

ACQUISITION OF OPTION TO ACQUIRE 100% OF CUMMINS RANGE RARE EARTHS PROJECT

CUMMINS RANGE HIGHLIGHTS

- Located in the Tier 1 rare earths mining jurisdiction of Western Australia
- Potential for high Neodymium and Praseodymium (NdPr) enrichment
- NdPr are two critical rare earth elements integral to the manufacture of electric vehicles, wind turbines and military hardware
- Superior geology and mineralogy being a weathered carbonatite (same as Lynas Corporation's Mt Weld) with mineralisation commencing from surface
- No active exploration since 2011 with indications that the mineralisation is open at depth and along strike
- High-impact drill program to commence in 2019
- Strategy to supply rare earth concentrate to existing downstream refiners to take advantage of forecast increases in rare earth prices from 2020
- Acquisition fully funded by existing cash reserves and share placement of \$1.15 million

Clancy Exploration Limited ("**Clancy**" or the "**Company**") is pleased to announce that it has entered into a conditional agreement to acquire 100% of the issued capital of RareX Pty Ltd ("**RareX**"). RareX holds an exclusive option to acquire 100% of the Cummins Range Rare Earth Project from Element 25 Limited (ASX: E25) ("**E25**") ("**E25 Option**").

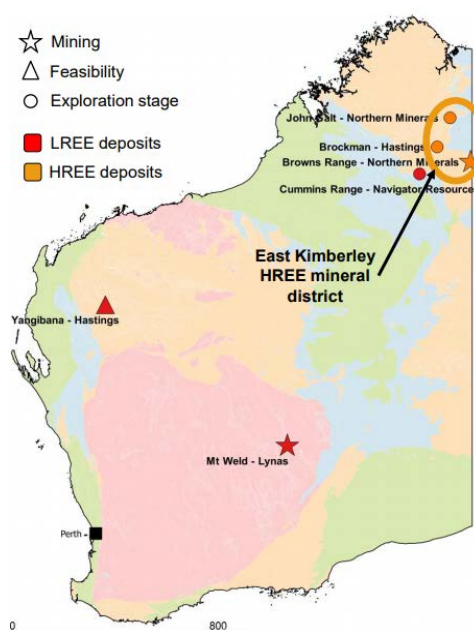


Figure 1 - West Australian Rare Earth Projects location map

The Cummins Range Project is located 130km southwest of Halls Creek in the Kimberley Region of Western Australia. The Project comprises one granted exploration license (E08/5092) and is one of two known rare earth bearing carbonatites in Australia with the other being Mt Weld owned by Lynas Corporation Ltd ("**Lynas**").

Rare Earth Oxide mineralisation at Cummins Range occurs in a sub-horizontal geometry within a deeply weathered regolith which is developed over carbonatite and pyroxenite rocks. The deposit contains a mix of rare earths and has low thorium levels.

The drilling undertaken by previous operators only represents a small portion of the Cummins Range diatreme and there is good potential for additional mineralisation with further exploration. The deposit itself remains open along strike and at depth.

Rare Earths Market Overview and Cummins Range Strategy

China currently accounts for almost 80% of the global mined supply of rare earths. A recent crackdown by Chinese authorities on the mining of ionic clay deposits in Southern China for environmental reasons combined with increasing demand for electric vehicles (“EV”) has seen China exporting less rare earth material and importing additional rare earth concentrate from offshore sources in order to satisfy domestic demand.

China’s transition to a net importer of rare earths in the coming years underpins the Company’s proposed strategy to export a rare earth concentrate directly to existing offshore rare earth refiners. The Company believes that this strategy will reduce high capital costs and technical risks associated with other rare earth projects whilst allowing the Company to enter production in time to benefit from expected increases in the NdPr price – respected industry analyst Roskill was recently reported in the Australian Financial Review to forecast prices to trade between US\$60/kg and US\$150/kg after 2020.

Acquisition Details

The material terms of the agreement between Clancy and RareX are summarised below:

- Clancy has paid RareX a non-refundable deposit of \$25,000 in consideration for a 14-day exclusivity period during which Clancy will complete its due diligence investigations.
- Completion of the acquisition is conditional on the following key conditions precedent:
 - Satisfactory completion of due diligence by Clancy;
 - Clancy receiving confirmation from ASX that it will not apply listing rule 11.1.3 to the acquisition;
 - The receipt of Clancy shareholder approval for the issue of the “Consideration Shares” (described below); and
 - The execution of an employment agreement between Jeremy Robinson, the founder of RareX, and Clancy, pursuant to which Mr Robinson will be engaged as an Executive Director of Clancy with effect from completion of the acquisition.These conditions are to be satisfied by no later than 13 September 2019 (unless mutually extended).
- Subject to the satisfaction of the conditions, on completion, Clancy will issue the vendors of RareX 60 million shares (on a post-consolidated basis) (“**Consideration Shares**”).

The material terms of the E25 Option are summarised below:

- The E25 Option is to be exercised by no later than 3 October 2019.
- On exercise of the E25 Option Clancy will either, at Clancy’s election:
 - make a \$500,000 cash payment to E25, plus issue \$500,000 worth of shares (at a deemed issue price equal to the 30-day VWAP, subject to a minimum price of \$0.017 per share on a post-consolidation basis); or
 - make a \$1 million cash payment to E25.
- Within 12 months of exercising the E25 Option, Clancy will either, at Clancy’s election:
 - make a further \$500,000 cash payment to E25, plus issue \$500,000 worth of shares (at a deemed issue price equal to the 30-day VWAP, subject to a minimum price of \$0.017 per share on a post-consolidation basis); or
 - make a \$1 million cash payment to E25.

- Within 36 months of exercising the E25 Option, and subject to the completion of a positive bankable feasibility study, Clancy will either, at Clancy's election, pay or issue \$1,000,000 in cash or shares or a combination thereof to a total value of \$1,000,000. Any shares issued will be issued at a deemed issue price equal to the 30-day VWAP, subject to a minimum price of \$0.017 per share on a post-consolidation basis. If the positive bankable feasibility study is not completed within this 36 month period, Clancy will instead grant E25 a 1% net smelter return royalty on future production from the Cummins Range Project, capped at \$1 million.

Share Placement

The Company is pleased to advise that it has received binding commitments for a placement to raise \$1.15 million (before costs) by the issue of 67,647,069 new shares at an issue price of \$0.017 each (on a post-consolidation basis) ("**Placement Shares**"). The issue of the Placement Shares is subject to the receipt of shareholder approval and completion of the acquisition.

Upcoming News Flow

Subject to satisfaction of the conditions set out above, the Company plans to commence a significant exploration and metallurgical drill program in the coming months, subject to permitting. An initial RC drill program of up to 5,000m will be undertaken and this drilling will be aimed primarily at extension drilling of the known deposit plus the testing of several attractive geophysical targets that may represent additional carbonatite mineralisation.

The Company anticipates that this drilling will result in the calculation of a maiden JORC 2012 Mineral Resource estimate for the Cummins Range Project.

As part of the Company's strategy to become a producer of rare earth mineral concentrate the Company will also conduct a modest metallurgical drill program consisting of diameter PQ drill core to collect enough material for ongoing metallurgical test work. This material will be the subject of test work targeting a high value rare earth rich concentrate.

Subject to satisfaction of key conditions set out above, the Company also intends to issue a notice of general meeting shortly, to seek the necessary shareholder approvals in connection with the acquisition of RareX and the issue of the Placement Shares.