a) the number of Genesis Shares in which Clancy and its Associates have a Relevant Interest at the expiry of the Offer Period is not less than 90% of the Genesis Shares then on issue and Clancy satisfies any other requirements to effect compulsory acquisition of all outstanding Genesis Shares;
- (b) except for any proposed transaction publicly announced by Genesis before the date of this announcement (**Announcement Date**) none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
- (i) Genesis or any controlled entity of Genesis acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$250,000 or makes an announcement in relation to such an acquisition, offer or agreement; or
- (ii) Genesis or a controlled entity of Genesis enters into, offers to enter into or agrees to enter into any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue by Genesis and/or its controlled entities of an amount which is, in aggregate, more than \$250,000 other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement;
- (iii) Genesis or a controlled entity of Genesis amends the terms of, waives any material rights under, terminates or agrees to terminate any agreement, joint venture, partnership or commitment regarding the Plavica joint venture;
- (c) no person having, or being entitled to have, as a result of any change in control in respect of Genesis or any of its controlled entities, any right to:
- (i) terminate or alter any contractual relations between any person and Genesis or any of its controlled entities;
- (ii) require the sale of any interest in the Plavica joint venture or otherwise restrict the ability of Genesis to earn-in with respect to the Plavica joint venture,
- exercises that right during the period commencing on the Announcement Date and ending on the expiry of the Offer Period or notifies Genesis during that period that it has or intends to exercise that right;
- (d) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no change occurs or is announced that would reasonably be

expected to adversely affect the capital structure, business, financial or trading position, future profitability, condition of assets or liabilities of Genesis or a controlled entity of Genesis in a manner which would be material in the context of Genesis's operations as a whole;

- (e) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no litigation or arbitration proceedings have been or are instituted or threatened against Genesis or a controlled entity of Genesis which are material in the context of Genesis's operations as a whole;
- (f) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no Governmental Agency or any other person takes any action to:
 - (i) prohibit, prevent or inhibit the acquisition of, or trading in, Genesis Shares;
 - (ii) impose conditions on the Offer which impose unduly onerous obligations upon Clancy or would materially affect the business or capital structure of Genesis;
 - (iii) require the divestiture by Clancy of Securities or assets of any Genesis Group Entity,

other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act;
- (g) none of the following happens during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate condition):
 - (i) the shares of Genesis or any of the controlled entities of Genesis are converted into a larger or smaller number of shares;
 - (ii) Genesis or a controlled entity of Genesis resolves to reduce its share capital in any way;
 - (iii) Genesis or a controlled entity of Genesis:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under Sections 257C or 257D of the Corporations Act;
 - (iv) Genesis or a controlled entity of Genesis makes an issue of or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option in each case other than pursuant to the Rights Issue;
 - (v) Genesis or a controlled entity of Genesis issues or agrees to issue convertible notes;
 - (vi) Genesis or a controlled entity of Genesis disposes or agrees to dispose of the whole or a substantial part of its business or property;
 - (vii) Genesis or a controlled entity of Genesis grants or agrees to grant an Encumbrance over the whole or a substantial part of its business or property; or
 - (viii) an Insolvency Event occurs with respect to Genesis or a controlled entity of Genesis;
- (h) at all times during the period from the Announcement Date to the end of the Offer Period, Genesis promptly (and in any event within 2 Business Days) provides to

Clancy a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Genesis or any controlled entity of Genesis or any of their respective businesses or operations that has been provided by Genesis or any of their respective officers, employees, advisers or agents to any person (other than Clancy) for the purposes of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:

- (i) any person (together with its Associates) may acquire Voting Power of 10% or more in Genesis or any controlled entity of Genesis (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act or otherwise);
- (ii) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of Genesis or any controlled entity of Genesis; or
- (iii) that person may otherwise acquire control or merge or amalgamate with Genesis or any controlled entity of Genesis.

8.2 The Conditions are conditions subsequent. Subject to Section 650G of the Corporations Act, the non-fulfilment of any of the Conditions does not prevent your acceptance of this Offer resulting in a contract to sell your Genesis Shares but entitles Clancy by a notice given to Genesis to rescind that contract.

8.3 Subject to the Corporations Act and Clause 8.4, Clancy alone is entitled to the benefit of the Conditions or to rely on the non-fulfilment of any Condition.

8.4 Subject to the Corporations Act Clancy may declare the Offers free from any of the Conditions by giving notice in writing to Genesis not more than 14 days before and not less than 7 days before the end of the Offer Period. If at the end of the Offer Period, any of the Conditions has not been fulfilled and Clancy has not declared the Offers (and they have not become) free from all the Conditions, all the contracts resulting from acceptance of the Offers are automatically void.

8.5 The date for publication of the notice under Section 630(1) of the Corporations Act is [•] 2012 (subject to extension in accordance with Section 630(2) if the Offer Period is extended under Section 650C of the Corporations Act).

9. Withdrawal of Offers

9.1 This Offer may be withdrawn by Clancy, but only with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC).

9.2 Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from Clancy given to Genesis.

9.3 Subject to any conditions imposed by ASIC on its consent, where Clancy withdraws this Offer:

- (a) this Offer, if not previously accepted, automatically becomes incapable of acceptance; and
- (b) any contract resulting from an acceptance of this Offer before the withdrawal (and for this purpose this Offer is treated as having continued in existence notwithstanding that acceptance) is automatically void.

10. Variation

Clancy may vary this Offer in accordance with the Corporations Act.

11. Clancy's Relevant Interests

At the date of this Offer, there are 79,621,128 Genesis Shares on issue. Immediately before this Offer was sent, Clancy had a Relevant Interest in 6,375,000 Genesis Shares. This constitutes 8.01% of all of the Genesis Shares on issue in Genesis.

12. No Stamp Duty

Clancy must pay all stamp duty payable on the transfer of your Genesis Shares to it if you accept this Offer.

13. Foreign Laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive Clancy Shares (if any) as Offer Consideration.

14. Governing Law

This Offer and any contract resulting from acceptance of it is governed by the law in force in NSW.

This Offer is dated [•] 2012.

Appendix B

ASX Announcement regarding intention to bid



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Australia info@clancyexploration.com

ASX / MEDIA ANNOUNCEMENT

2 April 2012

OFF-MARKET TAKEOVER OFFER FOR GENESIS RESOURCES LIMITED

Clancy Exploration Limited (ASX: CLY) today announces that it intends to make an off-market takeover offer (**Offer**) to acquire all of the ordinary shares in Genesis Resources Limited (**ASX: GES**) that it does not already hold.

CLY will offer consideration of 8.0 cents per GES ordinary share in the form of CLY shares.

The CLY shares will have an issue price equal to the volume weighted average price at which CLY shares trade on ASX over the 2 trading days prior to the date 5 trading days before despatch of the bidder's statement and Offer to GES shareholders. If the ratio had been set by reference to the closing price of CLY on 30 March 2012, GES shareholders would receive 2 CLY shares for every 1 GES share held.

The Offer does not extend to GES options but does extend to any GES shares issued upon exercise of a GES option before or during the Offer period.

CLY will apply to ASX for official quotation of the Clancy shares it issues under the Offer.

For GES shareholders who participate in the 1 for 2 non-renounceable rights issue announced by GES on 27 March 2012 (**Rights Issue**), this represents an effective price of approximately 9.75 cents per GES share held on the record date for the rights issue.¹

The Offer will be subject to a number of conditions, including a minimum acceptance condition of 90%. These conditions are set out in the Attachment.

Why GES Shareholders should accept the Offer

The Offer provides GES shareholders with an opportunity to realise their investment in GES at a price that represents:

- a 17.65% premium to the closing share price of GES shares on ASX on 30 March 2012; and
- a 53.85% premium to the volume weighted average price at which GES shares traded on the ASX over the last 20 days on which GES shares traded²; and
- a 77.78% premium to the proposed issue price of 4.5 cents under the non-renounceable pro rata rights offer announced by GES on 27 March 2012,

in each case based on the 8.0 cent bid.

The bid also allows GES shareholders to continue to enjoy the benefits of exploration upside from the GES projects by receiving shares in CLY. Based on the CLY closing share price on 30 March 2012 assuming successful completion of the offer and GES completing its rights issue, GES shareholders would hold 49.2% of the issued capital of CLY.

¹ being 8 cents for each GES share held on the record date and each additional GES rights issue share issued less 4.5 cents payable for each additional GES rights issue share subscribed by the shareholder.

² being the period 26 September 2011 to 30 March 2012

CLY believes that it has the technical expertise and access to financial resources required in order to rapidly advance the Plavica project.

Why CLY is making the Offer to GES Shareholders

CLY believes that the Offer provides it with the opportunity to build a sizeable exploration business, with a diversified portfolio of exploration tenements in Australia and Europe. The GES exploration licences in Queensland and the Northern Territory and its joint venture agreement giving it the right to earn the majority position in the Plavica gold and copper project in Macedonia, complement CLY's substantial ground position in the prospective Lachlan Fold Belt in New South Wales.

Other aspects of the Offer

The Offer is only being made to Genesis shareholders who are Australian residents. Ineligible foreign GES shareholders who accept the Offer, and GES shareholders who, if they accept the Offer, would be entitled to an unmarketable parcel of CLY shares (together Ineligible Shareholders), will not receive shares in CLY. The CLY shares held by the Ineligible Shareholders will be sold by an ASIC approved nominee and those shareholders will receive the sale proceeds less expenses.

Full details of CLY's Offer will be set out in its bidder's statement.

Next steps

CLY is presently preparing a bidder's statement which must be lodged with ASIC and ASX and served on GES by no later than 21 May 2012. The Offer is expected to be open for one month, but may be extended by CLY in accordance with the *Corporations Act 2001*.

CLY will update the market and its shareholders of any material developments that occur in relation to the Offer.

Advisors

Watson Mangioni is acting as legal advisor to CLY.

--ENDS--

Please direct enquiries to:

Gordon Barnes
 Managing Director
 Phone: +61 2 6361 1285
 Email: info@clancyexploration.com
 Web: www.clancyexploration.com

Shane Murphy
 FD
 Phone: +61 8 9386 1233
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About Clancy Exploration

Clancy Exploration (ASX: CLY) is an Australian-focused copper, gold, base metals and tin explorer. The Company's portfolio consists of copper-gold projects in the Lachlan Fold Belt of NSW, base metal and tin

projects in the Mount Read Volcanic Belt of Tasmania, Nadbuck near Broken Hill in NSW and Yalgoo, adjacent to the Golden Grove mine in Western Australia.

In NSW, Clancy has 12 wholly owned and managed projects and 7 joint venture projects which are managed by Gold Fields Australasia Pty Ltd. In Tasmania, Clancy has 2 base metal joint venture projects with Bass Metals and 2 tin joint venture projects with TNT Mines Pty Ltd (a wholly owned subsidiary of Minemakers Ltd). The Tasmanian projects are managed by Clancy's joint venture partners. This mix of Clancy and joint venture project funding allows a high level of exploration activity to be maintained, whilst prudently managing Clancy's financial resources. Details of Clancy's projects can be found at the Company's website: www.clancyexploration.com

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Conditions to the Offer

The Offer is subject to the following conditions:

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- (a) the number of GES Shares in which CLY and its Associates have a Relevant Interest at the expiry of the Offer Period is not less than 90% of the GES Shares then on issue and CLY satisfies any other requirements to effect compulsory acquisition of all outstanding GES Shares;
 - (b) except for any proposed transaction publicly announced by GES before the date of this announcement (**Announcement Date**) none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:
 - (i) GES or any controlled entity of GES acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$250,000 or makes an announcement in relation to such an acquisition, offer or agreement; or
 - (ii) GES or a controlled entity of GES enters into, offers to enter into or agrees to enter into any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue by GES and/or its controlled entities of an amount which is, in aggregate, more than \$250,000 other than in the ordinary course of business or makes an announcement in relation to such an entry, offer or agreement;
 - (iii) GES or a controlled entity of GES amends the terms of, waives any material rights under, terminates or agrees to terminate any agreement, joint venture, partnership or commitment regarding the Plavica joint venture;
 - (c) no person having, or being entitled to have, as a result of any change in control in respect of GES or any of its controlled entities, any right to:
 - (i) terminate or alter any contractual relations between any person and GES or any of its controlled entities;
 - (ii) require the sale of any interest in the Plavica joint venture or otherwise restrict the ability of GES to earn-in with respect to the Plavica joint venture,

exercises that right during the period commencing on the Announcement Date and ending on the expiry of the Offer Period or notifies GES during that period that it has or intends to exercise that right;
 - (d) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no change occurs or is announced that would reasonably be expected to adversely affect the capital structure, business, financial or trading position, future profitability, condition of assets or liabilities of GES or a controlled entity of GES in a manner which would be material in the context of GES's operations as a whole;
 - (e) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no litigation or arbitration proceedings have been or are instituted or threatened against GES or a controlled entity of GES which are material in the context of GES's operations as a whole;

- (f) during the period commencing on the Announcement Date and ending on the expiry of the Offer Period, no Governmental Agency or any other person takes any action to:
- (i) prohibit, prevent or inhibit the acquisition of, or trading in, GES Shares;
 - (ii) impose conditions on the Offer which impose unduly onerous obligations upon CLY or would materially affect the business or capital structure of GES;
 - (iii) require the divestiture by CLY of Securities or assets of any GES Group Entity,
- other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose of or in the exercise of the powers and discretions conferred on it by the Corporations Act;
- (g) none of the following happens during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate condition):
- (i) the shares of GES or any of the controlled entities of GES are converted into a larger or smaller number of shares;
 - (ii) GES or a controlled entity of GES resolves to reduce its share capital in any way;
 - (iii) GES or a controlled entity of GES:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
 - (iv) GES or a controlled entity of GES makes an issue of or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option in each case other than pursuant to the Rights Issue;
 - (v) GES or a controlled entity of GES issues or agrees to issue convertible notes;
 - (vi) GES or a controlled entity of GES disposes or agrees to dispose of the whole or a substantial part of its business or property;
 - (vii) GES or a controlled entity of GES grants or agrees to grant an Encumbrance over the whole or a substantial part of its business or property; or
 - (viii) an Insolvency Event occurs with respect to GES or a controlled entity of GES;
- (h) at all times during the period from the Announcement Date to the end of the Offer Period, GES promptly (and in any event within 2 Business Days) provides to CLY a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to GES or any controlled entity of GES or any of their respective businesses or operations that has been provided by GES or any of their respective officers, employees, advisers or agents to any person (other than CLY) for the purposes of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:

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- (i) any person (together with its Associates) may acquire Voting Power of 10% or more in GES or any controlled entity of GES (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act or otherwise);
- (ii) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of GES or any controlled entity of GES; or
- (iii) that person may otherwise acquire control or merge or amalgamate with GES or any controlled entity of GES.

Definitions

Associate has the same meaning given to that term in section 9 of the Corporations Act.

Encumbrance means:

- (a) a security interest as defined in the Personal Property Security Act, 2009 (Cth); and
- (b) an interest or power:
 - (i) reserved in or over an interest in any asset including, without limitation, any retention of title; or
 - (ii) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,
 - (iii) by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.

Insolvency Event means, in relation to a body corporate:

- (a) an order is made or an application is made for the winding up of that body corporate and that order or application is not withdrawn or set aside within 10 Business Days;
- (b) a liquidator or provisional liquidator of that body corporate is made or appointed or an application is made for the appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 10 Business Days;
- (c) an effective resolution is passed for the winding up of that body corporate or a meeting is convened for the purpose of considering any such resolution;
- (d) that body corporate is placed under any formal or informal kind of insolvency administration or a meeting is convened for the purpose of considering the appointment of an insolvency administrator;
- (e) a receiver, manager, receiver and manager or controller of the main undertaking, property or material assets of that body corporate is appointed or any step is taken for the appointment of such a receiver, manager, receiver and manager or controller or execution or distress or any other process is levied or attempted or imposed against any of the main undertaking, property or material assets of that body corporate;
- (f) that body corporate stops payment or ceases to carry on the whole or any material part of its business or threatens to do so;

- (g) an order for payment is made or judgement is entered or signed against that body corporate in an amount of not less than \$100,000 and is not satisfied, stayed or set aside within 5 Business Days;
- (h) that body corporate becomes insolvent or unable to pay its debts;
- (i) a compromise, composition or arrangement is proposed with or becomes effective in relation to the creditors or any class of creditors of that body corporate or that body corporate proposes a reorganisation, moratorium or other administrative procedure involving its creditors or any class of its creditors; or
- (j) any action is commenced to strike that body corporate's name off any register of companies.

Relevant Interest has the same meaning given to that term in sections 608 and 609 of the Corporations Act.

Rights Issue means the non-renounceable pro rata 1 for 2 offer of GES shares at an issue price of 4.5 cents per share announced by GES on 27 March 2012.

Security has the meaning as given in Section 92 of the Corporations Act.

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Appendix C Clancy ASX Announcements

Date	Announcement
16/05/2012	Increase in offer for Genesis Resources
09/05/2012	Change of Share Registry
30/04/2012	Quarterly Cashflow Report
30/04/2012	Quarterly Activities Report
26/04/2012	Notice of Annual General Meeting/Proxy Form
23/04/2012	Annual Report to shareholders

Appendix D

Genesis ASX Announcements

Date	Announcements
14/05/2012	CLY: Increase in offer for Genesis Resources
14/05/2012	Strategic Plan Update
14/05/2012	Initial Directors Interest Notice x 3
14/05/2012	Appointments of Managing and Non Executive Directors
14/05/2012	Change in Director`s Interest Notice - D. Wee
14/05/2012	Change in Director`s Interest Notice - E. Pang
11/05/2012	Top 20 Shareholders After Rights Issue
11/05/2012	Appendix 3B - Rights Issue
11/05/2012	Completion of Rights Issue
04/05/2012	Appendix 3B for Rights Issue
04/05/2012	Issue and Allotment of New Securities under Rights Issue
02/05/2012	Rights Issue Closure and Notice of Shortfall
30/04/2012	Quarterly Activities Report and Appendix 5B
17/04/2012	Change in substantial holding
12/04/2012	Completion of despatch of Offer Information Statement
11/04/2012	Notice under Section 708AA(2)(f) of Corporations Act
04/04/2012	Becoming a substantial holder from Clancy
03/04/2012	Clancy Takeover Bid - Take No Action
02/04/2012	Clancy: Off-Market Takeover Offer for Genesis Resources Limited
29/03/2012	Letter to Shareholders - Non-Renounceable Rights Issue
28/03/2012	Plavica Project-1.86 Moz gold JORC Inferred Resource defined
28/03/2012	Letter to Option Holders
28/03/2012	Appendix 3B - Non-Renounceable Rights Issue
28/03/2012	Non-Renounceable Rights Issue Offer Information Statement
27/03/2012	Becoming a substantial holder
27/03/2012	Non-Renounceable Rights Issue
19/03/2012	Final Director`s Interest Notice
19/03/2012	Director Appointment/Resignation
15/03/2012	Half Yearly Report and Accounts
31/01/2012	Second Quarter Activities and Cashflow Report
19/12/2011	Plavica Project - Additional Drilling Results

17/11/2011	Results of Meeting
17/11/2011	2011 AGM Presentation
17/11/2011	Chairman`s Address to Shareholders
17/11/2011	Plavica Project - Excellent Drilling Results
31/10/2011	Quarterly Activities Report and Appendix 5B
27/10/2011	Appendix 3B - Release of shares from escrow
19/10/2011	Notice of Annual General Meeting/Proxy Form
03/10/2011	Release of shares from escrow
27/09/2011	Annual Report to shareholders

Appendix E
Paterson letter of support

PRIVATE & CONFIDENTIAL



16 May 2012

Mr Mike Etheridge
Non-Executive Chairman
Clancy Exploration Limited
33 Leawood Drive
ORANGE NSW 2800

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E: sydneycorporate@psl.com.au

Via email: Mike.Etheridge@tectonex.com.au (1 page)

Dear Mr Etheridge

**CLANCY EXPLORATION LIMITED ("CLANCY", "CLY" or "the Company")
- Letter of Confidence for a Capital Raising to support a Takeover Bid**

This letter is in support of Clancy Exploration Limited and their intended takeover bid for Genesis Resources Limited ("Genesis", "GES" or "the target") via an intended off-market takeover bid and any subsequent requirement for ongoing funding of the Company.

Patersons Securities Limited ("Patersons") has been retained as an advisor to Clancy and understands that the Company intends on lodging a Bidder's Statement on or around Wednesday 16 May 2012. Accordingly, Clancy is now seeking support for any future requirements of capital to support ongoing exploration and development funding both during and after the Bid process.

Patersons advises that should Clancy be successful in the off-market takeover bid for Genesis, Patersons confirms its interest in completing a capital raising to sufficiently support the Company for the coming 12-24 months and the intended exploration and development of the Company's existing and new projects. The capital raising would be subject to Patersons internal due diligence process and agreement on terms and structure of any capital raising including pricing, timing and any other pertinent requirements for any offer to proceed. It is envisaged that the proceeds of the capital raising will be used to complete exploration drilling, increased resource definition and ongoing working capital.

Should Clancy be successful in the bid, Patersons would subsequently be appointed as Joint Lead Manager (at a minimum) to the capital raising. If for any reason Patersons is not satisfied with the due diligence findings or unable to reach mutually agreeable terms with Clancy, we shall be entitled to withdraw from any funding arrangements with the Company without providing any reasons for our withdrawal, and without penalty or any liability or obligations whatsoever to the Company or any other party.

From our initial discussions we are enthusiastic about the potential of the takeover, the value we believe it will add to the Clancy investment proposition and believe it would be well received by our investor base and we look forward to the opportunity to work together in the future.

Yours sincerely

PATERSONS SECURITIES LIMITED

RAY SHORROCKS
Director – Corporate Finance, Head of Sydney
Representative

JONATHAN PEARCE
Associate Director – Corporate Finance
Representative

WESTERN AUSTRALIA VICTORIA NEW SOUTH WALES QUEENSLAND NORTHERN TERRITORY AUSTRALIAN CAPITAL TERRITORY SOUTH AUSTRALIA

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