

**CLANCY EXPLORATION LIMITED**  
ABN 65 105 578 756

# **PROSPECTUS**

For a non-renounceable pro rata offer to Shareholders of one New Share for every four Existing Shares at an issue price of eight cents per New Share to raise approximately \$1.022 million before issue costs

## **Underwriter**

Underwriter: Gold Fields Australasia Pty Ltd  
ACN: 087 624 600

## **Important Notice**

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

The New Shares offered by this Prospectus should be considered as speculative.

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### Application Form

## SUMMARY OF IMPORTANT DATES

Lodgement Date	6 May 2009
Securities Trade ex entitlement	12 May 2009
Record date to determine Entitlement	18 May 2009
Prospectus with Entitlement and Acceptance Form dispatched	21 May 2009
Closing date for acceptances	5 June 2009
Allotment and issue of New Shares and New Options	12 June 2009
Dispatch of shareholding statements	15 June 2009
Trading of New Shares and New Options expected to commence	16 June 2009

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

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## 1 INVESTMENT HIGHLIGHTS

- Exploration portfolio built up over a number of years and consists of highly prospective copper-gold projects in the Lachlan Fold Belt of NSW
- Significant exploration progress made over the two years since listing
- Exciting results on several projects
- Strong management and exploration team in place
- Gold Fields managing four joint ventures in the Lachlan Fold Belt
- One of the largest ground positions of any explorer in the prospective Macquarie Arc (>3000km<sup>2</sup>)
- Bass Metals continuing to progress Tasmanian joint venture projects

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 New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

### IMPORTANT NOTES

This Prospectus is dated 6 May 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Shares 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 4.8 for treatment of overseas shareholders. Applications for New Shares 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.

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## 2 CORPORATE DIRECTORY

### **Directors**

Dr A James Macdonald  
(Chairman, Director)

Mr Mark Stewart  
(Managing Director)

Mr Mark Lester  
(Director)

Mr Darren Holden  
(Director)

### **Proposed Directors**

Ms. Rosie C Moore

Mr John Kanellitsas

### **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

### **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**

Pullinger Readhead Lucas  
Level 2, 50 Kings Park Road  
West Perth,  
Western Australia 6005

### **Underwriter**

Gold Fields Australasia Pty Limited  
Level 5, 50 Colin Street  
West Perth,  
Western Australia 6005

### **Web Address**

[www.clancyexploration.com](http://www.clancyexploration.com)

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**3 CHAIRMAN'S LETTER**

6 May 2009

Dear Shareholder,

Your Directors are pleased to offer you an opportunity to participate in Clancy Exploration Limited's non-renounceable Rights Issue to raise approximately \$1 million (before costs).

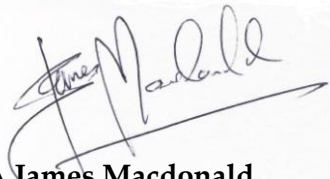
We are further pleased to advise that the non-renounceable Rights Issue is fully underwritten by Clancy's joint venture partner, Gold Fields Australasia Pty Limited.

The capital raising will enable the Company to fund exploration of the key exploration projects it will continue to manage in the Lachlan Fold Belt, at Nadbuck west of Broken Hill and at the Yalgoo project, adjacent to Golden Grove in Western Australia.

The capital raising will also provide the Company with enough funds for its ongoing working capital, provided the underwriting agreement is performed and not terminated in accordance with its terms.

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,



**A James Macdonald**  
Chairman

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## 4 DETAILS OF THE OFFER

### 4.1 The Issue

A non-renounceable pro rata entitlements issue to Shareholders of approximately 12,784,709 New Shares on the basis of one New Share for every four Existing Shares held as at the Record Date at an issue price of \$0.08 cents each to raise approximately \$1,022,776 before issue costs.

### 4.2 Underwriting

The Issue is fully underwritten by Gold Fields Australasia Pty Limited. A summary of the Underwriting Agreement is set out in Section 11.5 of the Prospectus. The following table sets out the potential shareholding of the Underwriter for a series of scenarios dependent on the percentage of Rights accepted. It is not known whether or not the Company's major shareholders will participate in the Issue, and to what extent. The three scenarios demonstrating 25%, 50% and 75% acceptance levels by all shareholders are based on pure assumptions and do not reflect the intentions of any particular shareholder.

Shareholder	Current		Based on 25% acceptances		Based on 50% acceptances		Based on 75% acceptances	
	Shares	%	Shares	%	Shares	%	Shares	%
Geoinformatics Exploration Inc.	22,805,506	44.6 %	24,230,850	37.9%	25,656,194	40.1%	27,081,538	42.4%
Geologic Resource Fund <sup>1</sup>	3,750,000	7.3%	3,984,375	6.2%	4,218,750	6.6%	4,453,125	7.0%
Centaurus Resources Limited	3,333,333	6.5%	3,541,666	5.5%	3,750,000	5.9%	3,958,333	6.2%
Other	21,250,000	41.6%	22,578,125	35.3%	23,906,250	37.4%	25,234,375	39.5%
Gold Fields	0	0%	9,588,532	15.0%	6,392,354	10.0%	3,196,177	5.0%
Total <sup>2</sup>	51,138,839	100%	63,923,548	100%	63,923,548	100%	63,923,548	100%

<sup>1</sup> Geologic Resource Fund comprising Geologic Resource Fund Ltd, Geologic Resource Fund LP, Geologic Resource Opportunities Fund Ltd, Geologic Resource Opportunities Fund LP, Geologic Resource Partners LLC, GRI Holdings LLC, George Ireland, GRI Holdings LLC and Ring Capital Corp.

<sup>2</sup> Percentages may not add exactly due to rounding.

### **4.3 Entitlement to Rights Issue**

Shareholders who are on the Company's Share Register at the close of business on the Record Date 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 Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Prospectus.

### **4.4 Non-renounceable Offer**

The Rights to New Shares are non-renounceable, which means they may not be sold or otherwise transferred.

### **4.5 Acceptances**

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company and the Underwriter to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in Section 7 and on the Application Form which accompanies this Prospectus.

### **4.6 Allotment and Application Money**

All Eligible Shareholders who accept the Offer will receive their Entitlement in full.

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 12 June 2009 and trading of the New Shares on ASX is expected to commence on 16 June 2009.

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

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

### **4.7 Issue Outside Australia and New Zealand**

This Prospectus does not constitute an offer of New Shares 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 New Shares on the basis of this Prospectus. No action has been taken to register or qualify the New Shares or the Issue or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand.

#### **4.8 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 small number of such Shareholders, and 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.

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

#### **4.9 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.

	<b>3 month high</b>	<b>3 month low</b>	<b>Last market sale price (on 5 May 2009)</b>
<b>Existing Shares</b>	\$0.14 (15 April 2009)	\$0.062 (2 March 2009)	\$0.09

#### **4.10 Opening and Closing Dates**

The Issue will open for receipt of acceptances on 21 May 2009 and will close on 5 June 2009, subject to the right of the Company, in consultation with the Underwriter, to vary these dates.

#### **4.11 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 is set out in Section 8.

#### **4.12 Enquiries**

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

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## 5 PURPOSE AND EFFECT OF THE ISSUE

### 5.1 Purpose of the Issue

The net funds raised from the issue of New Shares through the Offer after payment of all associated costs, are expected to provide the Company with net proceeds of approximately \$1 million in additional capital, assuming the Underwriting Agreement is not terminated and is performed in accordance with its terms.

The purpose of the Offer is to raise funds for exploration of the Company's projects in NSW and Western Australia, costs of the Issue and for working capital.

The following table shows the proposed application of funds. Actual expenditure incurred on the projects will depend on the results achieved.

<b>Use of Proceeds of the Issue</b>	<b>Amount \$,000</b>
Drilling and other exploration	783
Working Capital	199
Expenses of the Offer	40
<b>ESTIMATED TOTAL</b>	<b>1,022</b>

### 5.2 Effect of the Issue

The principal effect of the Issue will be that cash reserves will initially increase by approximately \$982,000.

### 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, assuming the Underwriting Agreement is not terminated and is performed in accordance with its terms.

#### **Capital Structure after Completion of Issue**

<b>No. of Shares</b>	
51,138,839	On issue at the date of this Prospectus
12,784,709	Issued pursuant to this Prospectus
63,923,548	<b>Total Issued Capital*</b>

*\*If the proposed acquisition mentioned in resolution 8 in the Notice of General Meeting despatched on 24 April 2009 proceeds and Shares are issued as consideration to the vendor, the Total Issued Capital would increase by up to 1,800,000 Shares.*

*There will be no change to the number of options on issue.*

No. of Options	Expiry date	Exercise Price	No. Listed on ASX
<b>On Issue at the Date of this Prospectus and after this Prospectus</b>			
2,100,000	30 April 2010	\$0.20	-
500,000	30 April 2010	\$0.30	-
500,000	30 April 2010	\$0.40	-
2,000,000	10 July 2011	\$0.20	-
1,250,000	30 September 2011	\$0.20	-

#### 5.4 Effect on the Company's Financial Position

Set out below, for illustrative purposes, is the historical Consolidated Balance Sheet as at 31 December 2008 (audited) and an unaudited Pro Forma Consolidated Balance Sheet as at 31 December 2008 after the Rights Issue. The Balance Sheet has been prepared on the basis of the accounting policies normally adopted by the Company.

	31 December 2008 (Audited) \$	31 December 2008 (Unaudited pro forma) \$
<b>Current Assets</b>		
Cash and cash equivalents	3,499,874	3,101,688
Trade and other receivables	188,055	188,055
Available for sale investments	128,300	128,300
<b>Total current assets</b>	<b>3,816,229</b>	<b>3,418,043</b>
<b>Non Current Asset</b>		
Other financial assets	-	-
Plant & equipment	114,138	114,138
Intangibles	22,327	22,327
<b>Total non current assets</b>	<b>136,465</b>	<b>136,465</b>
<b>Total Assets</b>	<b>3,952,694</b>	<b>3,554,508</b>
<b>Current Liabilities</b>		
Trade and other payables	1,963,214	582,251
Provisions	32,266	32,266
<b>Total current liabilities</b>	<b>1,995,480</b>	<b>614,517</b>
<b>Non Current Liabilities</b>		
Provisions	3,159	3,159
<b>Total non current liabilities</b>	<b>3,159</b>	<b>3,159</b>
<b>Total Liabilities</b>	<b>1,998,639</b>	<b>617,676</b>
<b>Net Assets</b>	<b>1,954,055</b>	<b>2,936,832</b>
<b>Equity</b>		
Contributed Equity	4,722,292	6,005,069
Reserves	318,272	399,522
Retained losses	(3,086,509)	(3,467,759)
<b>Total Equity</b>	<b>1,954,055</b>	<b>2,936,832</b>

## **Assumptions for Unaudited Pro Forma Consolidated Balance Sheet**

The unaudited proforma Consolidated Balance Sheet set out above, represents the audited Balance Sheet as at 31 December 2008 adjusted for the following transactions:

- The issue of approximately 12,784,709 New Shares issued in accordance with this Prospectus;
- Payment of estimated costs in relation to this Prospectus of \$40,000 offset against contributed equity;
- Completion of the acquisition of tenements in March 2009 from Centaurus Resources Limited via the issue of 3,333,333 shares and 1,250,000 options, valued at \$300,000 and \$81,250 respectively; and
- All unearned income as at 31 December 2008 has either been earned or repaid. This accounts for the adjustment to the trade and other payables in the current liabilities from \$1,963,214 to \$582,251.
- No adjustment is made in relation to the possible allotment and issue of up to 1,800,000 Shares pursuant to the potential acquisition referred to in resolution 8 of the Notice of General Meeting despatched on 24 April 2009 because it is contingent on final terms being agreed and shareholder's approval.

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## 6 COMPANY OVERVIEW AND PROJECTS

Clancy's tenement portfolio in the Lachlan Fold Belt of NSW consists of 29 exploration licences covering nearly 3000 km<sup>2</sup>. 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 and base metals.

Since listing on the ASX in July 2007, Clancy has had a very active drilling campaign with over 31,000m of drilling completed on A-Class porphyry copper-gold targets. An extensive program of ground geophysical surveys has also been completed, including 2D, 3D and gradient array IP surveys, magnetic and gravity surveys. Clancy has commenced fieldwork on 17 A-Class targets since listing.

Clancy has executed a binding heads of agreement dated 16 April 2009 with Gold Fields in respect of the Lachlan Fold Belt tenements. The key terms of this agreement are summarised in the Material Contracts summary at Section 11 of this Prospectus.

As a result, Clancy's exploration projects can now be categorised as either:

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

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

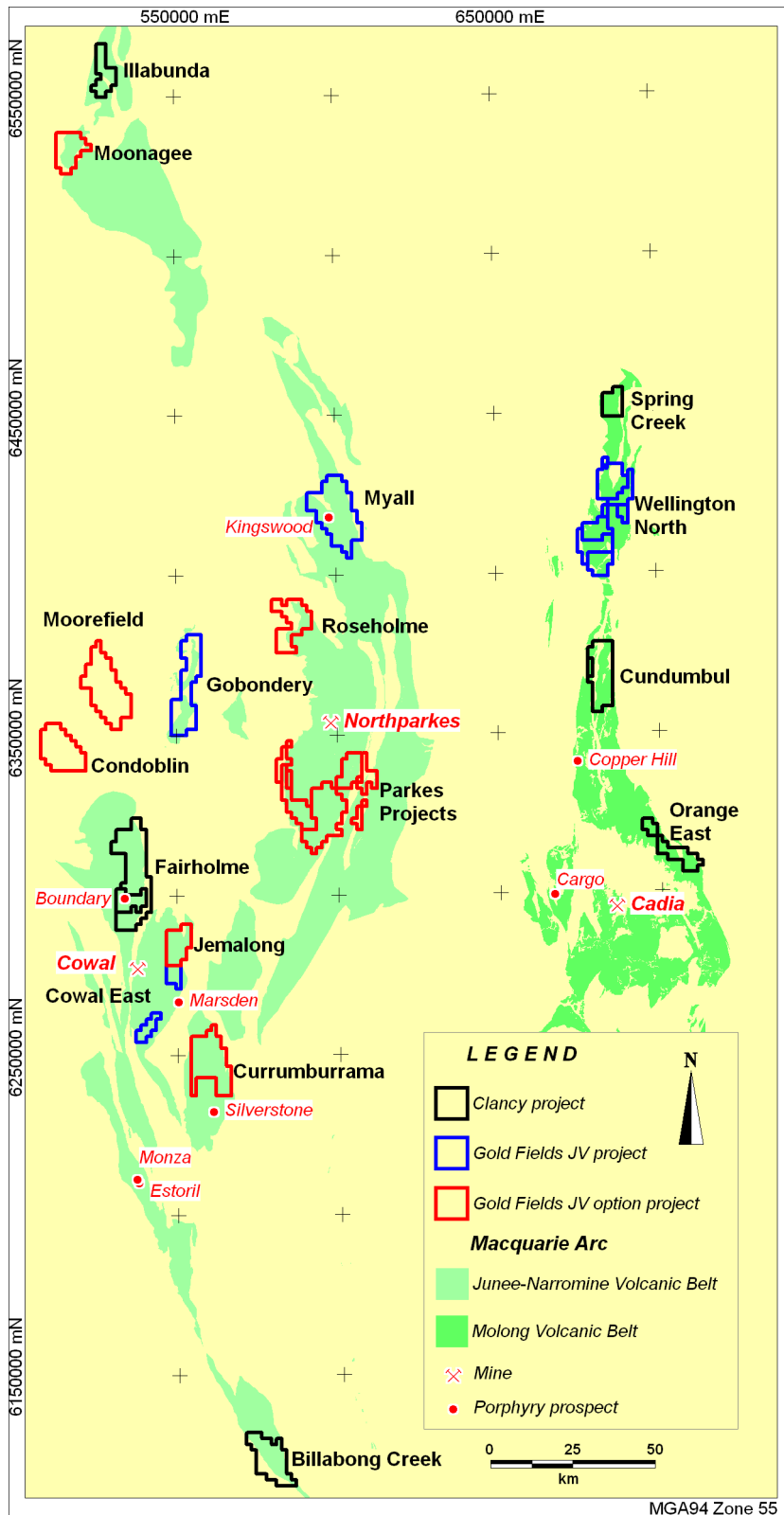
The Clancy managed portfolio consists of six 100%-owned projects, consisting of Orange East, Fairholme, Cundumbul, Billabong Creek and Nadbuck in NSW and Yalgoo in WA.

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

Gold Fields will carry out first-pass reconnaissance exploration on a total of eight projects in NSW in the period ending 30 June 2010. This will include Parkes, Currumburrama and the tenement package recently acquired from Centaurus Resources Limited.

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

Gold Fields will manage the four existing joint ventures, namely Wellington North (Gold Fields 80% and Clancy 20%), Cowal East (Gold Fields 80% and Clancy 20%), Gobondery (Gold Fields earning 80%) and Myall (Gold Fields earning 51%).



Map showing the location of Clancy's tenements in the Macquarie Arc NSW.

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## 7 ACTIONS REQUIRED BY SHAREHOLDERS

### 7.1 What you may do

The number of New Shares 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) subscribe for part of your Entitlement and allow the balance to lapse (refer to Section 7.3); or
- (c) not subscribe for any of your Entitlement and allow it to lapse (refer to Section 7.4).

### 7.2 If you wish to subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares 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, and received by the Share Registry at either of the following addresses by no later than 5.00 pm (WST) on 5 June 2009. 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 New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

Street Address:	Postal Address:
Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6009	Computershare Investor Services Pty Ltd GPO Box D182 Perth WA 6840

An addressed envelope is enclosed for your convenience. A postage stamp is required.

### **7.3 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 New Shares you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form. The completed Application 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 5 June 2009.

### **7.4 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. Entitlements to New Shares not accepted will form part of the Shortfall 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 to accept your Entitlement in accordance with the instructions above and on the back of the accompanying 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.

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## **8 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES**

The following is a summary of the more significant rights and liabilities attaching to New Shares 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 Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office 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 copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

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 votes 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.

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## 9 RISK FACTORS

The New Shares 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 offered are a suitable investment having regard to their own personal investment objectives and financial circumstances. This list is 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, GXL Exploration Inc. and Geologic Resource Fund (together "GXL/GRF") which have lodged notices confirming that they have a relevant interest in each other's shareholding, have a combined interest of 51.93% of Clancy's issued capital. At completion of the Offer, GXL/GRF will have an interest of between 51.93% and 41.54% of Clancy's issued capital, depending on whether they subscribe for all or part of their entitlement, representing a controlling interest in Clancy. Such a controlling interest has the potential to impinge upon the ability of the Board to run Clancy in a fully independent manner. GXL/GRF would have the power to requisition and pass any member resolutions requiring a simple majority from which it was not excluded from voting, including resolutions to appoint and remove directors.

### **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, provided the Underwriting Agreement is not terminated and is performed in accordance with its terms.

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.

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## 10 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 New Shares. The New Shares 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 New Shares. 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 New Shares 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:
    - (d) the financial statements of the Company for the financial year ended 31 December 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus; and
-

- (e) 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 2008 audited financial statements:

<b>Date</b>	<b>Description of Announcement</b>
9 April 2009	2008 Annual Report to Shareholders
15 April 2009	Clancy Hits Copper and Gold at Myall
15 April 2009	Clancy Intersects High Grade Gold at Cowal East
17 April 2009	Major Expansion of Partnership with Gold Fields
23 April 2009	Quarterly Cashflow Report
24 April 2009	Notice of Annual General Meeting and Proxy Form
30 April 2009	Quarterly Activities Report
4 May 2009	20/20 Investor Series Presentation
4 May 2009	Clancy Extends Copper-Gold Intersections at Myall
6 May 2009	Clancy Uncovers More Copper and Gold Anomalies at Orange East

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.

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## 11 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.

On 16 April 2009 Clancy and GFA entered into the Heads of Agreement - East Lachlan Alliance Second Restructure Agreement (**ELASRA**), the principal commercial terms of which are set out below at Section 11.4, subject to performance by GFA of its obligations under the Underwriting Agreement.

In order to understand the effect and consequences of the Heads of Agreement it is necessary to set out the principal contractual terms regulating the parties before the Heads of Agreement was executed. Those terms are contained in various agreements, summarised as follows:

### 11.1 East Lachlan Alliance Restructure Agreement 2007 (“Original Agreement”)

On 9 May 2007 Clancy, GFA and Geoinformatics Exploration Australia Pty Ltd (“**GEXA**”) entered into the Original Agreement relating to:

- “Alliance Tenements” consisting of Clancy’s New South Wales exploration licences EL6180, EL6443, EL6661, EL6181, EL6536, EL6537, EL6552 and New South Wales exploration licence application ELA3026, ELA 2916, ELA3007 and ELA3042; and
- an “Alliance Area” being various areas surrounding the Alliance Tenements.

The principal commercial terms of the Original Agreement are as follows:

#### (a) Restraint on Acquisition

- (i) During the period 9 May 2007 to 29 June 2009 GFA (and GFA’s related bodies corporate) are restrained from acquiring interests in the Alliance Area.
- (ii) During the period 29 June 2009 to 28 June 2010 GFA (and GFA’s related bodies corporate) are restrained from acquiring interests in the Alliance Area without first offering Clancy the opportunity to acquire 50% of such interests jointly with GFA.

#### (b) GFA’s Claw-Back Right

- (i) On each occasion that:

- (A) an inferred mineral resource is identified on one or more Alliance Tenements of more than 2,000,000 troy ounces of gold or gold equivalent; or
- (B) a pre-feasibility study is completed on a mineral resource of more than 2,000,000 troy ounces of gold or gold equivalent on one or more Alliance Tenements,

GFA has an option to form a joint venture with Clancy in respect of the relevant Alliance Tenements.

- (ii) If GFA exercises the option to form a joint venture:
  - (A) GFA must pay Clancy twice the amount of expenditure incurred by Clancy on the relevant Alliance Tenements from 9 May 2007 until the date the option is granted and GFA must elect whether to constitute an unincorporated or an incorporated joint venture;
  - (B) GFA will have an option to acquire a 60% equity in the joint venture by sole funding the project to completion of a bankable feasibility study within 5 years (provided that if GFA incurs expenditure of more than \$10 million on the bankable feasibility study, 40% of the excess will be treated as a loan from GFA to Clancy, repayable from 75% of Clancy's share of joint venture product from time to time);
  - (C) after earning its 60% equity in the joint venture, GFA is required to obtain all approvals required for commencing mining operations and continue sole funding joint venture expenditure until the earlier of 90 days after all such approvals have been obtained or the date GFA exercises its option to earn a further 15% joint venture interest; and
  - (D) GFA has a further option to acquire an additional 15% equity in the joint venture by procuring all funding required for the joint venture to proceed to commercial production.

## 11.2 East Lachlan Spin-Out Joint Venture Agreements (“JVA’s”)

In addition to the Original Agreement, Clancy and GFA are parties to three joint venture agreements, each dated 9 May 2007.

- The Wellington North Joint Venture Agreement, which relates to New South Wales exploration licences EL6178, EL6328 and EL6662. EL7200 has since also been acquired by the joint venture;
- The Cowal East Joint Venture Agreement, which relates to New South Wales exploration licences EL6553 and EL6554; and

- The Gobondery Joint Venture Agreement, which relates to New South Wales exploration licence EL6534.

The principal terms of each of the JVA's are as follows:

**(a) Initial Joint Ventures**

- (i) A joint venture was formed between GFA and Clancy in which Clancy held 100% of the joint venture interest ("**Initial Joint Venture**").
- (ii) The current status of the 3 Initial Joint Ventures is:
  - (A) in the case of the Wellington North Joint Venture Agreement, GFA has earned an 80% joint venture interest in the Initial Joint Venture by sole funding the first \$2 million in expenditure on the joint venture tenements;
  - (B) in the case of the Cowal East Joint Venture Agreement, GFA has earned an 80% joint venture interest in the Initial Joint Venture by sole funding the first \$1 million in expenditure on the joint venture tenements;
  - (C) in the case of the Gobondery Joint Venture Agreement, GFA is entitled to earn an 80% joint venture interest in the Initial Joint Venture by sole funding the first \$2 million in expenditure on the joint venture tenements by 8 May 2010. (GFA may terminate the Initial Joint Venture at any time by giving Clancy 60 days notice provided that GFA has incurred at least \$200,000 expenditure on the joint venture tenements); and
  - (D) GFA is the manager of each of the Initial Joint Ventures;

**(b) Restraints on Acquisitions by Clancy in Area of Interest**

If Clancy wishes to acquire a right or interest related to minerals within 10 kilometres of a joint venture tenement, GFA has a first option to require that the right or interest rather be acquired by the Initial Joint Venture instead.

**(c) GFA's Claw-Back Right**

- (i) If any of the Initial Joint Ventures are terminated and:
  - (A) an inferred mineral resource of more than 2,000,000 troy ounces of gold or gold equivalent is thereafter identified on one or more of the joint venture tenements; or
  - (B) a pre-feasibility study is thereafter completed on an inferred mineral resource of more than 2,000,000 troy ounces of gold or gold equivalent on one or more of the Tenements,

GFA is entitled to form a joint venture in respect of all remaining tenements of the former Initial Joint Venture.

- (ii) If GFA exercises the option:
  - (A) GFA must pay Clancy twice the amount of expenditure incurred on the tenements by Clancy since the date of termination of the Initial Joint Venture; and
  - (B) GFA then has an option to acquire 60% equity in the joint venture by sole funding the project to completion of a bankable feasibility study within 5 years;
- (iii) After acquiring 60% equity in the joint venture, GFA must obtain all approvals required under the bankable feasibility study and continue sole funding the joint venture expenditure until the earlier of 90 days after all such approvals have been obtained or the date GFA exercises its option to earn a further 15% joint venture interest.
- (iv) After earning its 60% equity in the joint venture, GFA has a further option to acquire an additional 15% shareholding in the joint venture by procuring all funding required for the joint venture to proceed to commercial production.

### **11.3 Myall Option and Joint Venture Agreement (“Myall Agreement”)**

In addition to the Original Agreement and the JVA’s, on 27 November 2008 Clancy and GFA entered into the Myall Agreement relating to New South Wales exploration licences EL6913.

The principal commercial terms of the Myall Agreement are as follows.

#### **(a) Minimum Expenditure**

GFA must by 26 November 2009 incur expenditure of at least AUD \$500,000 on the tenement;

#### **(b) Farm-In Stages**

- (i) GFA has a right to earn an initial 51% share of the tenement by incurring expenditure of AUD \$3 million by 26 November 2011.
- (ii) Once GFA has earned its initial 51% share, GFA has the option to earn a further 9% share by sole funding a pre-feasibility by 26 November 2014.
- (iii) Once GFA has earned its 60% share, GFA will have the option to earn a final 15% share of the tenement (to a cumulative total of 75%) by sole funding a feasibility study.
- (iv) GFA may elect to cease sole funding at any time.

#### **(c) Joint Venture**

- (i) If GFA has earned an interest in the tenement at the time GFA ceases sole funding, then an unincorporated joint venture is formed in which the parties participating interests equate to their shareholding in the tenement.
- (ii) The terms of the joint venture are normal except that if GFA's cost of sole funding the feasibility study exceed \$15 million, 25% of the excess is recoverable from 90% of Clancy's share of the proceeds of production.

**(d) Further Acquisitions in Area of Interest**

- (i) If either party intends to acquire any right or interest relating to minerals within 5km of EL6913, the other party has the right to bring the acquisition within the ambit of the Myall Option and Joint Venture Agreement.
- (ii) If the acquisition is made during the period that GFA is sole funding exploration, GFA must fund the acquisition cost and GFA is then entitled to allocate 75% of the cost to its earn-in expenditure and to recover from Clancy a percentage of such costs equivalent to Clancy's percentage interest once the joint venture is formed. Clancy's contribution is payable from 90% of its share of production.
- (iii) If the acquisition is made once the joint venture has commenced, then the acquisition costs are borne by the joint venture, with each party contributing according to its percentage participating interest.

**11.4 Heads of Agreement - East Lachlan Alliance Second Restructure Agreement ("ELASRA")**

As described above, on 16 April 2009 Clancy and GFA entered into ELASRA. Subject to performance by GFA of its obligations under the Underwriting Agreement, the following principal commercial terms take effect.

**(a) Termination of the East Lachlan Alliance**

The Original Alliance Agreement is terminated as between Clancy and GFA. This will result in termination of GFA's claw-back rights in respect of Clancy's Alliance Tenements and termination of the restraint on GFA acquiring interests in the Alliance Area.

**(b) Variations to the 3 Spin-Out Joint Venture Agreements**

- (i) Introduction of mutual restraints in areas of interest / exclusion of fiduciary interests

In place of the restrictions on Clancy acquiring interests within 10 kilometres of a joint venture tenement:

- (A) If either party intends to acquire any right or interest relating to minerals within 2km of a joint venture tenement, the other

party has the right to bring the acquisition within the ambit of the relevant Joint Venture Agreement.

(B) If the acquisition is made during the period that GFA is sole funding exploration, GFA must fund the acquisition cost and GFA is then entitled to allocate the total cost to its earn-in expenditure.

(C) If the acquisition is made once the joint venture has commenced, then the acquisition costs are borne by the joint venture, with each party contributing according to its percentage participating interest.

(ii) The parties record that the area of interest provisions are in place of any fiduciary duties and that any fiduciary duties that might otherwise be implied, will be excluded.

**(c) Variations to Myall Option and Joint Venture Agreement**

(i) Reduced area of interest and exclusion of fiduciary duties

(A) The radius from EL6913 outside of which either party may acquire interests free of any rights in favour of the other party is reduced from 5 kilometres to 2 kilometres.

(B) The parties record that the area of interest provisions are in place of any fiduciary duties and that any fiduciary duties that might otherwise be implied, will be excluded.

(ii) Variation to farm-in provisions

(A) After earning its initial 51% share of the tenement, GFA has the right to earn a further 29% interest (to a cumulative total of 80%) by sole funding a further \$7.5 million (to a cumulative total of \$10.5 million) by 26 November 2017.

(B) In recognition of the fact that GFA's potential percentage interest in the joint venture is thereby increased from 75% to 80%, the provision of the agreement relating to further acquisitions of interests in the area of interest are amended to provide that if such an acquisition is made during GFA's sole funding period, GFA will be entitled to allocate 80% (instead of 75%) of the acquisition costs to its earn-in expenditure.

**(d) New Option and Joint Venture Provisions**

(i) Projects

The new option and joint venture provisions relate to the following of Clancy's New South Wales projects:

- (A) EL 7198;
- (B) EL 6822;
- (C) EL 6784;
- (D) EL 7199 and EL 7271;
- (E) EL 6824, EL 6987 and EL 6823;
- (F) EL 6938;
- (G) EL 6939;
- (H) EL 6937;

**("Available Projects");** and

- (I) EL 6552, EL 6915, EL 6661, EL 6912, EL 6181 and EL 6802

**("CLY Projects")**

(ii) Evaluation Period

GFA has the exclusive right to conduct exploration on the Available Projects until 30 June 2010, subject to meeting pro rata prescribed expenditure on each tenement until that date (or the date of prior exclusion of the tenement from the agreement by GFA).

(iii) GFA options to declare joint ventures

GFA may at any time up to 30 June 2010 designate up to four Available Projects, each to be subject to a joint venture. In respect of each such joint venture:

- (A) GFA will acquire an 80% share in the Available Project;
- (B) GFA will carry the first \$1 million expenditure of each such joint venture (the maximum being 4);
- (C) After the first \$1 million expenditure by each joint venture, Clancy has an election either to maintain up to 20% equity in the joint venture, in which case it must refund to GFA the same percentage of the \$1m expenditure carried by GFA or to convert to a 2.5% Net Smelter Returns Royalty.

(iv) GFA pre-emptive right over CLY Projects

GFA has a pre-emptive right in respect of any disposal by Clancy of interests in CLY Projects.

## **11.5 Underwriting Agreement**

The Company has executed an underwriting agreement dated 6 May 2009 whereby the Underwriter has agreed to fully underwrite the Offer ("Underwriting Agreement"). The Underwriter is not entitled to any underwriting fee. The Underwriter has agreed to underwrite the Offer in consideration for which the Company has agreed to amend the alliance and joint venture agreements under the Heads of Agreement.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and be relieved of its obligations if termination events occur before the payment date in the Underwriting Agreement and the Underwriter reasonably believes the event would have a material adverse effect on the Issue.

The termination events relate to material omissions or misstatements in the Prospectus; no ASX approval for quotation of the New Shares; default of the Underwriting Agreement; an insolvency event occurs in relation to the Company, and the need for a supplementary or replacement prospectus arises.

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## 12 ADDITIONAL INFORMATION

### 12.1 Directors' and Proposed Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director or Proposed Director has or had at any time 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 New Shares pursuant to this Prospectus; or
- (c) the Offer of New Shares 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 Proposed Director, either to induce him/her to become, or to qualify him/her as, a Director or otherwise for services rendered by him/her in connection with the formation or promotion of the Company or Issue of New Shares pursuant to this Prospectus other than as set out below.

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.

In the two years preceding lodgement of this Prospectus, \$711,510 (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.

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

Director	Shares	Incentive Options	Series 1 Performance Options	Series 2 Performance Options
James Macdonald	250,000	250,000	Nil	Nil
Mark Stewart	431,000	500,000	250,000	250,000
Darren Holden <sup>1</sup>	15,000	Nil	Nil	Nil
Mark Lester	50,000	200,000	Nil	Nil

1. Darren Holden is a nominee of Geoinformatics Exploration Inc. which holds 22,805,506 Shares in Clancy.

## 12.2 Interests and Consents of Advisers and Underwriter

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:

- Gold Fields Australasia Pty Limited, in the capacity of Underwriter;
- Pullinger Readhead Lucas, in the capacity of solicitors to the Company.

References to PKF Chartered Accountants as auditors of the Company and Computershare Investor Services Pty Ltd as share registry to the Company appear for information purposes only.

Each of Gold Fields Australasia Pty Limited and Pullinger Readhead Lucas:

- 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.

Gold Fields Australasia Pty Limited is acting as Underwriter and for this is not being paid a fee. The Underwriter has agreed to underwrite the Offer in consideration for which the Company has agreed to enter into the Heads of Agreement as detailed in Section 11.4.

Pullinger Readhead Lucas are entitled to be paid approximately \$12,000 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.

No expert, nor any firm of which such expert is a partner, has or had, and the Underwriter has not 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 in Section 12.2.

Pullinger Readhead Lucas has been paid a total of \$10,169 in the 24 months preceding lodgement of this Prospectus for the provision of professional services to the Company.

### **12.3 Estimated Expenses of Issue**

The estimated expenses of the Issue are \$40,000 including legal, ASIC, ASX and printing costs.

A copy of the Prospectus (excluding Application Form) can be downloaded from the website of the Company .at [www.clancyexploration.com](http://www.clancyexploration.com).

### **12.4 Privacy Act**

If you complete an application for New Shares, 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 New Shares, the Company may not be able to accept or process your application.

### **12.5 Directors' Consent**

Each Director and each Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

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



**Mark Stewart**  
Director

Dated: 6 May 2009

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

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

**Application Monies** means monies received from persons applying for New Shares pursuant to the terms of the Rights Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 51 008 624 691).

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

**CHES** means ASX Clearing House Electronic Sub-registry System.

**Closing Date** means 5 June 2009 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 New Shares offered by this Prospectus.

**Ex-Entitlement Date** means 12 May 2009.

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

**Geoinformatics** means Geoinformatics Exploration Inc.

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

**GXL Tasmania** means Geoinformatics Exploration Tasmania Pty Ltd (ACN 113 307 038).

**Heads of Agreement** means the document dated 16 April 2009 to which the Company and Gold Fields are parties, summarised in Section 11.4 of this Prospectus.

**Issue** means the issue of New Shares under this Prospectus.

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

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

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

**Notice** or **Notice of Meeting** means the notice of meeting for the annual general meeting to be held on 29 May 2009.

**Offer** means the offer of one New Share for every four Existing Shares held at the Record Date at an issue price of \$0.08 cents per New Share.

**Option** means an option to subscribe for a Share.

**Proposed Directors** means Ms Rosie C Moore and Mr John Kanellitsas, whose elections to the Board will be put to the vote at the Company's annual general meeting to be held on 29 May 2009.

**Prospectus** means the prospectus constituted by this document.

**Record Date** means 18 May 2009.

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

**Rights Issue** has the same meaning as the Offer.

**New Shares** means the New Shares 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.

**Share Registry** means Computershare Investor Services Pty Ltd.

**Shortfall Shares** means New Shares 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 Gold Fields Australasia Pty Limited (ACN 087 624 600).

**Underwriting Agreement** means the underwriting agreement dated 6 May 2009 between the Underwriter and the Company.

**WST** means Western Standard Time.