

ASX Announcement
21 March 2018

CORPORATE UPDATE AND CLEANSING PROSPECTUS

Corporate and licensing update on Leogang Co-Ni-Cu Sulphide Project in Austria:

Clancy Exploration Limited (ASX: CLY) (“Clancy” or the “Company”), provides an update on its Austrian exploration licences and ground tenure.

Clancy’s investigations into its tenure (announced 5 September 2017) determined that there were 28 overlapping licences out of Clancy’s 200 licences that had predated licenses by other parties. These priority licences cover a total area of approximately 12km² and included the historical Nockelberg and Leogang mines. Clancy continues to have priority over the balance of the project area, being 172 licences covering approximately 68km².

Prior to the investigations Cadence Minerals Plc (“Cadence”) acquired a 10% interest (refer to ASX release dated 3 July 2017) in the licences held by Clancy and the parties entered into a joint venture. Cadence was subsequently made aware of the licensing situation and confirmed that they plan to proceed with the joint venture on the Leogang Project and will continue to work with Clancy in evaluating the remaining 85% of the project licences.

Both parties remain committed to working together on the remaining project tenure and looking for additional strategic mineral properties in the battery technology sector. The board of Clancy, in discussions with Cadence, have considered it appropriate to issue Cadence 140,000,000 fully paid ordinary shares at a deemed price of \$0.003 as compensation for the discovery of third party priority over the 28 overlapping licenses (including the historical Nockelberg and Leogang mines) that formed part of the original 10% transaction previously announced.

Cleansing Prospectus and Court Application

The Company refers to its issue of shares to Red Field Pty Ltd or its nominees on 1 December 2017 in consideration of the acquisition of the Hong Kong Gold Project (“Red Field Shares”) as announced to the market on that date.

Clancy was unable to lodge a cleansing notice in respect of the Red Field Shares as its shares had been suspended from trading for more than 5 days in the previous 12 months.

The Company advises that it has become aware that some of the Red Field Shares have been offered for sale, or sold, in breach of section 707(3) of the Corporations Act and confirms that it has lodged a cleansing prospectus on 21 March 2018 to ensure that any further offers for sale, or sales, of Red Field Shares do not breach the Corporations Act.

The Company will shortly apply to the Federal Court of Australia for orders providing for the retrospective curing of the offers for sale, or sale, by the subscribers of the Red Field Shares and parties who took transfers of any of the Red Field Shares.

In accordance with ASX policy, Clancy's shares will remain in voluntary suspension until such time as orders are made by the Federal Court, unless otherwise advised. The Company will continue to advise the market accordingly.

Ongoing negotiations

Clancy advises that as at the date of this announcement, it is in advanced negotiations with a third party regarding the potential acquisition of a potentially significant overseas cobalt project. The negotiations are incomplete and confidential and there can be no certainty that any agreement will be reached, or that any transaction will eventuate. If such a transaction does eventuate, it will be subject to receipt of any relevant approvals, including Shareholder approval (if required). The Company will make a further announcement in the event the negotiations complete and an agreement is executed.

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