



Clancy Exploration Limited

ACN 105 578 756

CORPORATE GOVERNANCE MANUAL

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Contents

1	BOARD CHARTER	3
1.1	DEFINITION OF AN INDEPENDENT DIRECTOR.....	4
1.2	NOMINATION OF NEW DIRECTORS TO THE BOARD	5
1.3	CODE OF CONDUCT FOR DIRECTORS	6
1.4	CODE OF CONDUCT FOR COMPANY	7
1.4.1	Purpose	7
1.4.2	Responsibility	7
1.4.3	Key Requirements	7
1.4.4	Additional Requirements.....	9
2	WORKPLACE HEALTH AND SAFETY.....	11
2.1.1	WHS Management System	11
2.1.2	Operational Policies.....	12
3	CONTINUOUS DISCLOSURE POLICY.....	13
4	SHAREHOLDER COMMUNICATIONS POLICY	14
5	SECURITIES TRADING POLICY	15
5.1.1	Introduction.....	15
5.1.2	Insider Trading Prohibition in the Corporations Act	15
5.1.3	Clancy Policy - Dealing In Securities Issued by Clancy	17
5.1.4	Employment and Monitoring of Compliance	21
5.1.5	Inside Information about other entities.....	21
5.1.6	Conclusion.....	21
6	DIVERSITY POLICY	22
6.1.1	Vision.....	22
6.1.2	Aims.....	22
6.1.3	Policy Statement.....	22
6.1.4	Achieving Diversity	23
6.1.5	Gender Diversity	24
6.1.6	Reporting Responsibility	24
6.1.7	Compliance with Diversity Policy	24
6.1.8	Reporting	24

1 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;
- is responsible for driving the strategic direction of the Company, including:
 - determining the vision, values and objectives of the Company;
 - ensuring appropriate resources are available to meet objectives; and
 - monitoring management's performance;
- shall work with management towards development of corporate strategy and performance objectives;
- 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 chief executive officer;
- is responsible for the appointment, evaluation and, where appropriate, the removal of the company secretary. The Company Secretary is accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board;
- 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 the annual and half yearly accounts, quarterly cash flow statements (Appendix 5B), notices of general meeting and the annual corporate governance statement;
- is responsible for maintaining sub-committees in the areas of Audit and Risk; and
- is committed to supporting the highest levels of ethical standards throughout the company in all its dealings.

The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer / Managing Director and senior management of the Company.

Management is responsible for implementing the strategic objectives and operating within the risk range set by the Board. Management is also responsible for providing

the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

The Managing Director, together with the Chief Financial Officer, must, prior to the Board signing off the quarterly cashflow statement (Appendix 5B) and the half year and full year financial accounts, provide the Board with a written statement that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and financial performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees to facilitate the carrying out of their duties as Directors.

The Board shall ensure that appropriate ongoing professional development opportunities are available at the Company's cost for employees and directors

The Board shall conduct an annual performance review of its own performance and should consider any amendments to its charter as are deemed necessary or appropriate.

1.1 DEFINITION OF AN INDEPENDENT DIRECTOR

An independent director:

- is a non-executive director (i.e. is not a member of management);
- is not a substantial shareholder of the company (as defined in section 9 of the Corporations Act) 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 been a director after ceasing to hold any such employment;
- is not, and has not been within the last three years, in a material business relationship (eg as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is not, and has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- has no material contractual relationship with the company 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;

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- has not been a director of the entity for such a period that his or her independence may have been compromised; and
 - does not have close family ties with any person who falls within any of the categories described above.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgment to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

1.2 NOMINATION OF NEW DIRECTORS TO THE BOARD

- New directors are sought to complement the skills and background of the existing Board to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic 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.
- The Board shall undertake appropriate checks before a person is appointed to the Board, or put forward to security holders as a candidate for election, as a director;
- The Board shall approve and review induction procedures and programs for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- Directors are to be appointed pursuant to formal agreements. The expectations for time to be committed to attend Board meetings and participate in committees and other activities of the Company should be set out in these agreements.
- The terms and conditions for new director appointments are outlined in the company's constitution.
- At the Annual General Meeting in every year one-third of the Directors for the time being, or, if their number is not 3 nor a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director), must retire from office. A retiring Director is eligible for re-election.
- The Directors to retire at any Annual General Meeting must be those who have been longest in office since their last election, but, as between persons who

became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

- No Director except a Managing Director shall hold office for a period in excess of 3 years or until the third annual general meeting following his appointment whichever is the longer without submitting himself for re-election.
- A person of or over the age of 72 years may not be appointed or re-appointed as a Director except pursuant to a resolution of the Company in accordance with the Corporations Act.

1.3 CODE OF CONDUCT FOR DIRECTORS

Conflict of interest

Where a director has a material personal interest in a matter that is being considered at a director's meeting, the director shall declare the interest and offer to excuse himself or herself from discussions and decisions relating to the matter. The director may be only be present and vote on the matter if the remaining directors resolve in accordance with section 195(2) of the Corporations Act that it is appropriate for him or her to do so.

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. The Company is committed to delivering shareholder value by pursuing its exploration objectives as effectively and efficiently as 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. It is acknowledged that there is no legislative coverage of private sector whistleblowing in NSW or Western Australia¹. There is also no national whistleblower legislation¹.

Clancy encourages employees or directors to report maladministration, corruption or fraud by directors, executives or employees to the Chairman or Managing Director.

Confidentiality will be maintained to protect the whistleblower insofar as possible. However it is important that the person accused of wrongdoing must be informed of the nature of the accusations made against them and be permitted to refute them.

An investigation of a whistleblower's complaint may cause the problem that is being investigated to become known and as a result may reveal the identity of the whistleblower. Preliminary investigation is usually possible without breaking confidentiality but the Chairman or Managing Director, as the case maybe, can break confidentiality if it is absolutely necessary in order to fully investigate a claim.

Whistleblowers making genuine claims will be protected from reprisals. Any reprisals made against a whistleblower will be dealt with firmly. Any director responsible for acts of reprisal against a whistleblower may face sanctions including an action to remove the director from the Board in accordance with the Corporations Act.

1. A comparative analysis of whistleblower protection, Peter Bowden Australian Association for Professional and Applied Ethics 12th Annual Conference, 28–30 September 2005, Adelaide.

1.4 CODE OF CONDUCT FOR COMPANY

1.4.1 Purpose

The purpose of this Code is to provide a framework for decisions and actions in relation to ethical conduct in employment. The Code underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The Code sets out the minimum standard of behaviour expected from directors, senior executives and employees (Company Representatives).

1.4.2 Responsibility

Company Representatives are responsible and accountable for undertaking their duties and behaving in a manner that is consistent with the provisions of the Code and ensuring employees under their control understand and follow the provisions outlined in the Code.

1.4.3 Key Requirements

- **Conflicts of interest** – Where the interests of a Company Representative interfere or appear to interfere with the interests of the company as a whole, the Company Representative shall declare the interest and excuse himself or herself from discussions and decisions relating to the matter.
- **Corporate opportunities** – Company Representatives shall not take advantage of property, information or position, or opportunities arising from these, for personal gain or to compete with the company.
- **Confidentiality** – Company Representatives shall restrict the use of non-public information except where disclosure is authorised or legally mandated.

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- **Protection of and proper use of the company's assets** – Company Representatives shall protect and ensure efficient use of assets for legitimate business purposes, wherever possible. The Company is committed to delivering shareholder value by pursuing its exploration objectives as effectively and efficiently as possible.
 - **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.
 - **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.
 - **Obligations to employees** - The Company is committed to maintaining high standards of employment satisfaction and safety for all employees.
 - **How the company complies with legislation affecting its operations** - The Company aims for full compliance with all relevant legislation.
 - **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.
 - **Encouraging the reporting of unlawful / unethical behaviour** - The company promotes ethical behaviour and protection for those who report unlawful/unethical behaviour in good faith. It is acknowledged that there is no legislative coverage of private sector whistleblowing in NSW or Western Australia¹. There is also no national whistleblower legislation¹.

Clancy encourages employees to report maladministration, corruption or fraud by executives, directors or other employees to the Chairman or Managing Director.

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Whistleblowers making genuine claims will be protected from reprisals. Any reprisals made against a whistleblower will be dealt with firmly. Any employee responsible for acts of reprisal against a whistleblower may face sanctions including termination of employment.

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

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1. A comparative analysis of whistleblower protection, Peter Bowden Australian Association for Professional and Applied Ethics 12th Annual Conference, 28–30 September 2005, Adelaide.

1.4.4 Additional Requirements

- **Public and Media Comment** - Company Representatives must not make official comment on matters relating to the Company unless they are authorised to do so by the Managing Director or otherwise authorised or required to by law.
- **Use of Company Resources** - Requests to use Company resources outside business time should be referred to management for approval. If Company Representatives are authorised to use Company resources outside business times they must take responsibility for maintaining, replacing, and safeguarding the property and following any special directions or conditions that apply.
- **Security of Information** - Company Representatives are to make sure that confidential and sensitive information cannot be accessed by unauthorised persons. Sensitive material should be securely stored overnight or when unattended. Company Representatives must ensure that confidential information is only disclosed or discussed with people who are authorised to have access to it.
- **Intellectual Property/Copyright** - Intellectual property includes the rights relating to scientific discoveries, industrial designs, trademarks, service marks, commercial names and designations, and inventions and is valuable to the Company. The Company is the owner of intellectual property created by Company Representatives in the course of their employment unless a specific prior agreement has been made.
- **Discrimination and Harassment** - Employees must not harass, discriminate, or support others who harass and discriminate against colleagues, clients, stakeholders or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation. Managers should understand and apply the principles of Equal Employment Opportunity.
- **Corrupt Conduct** - Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:
 - official misconduct;
 - bribery and blackmail;
 - unauthorised use of confidential information;
 - fraud; and
 - theft.

Corrupt conduct will not be tolerated by the Company.

- **Monitoring** - The Company's Board monitors compliance with its code and will insist that all company officers and employees uphold the code.
- **Breach of the Code** - Employees should note that breaches of certain sections of this Code may be punishable under legislation. Breaches of this

Code may lead to disciplinary action which may include dismissal. The process for disciplinary action is outlined in Company policies and guidelines, relevant industrial awards and agreements.

2 WORKPLACE HEALTH AND SAFETY

Clancy has a culture of safety, meaning that safety is the number one priority in all aspects of the Company's business. Clancy has developed a comprehensive Workplace Health and Safety (WHS) management system and has implemented additional operational policies to ensure that the safest possible work environment is provided to all employees and contractors.

2.1.1 WHS Management System

Clancy's WHS Management System is documented in the WHS Manual which is a dynamic document that is maintained in the Orange NSW head office. The system provides guidance to management, employees and contractors in planning, developing and implementing daily duties in a manner that:

- complies with statutory requirements;
- complies with relevant codes of practice;
- ensures best practice is routine; and
- keeps employees and contractors safe.

All employees and contractors have been inducted into the WHS Management System. Clancy's WHS Management System has been independently audited and certified by the ISOQAR standard BS OHSAS 18001 2007. The system is reviewed and independently audited every six months to ensure ongoing compliance with this standard.

The main sections of the WHS Manual are listed below:

1. Policy and Planning
2. Responsibilities
3. Document Control
4. Consultation
5. Risk Management
6. Workplace Inspections and Hazard Reporting
7. Safe Work Method Statements
8. Emergency Planning
9. Maintenance
10. Accident and Incident Reporting
11. Contractor Management
12. Training
13. Fitness for Work
14. Hazardous Substances and Dangerous Goods
15. Registers

2.1.2 Operational Policies

Clancy has implemented, or is developing, a number of operational policies that govern tasks that have been rated as key risks to employees, contractors and the company. Policies that have been implemented or are in development are listed below:

- Safe Driving Policy
- Fire and Extreme Weather Policy
- Environmental Policy – in development
- Engagement of Contractors Policy

3 CONTINUOUS DISCLOSURE POLICY

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 Listing Rules.

The Board, collectively, has primary responsibility for ensuring that the company complies with its disclosure obligations. The Company Secretary is appointed as the person responsible for communication with ASX in relation to listing rule matters.

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.

External communications for analyst briefings will be restricted by the strictures of the ASX Listings Rules.

4 SHAREHOLDER COMMUNICATIONS POLICY

- All relevant announcements made to the market, and related information (e.g. 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.
- The Company facilitates and encourages participation at meetings of shareholders by providing a direct voting facility and encourages security holders who are not able to attend meetings to submit questions ahead of the meeting.

5 SECURITIES TRADING POLICY

5.1.1 Introduction

The employees, Company Secretary and Directors of Clancy Exploration Limited (“Clancy”) and its subsidiaries, and other people who are detailed below (“Restricted People” or “Restricted Person”) may have in their possession information which is not generally available, and if it were generally available, a reasonable person would expect it to have “a material effect” on the price or value of Clancy securities (“Inside Information”).

“Material effect” means it would or would be likely to influence a person’s decision to transact in Clancy securities.

“Insider trading” is the practice of dealing in a company’s securities when in possession of Inside Information or the practice of passing on Inside Information.

The Corporations Act 2001 (“CA”) prohibits insider trading in relation to financial products including securities. The provisions are wide ranging and breaches are serious offences carrying penalties including imprisonment.

This document:

- (a) provides an outline of the insider trading and other relevant provisions of the Corporations Act;
- (b) sets out the rules relating to dealings by Restricted People in securities issued by Clancy, which apply in addition to the insider trading regime under the Corporations Act, and
- (c) confirms that this policy applies to Restricted People in relation to securities issued by companies other than Clancy, such as where a Restricted Person acquires Inside Information about another company with whom Clancy has an operational relationship.

This policy is designed to assist in preventing breaches of the insider trading provisions of the Corporations Act by Restricted People. Ultimately it is the responsibility of the Restricted People to ensure that none of his or her dealings could constitute insider trading.

5.1.2 Insider Trading Prohibition in the Corporations Act

The Nature of the Prohibition

Section 1043A (of Part 7.10, Division 3) of the Corporations Act makes it an offence for a person in possession of Inside information to:

- trade in (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things); or

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- procure another person to trade in, financial products, (collectively referred to as “Deal in financial products), or
 - to directly or indirectly communicate, the information or cause the information to be communicated to another person for the purpose, or, where it is known, or it ought reasonably to be known, that the person could Deal in financial products. Accordingly the effect of this section cannot be avoided by simply procuring another person to Deal in securities on your behalf.

How You Become Aware of the Information is Irrelevant

It is irrelevant how or in what capacity the person comes into possession of the information. This means that Section 1043A will apply to any Restricted People who acquire “inside information” in relation to Clancy or another company’s securities, no matter in which capacity, and is prohibited from dealing in those securities.

Information Which Might Affect Price or Value

The prohibition referred to in this policy refers to unpublished information which, if it became generally available a reasonable person would expect to have “a material effect” on the price or value of Clancy securities (“Inside Information”). “Material effect” means it would or would be likely to influence a person’s decision to transact in Clancy securities.

What Does Information Include?

“Information” includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

What Information Might Materially Affect Price or Value?

This means information that a reasonable person would expect to have a material effect on the price or value of Clancy securities. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence people who commonly invest in securities whether or not to do so.

Examples of this type of information which might affect the price or value of Clancy securities include:

- drilling results
- proposed changes in capital structure;
- information relating to Clancy’s financial results;
- a material acquisition, divestment or realisation of assets;
- proposed share issues;
- changes to the Board;
- possible events which could have a material impact on profits (negatively or positively);
- proposed changes in the nature of the business of Clancy;

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- notification to Clancy of a substantial shareholding; and
 - any information required to be announced to the market pursuant to Listing Rule 3.1 such as entry into or termination of a material contract, or a material claim against Clancy, or other unexpected liability such as the threat of material litigation against Clancy, or a material change to or event affecting the availability of the Company's existing debt facilities.

What does “Unpublished” Mean?

“Unpublished” for this purpose, means that the information is not generally available. Information is generally available if it consists of readily observable matter, or it has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed. Clancy releases information to the market via the ASX announcements platform and an announcement becomes public information once ASX confirms that it has been released to the market.

ASX publishes information to the market by releasing Clancy announcements through the Company Announcements Platform. All announcements are available on the ASX website.

5.1.3 Clancy Policy - Dealing In Securities Issued by Clancy

Restricted People

This policy applies to an employee, Company Secretary or Director of Clancy or its subsidiaries, and:

- (a) their spouses or de facto spouses;
- (b) their dependents under 18 years of age;
- (c) an unlisted body corporate which the director, company secretary or employee controls or is director of;
- (d) a trust of which the director, company secretary or employee is a trustee and of which he or she or any of the people referred to above is a beneficiary; or
- (e) any other person over whom the director, company secretary or employee has significant influence or control.

It is the duty of the Restricted People to avoid dealing during Closed Periods.

Dealing During an Open Period

Any period which is not a Closed Period, is an Open Period. Subject to this policy and the prohibitions on insider trading set out in the Corporations Act, Restricted People are permitted to deal in Clancy securities during an Open Period subject to obtaining prior written approval.

Approval may be given by an Approving Officer as follows:

- the Chairman or Managing Director, in respect of trading by a Restricted Person other than a Director or the associate of a Director;

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- the Chairman, in respect of trading by the Managing Director or another Director or an associate of a Managing Director or another Director; or
 - the Managing Director, in respect of trading by the Chairman or an associate of the Chairman.

Any such approval must be obtained in advance. It cannot be given after the event. Such approval will last for no more than 14 days from the date on which it is granted. Approval is only to be granted in writing in the form of a Securities Trading Request Form as has been adopted by the Board. Execution of the Securities Trading Request Form may be completed electronically. Executed Securities Trading Request Forms shall be kept in a register at the Company's registered office.

No Dealing Permitted During a Closed Period

Subject to this policy, in addition to the prohibitions on insider trading set out in the Corporations Act, Restricted People are not permitted to deal in Clancy securities during Closed Periods, as identified below. In setting these times, the Board is cognisant that at this stage Clancy is not a trading entity but rather is in exploration and development mode. Accordingly the prescribed times for Closed Periods are relevant to its current state and these will be amended at the appropriate time to reflect the Company's transition to a trading operation.

A Restricted Person who is not in possession of Inside Information in relation to Clancy, may be given prior written clearance to sell or to otherwise dispose of Clancy securities during a Closed Period under this trading policy where the Restricted Person is in severe financial hardship or there are other exceptional circumstances.

The Company considers that the following circumstances may constitute exceptional circumstances;

- a tax liability where the Restricted Person has no other means of satisfying the obligation; or
- a court order, such as may be issued by the family court.

This list is not exhaustive and other circumstances will be assessed on their merits if and when they arise. The discretion will be applied taking into account the hardship of the Restricted Person and weighing this against any perceived detriment to Clancy's reputation.

Approval may be given by an Approving Officer as follows:

- the Managing Director or Chairman in their discretion to a Restricted Person, other than a Director or an associate of a Director, to deal during the Closed Period;
 - the Chairman, in his discretion, to a Director or Managing Director or an associate of a Director or Managing Director to deal during the Closed Period;
- or

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- the Managing Director, in his discretion, to the Chairman or an associate of the Chairman to deal during the Closed Period.

Any such approval must be obtained in advance. It cannot be given after the event. Such approval will last for no more than 14 days from the date on which it is granted. Approval is only to be granted in writing in the form of a Securities Trading Request Form as has been adopted by the Board. Execution of the Securities Trading Request Form may be completed electronically. Executed Securities Trading Request Forms shall be kept in a register at the Company's registered office.

Closed Periods

In summary the periods where trading is forbidden are;

- (i) from 1 September each year until the third ASX trading day after the annual financials become public information; and
- (ii) from 1 March each year until the third ASX trading day after the half yearly financials become public information; and
- (iii) from the 15th of January, April, July and October each year until the third ASX trading day after the quarterly cash flow statements in the form of the Appendix 5B become public information.

Each period above is referred to as a Closed Period.

Prohibition on Dealing While in Possession of Inside Information

Dealing in Clancy securities is subject to the Corporations Act prohibition that a Restricted Person must not deal in Clancy securities at any time when he or she is in possession of Inside Information.

Prohibition on Active Dealing

Dealing during an Open Period is subject to the Company's prohibition policy that a Restricted Person must not actively deal in Clancy securities with a view to deriving profit related income from that activity.

"Actively Deal", for this purpose, means to deal in Clancy securities in a manner which involves frequent and regular trading activity.

Confirmation of Dealing that has Occurred

A Restricted Person must provide confirmation of dealing in Clancy securities to the Managing Director (or the Chairman if the Restricted Person is the Managing Director) within 3 business days of the trade.

Notice of Change to Open Period or Closed Period

The Closed Period may be extended or shortened or another Closed Period may be introduced at any time by direction of the Managing Director or the Chairman. Notice of such changes will be disclosed on the Company's website.

Director Requirement to Report to the market – Listing Rule 3.19A

In order to allow Clancy to comply with Listing Rule 3.19A, Directors are required to provide details to Clancy of all changes to their interests in Clancy securities registered in the name of the Director or held on behalf of the Director, directly or indirectly. The details must be provided as soon as reasonably possible after the date of the change and in any event no later than three business days after the change. This allows Clancy to lodge an Appendix 3Y with ASX no later than five business days after the change.

Excluded Trading

The following trading or dealing in Clancy securities is not subject to this trading policy and is permitted at all times during both Closed Periods and Open Periods.

- transfer of Clancy securities already held into a superannuation fund of which the Restricted Person is a beneficiary;
- where a Restricted Person is a trustee, trading in Clancy securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- undertakings to accept, or the acceptance of, a takeover offer which has been announced to the market;
- trading under an offer or invitation made to all or most of the Clancy security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of Clancy securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. ;
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security;
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where:
 - the restricted person did not enter into the plan or amend the plan during a prohibited period;
 - the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - the entity's trading policy does not allow for the cancellation of a trading plan during a prohibited period other than in exceptional circumstances.

5.1.4 Employment and Monitoring of Compliance

To promote understanding of the insider trading prohibition, related Corporations Act provisions and Clancy policy, a copy of this document will be distributed to all employees, the Company Secretary and the Directors of Clancy and its subsidiaries. All new employees, Company Secretary and Directors of Clancy and its subsidiaries will receive a copy of this document with their employment or appointment letter.

5.1.5 Inside Information about other entities

This policy also applies to the securities of other companies of which a Restricted Person has Inside Information because of their position in Clancy. For example, a joint venture party or contractor to Clancy.

5.1.6 Conclusion

Compliance with the rules set out in this document is mandatory. Failure to comply with this policy could have a damaging impact on perception of Clancy within the investment community. In addition, infringement of the insider trading provisions in the Corporations Act can attract a substantial monetary penalty, imprisonment or both.

Any employee, Company Secretary or Director of Clancy or its subsidiaries who does not comply with the Trading Policy, and who does not ensure that the Restricted People with whom they are connected complies with the Trading Policy, will be considered to have engaged in serious misconduct which may result in the termination of their engagement by Clancy.

6 DIVERSITY POLICY

6.1.1 Vision

Clancy Exploration Limited (“Clancy”) recognises the benefits of diversity where people from different backgrounds can bring innovations, ideas, understanding and solutions to the company. Clancy believes that increased diversity will add to efficiency, stakeholder satisfaction and the realisation of the company’s goals and vision in the future.

It is for these reasons that the Board of Clancy has adopted this Diversity Policy as a means of enhancing the company's performance by recognising and utilising the contribution of diverse skills and talent from its Employees, Officers and Directors.

Diversity involves recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives, including persons with co-existing domestic responsibilities. Diversity may result from a range of factors including age, sexuality, gender, ethnicity, cultural background or other personal factors. The Company values the differences between its people and the contribution these differences make to the Company.

6.1.2 Aims

The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring the Company has an appropriate mix of skills and talent to conduct its business and achieve the Company's goals.

The Board aims to foster an environment where:

1. Individual differences are respected.
2. The ability to contribute and access employment opportunities is based on performance, skill and merit regardless of age, gender, ethnicity, sexuality, physical ability or cultural or religious beliefs.
3. Inappropriate attitudes, behaviours and stereotypes are confronted and eliminated.
4. Equal opportunities in respect to employment and employment conditions are actively promoted.

6.1.3 Policy Statement

Valuing and managing diversity means that Clancy will:

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- Facilitate equal employment opportunities based on criteria that include previous experience, demonstrated skills, relative ability, performance and/or potential and the ability to add to the diversity of the workforce;
 - Help to build a safe work environment by taking action against inappropriate workplace and business behaviour that does not value diversity including discrimination, harassment, bullying, victimisation and vilification;
 - Make a contribution to the economic, social and educational well-being of all of the communities it serves;
 - Meet the relevant requirements of domestic and international legislation appropriate to Clancy's operations in Australia and any international operation; and
 - Seek to establish measurable objectives and monitor and report on the achievement of those objectives as the Company becomes larger.

6.1.4 Achieving Diversity

The Diversity Policy links directly to Clancy's Code of Conduct. It supports the development of a high-performance culture and reinforces our Values with diversity integrated into the business processes to deliver enhanced workplace, customer and community outcomes. In that regard the Company aims to achieve its Diversity Objectives by:

1. The Board, including the Managing Director, ensuring appropriate selection criteria based on diverse backgrounds, skills, experience and perspectives are used when hiring new staff, including Board members. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination. When recruiting, the Board including the Managing Director will attempt to present a diverse pool of candidates to the Company for consideration, and may engage professional consultants as necessary to assist in the hiring process.
2. Providing internal and external training opportunities based on merit and in light of Company and individual needs to enable the development of an individual's full potential.
3. Introducing structured professional and mentoring programs for the development of the skills and experience required for career advancement and ensuring that the programs are made available to employees and Board members on merit.
4. Ensuring that the work environment is free from harassment and that complaints or reports of sexual, racial or other harassment are treated seriously, confidentially, and sympathetically by the Company.

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5. Developing a culture that is aligned with and promotes the attainment of the diversity principle and which assists all employees, including Board members, to balance their work, life and family responsibilities.

6.1.5 Gender Diversity

As a priority, the Company will focus on the participation of women on its Board and within senior management. The Company has a policy not to discriminate on the basis of gender.

Gender is irrelevant and is not taken into account when making employment decisions. In all cases, the person most suited to the position is selected based on their skills and qualifications without bias or prejudice.

The Company will disclose in each Annual Report the proportion of women employees in the whole organisation, in senior executive positions and on the Board. For the purposes of this Diversity Policy, the Company defines 'senior executive' as an executive having authority and responsibility for planning, directing and controlling a significant part of the activities of Clancy, whether directly or indirectly. A senior executive of Clancy includes an officer, manager or director of Clancy.

6.1.6 Reporting Responsibility

It is the responsibility of all directors, officers, employees and contractors to comply with the Company's Diversity Policy and report violations or suspected violations in accordance with this Diversity Policy.

6.1.7 Compliance with Diversity Policy

Any breach of compliance with this Diversity Policy is to be reported directly to the Managing Director or Chairman, as appropriate. Clancy does not tolerate non-inclusive behaviour. To achieve this Clancy expects its employees to:

- Uphold and demonstrate Clancy's Code of Conduct;
- Understand and comply with Diversity policies and procedures;
- Be assertive to prevent inappropriate and non-inclusive behaviours of discrimination, harassment, bullying, victimisation and vilification; and
- Willingly adapt their behaviours if required to ensure appropriate workplace conduct.

The Board of Directors is responsible for adopting and monitoring the company Diversity Policy.

6.1.8 Reporting

The Board will disclose in the annual corporate governance statement:

- how Clancy defines 'senior executive' for the purposes of the Diversity Policy;

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- the respective proportions of men and women employees in the whole organisation, at senior management level and at Board level;
 - any measurable objectives set by the Board; and
 - progress against the objectives.