

CLANCY EXPLORATION LTD BOARD CHARTER

Subject to the Corporations Law, the Listing Rules and to any other provision of the Constitution, the business of the Company shall be managed by the Directors and they may exercise all such powers of the Company as are not, by the Corporations Law or by this Constitution, required to be exercised by the Company in general meeting.

The Board;

- is responsible to all stakeholders for the performance of the Company
- shall work with management towards development of corporate strategy and performance objectives;
- is responsible for monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- is responsible for reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance
- is responsible for ensuring that a sound system of risk oversight and management is established;
- is responsible for assuring timely and accurate communication of all information which is material to shareholders;
- is responsible for the appointment, evaluation and, where appropriate, the removal of the company secretary;
- is responsible for approving and monitoring the progress of projects, capital management, and acquisitions and divestments;
- is responsible for enhancing the reputation of the company;
- is responsible for approving and monitoring financial and other reporting;
- is responsible for maintaining sub-committees in the areas of Audit, Remuneration and Risk; and
- is committed to supporting the highest levels of ethical standards throughout the company in all its dealings.

CLANCY EXPLORATION LTD DEFINITION OF AN INDEPENDENT DIRECTOR

An independent director:

- is a non-executive director (ie is not a member of management)
- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- has not within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has no material contractual relationship with the company or another group member other than as a director of the company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

CLANCY EXPLORATION LTD

DESCRIPTION OF THE PROCEDURE FOR THE SELECTION AND APPOINTMENT OF NEW DIRECTORS TO THE BOARD

- New directors are sought to complement the skills and background of the existing Board
- New directors provide a fresh look at the operations, strategies and direction of the company
- New directors are sought based upon a reputation for integrity
- New directors are sought if their background and experience resolves a perceived weakness in the existing Board composition

CLANCY EXPLORATION LTD BOARD CODE OF CONDUCT

- **Conflicts of interest** – Where the interests of a director interfere or appear to interfere with the interests of the company as a whole, the director shall declare the interest and excuse himself from discussions and decisions relating to the matter.
- **Corporate opportunities** – Directors and key executives shall not take advantage of property, information or position, or opportunities arising from these, for personal gain or to compete with the company.
- **Confidentiality** – Directors shall restrict the use of non-public information except where disclosure is authorised or legally mandated.
- **Fair dealing** – All employees shall deal fairly with company's customers, suppliers, competitors and employees.
- **Protection of and proper use of the company's assets** – The directors shall protect and ensure efficient use of assets for legitimate business purposes, wherever possible.
- **Compliance with laws and regulations** – The company promotes active compliance with laws and regulations.
- **Encouraging the reporting of unlawful / unethical behaviour** – The company promotes ethical behaviour and protection for those who report unlawful/unethical behaviour in good faith.

CLANCY EXPLORATION LTD TRADING POLICY

- All directors, officers and employees (“designated officers”) are restricted from trading in the Company’s securities pursuant to this policy.
- All designated officers will be provided with a copy of the prohibitions under the law and the requirements of the policy. It is inappropriate for the designated officer to procure others to trade when the designated officer is precluded from trading. All officers and employees must defend confidentiality against external advisers.
- Designated officers must provide notification to the chairman of intended trading in the Company’s securities.
- Designated officers must provide subsequent confirmation of the trading if it occurs.
- Designated officers may not trade in the Company’s securities within two business days after an announcement being lodged with ASX nor at any time when exceptions from ASX Listing Rules continuous disclosure rule 3.1 are being relied upon.
- The Chairman has the discretion to permit trading by designated officers in circumstances of financial hardship.

CLANCY EXPLORATION LTD CONTINUOUS DISCLOSURE POLICIES

The continuous disclosure requirements are set out in the ASX Listing rules. The rules require the company to immediately notify the ASX of any information concerning the Company, which a reasonable person would expect to have a material effect on the price of securities. When considering the disclosure of information due consideration should also be given to the exemptions (carve outs) granted under the ASX listing rules in respect of continuous disclosure.

The Company shall disclose:

- all information that is required to be disclosed pursuant to ASX Listings Rules
- the Board, collectively, has primary responsibility for ensuring that the company complies with its disclosure obligations
- the Board will monitor news sources and seek to avoid the emergence of a false market in the company's securities. However, it is recognised that this may not be possible pursuant to ASX Listing Rule 3.1.B
- the confidentiality of corporate information will be safeguarded to avoid premature disclosure
- The Company Secretary is appointed as the Disclosure Officer in compliance with ASX Listing Rules. All directors and employees must immediately inform the Disclosure Officer if they obtain material information
- external communications for analyst briefings will be restricted by the strictures of the ASX Listings Rules

CLANCY EXPLORATION LTD SHAREHOLDER COMMUNICATIONS POLICY

- All relevant announcements made to the market, and related information (eg information provided to analysts or media during briefings), shall be placed on the Company's website after they have been released and acknowledged by ASX.
- The full text of notices of meeting and explanatory material shall be placed on the website.
- All recent announcements will be stored on the website and earlier announcements will be available by contacting the company.
- Announcements will be emailed to investors who advise the company of their interest in receiving them.
- The external auditor will be invited to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

CLANCY EXPLORATION LTD

RISK MANAGEMENT POLICY

- **Oversight of the Risk Management System**

It is part of the board's oversight role to oversee the establishment and implementation of the risk management system, and to review the effectiveness of the company's implementation of that system. The Board has overall responsibility to manage the impact of significant business risk by ensuring that adequate management policies, procedures and controls are in place. Due to the size of the company it does not have an internal audit function or a Risk sub-committee of the Board.

- **Risk Profile**

The Risk Management Policy has been adopted by the board. Clancy is exposed to risks as a listed public company. Clancy uses appropriate internal controls and formulation of, and adherence to, risk management policies appropriate for its risks as an independent corporate entity. The following is a listing of the material risks facing the company.

- compliance risk
- environmental risk
- financial commitments risk
- occupational health and safety
- exploration risk
- insurance risk
- jv and contractor risk
- native title risk
- opportunity identification risk
- reputation risk
- market risk
- operations/production risk
- land access risk
- ability to access finance risk
- reliance on key personnel risk

- **Risk Management and Compliance and Control**

Management will identify, assess, monitor and manage material risk throughout the company.

External audits are conducted by independent parties. The incumbent auditor is Ernst & Young.

Clancy recognises and supports the fundamental principle of maintaining auditor independence. Clancy has a policy controlling the provision of non-audit services by the auditors. Auditors are not prohibited from supplying non-audit services provided those services are subject to independent approval from the Audit sub-committee of the Board.

- **Assessment of Effectiveness**

The Board will monitor the management of risks on an ongoing basis.

CLANCY EXPLORATION LTD CODE OF CONDUCT

1. ***Responsibilities to shareholders and the financial community generally.*** The company is committed to delivering shareholder value by pursuing its exploration objectives as effectively and efficiently as possible.
2. ***Obligations relative to fair trading and dealing*** The company is committed to dealing fairly with all those with whom it comes into contact. The Company aims to actively contribute to the betterment of communities in which it operates
3. ***Obligations to employees*** The Company is committed to maintaining high standards of employment satisfaction and safety for all employees
4. ***How the company complies with legislation affecting its operations.*** The Company aims for full compliance with all relevant legislation.
5. ***How the company monitors and ensure compliance with its code.*** The Company's Board monitors compliance with its code and will insist that all company officers and employees uphold the code.

The Company's directors are individually and collectively committed to the Code of Conduct.