CLANCY EXPLORATION LIMITED

ABN 65 105 578 756

PROSPECTUS

This Prospectus is a replacement prospectus dated 21 July 2010 and was lodged with ASIC on that date. It replaces the Prospectus lodged with ASIC on 8 July 2010.

For a renounceable pro rata offer to Shareholders of approximately
27,378,362 New Shares and 27,378,362 New Options
on the basis of one New Share and one New Option for every three Existing Shares
at an issue price of
8 cents per New Share to raise approximately $2,190,269 before issue costs

Underwriter and Lead Manager

Patersons Securities Limited

ACN 008 896 311

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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SUMMARY OF IMPORTANT DATES

Shares quoted ex- Rights and Rights trading commences on ASX	13 July 2010
Record Date to determine Entitlement	19 July 2010
Prospectus with Entitlement and Acceptance Form dispatched	22 July 2010
Last day of Rights trading	29 July 2010
Closing Date for acceptances	6 August 2010
Notify ASX of under subscriptions	11 August 2010
Allotment and issue of New Shares and New Options	16 August 2010
Dispatch of shareholding statements	16 August 2010
Trading of New Shares and New Options expected to commence	17 August 2010

This timetable is indicative only and subject to change. The Company, in conjunction with the Underwriter, reserves the right to vary the above dates.

1 INVESTMENT HIGHLIGHTS

- NSW exploration portfolio built up over a number of years and consists of prospective copper-gold projects in the Lachlan Fold Belt.
- Significant exploration progress made over the three years since listing. 77,592 metres drilled to date.
- Spending almost $2 million on exploration of 100% owned projects.
- 1,200m drilling program to commence at Orange East in July 2010.
- Strong management and exploration team in place.
- Gold Fields managing seven joint ventures in the Lachlan Fold Belt
- One of the largest ground positions of any explorer in the prospective Macquarie Arc (>2800km^2).

An investment in the Company is not risk free and investors should consider the risk factors described below in **Section 9**, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

IMPORTANT NOTES

This Prospectus is a replacement prospectus dated 21 July 2010 and a copy of this Prospectus was lodged with the ASIC on that date. It replaces the Prospectus lodged with ASIC on 8 July 2010 (**Original Prospectus**). References to the Prospectus are to this replacement prospectus. The ASIC and ASX take no responsibility for the content of this Prospectus. No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of lodgement of the Original Prospectus, being 8 July 2010. The Company will apply to ASX for the Securities to be granted quotation on ASX.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to **Section 4.9** for treatment of overseas shareholders. Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

Rights trading

Your Rights may have value. If you decide not to exercise all or part of your Rights you should consider whether to sell your Rights. It is important that you either accept or sell your Entitlement in accordance with the instructions in **Section 4** of this Prospectus and on the back of the Application Form.

Individual Applicants are responsible for determining their allocations of Rights and Securities before trading in them. Eligible Shareholders trade in Rights or Securities before receiving confirmation of their allocation at their own risk.

Shareholders who take no action in respect of their Rights will receive no benefits.

Prospectus availability

This prospectus is available in electronic form at www.clancyexploration.com and www.asx.com.au only for persons within Australia. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

A printed copy of this Prospectus is available free of charge by calling the Company on (08) 9481 8241.

Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in **Section 11**. All references to currency are to Australian dollars and all references to time are to Perth time, unless otherwise indicated.

Enquiries

For further information in relation to the Offer, please contact the Company Secretary on (08) 9226 0085.

2 CORPORATE DIRECTORY

Directors
Dr A James Macdonald
(Chairman, Director)

Mr Mark Stewart
(Managing Director)

Mr Mark Lester
(Director)

Company Secretary
Mr Rowan Caren

Registered Office
Suite 4, 6 Richardson Street
West Perth WA 6005

Principal Office
Level 3, 1060 Hay Street
West Perth WA 6005
Telephone: (08) 9481 8241
Facsimile: (08) 9226 1299

ASX Codes: CLY
ABN: 65 105 578 756

Web Address
www.clancyexploration.com

Share Registry
Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia, 6000

Telephone: (08) 9323 2000

Auditors
PKF Chartered Accountants
Level 7, BGC Centre
28 The Esplanade
Perth, Western Australia, 6000

Solicitors
Wright & Cooney
1/103 Colin Street
West Perth
Western Australia 6005

Underwriter
Patersons Securities Limited
Level 23, 2 The Esplanade
Perth WA 6000

3 DIRECTOR'S LETTER

21 July 2010

Dear Shareholder,

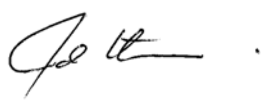
Your Directors are pleased to offer you an opportunity to participate in Clancy Exploration Limited's renounceable Rights Issue to raise approximately $2.2 million (before costs).

We are further pleased to advise that the renounceable Rights Issue is fully underwritten by Patersons Securities Limited.

The capital raising will enable the Company to fund exploration of its key 100% owned exploration projects in the Lachlan Fold Belt, New South Wales at Nadbuck west of Broken Hill, New South Wales and at the Yalgoo project, adjacent to Golden Grove in Western Australia.

The proceeds of the Rights Issue will enhance the future of the Company and on behalf of the Board, I invite you to consider the contents of this Prospectus and encourage you to participate in the Rights Issue.

Yours sincerely,



Mark Lester
Director

4 DETAILS OF THE OFFER

4.1 The Issue

A renounceable pro rata entitlements issue to Shareholders of approximately 27,378,362 New Shares and 27,378,362 New Options on the basis of one New Share and one New Option for every three Existing Shares held as at the Record Date at an issue price of $0.08 (8 cents) each to raise approximately $2,190,269 before issue costs.

4.2 Underwriting

The Issue is fully underwritten by Patersons Securities Limited. A summary of the Underwriting Agreement is set out in **Section 10** of the Prospectus.

4.3 Entitlement to Rights Issue

Shareholders who are on the Company's share register at the close of business on the Record Date, being 5.00 pm (WST) on 19 July 2010 are eligible to participate in the Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

An Application Form setting out your Entitlement to New Shares and New Options accompanies this Prospectus.

Eligible Shareholders may apply for Additional New Securities in accordance with **Section 4.4** of this Prospectus.

4.4 Applying for Additional New Securities

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Securities regardless of the size of their present holding.

Entitlements not taken up may become available as Additional New Securities. It is possible, particularly if there is an active Rights trading market, that there will be few or no Additional New Securities available for issue. It is an express term of the Offer that Applicants for Additional New Securities will be bound to accept a lesser number of Additional New Securities allocated to them than applied for. If a lesser number is allocated to them, excess Application Money will be refunded without interest. The Company and the Underwriter reserve the right to scale back any applications for Additional New Securities in their absolute discretion.

4.5 Rights Trading

The Rights are renounceable, which enables Shareholders who do not wish to take up some or all of their Entitlements to sell or otherwise transfer all or part of their Entitlement. Trading of Rights on the ASX commences on 13 July 2010 and is expected to end on 29 July 2010.

4.6 Acceptances

This Offer may be accepted in whole or in part prior to 5.00pm (WST) on 6 August 2010 (the Closing Date) subject to the rights of the Company and the Underwriter to extend the

Offer period or close the Offer early. The Company reserves the right to cancel the Rights Issue at any time prior to allotment. Instructions for accepting your Entitlement are set out in **Section 7** and on the Application Form which accompanies this Prospectus.

Payment instructions are set out on the Application Form, which includes the option of electronic payment using BPay and the personalised customer reference number shown on your Application Form which is required to identify your holding. If you make your payment using BPay, you do not need to return the Application Form. If applying by BPay, you need to ensure that your payment is received by no later than 5.00pm (WST) on 6 August 2010. Applicants should be aware that their own financial institution may implement early cut off times with regards to electronic payment, and therefore should take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by the Closing Date.

4.7 Allotment and Application Money

All Eligible Shareholders who accept the Offer will receive their Entitlement in full. New Shares and New Options will be issued only after all Application Money has been received and ASX has granted permission for the New Shares and New Options to be quoted. It is expected that New Shares and New Options will be issued on 16 August 2010 and trading of the New Shares and New Options on ASX is expected to commence on 17 August 2010.

All Application Money received before New Shares and New Options are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares and New Options are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

If the New Shares and New Options are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Money in full.

4.8 Issue Outside Australia and New Zealand

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Issue. Residents of countries outside Australia should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an Application for Securities on the basis of this Prospectus. No action has been taken to register or qualify the Securities or the Issue or otherwise to permit an offering of the Securities in any jurisdiction outside Australia and New Zealand.

4.9 Treatment of Overseas Shareholders

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand because of the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares and New Options.

Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia (other than to Eligible Shareholders).

The Company has appointed the Underwriter as nominee to sell the Non-qualifying Foreign Shareholders' Rights, subject to ASIC's approval. The Underwriter (or associates of them) will only sell those Rights if there is a viable market in those Rights and a premium over the expenses of sale can be obtained.

Any such sale will be at a price and be conducted in a manner that the nominee will determine in its absolute discretion.

The proceeds of sale (in Australian dollars) will be distributed to the Non-qualifying Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale and the distribution of the proceeds), save that individual amounts of less than $50 will be retained by the Company.

Neither the Company nor the nominee will be liable for any failure to sell the Rights or to sell the Rights at any particular price. If there is no viable market for the Rights of the Non-qualifying Foreign Shareholders, their Entitlement will be allowed to lapse and the relevant New Shares and New Options will become Shortfall Securities, to be dealt with by the Underwriter in accordance with the Underwriting Agreement.

4.10 Market Prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares which are on the same terms and conditions as are offered under this Prospectus during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 months high	3 month low	Last market sale price (on 20 July 2010)
Existing Shares	18 cents on 9 June 2010	8.5 cents on 20 July 2010	8.5 cents

The volume weighted average sale price on ASX of the Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC was $0.126.

4.11 Opening and Closing Dates

The Issue will open for receipt of acceptances on 22 July 2010 and will close on 6 August 2010, subject to the right of the Company, in consultation with the Underwriter, to vary these dates.

4.12 Rights and Liabilities attaching to the New Shares

The New Shares will rank equally in respect of dividends and in all other respects (eg voting, bonus issues) as Existing Shares.

A summary of the rights and liabilities attaching to the New Shares are set out in **Section 8**.

4.13 Rights attaching to New Options

From issue, the New Options issued under this Prospectus will have an exercise price of 15 cents and will expire on 31 July 2013. Summaries of the important terms attaching to New Options are contained in Section 8.2 of this Prospectus.

4.14 Enquiries

Any questions concerning the Issue should be directed to Mr Rowan Caren, the Company Secretary, on (08) 9226 0085.

5 PURPOSE AND EFFECT OF THE ISSUE

5.1 Purpose of the Issue

The net funds raised from the issue of New Shares and New Options through the Offer after payment of all associated costs, are expected to provide the Company with net proceeds of approximately $1.975 million in additional capital.

The purpose of the Offer is to raise funds for the purposes set out in the Use of Proceeds table below.

The following table shows the proposed application of funds on the assumption that none of the existing Options are exercised before their expiry date. Actual expenditure incurred on the projects will depend on the results achieved.

Use of Proceeds of the Issue	Amount $'000	Amount $'000
Drilling and other exploration		1,975
Orange East	460	
Trundle	435	
Fairholme	215	
Nadbuck	265	
Cundumbul	175	
Billabong Creek	125	
Other	300	
Expenses of the Offer		215
ESTIMATED TOTAL		**2,190**

5.2 Effect of the Issue

The principal effect of the Issue will be that:

(a) cash reserves will initially increase by approximately $1,975,000 after taking into account the costs of the Rights Issue; and

(b) the number of Shares on issue will increase from 82,135,085 up to 109,513,447.

5.3 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Issue is set out below.

Capital Structure after Completion of Issue

No. of Shares	
82,135,085	On issue at the date of this Prospectus
27,378,362	Issued pursuant to this Prospectus
109,513,447	**Total Issued Capital**

No. of Options	Expiry date	Exercise Price	No. Listed on ASX
On Issue at the Date of this Prospectus			
2,000,000	10 July 2011	$0.20	-
2,250,000	30 September 2011	$0.20	-
2,350,000	10 August 2013	$0.175	-
1,100,000	30 September 2013	$0.185	-
1,650,000	31 December 2013	$0.195	-
On Issue Following the Rights Issue			
2,000,000	10 July 2011	$0.20*	-
2,250,000	30 September 2011	$0.20*	-
27,378,362	31 July 2013	$0.15	27,378,362
2,350,000	10 August 2013	$0.175*	-
1,100,000	30 September 2013	$0.185	-
1,650,000	31 December 2013	$0.195*	-

*Exercise price will be reduced in accordance with ASX Listing Rule 6.22.2 upon completion of the rights issue

5.4 Effect on the Company's Financial Position

Set out below for illustrative purposes are the historical Consolidated Statement of Financial Position as at 31 December 2009 (audited), an unaudited Consolidated Statement of Financial Position as at 31 May 2010 and an unaudited Pro Forma Consolidated Statement of Financial Position as at 31 May 2010 after the Rights Issue. The Balance Sheet has been prepared on the basis of the accounting policies normally adopted by the Company.

	Consolidated Statement of Financial Position at 31 December 2009 (audited)	Consolidated Statement of Financial Position at 31 May 2010 (unaudited)	Proforma Consolidated Statement of Financial Position at 31 May 2010 (unaudited)
Cash and cash equivalents	1,907,948	1,486,908	3,462,638
Receivables	124,980	161,435	161,435
Available-for-sale investments	1,125	1,125	1,125
Total Current Assets	**2,034,053**	**1,649,469**	**3,625,198**
Other financial assets			0
Plant & Equipment	86,677	77,843	77,843
Intangibles	7,724	4,298	4,298
Total Non-Current Assets	**94,401**	**82,140**	**82,140**
Total Assets	**2,128,454**	**1,731,609**	**3,707,339**
Trade & Other Payables	-349,507	-558,609	-558,609
Provisions	-45,368	-41,030	-41,030
Total Current Liabilities	**-394,875**	**-599,639**	**-599,639**
Provisions	-3,651	-3,651	-3,651
Total Non-Current Liabilities	**-3,651**	**-3,651**	**-3,651**
Total Liabilities	**-398,526**	**-603,291**	**-603,291**
Net Assets	**1,729,928**	**1,128,318**	**3,104,048**

	Consolidated Statement of Financial Position at 31 December 2009 (audited)	Consolidated Statement of Financial Position at 31 May 2010 (unaudited)	Proforma Consolidated Statement of Financial Position at 31 May 2010 (unaudited)
Equity			
Contributed Equity	-7,377,178	-8,214,426	-10,404,695
Capital raising Costs	0	0	214,539
Option Reserve	-640,430	-824,008	-824,008
Available-for-sale investments revaluation reserve		-563	-563
Accumulated Losses	6,287,680	7,910,678	7,910,678
Total Equity	**-1,729,928**	**-1,128,318**	**-3,104,048**

Assumptions for Unaudited Pro Forma Consolidated Statement of Financial Position

The unaudited proforma Consolidated Statement of Financial Position set out above represents the unaudited Consolidated Statement of Financial Position as at 31 May 2010 adjusted for the following transactions:

- the issue of approximately 27,378,362 New Shares and 27,378,362 New Options issued in accordance with this Prospectus; and
- payment of estimated costs in relation to this Prospectus of $215,000.

6 COMPANY OVERVIEW AND PROJECTS

Clancy's tenement portfolio in NSW consists of 29 exploration licences and 4 exploration licence applications covering 2870 km^2. Most of the tenements are within the Ordovician Macquarie Arc which hosts several large porphyry copper-gold deposits. Clancy's targeting indicates that the geological environment within these tenements is prospective for porphyry copper-gold deposits as defined by "A" Class Targets. Clancy also has several tenements outside of the Macquarie Arc that are prospective for gold, base metals and tin.

Since listing on the ASX in July 2007, Clancy has had a very active drilling campaign with over 77,000m of drilling completed on "A" Class porphyry copper-gold targets by Clancy and its joint venture partner Gold Fields Australasia Pty Ltd (Gold Fields). An extensive program of ground geophysical surveys has also been completed, including 2D, 3D and gradient array IP surveys, magnetic and gravity surveys. Clancy and Gold Fields have commenced fieldwork on 24 "A" Class Targets since listing.

Clancy's exploration projects can be categorised as either:

- Clancy managed projects;
- Gold Fields managed joint venture projects; or
- Bass managed joint venture projects.

(a) **Clancy managed projects (Clancy 100%)**

The Clancy managed portfolio consists of fourteen 100%-owned projects, comprising of Orange East, Trundle, Fairholme, Cundumbul, Gobondery, Billabong Creek, Roseholme, Condobolin, Moonagee, Currumburruma and Nadbuck in NSW, Yalgoo in WA and Waratah and Oonah in Tasmania.

(b) **Gold Fields managed joint venture projects**

Gold Fields will manage the seven existing joint ventures, namely Wellington North (Gold Fields 80% and Clancy 20%), Cowal East (Gold Fields 80% and Clancy 20%), Myall (Gold Fields 51% (earning 80%) and Clancy 49%) and the more recent Parkes (two), Moorefield and Jemalong joint ventures (Gold Fields 80% and Clancy 20%).

(c) **Bass managed joint venture projects**

Bass manages the two existing joint ventures, namely Lake Margaret (Bass 75% and Clancy 25%) and Bulgobac (Bass 75% and Clancy 25%).

6.1 Competent Person Statement

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Gordon Barnes consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

7 ACTIONS REQUIRED BY SHAREHOLDERS

7.1 What you may do

The number of Securities you are entitled to is shown on the accompanying Application Form. You may:

(a) subscribe for all of your Entitlement (refer to **Section 7.2**);

(b) apply for Additional New Securities (refer to **Section 7.3**);

(c) sell all or part of your Entitlement on the ASX (refer to **Section 7.4**);

(d) subscribe for part of your Entitlement and sell the balance on the ASX (refer to **Section 7.5**);

(e) subscribe for part of your Entitlement and allow the balance to lapse (refer to **Section 7.6**);

(f) transfer all or part of your Entitlement to another person other than on ASX, with or without taking up the balance (refer to **Section 7.7**); or

(g) not subscribe for any of your Entitlement and allow it to lapse (refer to **Section 7.8**).

Non qualifying Foreign Shareholders may not take any of the steps set out in **Sections 7.2 to 7.7**.

Eligible Shareholders should ensure that they follow the instructions set out in this Section and in the Application Form when undertaking any of the above actions.

Where payment is to be made for your subscription, you may either:

- complete and return the Application Form together with a cheque or bank draft for the appropriate Application Monies to the Share Registry; or
- pay electronically by BPay, using the personalised customer reference number shown on your Application Form which is required to identify your holding. If you apply by BPay, you do not need to return the Application Form.

If applying by BPay, you need to ensure that your payment is received by no later than 5.00pm (WST) on 6 August 2010. Applicants should be aware that their own financial institution may implement early cut off times with regards to electronic payment, and therefore should take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by the Closing Date.

7.2 If you wish to subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, either complete the accompanying Application Form in accordance with the instructions set out in that form and return the Application Form together with a cheque or bank draft for the appropriate Application Monies to the Share Registry, or apply electronically using BPay:

(a) **Application Form** - The Application Form sets out the number of Securities you are entitled to. The completed Application Form must be accompanied by a cheque or bank draft made payable to “Clancy Exploration Limited – Application account” and crossed “Not Negotiable” for the appropriate Application Monies in Australian dollars calculated at $0.08 per New Share accepted, and received by the Share Registry at the address specified in the Application Form by no later than 5.00 pm (WST) on 6 August 2010. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of Securities you have applied for in your Application Form, you may be taken to have applied for such lower number of Securities as your cleared Application Monies will pay for (and to have specified that number of Securities in your Application Form) or your Application may be rejected.

A reply paid envelope is enclosed for applicants in Australia. New Zealand applicants will need to affix the appropriate postage.

(b) **BPay** – You may also apply using BPay and the personalised customer reference number shown on your Application Form which is required to identify your holding. If you apply by BPay, you do not need to return the Application Form. If applying by BPay, you need to ensure that your payment is received by no later than 5.00pm (WST) on 6 August 2010.

7.3 Applications for Additional New Securities

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Securities regardless of the size of their present holding. Refer to **Section 4.4** if you wish to apply for Additional New Securities.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Securities you wish to apply for as stated on the Application Form. Alternatively, you may pay electronically using BPay. If you apply by BPay, you do not need to return the Application Form. If applying by BPay, you need to ensure that your payment is received by no later than 5.00pm (WST) on 6 August 2010.

7.4 If you wish to sell all or part of your Entitlement on ASX

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker personally. Do not forward your requests for sale to the Share Registry.

Trading of Rights commences on ASX on 13 July 2010. Sale of your Rights is only able to be completed on or before 2.00 pm (WST) on 29 July 2010 when Rights trading ceases.

Your stockbroker will act on your behalf. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

Applicants buying Rights on ASX will need to pay the Application Monies to take them up and should follow the directions of their stockbroker.

7.5 If you wish to subscribe for part of your Entitlement and sell the balance on ASX

If you wish to subscribe for part of your Entitlement and sell the balance on ASX, you should instruct your stockbroker personally. Do not forward your requests for sale to the Share Registry. You should also complete the accompanying Application Form in accordance with the instructions set out on that form and forward the completed form to the Share Registry, together with your cheque or bank draft for the Application Monies for the Securities for which you wish to subscribe to be received by the Share Registry by no later than 5.00pm (WST) on 6 August 2010. Alternatively, you may pay electronically using BPay. If you apply by BPay, you do not need to return the Application Form. If applying by BPay, you need to ensure that your payment is received by no later than 5.00pm (WST) on 6 August 2010.

Trading of Rights commenced on ASX on 13 July 2010. Sale of your Rights is only able to be completed on or before 2.00 pm (WST) on 29 July 2010 when Rights trading ceases.

Your stockbroker will act on your behalf. The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions.

Persons buying Rights on ASX will need to pay the Application Monies to take them up and should follow the directions of their stockbroker.

7.6 If you wish to subscribe for part of your Entitlement and allow the balance to lapse

If you wish to subscribe for part of your Entitlement and allow the balance to lapse, complete the accompanying Application Form stating the number of Securities you wish to subscribe for in accordance with the instructions set out on the Application Form. The completed Application Form must be accompanied by a cheque or bank draft for the appropriate Application Monies calculated at $0.08 per New Share you wish to accept, and received by the Share Registry by no later than 5.00 pm (WST) on 6 August 2010. Alternatively, you may pay electronically using BPay. If you apply by BPay, you do not need to return the Application Form. If applying by BPay, you need to ensure that your payment is received by no later than 5.00pm (WST) on 6 August 2010.

7.7 If you wish to transfer all or part of your Entitlement to another person other than on ASX

If you are a Shareholder, hold Shares registered on the issuer sponsored sub-register and wish to transfer all or part of your Rights to another person other than on ASX, send a completed standard renunciation form (obtainable from your stockbroker or the Share Registrar) signed by both you (as seller) and the buyer, together with your Application Form completed by the transferee and the transferee's cheque or bank draft for the appropriate Application Monies calculated at $0.08 per New Share they wish to accept, to reach the Share Registry by no later than 5.00 pm (WST) on 6 August 2010.

If you are a Shareholder, hold Shares registered on CHESS and wish to transfer all or part of your Entitlement to another person other than on ASX, you should contact your sponsoring participant.

Applicants accepting a transfer of Entitlements as referred to above will need to pay the Application Monies to take them up.

7.8 Entitlements not subscribed for

If you are a Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything. You should, however, consider renouncing (selling) your Rights rather than allowing them to lapse. Entitlements to Securities not accepted will form part of the Shortfall Securities which will be dealt with by the Underwriter in accordance with the Underwriting Agreement, and you will receive no benefit.

It is therefore important that, if you wish to receive a benefit, you take action either to accept or sell your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

If the Share Registry receives both a completed renunciation form and a completed Application Form in respect of the same Rights, the renunciation will be given effect in priority to the Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement or choose not to renounce (sell) any of your Rights.

8 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The following is a summary of the more significant rights and liabilities attaching to Securities to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Securities are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office free of charge during normal business hours.

8.1 Rights attaching to New Shares

General

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

The rights attaching to the New Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law.

A summary of the rights attaching to the New Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) **Voting Rights**

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

(b) **Dividends**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) **Winding up**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(d) **Transfer of Shares**

Generally, Shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASTC Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASTC Rules, or under the Company's Constitution.

(e) **Further Increases in Capital**

Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and any rights attached to a class of Shares, the Company (under the control of the Directors) may allot and issue Shares and grant Options over Shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) **Variation of Rights**

Subject to the Corporations Act, the ASX Listing Rules, the ASTC Rules and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class by either special resolution passed at a general meeting of the holders of the Shares in that class, or with the written consent of the holders of at least 75% of the Shares in that class.

(g) **Meetings and Notices**

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

8.2 Rights attaching to New Options

The rights attaching to New Options are regulated by the Constitution, the *Corporations Act*, the Listing Rules and the general law.

The following is a summary of the key terms of the New Options:

(a) The Company will, in accordance with Listing Rule 2.8, make application to have the New Options listed for Official Quotation.

(b) Each New Option will have an exercise price of $0.15 (**Exercise Price**).

(c) Each New Option will automatically lapse if not exercised on or before 31 July 2013 (**Expiry Date**).

(d) Each New Option shall entitle the holder to subscribe for and be allotted one ordinary share in the capital of the Company upon exercise of the New Option and payment to the Company of the Exercise Price.

(e) A New Option may be exercised by the option holder at any time prior to the Expiry Date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the certificate for the New Options, to the Company. The New Options may be exercised in whole or in part.

(f) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.

(g) Subject to any restrictions in the Listing Rules, within 3 Business Days of receipt of a properly executed notice of exercise and the required exercise moneys, the number of ordinary shares specified in the notice will be allotted.

(h) Ordinary shares allotted pursuant to the exercise of the New Options will rank equally with the then issued ordinary shares of the Company.

(i) The Company undertakes to apply for official quotation by the ASX of all ordinary shares allotted pursuant to the exercise of any Options, within 10 Business Days of the date of allotment of those new ordinary shares, provided that the Company is only required to apply for official quotation by the ASX if lots of 100,000 New Options are exercised in aggregate.

(j) There will be no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. Prior to any new pro rata issue of securities to Shareholders, holders of New Options will be notified by the Company and will be afforded 6 Business Days before the relevant record date (to determine entitlements to the issue), to exercise the New Options.

(k) In the event of any reorganisation (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any New Options, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(l) If from time to time before the expiry of the New Options the Company makes an issue of ordinary shares to shareholders by way of a bonus issue, other than in lieu of a dividend payment, then upon exercise of a New Option the option holder will be entitled to have issued to it (in addition to the ordinary shares which it is otherwise entitled to have issued to it upon such exercise) additional ordinary shares in the Company. The number of additional ordinary shares is the number of ordinary shares which would have been issued to the option holder if the New Options had been exercised before the record date for the bonus issue.

(m) The New Options do not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised, other than under paragraphs (k) and (l) above.

9 RISK FACTORS

The New Shares and New Options offered by this Prospectus should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors recommend the Offer, potential investors should consider the risk factors described in this Section, together with the information contained elsewhere in this Prospectus before deciding whether the New Shares and New Options offered are a suitable investment having regard to their own personal investment objectives and financial circumstances. The risk factors described in this Section are not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offer.

9.1 General Economic Risks and Business Climate

Share market conditions may affect the New Shares regardless of operating performance. Share market conditions are affected by many factors such as:

(a) general economic outlook;

(b) movements in international stock markets;

(c) movements in or outlook on interest rates and inflation rates;

(d) currency fluctuations;

(e) commodity prices;

(f) trends in the mining industry;

(g) changes in investor sentiment towards particular market sectors; and

(h) the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest.

9.2 Control Risks

Prior to the Offer, Kiska Metals Limited (**Kiska**) and Geologic Resource Fund (**GRF**) which have lodged notices confirming that they have a relevant interest in each other's shareholding, have a combined interest of 40.4% of Clancy's issued capital. As Kiska is a Non-qualifying Foreign Shareholder at the Record Date, Kiska is unable to participate in the Offer. At completion of the Offer, Kiska's interest will reduce from 34.7% to 26% of Clancy's issued capital, on the basis that it is unable to participate. As GRF is an Eligible Shareholder at the Record Date, GRF may participate in the Offer. If GRF does not participate in the Offer, GRF's interest will reduce from 5.7% to 4.2% of Clancy's issued capital. If GRF fully participates in the Offer, its interest in Clancy's issued capital will remain at 5.7% of Clancy's issued capital. Therefore, at completion of the Offer, Kiska and GRF will have a combined interest of between 31.7% and 30.2% depending on whether GRF subscribes for all or part of its entitlement.

Although that is the current position, it should also be noted that the interests of Kiska and GRF, like that of any other shareholder in a company, may change from time to time which change may include, among other things, a sell down of their interests (in whole or in part).

9.3 Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of inherent risk. Ultimate and continuous success of these activities is dependent on many factors such as:

(a) the discovery and/or acquisition of economically recoverable ore reserves;

(b) successful conclusions to bankable feasibility studies;

(c) access to adequate capital for project development;

(d) design and construction of efficient mining and processing facilities within capital expenditure budgets;

(e) securing and maintaining title to tenements and compliance with the terms of those tenements;

(f) obtaining consents and approvals necessary for the conduct of exploration and mining; and

(g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of the Company.

9.4 Native Title and Aboriginal Heritage

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land and water where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration or obtain mining tenements. In applying for certain mining tenements, the Company must observe the provisions of the Native Title legislation (where applicable) and Aboriginal Heritage legislation which protects Aboriginal sites.

9.5 Risks Specific to the Company Projects and Investments

The Company's Projects represent the main business activity and focus of the Company. Risks specific to these Projects include the following:

Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

(a) geological conditions;

(b) limitations on activities due to rural activities, seasonal weather patterns and cyclone activity;

(c) alterations to joint venture programs and budgets;

(d) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;

(e) mechanical failure of operating plant and equipment; adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;

(f) occupational health and safety in a potentially dangerous workplace;

(g) industrial action, disputation or disruptions;

(h) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;

(i) shortages or unavailability of manpower or appropriately skilled manpower;

(j) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and

(k) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

Commodity Prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world-wide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Currency

The USD/AUD exchange rate is affected by numerous factors beyond the control of the Company. These factors include Australia's and the USA's economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Environment

The Company's projects are subject to State and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by applicable laws and regulations.

Title

The exploration licences comprising some of the tenements which the Company holds or in which it has an interest may be the subject of applications for extension in the future.

If a tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that tenement.

In addition, the Company cannot guarantee that those tenements that are applications for tenements will ultimately be granted in whole or in part.

Access permission has been obtained in respect of some but not all of the Company's tenements. Access permission may not be granted in respect of those tenements for which the Company has not already obtained access permission.

Insurance Risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with minerals exploration and production is not always available and where available the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. The Company will insure the risks it considers appropriate for the Company's need and for its circumstances.

Change in Government Policy and Legislation

The Company's business may be affected by new and changing Government policies, including taxation, royalties, environmental regulation, land access and economic regulation relating to the minerals industry.

Joint Venture Parties and Contractors

The Directors are unable to predict the risk of the financial failure or default by a participant in any joint venture to which the Company may become a party or insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities.

Contractual Risks

The Company's interests in some of its tenements and rights are governed by virtue of the Company having contractual rights.

As in any contractual relationship, the ability of the Company to ultimately benefit is dependent upon the Company's ability to comply with its obligations, and the relevant counterparty complying with its contractual obligations to deliver title.

Future Funding

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of this Offer will be adequate to fund its business development activities, exploration program and other objectives in the short term as stated in this Prospectus..

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

9.6 General

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.7 Exploration and Development Success

Potential investors should understand that minerals exploration and development is a high-risk undertaking.

There can be no assurance that the Company's exploration and development activities will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

9.8 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or discover mineral deposits; operational and technical difficulties encountered in production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; adverse weather conditions; industrial and environmental accidents; industrial disputes; fluctuations in commodity prices; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Company does have very limited operating history, although it should be noted that the Company's Directors have significant operational experience. No assurances can be given that the Company's prospects and projects will achieve commercial viability through successful exploration, development and/or production. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

10 ADDITIONAL INFORMATION

10.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111 AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Securities which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

(a) it is subject to regular reporting and disclosure obligations;

(b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

(c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

   (i) the financial statements of the Company for the financial year ended 31 December 2009 being the last financial statements for a financial year of the Company lodged with the ASIC before the issue of this Prospectus; and

   (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

Date	Description of Announcement
20 April 2010	Significant 3D IP anomaly at Trundle – drilling underway
20 April 2010	Change in Substantial holding
21 April 2010	Boardroom Radio Interview – Trundle and Orange East
23 April 2010	Quarterly Activities Report
23 April 2010	Quarterly Cashflow Report
28 April 2010	Notice of Annual General Meeting/Proxy Form
29 April 2010	Annual Report to Shareholders
4 May 2010	Austock Securities research report on Clancy
5 May 2010	Change of Director's Interest notices
5 May 2010	Appendix 3B
10 May 2010	Annual Report Competent Person Statement
11 May 2010	RIU Sydney Resources Round Up Presentation
20 May 2010	Gold Fields enters into four new JV's with Clancy
24 May 2010	Significant IP anomalies identified at Orange East
28 May 2010	Results of Meeting
9 June 2010	Significant gold intercept in first hole at Moorefield
25 June 2010	Exploration Drilling Update
6 July 2010	Trading Halt
6 July 2010	Company's Request for Trading Halt
8 July 2010	Fully Underwritten Renounceable Rights Issue
8 July 2010	Disclosure Document
8 July 2010	Appendix 3B
8 July 2010	Rights Issue Correspondence
14 July 2010	Boardroom Radio Interview – Rights Issue
15 July 2010	Change in substantial holding

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

10.2 Tenement Schedule

A schedule setting out basic details of the tenements held by the Company is included in **Section 12**.

10.3 ASX listing

The Company participates in CHESS and will despatch holding statements in lieu of share certificates that set out the number of New Shares and New Options issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares and New Options. Applicants who sell New Shares and New Options before they receive their statements do so at their own risk.

10.4 Taxation

The Australian Tax Office (ATO) has released a Taxpayer Alert (**TA 2009/11**) (http://law.ato.gov.au/atolaw/view.htm?DocID=TPA/TA200911/NAT/ATO/00001) setting out its views in relation to the tax treatment of "premiums" paid to Shareholders who do not take up their Rights. In TA 2009/11, the ATO indicates that it may seek to tax premiums received in respect of unexercised Rights as either an unfranked dividend or as ordinary income, rather than as a capital gain.

The Directors consider that it is not appropriate to give advice regarding the taxation consequence associated with the acquisition, sale, exercise or non-exercise of Rights, or the subsequent disposal of any New Shares or New Options subscribed for under this Prospectus. The Directors recommend that all Eligible Shareholders consult their own independent professional tax advisers.

10.5 Material Contracts

The Directors consider that the material contracts described below and elsewhere in this Prospectus are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

The following is a summary only of the material contracts and their substantive terms.

Underwriting Agreement

The Company has executed an underwriting agreement dated on or about the date of this Prospectus, between the Underwriter and the Company ("**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the Underwriter will be entitled to an underwriting fee equalling 5% of the amount underwritten and a management fee of $60,000.

The Underwriter will pay all sub-underwriting commissions out of its fees. The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and be relieved of its obligations if the usual and appropriate termination events occur before the payment date in the Underwriting Agreement and in particular, if one of the following events occurs and the Underwriter holds the opinion, acting reasonably, that the event will have a material adverse effect on the Offer:

(a) the All Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement 15% or more below 4448; and

(b) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.

As at the date of this Prospectus, the Underwriter does not hold any Shares in the Company. The Underwriter is not a related party as defined in section 228 of the Corporations Act. The Underwriter has entered into sub-underwriting agreements with sub-underwriters who are clients of the Underwriter (**Sub-underwriter**) and the Offer is fully sub-underwritten. In the event that Shareholders do not take up some or all of their Entitlements under the Offer, then a shortfall will result and the Sub-underwriters will be entitled to subscribe for the Shortfall Securities.

As the Offer is fully sub-underwritten, the Underwriter will not acquire voting power in the Company as the result of a shortfall. In the unlikely event that there is a 100% shortfall and each Sub-underwriter subscribes for its full entitlement to the Shortfall Securities, no Sub-underwriter will acquire voting power in the Company of more than 20%. Other than Mr Mark Stewart (or his nominee) who has agreed to sub-underwrite 625,000 Shares ($50,000) on the same terms and conditions as other Sub-underwriters, no Sub-underwriter is a related party as defined in section 228 of the Corporations Act.

10.6 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of Securities pursuant to this Prospectus; or

(c) the issue of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or issue of Securities pursuant to this Prospectus.

Directors' interests in Securities of the Company at the date of this Prospectus are:

Name	Shares	Options
Dr A James Macdonald (Non-executive Chairman)	427,884	400,000 exercisable at 19.5 cents expiring 31 December 2013
Mark Stewart (Managing Director)	715,542	1,000,000 exercisable at 19.5 cents expiring 31 December 2013
Mark Lester (Non-executive Director)	100,962	250,000 exercisable at 19.5 cents expiring 31 December 2013

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Non-executive Directors and in default of agreement then in equal shares. The maximum aggregate amount that may be payable to Non-executive directors is currently set at $200,000 per annum.

In the two years preceding lodgement of this Prospectus, $603,210 (excluding GST where applicable) has been paid or is payable by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. This remuneration includes the value attributable to Options granted to the Directors by virtue of their position. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Mr Mark Stewart or his nominee has agreed to sub-underwrite 625,000 Shares ($50,000) on the same terms and conditions as other sub-underwriters.

10.7 Interests and Consents of Experts and Advisers

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- Gordon Barnes, in his capacity as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (**Competent Person**);
- Patersons Securities Limited, in the capacity of Underwriter and Lead Manager;
- Wright & Cooney, in the capacity of solicitors to the Company; and
- Computershare Investor Services Pty Ltd as Share Registry to the Company.

The reference to PKF Chartered Accountants as auditors of the Company and appears for information purposes only.

Each Competent Person, Patersons Securities Limited, Wright & Cooney and Computershare Investor Services Pty Ltd:

- has not authorised or caused the issue of this Prospectus;
- has not made any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, except where expressly stated above;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of or omissions from this Prospectus other than a reference to its name and except where expressly stated above; and
- was not involved in the preparation of the Prospectus or any part of it except where expressly attributed to that person.

Patersons Securities Limited is acting as Underwriter and Lead Manager and for this is being paid a management fee of $60,000 (plus GST), an underwriting fee of 5% of the amount underwritten under the Issue. Patersons Securities Limited is also entitled to reimbursement of out of pocket expenses.

Patersons Securities Limited has not received any fees from the Company for previous capital raisings in the 24 months preceding lodgement of this Prospectus.

Wright & Cooney is entitled to be paid approximately $22,500 (excluding GST and disbursements) for advice and assistance in relation to certain aspects of this Prospectus, and assisting the Company in relation to its due diligence regime and enquiries.

Wright & Cooney has not received any fees from the Company in the 24 months preceding lodgement of this Prospectus for the provision of professional services to the Company.

Gordon Barnes in his capacity as a Competent Person has received fees of $432,873 (excluding GST where applicable but including the value attributable to Options) in the 24 months preceding the lodgement of this Prospectus for the provision of exploration management services to the Company.

No expert, nor any firm of which such expert is a partner, has or had in the past two years any interest in the promotion or formation of the Company or in property proposed to be acquired by the Company, nor have any amounts been paid or agreed to be paid (whether in cash, shares or otherwise) to an expert or to a firm in which an expert is a partner for services rendered by the expert in connection with the promotion of the Company other than set out below.

PKF Chartered Accountants has been paid or is due a total of $53,440 (excluding GST) for audit services and $23,958 (excluding GST) for other services (mostly tax related) provided in the 24 months preceding lodgement of this Prospectus. This amount was paid for the provision of professional services in relation to the auditing of the financial statements of the Company and associated parties at normal commercial rates.

10.8 Estimated Expenses of Issue

The estimated expenses of the Issue are as follows:

Underwriting and lead management fees	$169,513
Legal and other expenses	$45,487
Total	$215,000

10.9 Electronic Prospectus

A copy of the Prospectus can be downloaded from the website of the Company at www.clancyexploration.com

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus. Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company or the Underwriter.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided with an entire copy of the Prospectus and any relevant supplementary or replacement material or any of those documents were incomplete or altered. In such case, the Application Monies will be dealt with in accordance with section 722 of the Corporations Act.

10.10 Privacy Act

If you complete an Application for Securities, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects holds and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company Share Registry.

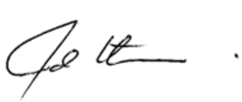
You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the SCH Business Rules. You should note that if you do not provide the information required on the Application for Securities, the Company may not be able to accept or process your Application.

10.11 Directors' Consent

This Prospectus is authorised by the Company and is lodged with the ASIC pursuant to section 718 of the Corporations Act. Each Director has given and has not withdrawn, their consent to the lodgement of this Prospectus with the ASIC under the terms of section 720 of the Corporations Act.

Signed on behalf of the Directors pursuant to a resolution of the Board.



Mark Lester
Director
Dated: 21 July 2010

11 GLOSSARY

ASTC Rules means the operating rules of the ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

“A” Class Target means a Target of the highest ranking as rated by the Company.

Additional New Securities means New Shares and New Options in addition to an Eligible Shareholder's Entitlement for which an Applicant makes an Application.

Applicant means a person who submits an Application.

Application means a valid application made to subscribe for Securities in accordance with the Offer.

Application Form means the Entitlement and Acceptance Form attached to or accompanying this Prospectus that sets out the Entitlement of Shareholders to subscribe for Securities pursuant to the Rights Issue.

Application Monies means monies received from persons applying for Securities pursuant to the terms of the Rights Issue.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 51 008 624 691) or as applicable, the Australian Securities Exchange.

Business Day means a day on which trading takes place on the stock market of ASX.

CHESS means ASX Clearing House Electronic Sub-registry System.

Closing Date means 6 August 2010 or such other date as may be determined by the Directors and the Underwriters under this Prospectus.

Company or **Clancy** means Clancy Exploration Limited (ABN 65 105 578 756).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Directors means directors of the Company at the date of this Prospectus.

Dollar or **$** means Australian dollars.

Eligible Shareholder means a Shareholder other than a Non-Qualifying Foreign Shareholder.

Entitlement means a Shareholder’s entitlement to subscribe for Securities offered by this Prospectus.

Existing Share means a fully paid ordinary share in the capital of the Company.

Gold Fields or **GFA** means Gold Fields Australasia Pty Ltd (ACN 087 624 600).

Issue means the issue of Securities under this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

New Share means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

New Option means an option to acquire a Share exercisable at 15 cents on or before 31 July 2013 to be issued under this Prospectus.

Non-qualifying Foreign Shareholder means a Shareholder, whose registered address is not in Australia or New Zealand.

Offer means the offer of one New Share and one New Option for every three Existing Shares held at the Record Date at an issue price of $0.08 per New Share.

Option means an option to acquire a Share, granted by the Company.

Prospectus means the prospectus constituted by this document.

Record Date means 19 July 2010.

Rights means the right to subscribe for New Shares and New Options under this Prospectus.

Rights Issue has the same meaning as the Offer.

SCH Business Rules means the business rules of the securities clearing house which operates CHESS.

Securities means the New Shares and New Options to be issued under this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share registered on the Record Date.

Shortfall Securities means New Shares and New Options for which successful valid Applications have not been received by the Closing Date.

Target means an area identified by the Company as having potential mineralisation of interest and upon which exploration will be conducted, subject to rights of tenure.

Underwriter means Patersons Securities Limited (ACN 008 896 311).

Underwriting Agreement means the underwriting agreement dated on or about the same date as this Prospectus between the Underwriter and the Company.

WST means Western Standard Time.

12 TENEMENT SCHEDULE

Tenement No.	Project	Lease name	Status	Grant Date	Expiry Date	Area	Main Holder / Other Holder	Security	Exp commit	Class	Exp commit on renewal	Ownership	Any other Dealings or Comments
NSW													
EL6178	Wellington North	Duke	Current	19/01/2004	18/01/2010	39 units	Clancy / Gold Fields	$10,000	$69,000	JV		Gold Fields 80%, Clancy 20% **See Note 1**	Renewal pending
EL6181	Orange East	Orange East	Current	19/01/2004	18/01/2010	29 units	Clancy	$10,000	$59,000	Non JV		Clancy 100%	Renewal pending
EL6328	Wellington North	Hillcroft	Current	25/10/2004	24/10/2010	14 units	Clancy / Gold Fields	$10,000	$44,000	JV		Gold Fields 80%, Clancy 20% **See Note 1**	
EL6534	Gobondery	Gobondery	Current	16/03/2006	15/03/2010	61 units	Clancy	$10,000	$91,000	Non JV	$60,500	Clancy 100%	Renewal pending
EL6552	Fairholme	Fairholme	Current	3/04/2006	2/04/2010	19 units	Clancy	$10,000	$49,000	Non JV	$39,500	Clancy 100%	Renewal pending
EL6553	Cowal East	Koobah	Current	3/04/2006	2/04/2010	10 units	Clancy / Gold Fields	$10,000	$40,000	JV	$35,000	Gold Fields 80%, Clancy 20% **See Note 2**	Renewal pending
EL6554	Cowal East	Wyrra	Current	3/04/2006	2/04/2010	12 units	Clancy / Gold Fields	$10,000	$42,000	JV	$36,000	Gold Fields 80%, Clancy 20% **See Note 2**	Renewal pending
EL6661	Cundumbul	Cundumbul	Current	15/11/2006	14/11/2010	49 units	Clancy	$10,000	$79,000	Non JV	$54,500	Clancy 100%	

Tenement No.	Project	Lease name	Status	Grant Date	Expiry Date	Area	Main Holder / Other Holder	Security	Exp commit	Class	Exp commit on renewal	Ownership	Any other Dealings or Comments
EL6662	Wellington North	Yarindury	Current	15/11/2006	14/11/2010	15 units	Clancy / Gold Fields	$10,000	$45,000	JV	$37,500	Gold Fields 80%, Clancy 20% **See Note 1**	
EL6784	Currum-burrama	Currum-burrama	Current	22/05/2007	22/05/2011	32 units	Clancy	$10,000	$62,000	Non JV	$46,000	Clancy 100%	
EL6802	Billabong Creek	Billabong Creek	Current	6/06/2007	6/06/2011	24 units	Clancy	$10,000	$54,000	Non JV	$42,000	Clancy 100%	
EL6913	Myall	Myall	Current	18/10/2007	18/10/2009	84 units	Clancy	$10,000	$62,000	JV	$72,000	Gold Fields 51%, Clancy 49%. **See Note 3**	Renewal pending
EL6915	Fairholme	Manna	Current	18/10/2007	18/10/2011	81 units	Clancy	$10,000	$111,000	Non JV	$70,500	Clancy 100%	
EL7200	Wellington North	Combo	Current	8/09/2008	8/09/2010	20 units	Clancy / Gold Fields	$10,000	$30,000	JV	$40,000	Gold Fields 80%, Clancy 20% **See Note 1**	
EL7198	Moonagee	Moonagee	Current	8/09/2008	8/09/2010	33 units	Clancy	$10,000	$36,500	Non JV	$46,500	Clancy 100%	
EL7199	Parkes	Gunningbland North	Current	8/09/2008	8/09/2010	12 units	Clancy	$10,000	$26,000	JV	$36,000	Gold Fields 80% Clancy 20% **See Note 5**	To be superseded by ELA4004 once granted. **See Note 4**
EL7271	Parkes	Nelungaloo	Current	13/01/2009	13/01/2011	59 units	Clancy	$10,000	$49,500	JV	$59,500	Gold Fields 80% Clancy 20%	To be superseded by

Tenement No.	Project	Lease name	Status	Grant Date	Expiry Date	Area	Main Holder / Other Holder	Security	Exp commit	Class	Exp commit on renewal	Ownership	Any other Dealings or Comments
												See Note 5	ELA4003 & ELA4004 once granted. **See Note 4**
EL6732	Nadbuck	Nadbuck	Current	8/03/2007	7/03/2011	15 units	Clancy	$10,000	$45,000	Non JV	$37,500	Clancy 100%	1. Misc. approval (pending) 2. Access negotiations with native title claimants on -going
EL6822	Roseholme	Roseholme	Current	10/07/2007	10/07/2011	42 units	Clancy	$10,000	$72,000	Non JV	$51,000	Clancy 100%	
EL6823	Parkes (ex CUR)	Nanadine	Current	10/07/2007	10/07/2011	22 units	Clancy	$10,000	$52,000	JV	$41,000	Gold Fields 80% Clancy 20% **See Note 5**	To be superseded by ELA4003 once granted. **See Note 4**
EL6824	Parkes (ex CUR)	Gunningbland South	Current	10/07/2007	10/07/2011	28 units	Clancy	$10,000	$58,000	JV	$44,000	Gold Fields 80% Clancy 20% **See Note 5**	To be superseded by ELA4004 once granted. **See Note 4**
EL6937	Jemalong	Jemalong	Current	8/11/2007	8/11/2009	28 units	Clancy	$10,000	$34,000	JV	$44,000	Gold Fields 80% Clancy 20% **See Note 5**	Renewal pending

Tenement No.	Project	Lease name	Status	Grant Date	Expiry Date	Area	Main Holder / Other Holder	Security	Exp commit	Class	Exp commit on renewal	Ownership	Any other Dealings or Comments
EL6938	Moorefield	Moorefield	Current	8/11/2007	8/11/2009	77 units	Clancy	$10,000	$58,500	JV	$48,500	Gold Fields 80% Clancy 20% **See Note 5**	To be superseded by ELA3999 once granted. **See Note 4** Renewal pending
EL6939	Condobolin	Condobolin	Current	8/11/2007	8/11/2009	53 units	Clancy	$10,000	$46,500	Non JV	$43,000	Clancy 100%	Renewal pending
EL6987	Parkes (ex CUR)	Parkes	Current	19/12/2007	18/12/2009	19 units	Clancy	$10,000	$30,000	JV	$39,500	Gold Fields 80% Clancy 20% **See Note 5**	To be superseded by ELA4003 once granted. **See Note 4** Renewal pending
EL7187	Trundle	Trundle North	Current	12/08/2008	12/08/2010	7 units	Clancy	$10,000	$23,500	Non JV	$33,500	Clancy 100%	
EL4512	Trundle	Trundle	Current	2/06/1993	1/06/2011	27 units	Clancy	$10,000	$57,000	Non JV	$43,500	Clancy 100%	
EL7399	Cundumbul	Bakers Swamp	Current	28/09/2009	27/09/2011	22 units	Clancy	$10,000	$31,000	Non JV	$41,000	Clancy 100%	
EL7440	Wellington North	Bodangora	Current	8/01/2010	8/01/2012	13 units	Gold Fields	$10,000	$26,500	JV	$36,500	Gold Fields 80%, Clancy 20% **See Note 1**	
ELA3991	Myall	Narwonah	Application			30 units	Gold Fields		$35,000	JV	$45,000	Gold Fields 51%,	

Tenement No.	Project	Lease name	Status	Grant Date	Expiry Date	Area	Main Holder / Other Holder	Security	Exp commit	Class	Exp commit on renewal	Ownership	Any other Dealings or Comments
												Clancy 49%. **See Note 3**	
ELA4004	Parkes	Gunningbland	Application			99 units	Gold Fields		$69,500	JV	$79,500	Gold Fields 80%, Clancy 20% **See Note 5**	
ELA4003	Parkes	Parkes	Application			66 units	Gold Fields		$53,000	JV	$63,000	Gold Fields 80%, Clancy 20% **See Note 5**	
ELA3999	Moorefield	Moorefield	Application			100 units	Gold Fields		$70,000	JV	$80,000	Gold Fields 80%, Clancy 20% **See Note 5**	
TAS													
EL28/2009	Lake Margaret	Lake Margaret	Application (dated 20/11/2009)			59 sqkm	Hellyer & Clancy	$17,000	$44,250	JV		Bass 75%, Clancy 25% **See Note 6**	
ERA795	Bulgobac	Bulgobac	Application				Bass		$8,243	JV		Bass 75%, Clancy 25% **See Note 6**	
EL64/2004	Waratah	Waratah	Granted	10/08/2005	10/08/2010	48sqkm	Geo-informatics	$8,000	$78,000	Non JV		Clancy 100%	
EL63/2004	Oonah	Oonah	Granted	8/08/2005	8/08/2010	24sqkm	Geo-informatics	$10,000	$18,000	Non JV		Clancy 100%	

Tenement No.	Project	Lease name	Status	Grant Date	Expiry Date	Area	Main Holder / Other Holder	Security	Exp commit	Class	Exp commit on renewal	Ownership	Any other Dealings or Comments
WA													
E59/1302	Yalgoo	Yalgoo	Granted	6/02/2009	5/02/2014	70 blocks	Clancy		$70,000	Non JV		Clancy 100%	**See Notes 7 and 8**

KEY

Parties:

Clancy	Clancy Exploration Limited ABN 65 105 578 756
Gold Fields	Gold Fields Australasia Pty Ltd ACN 087 624 600
Bass	Bass Metals Limited ABN 31 109 933 995
Geoinformatics	Geoinformatics Exploration Tasmania Pty Ltd ACN 113 307 038 (100% owned subsidiary of Clancy)
Hellyer	Hellyer Mill Operations Pty Ltd ABN 18 125 516 636

Notes:

Note 1	The tenement is held beneficially by Gold Fields as to 80% and Clancy as to 20% pursuant to the Wellington North Joint Venture Agreement between Gold Fields and Clancy dated 9 May 2007.
Note 2	The tenement is held beneficially by Gold Fields as to 80% and Clancy as to 20% pursuant to the Cowal East Joint Venture Agreement between Gold Fields and Clancy dated 9 May 2007.
Note 3	The tenement is held beneficially by Gold Fields as to 51% and Clancy as to 49% pursuant to the Myall Joint Venture Agreement between Gold Fields and Clancy dated 27 November 2008. Gold Fields may earn up to 80% pursuant to that agreement.
Note 4	Tenement applications ELA 4003, 4004 and 3999 lodged by Gold Fields to

	amalgamate the existing tenement areas and include additional ground.
Note 5	The tenement is held beneficially by Gold Fields as to 80% and Clancy as to 20% pursuant to the East Lachlan Alliance – Second Restrucuture Agreement between Gold Fields and Clancy dated 16 April 2009. Gold Fields' beneficial interest of 80% is conditional on Gold Fields spending $1million on the tenement pursuant to that agreement.
Note 6	The tenement is held beneficially by Bass as to 75% and Clancy as to 25% pursuant to the Alliance Agreement between Bass and Clancy dated 10 May 2005.
Note 7	Underexpended $34,123.00 for the year end 5/2/2010. Exemption lodged 26/02/10 (outcome pending).
Note 8	Agreement dated 22 December 2008 entered into between Centaurus Resources Limited and the Badimia Claim Group for access to E59/1302 (the Badimia Claim Group has lodged an application for determination of native title (WC 96/98; WAG 6123/98)). Clancy assumes the rights and obligations of Centaurus under that Agreement by a Deed of Assumption, Assignment and Release dated 25 September 2009.