12 April 2016

<*insert overseas shareholder address*>

Dear Shareholder

PRO RATA RENOUNCEABLE RIGHTS ISSUE

As you may be aware, Clancy Exploration Limited ("**Company**") is currently undertaking a pro rata renounceable rights issue pursuant to a prospectus dated 8 April 2016 ("**Prospectus**"). The Company expects that the rights issue will close on 2 May 2016.

The rights issue is open to existing shareholders in Australia and New Zealand on the basis of seven (7) new shares for every share held, with 1 free attaching Quoted Option for every three (3) new shares subscribed, at 5.00pm (AWST) on the record date of 15 April 2016 at an issue price of AUD$0.001 (0.1 cents) per new share, to raise approximately AUD$2,062,847 ("**Rights Issue**").

The Rights Issue is fully underwritten by Patersons Securities Ltd. The Company will pay Patersons Securities an underwriting fee of approximately $123,771 and a management fee of approximately $37,500 (assuming full subscription and all excluding GST) in respect of the Offers.

The purpose of the Rights Issue is, after meeting the expenses of the Rights Issue, to raise funds to fund the exploration of existing projects, the search for a new project and working capital.

The new shares to be issued will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares in the capital of the Company.

The total number and class of all securities quoted on ASX (including the maximum number of new shares and quoted options to be issued in the Rights Issue) is as follows:

Number	Class
2,357,540,408	Ordinary shares
1,388,044,624	Quoted options

There are no securities which are not quoted on the ASX.

Ineligible shareholders

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the listing rules of ASX Limited ("**ASX Listing Rules**"), that it would be unreasonable to make offers under the Prospectus to all shareholders with registered addresses in countries outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Rights Issue to you.

In compliance with ASX Listing Rule 7.7.1(c), the Company has appointed Patersons Securities Ltd ("**Nominee**") as nominee for foreign holders with registered addresses in countries outside of Australia and New Zealand (“**Excluded Foreign Holders**”) of the Company's securities. The Company advises these Excluded Foreign Holders that the Nominee will arrange for the sale of the rights to subscribe for new shares pursuant to the Prospectus that would have been given to these Excluded Foreign Holders, and if they are sold, for the net proceeds to be sent to the Excluded Foreign Holders. The Nominee will have an absolute and sole discretion (subject to market conditions) to determine the timing and the price at which the rights may be sold and the manner of any such sale. Patersons Securities will be paid for its services as Nominee on standard industry terms and conditions.

Any interest earned on the proceeds of the sale of these rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to ineligible shareholders.

The net proceeds of the sale of these rights will then be forwarded by the Company as soon as practicable to the ineligible shareholders, in proportion to their share of such rights (after deducting brokerage commission and other expenses). Please note it is possible that no net proceeds will be available for distribution to Excluded Foreign Holders, after the costs of the sale have been paid to the Nominee. We will inform you in due course of the outcome of the sale of your rights.

There is no guarantee that the Nominee will be able to sell the rights of ineligible shareholders on ASX and ineligible shareholders may receive no value for the rights. Both the Company and the Nominee take no responsibility for the outcome of the sale of such rights or the failure to sell such rights.

For further information please contact share registry on 61 8 9315 2333.

Yours faithfully

Rowan Caren
Company Secretary