

QUARTERLY ACTIVITIES and CASHFLOW REPORT

For the period ending 31 December 2015

The Board of Clancy Exploration Limited is pleased to release its Quarterly Activities report for the period ending 31 December 2015.

Summary

- One diamond drill hole was completed at the **Trundle JV**; results pending.
- Three reverse circulation drill holes completed at the **Condobolin JV**.
- New joint venture formed with Alkane Resources at **Orange East**.

Exploration

Trundle EL8222

(NSW, Clancy 100%; High Power Exploration Inc, earning 51%)

The Trundle project consists of a single exploration licence EL8222 located 25km west of the Northparkes copper-gold mine. There is extensive evidence of porphyry and skarn-style copper-gold mineralisation similar to the Cadia Valley and Northparkes. As announced in the September 2015 quarterly report two encouraging zones of broad anomalous induced polarisation (IP) chargeability have been defined in the Trundle Park and Mordialloc areas.

During the quarter the Mordialloc NE IP chargeability anomaly (Figures 1 & 2) was tested with a single air core pre-collar diamond hole to a down hole depth of 589.35m (Table 1).

Table 1: Trundle Collar

Hole ID	Hole Type	Grid ID	Easting (m)	Northing (m)	RL (m)	Depth (m)	Diameter	Dip°	Dip Azimuth°
TRACD001	Air core-Diamond	MGA94_Z55	569850	6361750	286	589.35	NQ	-80	270

The hole was drilled steeply to the west (80°/270°) in order to best transect the northern portion of the IP chargeability anomaly. The hole intersected a thick sequence of andesitic volcanoclastic rocks at the top of the hole followed by a series of gently dipping garnet-rich calc-silicate skarn and silica hornfels horizons intruded by a porphyritic monzonite dyke. The rocks are crosscut by abundant carbonate-sulphide bearing veins. Disseminated sulphides are also present in the matrix, with the dominant sulphide being pyrite. These sulphides are likely to be the source of the IP chargeability anomaly. Samples have been submitted to the laboratory and assays are awaited.

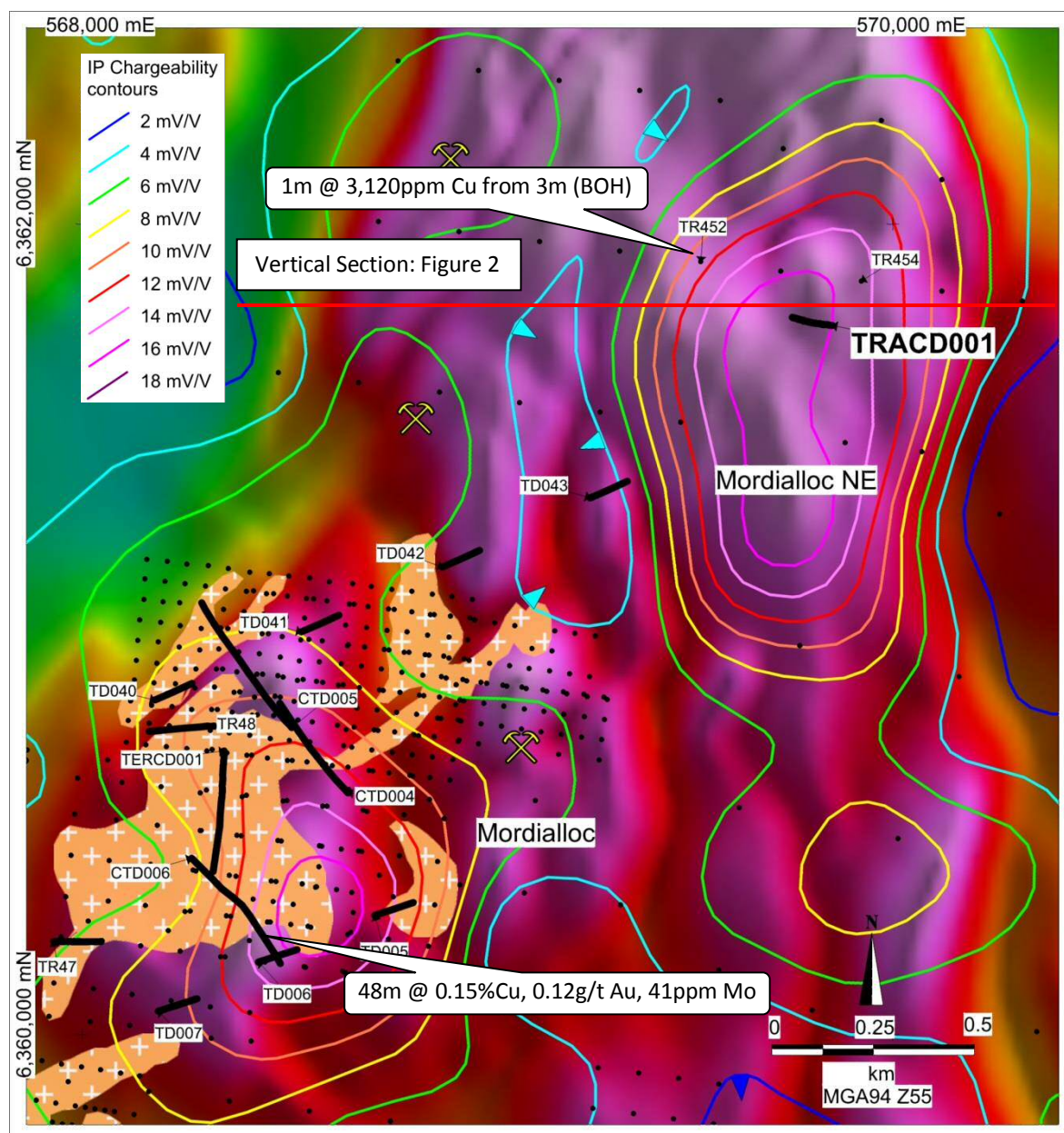


Figure 1 – Plan view location of drill traces (heavy black) and drill collars (black dots) with respect to the IP chargeability horizontal slice at 0m RL over the RTP regional magnetic background image. TRACD001 is in the top right of the image. The interpreted outline of monzonite (orange stipple) at Mordialloc is also shown.

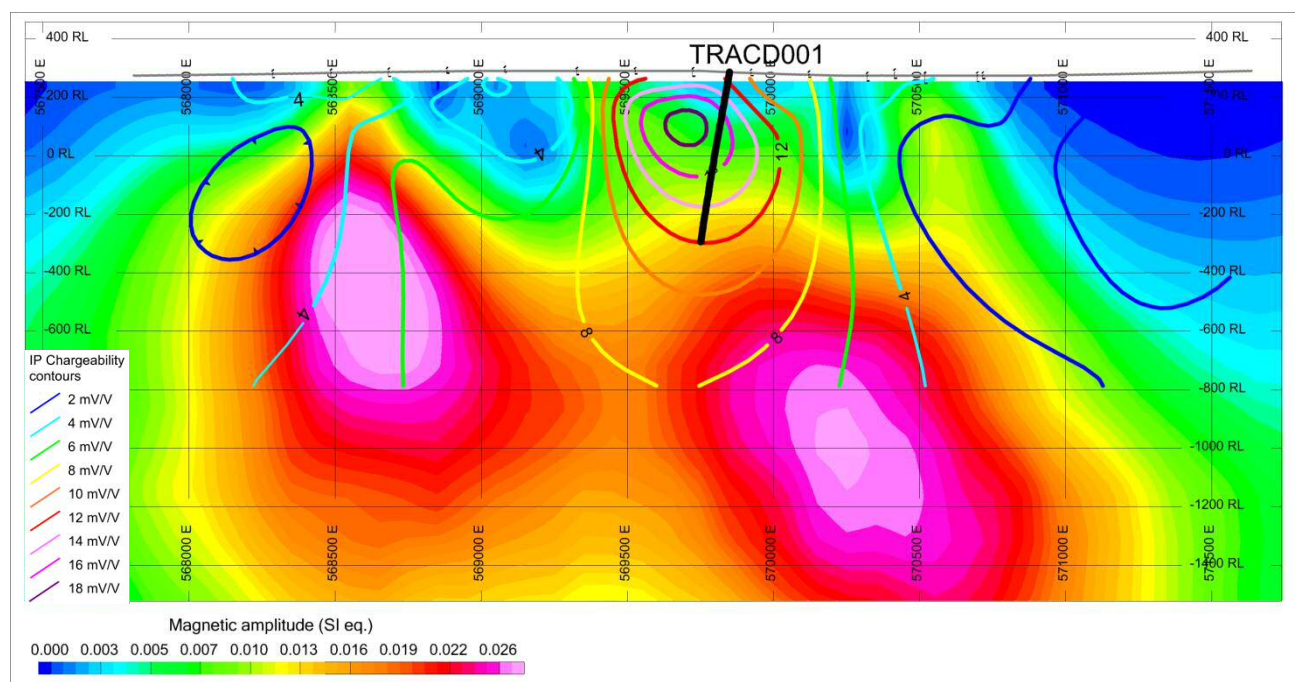


Figure 2 – Vertical east-west cross section looking north with TRACD001 (heavy black) shown transecting the IP chargeability shells over the RTP magnetic image.

Condobolin EL7748

(NSW, Clancy 100%; Ramelius Resources Ltd (ASX: RMS), earning 80% and funding 100%)

Condobolin EL7399 is located in the central west of NSW immediately north of the Condobolin township (Figure 3). Condobolin has a substantial mining history, predominantly as a base metals field (lead, zinc and copper), as well as gold. The mineralisation is hosted in epithermal-style quartz veins within the metasedimentary units of the Ordovician Girilambone Group, associated with pyrite, sphalerite, galena, chalcopyrite, arsenopyrite and free gold.

A 3-hole (639m) reverse circulation drilling program was completed in mid-December to test 3D IP chargeability targets generated by previous surveys. All holes were drilled distal to major known prospects. Minor quartz veining and sulphides were intersected, hosted by variably-phyllitic altered metasediments of the Ordovician Girilambone Group. No significant gold intercepts (>1.0g/t) were returned.

Orange East EL6181 & ELA5243

(NSW, Clancy 100%; Alkane Resources Ltd, earning 60% and funding 100%)

Orange East is located 15km ESE of the city of Orange and contains several target styles including Ordovician porphyry copper-gold and post-Ordovician copper-gold targets. Numerous old workings occur in the area and many are focused along regional-scale structures, such as the Lucknow and Godolphin faults. Previous work by Clancy defined a soil anomaly at the Gunnarbee prospect, which has similar geochemical, structural and geological characteristics as the nearby McPhillamys gold deposit, 15km along strike to the south (Figure 3).

During the quarter a farm-in agreement was entered into with Alkane Resources Ltd (Alkane; ASX: ALK) over the Orange East project whereby Alkane can earn a 60% interest by spending \$500,000 on exploration over

three years. Alkane can earn a further 20% interest (80% total) by spending an additional \$500,000 on exploration over the subsequent two years. Alkane will manage the exploration program.

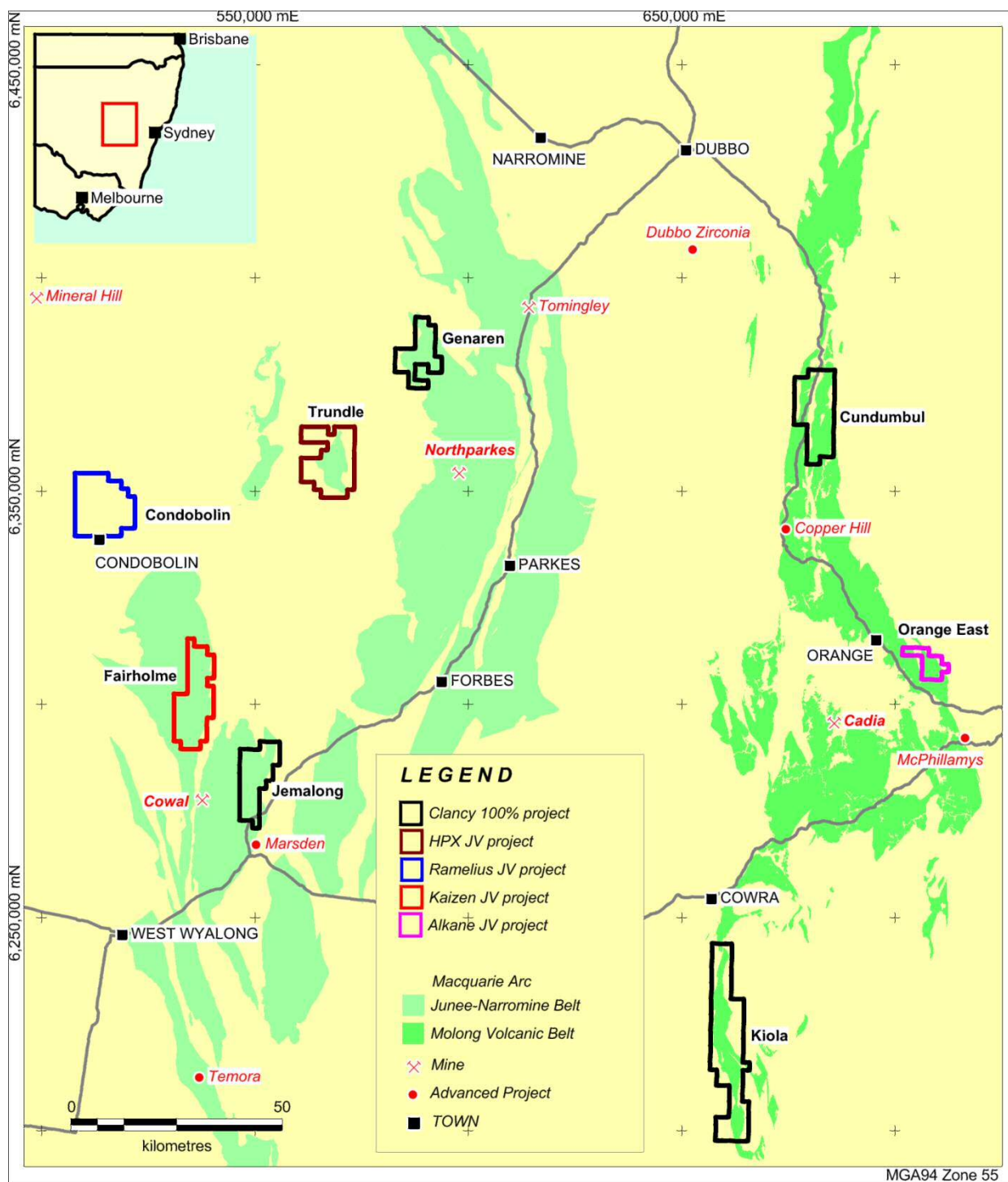


Figure 3 – Map showing location of Clancy projects in central NSW.

Corporate

During the quarter Dr Mike Etheridge resigned as chairman and director of the Company. As at 31 December 2015, the company held cash and restricted cash of \$947,000.

Clancy Tenement Listing

(As at 31 December 2015)

State	Project	Lease No	Status	JV Project	Manager	Clancy interest	Area (km2)	Note
NSW	Condobolin	EL7748	Renewed	Yes	Ramelius	100%	181.5	Ramelius Resources Ltd earning 80%
NSW	Genaren	EL7927	Renewed	No	Clancy	100%	95.4	
NSW	Cundumbul	EL6661	Renewed	No	Clancy	100%	141.4	
NSW	Cundumbul	EL7399	Renewal pending	No	Clancy	100%	26.0	
NSW	Fairholme	EL6552	Renewed	Yes	Clancy	51%	54.5	Kaizen Discovery Inc earning 65%
NSW	Fairholme	EL6915	Renewal pending	Yes	Clancy	51%	114.7	Kaizen Discovery Inc earning 65%
NSW	Kiola	EL8151	Granted	No	Clancy	100%	284.2	
NSW	Orange East	EL6181	Renewed	Yes	Alkane	100%	40.2	Alkane earning 60%
NSW	Trundle	EL8222	Granted	Yes	HPX	100%	167.2	High Power Exploration Inc earning 51%
NSW	Mount Tennyson	EL8226	Granted	No	Clancy	100%	45.8	
NSW	Mount Pleasant	EL8237	Granted	No	Clancy	100%	63.5	
NSW	Jemalong	EL8302	Granted	No	Clancy	100%	28.6	
NSW	Jemalong	ELA5218	Application	No	Clancy	100%	80.1	
TAS	Lake Margaret	EL28/2009	Renewal pending	Yes	Bass Metals	25%	59.0	Clancy interest carried to Prefeasibility study
TAS	Oonah	EL63/2004	Renewed	Yes	TNT Mines	25%	24.0	Clancy contributing

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The information in this announcement that relates to Initial Exploration Results is based on information compiled by Mr Gordon Barnes who is a Member of the Australian Institute of Geoscientists. Mr Barnes is a full-time employee of Clancy Exploration Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Gordon Barnes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Clancy Exploration

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

In NSW, Clancy has six wholly owned and managed projects and four joint venture projects with High Power Exploration Inc, Ramelius Resources Limited (ASX: RMS), Kaizen Discovery Inc and Alkane Resources Ltd (ASX: ALK) respectively. In Tasmania, Clancy has one base metal joint venture project with Bass Metals (ASX: BSM) and one tin joint venture project with Niuminco Group Limited (ASX: NIU). The Tasmanian projects are managed by Clancy's joint venture partners. This mix of Clancy and joint venture project funding allows a high level of exploration activity to be maintained, whilst prudently managing Clancy's financial resources. Details of Clancy's projects can be found at the Company's website: www.clancyexploration.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CLANCY EXPLORATION LIMITED

ABN

65 105 578 756

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	3	6
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(301) (145)	(573) (302)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes (paid)/refunded		
1.7 Other Cash calls received from JV partners	334	369
Net Operating Cash Flows	(103)	(491)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(3)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(3)
1.13 Total operating and investing cash flows (carried forward)	(103)	(494)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(103)	(494)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares,options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(103)	(494)
1.20	Cash at beginning of quarter/year to date	840	1,231
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	737	737

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	74
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of salaries, consulting fees and directors fees to directors and director related entities.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	480 (includes approximately \$50,000 which is to be funded by JV partners pursuant to cash calls during the quarter)
4.2 Development	-
4.3 Production	-
4.4 Administration	204
Total	684

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	24	15
5.2 Deposits at call	713	825
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	737[#]	840*
[#] Excludes \$210,000 of restricted cash but includes a total of \$222,000 sequestered for Trundle and Fairholme projects. *Excludes \$210,000 of restricted cash but includes \$249,000 sequestered for Trundle project.		

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL20/2010	Sock Creek: JV with Bass Metals	25%	0%
6.2 Interests in mining tenements acquired or increased	ELA 5218	Jemalong	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	256,254,392	256,254,392		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			Exercise Price	Expiry Date
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 5).
- 2 This statement does ~~/does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 January 2016
(~~Director~~/Company secretary)

Print name: Rowan Caren

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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