

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Clancy Exploration Limited

ABN

65 105 578 756

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | <div style="display: flex; flex-direction: column; gap: 10px;"><div>(i) Ordinary shares - CLY</div><div>(ii) Listed options exercisable at 15 cents on or before 31 July 2013 - CLYO</div></div> |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <div style="display: flex; flex-direction: column; gap: 10px;"><div>(i) 54,756,724</div><div>(ii) 54,756,724</div></div> |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <div style="display: flex; flex-direction: column; gap: 10px;"><div>(i) Ordinary shares - CLY</div><div>(iii) Options convertible into ordinary shares on a 1:1 basis at an exercise price of 15 cents on or before 31 July 2013 - CLYO</div></div> |

+ See chapter 19 for defined terms.

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4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<table border="1"> <tr> <td>(i)</td> <td>Yes</td> </tr> <tr> <td>(ii)</td> <td>Yes, and shares issued upon exercise of the options will rank equally with existing ordinary shares.</td> </tr> </table>	(i)	Yes	(ii)	Yes, and shares issued upon exercise of the options will rank equally with existing ordinary shares.		
(i)	Yes						
(ii)	Yes, and shares issued upon exercise of the options will rank equally with existing ordinary shares.						
5 Issue price or consideration	<table border="1"> <tr> <td>(i)</td> <td>8 cents</td> </tr> <tr> <td>(ii)</td> <td>Nil</td> </tr> </table>	(i)	8 cents	(ii)	Nil		
(i)	8 cents						
(ii)	Nil						
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The purpose of the Rights Issue is, after meeting the expenses of the Rights Issue, to fund exploration of projects and for working capital.						
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	7 June 2011						
8 Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	<table border="1"> <tr> <th>Number</th><th>⁺Class</th></tr> <tr> <td>164,270,171</td><td>ORD</td></tr> <tr> <td>82,135,086</td><td>Listed Options (15c, 31 July 2013) - CLYO</td></tr> </table>	Number	⁺ Class	164,270,171	ORD	82,135,086	Listed Options (15c, 31 July 2013) - CLYO
Number	⁺ Class						
164,270,171	ORD						
82,135,086	Listed Options (15c, 31 July 2013) - CLYO						

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9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	2,000,000	Broker Options (20c, 10 July 2011)
		2,250,000	2011 Options (20c, 30 September 2011)
		2,050,000	2013 Incentive Options (17.5c, 10 August 2013)
		1,100,000	2013 ESOP Options (18.5c, 30 September 2013)
		1,650,000	2013 Director Options (19.5c, 31 December 2013)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the +securities will be offered	One new share and one free attaching option for every two ordinary shares held on the record date.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares and options to acquire fully paid ordinary shares.
15	+Record date to determine entitlements	12 May 2011
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A.
17	Policy for deciding entitlements in relation to fractions	Rounded up to nearest whole number.

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18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	United Kingdom, Hong Kong, Canada, USA
19	Closing date for receipt of acceptances or renunciations	30 May 2011
20	Names of any underwriters	Patersons Securities Limited and Soaring Securities Pty Limited
21	Amount of any underwriting fee or commission	An underwriting fee of 2.5% of the total amount underwritten under the Rights Issue, being approximately \$109,513 and a management fee of 4.5% of the gross amount raised under the rights issue being approximately \$197,124 and 10 million options (CLYO). Further, the Company must reimburse the Underwriter for all out of pocket expenses and disbursements incurred by the Underwriter in connection with the Rights Issue.
22	Names of any brokers to the issue	See 20 above
23	Fee or commission payable to the broker to the issue	See 21 above
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A.
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A.
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	16 May 2011
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	3 May 2011

⁺ See chapter 19 for defined terms.

28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	7 June 2011

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☒ Securities described in Part 1
- (b) ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Company Secretary)

Print name: Rowan Caren

Date: 3 May 2011

+ See chapter 19 for defined terms.