



NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting to be held on
Tuesday 31st May 2011 at 10.00am (EST) at
3 Corporation Place, Orange, NSW, Australia.**

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

For those members who have elected to receive a printed copy of the Annual Report, the 2010 Annual Report accompanies this Notice of Annual General Meeting. The 2010 Annual Report is also available on the Company's website

www.clancyexploration.com

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

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TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

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

3 Corporation Place

Orange, NSW, AUSTRALIA

Commencing at 10.00am (EST) on Tuesday 31 May 2011

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 Annual General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (02) 6361 1202 (International: + 61 2 6361 1202); 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 3 Corporation Place, Orange, NSW, 2800, Australia;

so it is received not later than 10.00am (EST) on 29 May 2011.

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 Annual General Meeting. The snapshot time and date is 5.00pm (EST) on 29th May 2011.

CLANCY EXPLORATION LIMITED

ACN 105 578 756

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Clancy Exploration Limited ("Clancy" or the "Company") will be held at 3 Corporation Place, Orange, NSW, Australia, at 10.00am (EST) on Tuesday 31st May 2011.

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

Annual Accounts

To receive and consider the financial report of the Company and the consolidated financial report of the consolidated entity for the year ended 31 December 2010 and the reports by the Directors and Independent Auditor.

Resolution 1: Remuneration Report

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

"That for all purposes, the section of the report of the Directors for the financial year ending 31 December 2010 dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives be adopted."

- Although this resolution is advisory only, this resolution shall be determined as if it were an ordinary resolution.
- This resolution does not bind the Directors or the Company.

Resolution 2: Re-election of a Director (By Rotation)

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

"That for all purposes, Dr James Macdonald, being a director of the Company retires by rotation in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a director of the Company."

Short Explanation: Clause 11.3 of the Constitution requires that at the Annual General Meeting, one-third of the Directors or if the number of directors is not a multiple of three that number which is nearest to one-third for the time being shall retire from office. A retiring Director is eligible for re-election.

Resolution 3: Re-election of a Director (New Appointment)

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

"That Mr Gordon Barnes, having been appointed as a director since the last General Meeting of the Company, in accordance with the Constitution of the Company and having consented to act, is hereby elected as a director."

Short Explanation: The Constitution requires that any director appointed by the Directors holds office only until the next following annual general meeting and is then eligible for re-election.

Resolution 4: Re-election of a Director (New Appointment)

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

"That Dr Michael Etheridge, having been appointed as a director since the last General Meeting of the Company, in accordance with the Constitution of the Company and having consented to act, is hereby elected as a director."

Short Explanation: The Constitution requires that any director appointed by the Directors holds office only until the next following annual general meeting and is then eligible for re-election.

Resolution 5: Payment of a Termination Benefit to a former Director

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

"That for the purpose of Listing Rule 10.19 and for all other purposes, Shareholders approve the payment of \$12,269 in respect of a termination payment payable to Mr Mark Stewart, a former Director of the Company."

The Company will disregard any votes cast on this resolution by an officer of the Company or an officer of any of its child entities, who is entitled to participate in a termination benefit . 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 not pay termination payment to a related party beyond prescribed limits without shareholder approval.

DATED THIS 28th DAY OF APRIL 2011

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'R. Caren', written in a cursive style.

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 Annual General Meeting of the Company to be held on Tuesday 31st May 2011.

1. ANNUAL ACCOUNTS

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 31 December 2010 will be tabled before the meeting. There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the conduct of the statutory audit and the preparation and content of the Auditor's report.

Shareholders should note that the Auditor will attend the Meeting by telephone from the Auditor's Perth offices. All necessary arrangements will be made to ensure that questions and answers are fully and clearly communicated to the Shareholders attending the Meeting and the Auditor attending by telephone.

2. RESOLUTION 1 – REMUNERATION REPORT

In accordance with the Corporations Act, a resolution to adopt the Director's Remuneration Report must be put to Shareholders. The Remuneration Report which details the Company's policy on the remuneration of non-executive directors, executive directors, the company secretary and senior executives is set out on pages 23-26 of the Company's 2010 Annual Report. It is also available on the Clancy website at www.clancyexploration.com.

Voting on this resolution is advisory only and does not bind the Company or the Directors.

3. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR (BY ROTATION)

Background

Resolution 2 seeks approval for the re-election of Dr James Macdonald as a Director.

Listing Rule 14.4 and Clause 11.3 of the Constitution requires that at an Annual General Meeting of the Company one third of the Directors or if the number of directors is not a multiple of three that number which is nearest one-third (except the Managing Director) for the time being shall retire from office. A retiring Director is eligible for re-election.

Dr James Macdonald retires by rotation in accordance with this requirement, is eligible for re-election and puts himself forward for re-election at this Annual General Meeting.

Directors' Recommendation

All the Directors (excluding Dr James Macdonald) recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF A DIRECTOR (NEW APPOINTMENT)

Background

Resolution 3 seeks approval for the re-election of Mr Gordon Barnes as a Director.

Clause 11.12 of the Constitution requires that any Director appointed by the Directors, either as an addition to the existing Directors or to fill a casual vacancy, will hold office only until the next following annual general meeting and is then eligible for re-election.

Mr Barnes retires by rotation in accordance with this requirement, is eligible for re-election and puts himself forward for re-election at this Annual General Meeting.

Mr Barnes joined Geoinformatics Exploration Australia Pty Ltd, the original parent of the Company, in 2004 to manage the exploration of the Clancy assets. 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 graduated from Royal Melbourne Institute of Technology with a Bachelor of Science in Applied Geology in 1987 and completed an 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.

Directors' Recommendation

All the Directors (excluding Mr Barnes) recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RE-ELECTION OF A DIRECTOR (NEW APPOINTMENT)

Background

Resolution 4 seeks approval for the re-election of Dr Michael Etheridge as a Director.

Clause 11.12 of the Constitution requires that any Director appointed by the Directors, either as an addition to the existing Directors or to fill a casual vacancy, will hold office only until the next following annual general meeting and is then eligible for re-election.

Dr Etheridge retires by rotation in accordance with this requirement, is eligible for re-election and puts himself forward for re-election at this Annual General Meeting.

Mike Etheridge is a geologist who has had a varied career in universities, a government research organisation and in industry. He switched from public sector research to industry in 1989, 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. Mike left SRK Australasia, where he was chairman, in 2004 to pursue a career as a professional company director in the resources and related R&D sectors.

He is currently non-executive chairman of ABM Resources Ltd (ASX: ABU) and Zeus Uranium Ltd (a pre-IPO venture), 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 Lihir Gold Ltd, prior to its merger with Newcrest Ltd, Consolidated Minerals Ltd, prior to its takeover by Palmary Plc, and Ariana Resources Plc (AIM).

Mike's relationship with Clancy stretches back to 2004 when he was founding non-executive chairman of Geoinformatics Exploration Inc, from which Clancy Exploration was spun out in 2007.

Mike 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.

Directors' Recommendation

All the Directors (excluding Dr Etheridge) recommend that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – PAYMENT OF A TERMINATION BENEFIT TO MR MARK STEWART.

Background

Resolution 5 seeks approval for payment of the balance of a contractual termination benefit to a former director, Mr Mark Stewart.

Listing Rule 10.19 requires that the maximum termination payment payable to a director upon retirement is no greater than 5% of net equity interests as noted in the Company's most recently lodged financials. The Company's financials for the year ended 31 December 2010 showed net equity interests of \$1,958,811. Therefore the maximum amount payable was \$97,940. This amount has been paid to Mr Stewart.

Pursuant to the employment contract between Mark Stewart and the Company, Mr Stewart was entitled to a termination payment equivalent to \$110,209 as payment in lieu of six months notice as a result of the Company's decision to reduce operating expenses and relocate the Company's offices to Orange nearer the Company's exploration activities in New South Wales. The company seeks approval to pay the shortfall of \$12,269 to Mr Stewart.

Shareholder approval is not being sought for the payment of this sum under Chapter 2E of the Corporations Act because the contractual entitlement was entered into when Mr Stewart was an executive director of the Company

and was and is considered by the Board to form part of his reasonable remuneration as a payment in lieu of a contractual notice period.

If shareholders do not approve this payment Mr Stewart may be entitled to commence legal proceedings to seek recovery of the outstanding amount notwithstanding that the Company has been obliged to seek Shareholder approval for this payment under Listing Rule 10.19.

Directors' Recommendation

All the Directors excluding those who are entitled to termination benefits (Gordon Barnes, under his contract of employment as managing director) recommend that Shareholders vote in favour of Resolution 5.

7. 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;

"**EST**" means Australian Eastern Standard Time;

"**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;

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

"**Shares**" means fully paid ordinary shares in the Company.

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 31 May 2011 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 (02) 6361 1202 (International: + 61 2 6361 1202); or deliver to the registered office of the Company at Suite 4, 6 Richardson Street, West Perth WA 6005, Australia; or mail to 3 Corporation Place, Orange, NSW, 2800, Australia, or the Corporate Representative must present the original Certificate when registering attendance at the start of the meeting.
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PROXY FORM

APPOINTMENT OF PROXY

CLANCY EXPLORATION LIMITED

ACN 105 578 756

ANNUAL GENERAL MEETING

being a Member of Clancy Exploration Limited entitled to attend and vote at the Annual 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 Annual General Meeting, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 3 Corporation Place, Orange, New South Wales, Australia on Tuesday 31 May 2011 at 10.00am (EST) and at any adjournment thereof.

	FOR	AGAINST	ABSTAIN
Resolution 1 Remuneration Report	☐	☐	☐
Resolution 2 Re-election of a Director	☐	☐	☐
Resolution 3 Re-election of a Director	☐	☐	☐
Resolution 4 Re-election of a Director	☐	☐	☐
Resolution 5 Payment of Termination Benefit	☐	☐	☐

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 _____ 2011

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature _____ Director _____

Signature _____ Director/Company Secretary _____

Signature _____ Sole Director and Sole Company Secretary _____

CLANCY EXPLORATION LIMITED

ACN 105 578 756

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.
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