



**NOTICE OF GENERAL MEETING AND
EXPLANATORY STATEMENT**

**For the General Meeting to be held on
Friday 22nd January 2010 at 10.00am (WST) at the
Amberley Board Room, Level 3, 1060 Hay Street, West Perth WA 6005, Australia.**

As this is an important document, please read it carefully.

***If you are unable to attend the General Meeting, please complete
the proxy form enclosed and return it in accordance with the
instructions set out on that form.***

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The General Meeting of the shareholders of Clancy Exploration Limited ("Clancy" or the "Company") will be held at:

**Amberley Board Room
Level 3, 1060 Hay Street, West Perth
Western Australia, AUSTRALIA**

Commencing at 10.00am (WST) on Friday 22nd January 2010

How to Vote

You may vote by attending the meeting in person, by proxy or corporate representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (08) 9321 0320 (International: + 61 8 9321 0320); or
- deliver the proxy to the registered office of the Company at Suite 4, 6 Richardson Street, West Perth WA 6005, Australia; or
- mail the proxy to PO Box 1675, West Perth, WA, 6872, Australia;

so it is received not later than 10.00am (WST) on 20th January 2010.

Your proxy form is enclosed.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed.

NOTES:

1. A shareholder of the Company who is entitled to attend and vote at a general meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of the Corporations Act, the Directors have set a snapshot time and date to determine the identity of those entitled to attend and vote at the General Meeting. The snapshot time and date is 5.00pm (WST) on 20th January 2010.

CLANCY EXPLORATION LIMITED

ACN 105 578 756

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of Clancy Exploration Limited ("Clancy" or the "Company") will be held at the Amberley Board Room at Level 3, 1060 Hay Street, West Perth, WA 6005, Australia, at 10.00am (WST) on Friday 22nd January 2010.

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered as ordinary business and special business. Certain abbreviations and other defined terms are used throughout this Notice. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in the Glossary contained in the Explanatory Statement.

ORDINARY BUSINESS

Resolution 1: Ratify Previous Issue of 2,200,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 28 August 2009 of a total of 2,200,000 Shares at a deemed issue price of \$0.15 per Share, further details of which are set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Short Explanation: The Company may issue no more than that number of securities that equates to 15% of its issued capital in any year without shareholder approval.

Resolution 2: Ratify Previous Grant of 1,000,000 Western Plains Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the grant on 28 August 2009 of a total of 1,000,000 options to acquire Shares, each with an exercise price of \$0.20 and expiring on 30 September 2011 ("Western Plains Options") at a deemed issue price of \$0.04 per Western Plains Option, further details of which are set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Short Explanation: The Company may issue no more than that number of securities that equates to 15% of its issued capital in any year without Shareholder approval.

Resolution 3: Ratify Previous Issue of 1,750,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 28 August 2009 of a total of 1,750,000 Shares at a deemed issue price of \$0.12 per Share, further details of which are set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy

decides.

Short Explanation: The Company may issue no more than that number of securities that equates to 15% of its issued capital in any year without shareholder approval.

Resolution 4: Ratify Previous Grant of 2,350,000 Options to Officers and Consultants

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the grant on 13 August 2009 of a total of 2,350,000 options to acquire Shares, each with an exercise price of \$0.175 and expiring on 10 August 2013 ("Officers and Consultants Options"), further details of which are set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Short Explanation: The Company may issue no more than that number of securities that equates to 15% of its issued capital in any year without Shareholder approval.

Resolution 5: Ratify Previous Issue of 4,300,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 2 December 2009 of a total of 4,300,000 Shares at an issue price of \$0.13 per Share, further details of which are set out in the Explanatory Statement."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Short Explanation: The Company may issue no more than that number of securities that equate to 15% of its issued capital in any year without Shareholder approval.

Resolution 6: Approval of Grant of Director Options to Mr Mark Stewart or His Nominee

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11 and for all other purposes, the Directors be authorised to grant to Mr Mark Stewart or his nominee 1,000,000 Director Options for no consideration, each Option having an exercise price of 19.5 cents and an expiry date of 31 December 2013 and otherwise granted on the terms and conditions set out in the Explanatory Statement (including Annexure C to the Explanatory Statement)."

The Company will, in accordance with Listing Rule 10.14 of the Corporations Act, disregard any votes cast on this resolution by Mark Stewart and any associate of Mark Stewart. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mark Stewart or an associate of Mark Stewart.

Short Explanation: Unless certain exceptions apply (none of which are relevant here), the Company must not issue securities or give any financial benefit to a related party without Shareholder approval.

Resolution 7: Approval of Grant of Director Options to Dr A James Macdonald or His Nominee

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.1, sections 195 and 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant to Dr A James Macdonald or his nominee 400,000 Director Options for no consideration, each Option having an exercise price of 19.5 cents and an expiry date of 31 December 2013 and otherwise granted on the terms and conditions set out in the Explanatory Statement (including Annexure C to the Explanatory Statement)."

The Company will, in accordance with Listing Rule 10.14 and section 224 of the Corporations Act, disregard any votes cast on this resolution by A. James Macdonald and any associate of A. James Macdonald. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution

and it is not cast on behalf of A.James Macdonald or an associate of A.James Macdonald.

Short Explanation: Unless certain exceptions apply (none of which are relevant here), the Company must not issue securities or give any financial benefit to a related party without Shareholder approval.

Resolution 8: Approval of Grant of Director Options to Mr Mark Lester or His Nominee

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11, sections 195 and 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant to Mr Mark Lester or his nominee 250,000 Director Options for no consideration, each Option having an exercise price of 19.5 cents and an expiry date of 31 December 2013 and otherwise granted on the terms and conditions set out in the Explanatory Statement (including Annexure C to the Explanatory Statement)."

The Company will, in accordance with Listing Rule 10.14 and section 224 of the Corporations Act, disregard any votes cast on this resolution by Mark Lester and any associate of Mark Lester. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mark Lester or an associate of Mark Lester.

Short Explanation: Unless certain exceptions apply (none of which are relevant here), the Company must not issue securities or give any financial benefit to a related party without Shareholder approval.

Resolution 9: Approve the Issue of Securities under Employee Share Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Exception 9(b) in Listing Rule 7.2 and for all other purposes, the shareholders of the Company approve the issue of securities under the Employee Share Option Plan as detailed in the Explanatory Statement."

The Company will disregard any votes cast on resolution 9 by a director of the entity and any associate of a director of the entity. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Short Explanation: The Company may issue no more than that number of securities that equate to 15% of its issued capital in any year without Shareholder approval.

DATED THIS 7TH DAY OF DECEMBER 2009

BY ORDER OF THE BOARD



Mr Rowan Caren
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

Certain abbreviations and other defined terms are used throughout this Explanatory Statement. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in the Glossary contained in this Explanatory Statement.

This Explanatory Statement has been prepared for the shareholders of Clancy in connection with the General Meeting of the Company to be held on Friday 22nd January 2010.

1. RESOLUTION 1 - RATIFY PREVIOUS ISSUE OF SHARES

1.1 Background

On 28th August 2009, the Company announced to ASX that it had issued a total of 2,200,000 Shares at \$0.15 per Share ("WP Shares") as consideration for the acquisition of a number of tenements from Western Plains Resources Ltd (ASX: WPG). The tenements contain several A-Class Targets in the Lachlan Fold Belt in New South Wales. The Shares are subject to voluntary escrow restrictions until 24 August 2010.

Subject to certain exceptions, none of which are relevant here, the Directors are restricted by Listing Rule 7.1 from issuing or agreeing to issue new securities in the Company in any 12 month period, which amount to more than 15% of the Company's ordinary securities on issue without Shareholder approval ("15% Limit).

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% Limit. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to 15% of the issued capital of the company without requiring shareholder approval.

Pursuant to section 708 of the Corporations Act, the offer of the Shares to Western Plains did not require the issue of a prospectus as they were made either to professional investors under section 708(11) of the Corporations Act, sophisticated investors under section 708(8) of the Corporations Act or as personal offers under section 708(1) of the Corporations Act.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

The number of Shares issued to Western Plains represents approximately 3.35% of the Company's share capital on issue immediately prior to the issue of the Shares. This previous issue did not breach the 15% Limit .

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) A total of 2,200,000 Shares were allotted.
- (b) The Shares were issued as consideration for the acquisition of tenements from Western Plains Resources Limited.
- (c) The Shares are fully paid ordinary shares that rank equally in all respect with existing Shares, the terms of which are already in the public domain.
- (d) The Shares were allotted to Western Plains Resources Limited
- (e) The allottee is not a related party to the Company or its associates.
- (f) No funds were raised from the issue.

1.2 Directors' Recommendation

If Resolution 1 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 - RATIFY PREVIOUS GRANT OF 1,000,000 WESTERN PLAINS OPTIONS

2.1 Background

On 28 August 2009, the Company announced to ASX that it had granted a total of 1,000,000 Western Plains Options to acquire Shares at an exercise price of \$0.20 per Share by no later than 30 September 2011. The Western Plains Options are subject to voluntary escrow restrictions until 24 August 2010.

The Western Plains Options were granted as consideration for the acquisition of a number of tenements from Western Plains Resources Ltd (ASX: WPG). The tenements contain several A-Class Targets in the Lachlan Fold Belt in New South Wales. No funds were raised by the issue.

Pursuant to section 708 of the Corporations Act, the offer of the Western Plains Options did not require the issue of a prospectus as they were made either to professional investors under section 708(11) of the Corporations Act, sophisticated investors under section 708(8) of the Corporations Act or as personal offers under section 708(1) of the Corporations Act.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

The number of securities issued represents approximately 1.52% of the Company's share capital on issue immediately prior to the issue of the Western Plains Options. This previous issue did not breach the 15% Limit.

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) A total of 1,250,000 Western Plains Options were granted.
- (b) The Western Plains Options were issued to Western Plains Resources Limited pursuant to the acquisition of tenements from Western Plains Resources Limited.
- (c) The Western Plains Options do not entitle the holder to voting rights. Shares issued upon any exercise of the Western Plains Options will be fully paid ordinary shares that rank equally in all respect with existing Shares, the terms of which are already in the public domain.
- (d) The allottee is not a related party to the Company or its associates.
- (e) The main terms of the Western Plains Options are set out in Annexure A to this Explanatory Statement.
- (f) No funds were raised from the issue.

2.2 Directors' Recommendation

If Resolution 2 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 - RATIFY PREVIOUS ISSUE OF SHARES

3.1 Background

On 28th August 2009, the Company announced to ASX that it had issued a total of 1,750,000 Shares at \$0.12 per Share ("**Calibre Shares**") as consideration for the acquisition of rights relating to a number of tenements from Calibre Mining Corp (TSX-V: CXB). The tenements contain several A-Class Targets in the Lachlan Fold Belt in New South Wales. The Shares are subject to voluntary escrow restrictions until 27 August 2010.

Subject to certain exceptions, none of which are relevant here, the Directors are restricted by Listing Rule 7.1 from issuing or agreeing to issue new securities in the Company in any 12 month period, which amount to more than 15% of the Company's ordinary securities on issue without Shareholder approval ("15% Limit").

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% Limit. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to 15% of the issued capital of the company without requiring shareholder approval.

Pursuant to section 708 of the Corporations Act, the offer of the Shares to Calibre Mining did not require the issue of a prospectus as they were made either to professional investors under section 708(11) of the Corporations Act, sophisticated investors under section 708(8) of the Corporations Act or as personal offers under section 708(1) of the Corporations Act.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

The number of Shares issued to Calibre Mining represents approximately 2.74% of the Company's share capital on issue immediately prior to the issue of the Shares. This previous issue did not breach the 15% Limit .

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) A total of 1,750,000 Shares were allotted.
- (b) The Shares were issued as consideration for the acquisition of tenements from Calibre Mining Corp.
- (c) The Shares are fully paid ordinary shares that rank equally in all respect with existing Shares, the terms of which are already in the public domain.
- (d) The Shares were allotted to Calibre Mining Corp.
- (e) The allottee is not a related party to the Company or its associates.
- (f) No funds were raised from the issue.

3.2 Directors' Recommendation

If Resolution 3 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 - RATIFY PREVIOUS GRANT OF 2,350,000 OFFICER OPTIONS TO EMPLOYEES AND CONSULTANTS

4.1 Background

On 13 August 2009, the Company announced to ASX that it had granted a total of 2,350,000 Officer Options to acquire Shares at an exercise price of \$0.175 per Share by no later than 10 August 2013.

The Officer Options were granted to employees and consultants of the Company as part of their remuneration packages.

Pursuant to section 708 of the Corporations Act, the offer of the Officer Options did not require the issue of a prospectus as they were made either to professional investors under section 708(11) of the Corporations Act, sophisticated investors under section 708(8) of the Corporations Act, people associated with the Company under s708(12) of the Corporations Act or as personal offers under section 708(1) of the Corporations Act.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

The number of securities issued represents approximately 3.68% of the Company's share capital on issue immediately prior to the issue of the Officer Options. This previous issue did not breach the 15% Limit.

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) A total of 2,350,000 Officer Options were granted.
- (b) The Officer Options were issued to employees and consultants pursuant to remuneration arrangements, as follows:

Name	Number of Officer Options
Gordon Barnes	500,000
Jeff Vassallo	700,000
David Ward	350,000
Margus Madissoo	300,000
Rowan Caren	200,000
Gavin Doig	200,000
Tamara Ziere	50,000
Jean Anderson	50,000
	2,350,000

- (c) The Officer Options do not entitle the holder to voting rights. Shares issued upon any exercise of the Officer Options will be fully paid ordinary shares that rank equally in all respect with existing Shares.
- (d) The allottees are not related parties to the Company or its associates.
- (e) The main terms of the Officer Options are set out in Annexure B to this Explanatory Statement.
- (f) No funds were raised from the issue.
- (g) None of the Officer Options were issued to related parties or any other parties considered by ASX to require shareholder approval for the purposes of Listing Rule 10.11.

4.2 Directors' Recommendation

If Resolution 4 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5 – RATIFY PREVIOUS ISSUE OF 4,300,000 SHARES

5.1 Background

On 25 November 2009, the Company announced that it intended to issue a total of 4,300,000 Shares at \$0.13 per Share raising gross funds of \$559,000. The shares were allotted on 2 December 2009.

Subject to certain exceptions, none of which are relevant here, the Directors are restricted by Listing Rule 7.1 from issuing or agreeing to issue new securities in the Company in any 12 month period, which amount to more than 15% of the Company's ordinary securities on issue without Shareholder approval ("**15% Limit**").

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to 15% of the issued capital of the company without requiring Shareholder approval.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

The number of Shares issued represents approximately 6.34% of the Company's share capital on issue immediately prior to the issue of the placement Shares. This previous issue did not breach the 15% threshold set by Listing Rule 7.1.

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) A total of 4,300,000 Shares were allotted.
- (b) The Shares were issued for \$0.13 per Share.
- (c) The Shares are fully paid ordinary shares that rank equally in all respect with existing Shares, the terms of which are already in the public domain.
- (d) The shares were allotted to Minc Wealth Management Pty Limited
- (e) None of the allottees are related parties to the Company or its associates.
- (f) The funds raised by the issue of the Shares the subject of Resolution 5 have and will be used to fund further development of the Company's Lachlan Fold Belt exploration programs and for working capital.

5.2 Directors' Recommendation

If Resolution 5 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 5.

6. RESOLUTIONS 6 TO 8 – APPROVAL OF GRANT OF DIRECTOR OPTIONS TO DIRECTORS OR THEIR RESPECTIVE NOMINEES

6.1 Requirements under the Corporations Act and Listing Rules

The Company proposes to grant a total of 1,650,000 Director Options (each with an exercise price of 19.5 cents and an expiry date of 31 December 2013) to Messrs Stewart, Macdonald and Lester, or their respective nominees. The terms of the Director Options are set out in Annexure C to this Explanatory Statement.

The Director Options will be granted as follows:

Director	No of Director Options
Mark Stewart, or his nominee(s)	1,000,000
A.James Macdonald, or his nominee(s)	400,000
Mark Lester, or his nominee(s)	250,000
Total	1,650,000

The grant of Director Options encourages the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances it is considered that the incentives intended for the Directors represented by the grant of these Director Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Director Options to be granted to each of the Directors has been determined based upon a consideration of:

- the remuneration of the Directors;
- the Directors wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Director Options to be granted will ensure that the Directors' overall remuneration is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

Shareholders should note that for the reasons noted above, it is proposed to grant Director Options to Messrs Macdonald and Lester notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 2nd ed* ("**Principles**") which states that non-executive directors should not receive options.

In the event the Director Options are exercised, the following amounts will need to be paid to the Company by the Directors:

Director	Amount to be paid upon option exercise (\$)
Mark Stewart	195,000
A James Macdonald	78,000
Mark Lester	48,750
Total	321,750

The Company will therefore receive \$321,750 from the Directors should all the Director Options granted under Resolutions 6 to 8 be exercised.

6.2 Listing Rule 10.11

Resolutions 6 to 8 are required by Listing Rule 7.1. Listing Rule 7.1 provides generally that a company may not issue securities equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval. Listing Rule 10.11 requires Shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Director Options to the Directors.

The following information in relation to the Director Options to be granted pursuant to Resolutions 6 to 8 is provided to Shareholders for the purposes of Listing Rule 10.13:

- the Director Options will be granted to the Directors, or their nominees, as noted above;
- the maximum number of Director Options to be granted under Resolutions 6 to 8 is 1,650,000;
- the Director Options will be allotted and granted on a date which will be no later than 1 month after the date of this meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;

- (d) the Director Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Director Options; and
- (f) the terms and conditions of the Director Options are set out in Annexure C to this Explanatory Statement.

If approval is given for the grant of the Director Options under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

6.3 Chapter 2E of the Corporations Act 2001

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Directors is a related party of the Company.

Resolution 6 provides for the grant of Director Options to Mark Stewart, the Company's only executive Director. The Company's remuneration committee, of which he is not a member, has recommended and the Board without Mark Stewart in attendance, has resolved, that the proposed issue of 1,000,000 Director Options constitute part of his reasonable remuneration and as such, fall within one of the permitted exceptions to the prohibition on the Company giving a financial benefit to a related party of the Company.

Accordingly, shareholder approval is not sought for the purposes of Chapter 2E of the Corporations Act in relation to the proposed issue of Director Options to Mark Stewart.

Resolutions 7 and 8 provide for the grant of Director Options to the non –executive Directors James Macdonald and Mark Lester who are also members of the Company's remuneration committee, and therefore not in a position to consider or conclude whether or not the proposed issue of Director Options to each of them are financial benefits forming part of their reasonable remuneration. Accordingly, shareholder approval is sought for the purposes of Chapter 2E of the Corporations Act in relation to the proposed issue of Director Options to the non-executive Directors of the Company.

Resolutions 7 and 8 are also put to Shareholders pursuant to section 195 of the Corporations Act. This section permits the Directors to seek Shareholder approval to a given matter where a majority of Directors have a material personal interest in a matter being considered by the Board and there are not sufficient remaining independent Directors to consider the resolution. Since a majority of the Directors are materially interested in Resolutions 7 and 8, and there is no ability of the Board to form a quorum to consider the substance of Resolutions 7 and 8, Shareholder approval is being sought for the purpose of section 195 of the Corporations Act. The Directors have not, as a Board, considered these resolutions except for the purposes of convening the meeting of Shareholders.

6.4 Current Holdings

Set out below are details of each of the Directors' relevant interest in Shares as at the date of this Notice. For the sake of completeness this information is also included in relation to Mark Stewart:

Director	No of Shares	No of Options expiring 30 April 2010 exercisable at 20 cents	No of Options expiring 30 April 2010 exercisable at 30 cents	No of Options expiring 30 April 2010 exercisable at 40 cents
Mark Stewart	600,158 ¹	500,000	250,000 ¹	250,000 ¹
A James Macdonald	312,500	250,000	-	-
Mark Lester	62,500 ²	200,000 ²	-	-
Total	975,158	950,000	250,000	250,000

Notes:

1. 600,158 Shares, 250,000 Options exercisable at 30 cents by 30 April 2010 and 250,000 Options exercisable at 40 cents by 30 April 2010 held by Mark Stewart as trustee for the Stewart Family Trust, of which Mr Stewart is a beneficiary.
2. 31,250 Shares held by Lester Family Investments Pty Ltd, of which Mr Lester is a director and shareholder, and 31,250 Shares and 200,000 Options exercisable at 20 cents by 30 April 2010 held by MAL Super Fund Pty Ltd, of which Mr Lester is a director and shareholder, as trustee for the MAL Super Fund, of which Mr Lester is a beneficiary.

6.5 Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

(a) The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Subject to Shareholder approval, the following maximum number of Director Options will be granted to the following related parties, or their respective nominees:

Director	No of Director Options
A James Macdonald, or his nominee(s)	400,000
Mark Lester, or his nominee(s)	250,000
Total	650,000

(b) The nature of the financial benefit

The proposed financial benefit to be given is the grant of Director Options for no consideration to the Directors as noted above.

(c) Directors' recommendation

Each of James Macdonald and Mark Lester decline to make a recommendation to Shareholders in relation to Resolutions 7 and 8 respectively because they have a material personal interest in the outcome of Resolutions 7 and 8 respectively. The remaining Director, Mark Stewart, who does not have a material personal interest in the outcome of Resolutions 7 or 8 recommends that Shareholders vote in favour of Resolutions 7 and 8 because the proposed grant of Options provides an incentive to James Macdonald and Mark Lester in their performance as non executive Directors. Mr Stewart considers that the grant of the proposed Options will provide an incentive to increase the value of the Company and its securities for the benefit of all Shareholders.

(d) Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

The proposed ordinary Resolutions 7 and 8 would have the effect of giving power to the Directors to grant a total of 1,650,000 Director Options on the terms and conditions as set out in Annexure C to this Explanatory Statement and as otherwise mentioned above, taking into account the Director Options the subject of Resolution 6.

The Company currently has 72,173,548 quoted Shares and the following unquoted Options on issue:

Number	Exercise Price	Expiry Date
2,100,000	\$0.20	30 April 2010
500,000	\$0.30	30 April 2010
500,000	\$0.40	30 April 2010
2,000,000	\$0.20	10 July 2011
2,250,000	\$0.20	30 September 2011
2,350,000	\$.175	10 August 2013

If all Director Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the share holding of existing Shareholders by 2.29%. The market price of the Company's Shares during the period of the Director Options will normally determine whether or

not the Directors exercise the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Director Options.

The Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the grant of the Director Options the subject of Resolutions 6 to 8 are as follows. For the sake of completeness this information is also included in relation to Mark Stewart:

Director	Fees & Salary p.a. (\$)	Value of Director options (\$)	Total Financial Benefit (\$)
Mark Stewart	233,260	83,830	317,090
A James Macdonald	43,600	33,532	77,132
Mark Lester	26,160	20,957	47,117

The indicative option valuation of 8.383 cents is a theoretical valuation of each option using the Binomial Model. Options issued in prior periods have been fully expensed.

(e) Valuation of Director Options

The Company has valued the Director Options to be granted to the Directors using the Binomial Model. The value of an option calculated by the Binomial Model is a function of a number of variables. The valuation of the Director Options has been prepared using the following assumptions:

Variable	Input
Share price 4 December 2009	15 cents
Exercise price	19.5 cents
Risk Free Interest Rate	3.75%
Volatility	81%
Time (years to expiry)	4

The Company has calculated the value of each option based on the following assumptions:

1. It based the underlying value of each share in the Company on the Australian Securities Exchange closing price of 15 cents on 4 December 2009;
2. Risk free rate of return – 3.75% pa (estimated, based on the overnight money market interest rate targeted by the Reserve Bank of Australia as at 4 December 2009);
3. It used a volatility of the share price of 81% as determined from the monthly movements in share price over the last 2.5 years, adjusted for abnormal trading.

Based on the assumptions, it is considered that the estimated average value of the Director Options to be granted to the Directors is 8.383 cents per Director Option.

Any change in the variables applied in the Binomial calculation between the date of the valuation and the date the Director Options are granted would have an impact on their value.

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 4 December 2009;

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price (cents) / Date
19.5 cents (16 September 2009)	5.5 cents (17 December 2008)	15 cents (4 December 2009)

(f) Other Information

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Director Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Director Options pursuant to Resolutions 6 to 8.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions.

7. RESOLUTION 9 – APPROVE ISSUE OF SECURITIES UNDER EMPLOYEE SHARE OPTION PLAN

7.1 Background

The Company proposes to adopt an Employee Share Option Plan (“Plan”), pursuant to which the Company can issue Options to eligible employees and consultants in order to provide them with an incentive to deliver growth and value to all Shareholders. A complete copy of the Plan is available free of charge on request.

Shareholder approval is sought for the issue of the Options to eligible participants of the Company for the purposes of Exception 9(b) of Listing Rule 7.2. If approval is given, Options issued under the Plan will be exempt from counting towards the 15% of the issued capital of the Company that can be issued in any 12 month period without Shareholders’ approval under Listing Rule 7.1.

7.2 Summary of the Plan

The Board introduced the Plan for the purpose of providing eligible participants with an additional incentive to work to improve the performance of the Company, attracting and retaining personnel essential for the continued growth and development of the Company, promoting and fostering loyalty and support amongst Company personnel for the benefit of the Company and enhancing the relationship between the Company and participants for the long term mutual benefit of all parties.

The Plan satisfies certain ASIC class order conditions, relieving the Company from the obligation to issue a prospectus for the offer of Options to eligible participants other than consultants under the Plan. Any issue of Options to consultants will require disclosure by the issue of a prospectus unless one of the exclusions in section 708 Corporations Act applies.

Each Option entitles the holder, on exercise, to one Share in the Company.

Shares issued on exercise of Options will rank equally with other Shares of the Company.

An Option may only be exercised after that Option has vested, if any vesting conditions are imposed, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.

The Exercise Price of each Option issued under the Plan will be determined by the Board when it resolves to offer the Options, and will be not less than 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the day of the announcement of the issue of Options by the Board.

The expiry date of an Option will be determined by the Board, and will be no later than 5 years after the date of issue.

An Option will lapse immediately upon the first to occur of its expiry date or the holder acting fraudulently or dishonestly in relation to the Company.

An Option will lapse 6 months after a participant’s death, permanent illness or physical or mental incapacity or a participant’s redundancy or termination of consulting contract initiated by the company, other than as a direct result of a sale of the Company.

An Option will lapse 30 days after the voluntary resignation of the employee or voluntary termination of the consultancy contract or following any person or corporation having a relevant interest in not less than 90% of the Company’s shares.

An Option will lapse 10 days after the Company issuing a notice of meeting convening a meeting of Shareholders in order to enter into a Scheme of Arrangement which, if implemented, would result in a person or corporation having a relevant interest in not less than 90% of the Company’s Shares.

If the Company enters into a scheme of arrangement, a takeover bid is made for the Company’s Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.

Options may not be transferred other than to a nominee of the participant. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options, unless the Options have been exercised.

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

As at the date of this Meeting, no Options have been issued under the Plan.

7.2 Directors' Recommendation

If Resolution 9 is passed, Options issued under the Plan will be exempt from counting towards the 15% of the issued capital of the Company that can be issued in any 12 month period without Shareholders' approval under Listing Rule 7.1. The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 9 as it allows the Company to incentivise, attract and retain personnel essential for the continued growth and development of the Company

8. ENQUIRIES

Shareholders are invited to contact the Company Secretary, Rowan Caren on (08) 9226 0085 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

"**ASX**" means ASX Limited;

"**Board**" means the board of Directors;

"**Company**" or "**Clancy**" means Clancy Exploration Limited ACN 105 578 756;

"**Constitution**" means the Company's Constitution;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Directors**" means the directors of the Company;

"**Director Option**" means an option to acquire a Share at an exercise price of \$0.195 expiring 31 December 2013 granted on the terms in Annexure C;

"**Listing Rules**" means the Listing Rules of ASX;

"**Notice**", "**Notice of Meeting**" or "**Notice of General Meeting**" means the notice of meeting which accompanies this Explanatory Statement;

"**Officer Option**" means an option to acquire a Share at an exercise price of \$0.175 expiring 10 August 2013 granted on the terms in Annexure B;

"**Shareholders**" means the holders of the Shares;

"**Shares**" means fully paid ordinary shares in the Company; and

"**Western Plains Option**" means an option to acquire a Share at an exercise price of \$0.20 expiring 30 September 2011 granted on the terms in Annexure A;

"**WST**" means Australian Western Standard Time.

ANNEXURE "A"

The Western Plains Options entitle the holder, or his nominee, to subscribe for ordinary fully paid shares in the Company at the designated exercise price per share on the following terms:

- (i) Each Western Plains Option entitles the holder to one share at an exercise price of \$0.20 per share ("Exercise Price").
 - (ii) The Western Plains Options shall lapse at 4.00p.m. Western Standard Time on 30 September 2011.
 - (iii) The Western Plains Options shall be exercisable wholly or in part by notice in writing to the Company at any time until the expiry date and upon payment of the designated exercise price per option.
 - (iv) There are no participating rights or entitlements inherent in these Western Plains Options and holders of Western Plains Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Western Plains Options.
 - (v) Shares issued on the exercise of the Western Plains Options will rank pari passu with the then existing issued ordinary Shares.
 - (vi) The Company will not apply to ASX for Official Quotation of the Western Plains Options. The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Western Plains Options listed for Official Quotation, subject to the Company remaining as listed on ASX.
 - (vii) In the event of any re-organisation of capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
 - (viii) The Western Plains Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Western Plains Options.
 - (ix) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Western Plains Options may be reduced according to the following formula:
$$O' = \frac{O - \frac{E[P - (S + D)]}{N + 1}}$$

O' = the new exercise price of the Western Plains Option.
O = the old exercise price of the Western Plains Option.
E = the number of underlying securities in the Company into which one option is exercisable.
P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.
S = the Subscription price for a security under the pro rata issue.
D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).
N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.
 - x) The number of Shares to be issued pursuant to the exercise of Western Plains Options will be adjusted for bonus issues made prior to exercise of Western Plains Options. The effect will be that upon exercise of the Western Plains Options the number of Shares received by the holder of the Western Plains Options ("Option Holder") will include the number of bonus Shares that would have been issued if the Western Plains Options had been exercised prior to the record date for the bonus issue. The exercise price of the Western Plains Options shall not change as result of any such bonus issue. The Company shall notify each Option Holder and ASX, subject to the Company being a company listed on ASX, within one (1) month after the record date for a pro-rata bonus issue of the adjustment to the number of Shares over which the Option exists.
-

ANNEXURE “B”

The Officer Options will entitle the holder, or his/her nominee, to subscribe for ordinary fully paid shares in the Company at the designated exercise price per share on the following terms:

- (i) Each Officer Option entitles the holder to one share at an exercise price of 17.5 cents (“Exercise Price”).
 - (ii) The Officer Options shall lapse at 5.00p.m. Western Standard Time on 10 August 2013 (“Expiry Date”).
 - (iii) The Officer Options shall be exercisable wholly or in part (in parcels of not less than 50,000 options) by notice in writing to the Company at any time until the expiry date and upon payment of the designated exercise price per option.
 - (iv) There are no participating rights or entitlements inherent in these Officer Options and holders of Officer Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Officer Options.
 - (v) Shares issued on the exercise of the Officer Options will rank pari passu with the then existing issued ordinary Shares.
 - (vi) The Company will not apply to ASX for Official Quotation of the Officer Options. The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Officer Options listed for Official Quotation, subject to the Company remaining as listed on ASX.
 - (vii) In the event of any re-organisation of capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
 - (viii) The Officer Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Incentive Options.
 - (ix) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Incentive Options may be reduced in accordance with the Listing Rules (6.22)
 - (x) The number of Shares to be issued pursuant to the exercise of Officer Options will be adjusted for bonus issues made prior to exercise of Officer Options in accordance with the Listing Rules (6.22)
 - (xi) Officer Options are not transferable.
 - (xii) If the holder resigns his/her position voluntarily prior to the Expiry Date, the holder must exercise any remaining Officer Options within 30 days after the resignation date, failing which they will be cancelled.
 - (xiii) If the holder’s position is terminated by the Company for reasons of serious misconduct prior to the Expiry Date, any remaining Officer Options held by the terminated holder will be cancelled immediately.
-

ANNEXURE “C”

The Director Options will entitle the holder, or his/her nominee, to subscribe for ordinary fully paid shares in the Company at the designated exercise price per share on the following terms:

- (i) Each Director Option entitles the holder to one share at an exercise price of 19.5 cents (“Exercise Price”).
 - (ii) The Director Options shall lapse at 5.00p.m. Western Standard Time on 31 December 2013 (“Expiry Date”).
 - (iii) The Director Options shall be exercisable wholly or in part (in parcels of not less than 50,000 options) by notice in writing to the Company at any time until the expiry date and upon payment of the designated exercise price per option.
 - (iv) There are no participating rights or entitlements inherent in these Director Options and holders of Director Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Director Options.
 - (v) Shares issued on the exercise of the Director Options will rank *pari passu* with the then existing issued ordinary Shares.
 - (vi) The Company will not apply to ASX for Official Quotation of the Director Options. The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Director Options listed for Official Quotation, subject to the Company remaining as listed on ASX.
 - (vii) In the event of any re-organisation of capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
 - (viii) The Director Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Incentive Options.
 - (ix) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Incentive Options may be reduced in accordance with the Listing Rules (6.22)
 - (x) The number of Shares to be issued pursuant to the exercise of Director Options will be adjusted for bonus issues made prior to exercise of Director Options in accordance with the Listing Rules (6.22)
 - (xi) Director Options are not transferable.
 - (xii) If the holder resigns his/her position voluntarily prior to the Expiry Date, the holder must exercise any remaining Director Options within 30 days after the resignation date, failing which they may be cancelled at the discretion of the Board.
 - (xiii) If the holder’s position is terminated by the Company for reasons of serious misconduct prior to the Expiry Date, any remaining Officer Options held by the terminated holder will be cancelled immediately.
-

CLANCY EXPLORATION LIMITED

ACN 105 578 756

Certificate of Appointment of Corporate Representative

This is to certify that by a resolution of the directors of:

.....
(Company),
(Insert name of company)

the Company has appointed:

.....
Insert name of corporate representative
in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the Shareholders of Clancy Exploration Limited to be held on [*] and at any adjournments of that meeting.

DATED 20__

Executed by the Company)
in accordance with its constituent documents)

..... Signed by authorised representative	 Signed by authorised representative
..... Name of authorised representative (print)	 Name of authorised representative (print)
..... Position of authorised representative (print)	 Position of authorised representative (print)

INSTRUCTIONS FOR COMPLETION

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately. Please follow the following instructions to complete the Certificate of Appointment:

1. Insert the name of appointor company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
 2. Execute the Certificate following the procedure required by your company's constitution or other constituent documents.
 3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
 4. Insert the date of execution where indicated.
 5. Send or deliver the Certificate to either facsimile number (08) 9321 0320 (International: + 61 8 9321 0320); or deliver to the registered office of the Company at Suite 4, 6 Richardson Street, West Perth WA 6005, Australia; or mail to PO Box 1675, West Perth WA 6872, Australia, or the Corporate Representative must present the original Certificate when registering attendance at the start of the meeting.
-

PROXY FORM

APPOINTMENT OF PROXY

CLANCY EXPLORATION LIMITED

ACN 105 578 756

GENERAL MEETING

being a Member of Clancy Exploration Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy _____

of (address) _____

or failing the person so named or, if no person is named, the Chairman of the General Meeting, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at the Amberley Board Room, Level 3, 1060 Hay Street, West Perth WA 6005, Australia on Friday 22nd January 2010 at 10.00am (WST) and at any adjournment thereof.

	FOR	AGAINST	ABSTAIN
Resolution 1 Ratify Issue of Shares	☐	☐	☐
Resolution 2 Ratify Previous Issue of Western Plains Options	☐	☐	☐
Resolution 3 Ratify Issue of Shares	☐	☐	☐
Resolution 4 Ratify Previous Issue of Officer Options	☐	☐	☐
Resolution 5 Ratify Issue of Shares	☐	☐	☐
Resolution 6 Approve grant of Director Options to Director - Mark Stewart	☐	☐	☐
Resolution 7 Approve grant of Director Options to Director - James Macdonald	☐	☐	☐
Resolution 8 Approve grant of Director Options to Director - Mark Lester	☐	☐	☐
Resolution 9 Approve Issue of Securities under Employee Share Option Plan	☐	☐	☐

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy, please place a mark in the box. ☐

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes and your votes will not be counted in calculating the required majority if a poll is called. The Chairman intends to vote in favour of all of the resolutions in relation to undirected proxies.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM MAY BE HELD INVALID.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is ____%.

Signed this day of 20__

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature _____ Director _____

Signature _____ Director/Company Secretary _____

Signature _____ Sole Director and Sole Company Secretary _____

Instructions for Completing Appointment of Proxy Form

1. A member entitled to attend and vote at a general meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary - that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the original power of attorney, or certified copy thereof, must be lodged in like manner as this proxy.