



ACCLAIM EXPLORATION NL
ACN 009 076 233

HALF YEARLY REPORT

For six months ended
31 December 2004



DIRECTORS' REPORT

The Directors present the financial report of the consolidated entity for the half-year to 31 December 2004 and the independent review report thereon.

Directors

The names of the directors who held office during or since the end of the half-year:

Mr D Head
Mr D Thomson
Mr A Waller
Mr C Willis

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

EXPLORATION – Claude Hills & Wingellina

Drilling

During the period six diamond holes were drilled for a total of 1697 metres. The location of the holes is given in the table below.

Hole Number	Tenement	Easting (MGA)	Northing (MGA)	Depth Metres	Comment
CHDH -1	E2777-Claude Hills	517300	7112210	208	Completed
CHDH -2	E2777-Claude Hills	506800	7122860	171	Abandoned
CHDH -3	E2777-Claude Hills	506800	7122660	192	Abandoned
CHDH -4	E2777-Claude Hills	506790	7122740	277	Completed
WPRCD 48	E69/535 – Wingellina	498762	7117422	558	Completed
WPRCD 83	E69/535 – Wingellina	493822	7120327	291	Completed

Although fine disseminated sulphides were observed in the first hole, CHDH-1 which targeted a discrete "bulls eye" magnetic anomaly on the Claude Hills tenement, no significant results were returned from the samples of core analysed. Holes CHDH 2 and 3 were both drilled to test a second larger discrete "bulls eye" magnetic anomaly on the Claude Hills tenement. Both encountered a deep paleochannel with swelling clays and running sands and had to be abandoned before reaching the target depth of 300 metres. CHDH-4 intersected gabbro similar to hole CHDH-1 and appears to be one of a suite of small plugs and dike that post date prospective Giles Complex intrusions.

Hole WPRCD48 was drilled to test a linear magnetic feature with a coincident electromagnetic anomaly. The model depth was approximately 300 vertical metres. The hole intersected a broad zone of sheared and silicified gabbro and mylonite. The drill core contained minor secondary pyrite, but nothing was observed in core that would explain the geophysical responses. Further geophysical testing is required to determine if this hole missed the target. The hole has been cased for this purpose.

Hole WPRCD83 targeted the lower most gabbro in the Wingellina sequence where previous drilling by Acclaim returned anomalous copper, platinum and palladium results. The object of the hole was to ascertain where significant sulphur saturation had occurred late in the cooling



**Acclaim Exploration NL and Controlled Entities
Half Yearly Report for the six months ended 31 December 2004**

history of the Wingellina layered intrusion. No significant sulphides were observed in the core from WPRCD83, providing indirect evidence that sulphides formed early in the magma from which the Wingellina intrusion formed. The early formation of sulphide is considered essential if economic concentrations of sulphides are to accumulate within a layered intrusion.

Aeromagnetic and Radiometric Survey

A high-resolution survey was flown over part of the company's Musgrave holdings identified as having the greatest prospectivity for massive copper-nickel sulphide mineralisation. The survey covered approximately 1,027 square kilometres out of the 1,784 square kilometres held by the Company. A total of 13,300 line kilometres were flown at a nominal terrain clearance of 35 metres with survey lines 100 metres apart.

Geological verification of the radiometric and magnetic interpretation over the Claude Hills tenement commenced in the December quarter.

Eight broad domains with ultramafic and mafic lithologies covering an area in excess of 80 square kilometres have been identified within the predominantly felsic basement gneiss. Two irregular magnetic features with "mafic" radiometric signatures and a combined strike length of 34 kilometres have been identified. These features are of particular interest as they appear to be "feeder-structures" to the small Ewarara intrusion.

The process of ranking and prioritising anomalous areas for follow up exploration (ground EM and drilling) will continue during 2005. A programme of helicopter borne electromagnetics (EM) is envisaged to further test the anomalous areas identified.

Soil Geochemical Programme

First pass reconnaissance soil sampling programme was completed, with all areas with easy access having been tested. Five broadly anomalous areas or domains with elevated copper, platinum, palladium, gold and nickel values have been identified. One anomaly includes the outcrop where disseminate sulphides were found.

Five hundred and fifty-seven samples were collected on a nominal 400 metre by 800 metre grid, the average depth of the holes to bedrock was less than two metres. Samples were analysed for a suite of "path finder" elements commonly associated with nickel sulphide deposits. The peak values were: 137 ppm copper, 6 ppb platinum, 3 ppb palladium, 10 ppb gold, 842 ppm nickel, 791 ppm cobalt and 796 ppm sulphur. These results which are ten to twenty times the background values for the area are significant. The samples are from areas covered by shallow alluvium and aeolian sand and background level for these elements are very low.

A separate sample collected from a drainage containing a series of magnetic anomalies returned 1.6% sulphur; although the values for the other elements analysed were low, the result is of interest. The result is believed to reflect locally elevated sulphur levels in ground water in this particular drainage, which appeared to have higher concentrations of magnesium sulphate than other drainages in the area.



**Acclaim Exploration NL and Controlled Entities
Half Yearly Report for the six months ended 31 December 2004**

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2004 is set out on page 5.

Signed in accordance with a resolution of Directors.

A G Waller
Director

PERTH, Western Australia
Dated: 16 March 2005


Auditors' Independence Declaration

As lead auditor for the review of the financial report of Acclaim Exploration NL for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Acclaim Exploration NL.

Perth, Western Australia
16 March 2005



N G NEILL
Partner, HLB Mann Judd



**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	Consolidated	Consolidated
	2004	2003
	\$	\$
Revenues from ordinary activities	37,712	25,972
Depreciation expense	(18,615)	(24,260)
Carrying value of property, plant & equipment and investments disposed	-	(13,950)
Administrative expenses	(260,248)	(211,121)
Loss from ordinary activities before income tax expense	(241,151)	(223,359)
Income tax expense relating to ordinary activities	-	-
Loss from ordinary activities after income tax expense	<u>(241,151)</u>	<u>(223,359)</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(241,151)</u>	<u>(223,359)</u>
Basic loss per share (cents per share)	(0.06)	(0.06)
Diluted loss per share (cents per share)	(0.06)	(0.06)



**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	Consolidated 31 December 2004 \$	Consolidated 30 June 2004 \$
CURRENT ASSETS		
Cash assets	946,458	2,181,359
Receivables	34,514	8,157
TOTAL CURRENT ASSETS	<u>980,972</u>	<u>2,189,516</u>
NON-CURRENT ASSETS		
Other financial assets	12,613	12,613
Property, plant and equipment	102,739	114,197
Mining tenements, exploration and evaluation expenditure	14,087,779	13,136,742
TOTAL NON-CURRENT ASSETS	<u>14,203,131</u>	<u>13,262,552</u>
TOTAL ASSETS	<u>15,184,103</u>	<u>15,452,068</u>
CURRENT LIABILITIES		
Payables	398,001	424,815
Provisions	22,028	22,028
TOTAL CURRENT LIABILITIES	<u>420,029</u>	<u>446,843</u>
TOTAL LIABILITIES	<u>420,029</u>	<u>446,843</u>
NET ASSETS	<u>14,764,074</u>	<u>15,005,225</u>
EQUITY		
Contributed equity	30,853,973	30,853,973
Reserves	262,809	262,809
Accumulated losses	(16,352,708)	(16,111,557)
TOTAL EQUITY	<u>14,764,074</u>	<u>15,005,225</u>

The accompanying notes form part of these financial statements



**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	Consolidated	Consolidated
	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(311,512)	(262,196)
Interest received	37,712	11,072
Net cash used in operating activities	(273,800)	(251,124)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(949,478)	(310,173)
Proceeds on sale of investments	-	4,220
Proceeds on sale of plant & equipment	-	10,680
Payments for plant and equipment	(7,157)	(1,836)
Net cash used in investing activities	(956,635)	(297,109)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and option issues	-	3,099,901
Repayment of borrowings	(4,466)	(3,720)
Net cash inflow from financing activities	(4,466)	3,096,181
Net decrease in cash held	(1,234,901)	2,547,948
Cash at beginning of the financial period	2,181,359	26,714
Cash at the end of the financial period	946,458	2,574,662

The accompanying notes form part of these financial statements



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the half year ended 31 December 2004**

1. STATEMENT OF ACCOUNTING POLICY

This general purpose half year consolidated financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 : Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that these accounts be read in conjunction with the financial report for the year ended 30 June 2004 and any public announcements made by Acclaim Exploration NL during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Consolidated Entity and are consistent with those of the previous financial year.

For the purposes of preparing this half year consolidated financial report, the half year has been treated as a discrete reporting period.

The half year report does not include full disclosure of the type normally included in an annual financial report.

International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the current financial year, being 1 July 2004. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company's Board of Directors are continuing to assess the significance of these changes and prepare for their implementation. This process involves evaluating the key differences in accounting policies and their financial impact, and identifying the changes to the company's financial reporting systems.

Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Exploration Expenditure

Under AASB 6 Exploration and for and evaluation of Mineral Resources which sets out the framework to deal with accounting for exploration and evaluation costs permits 'area of interest' accounting to continue for exploration and evaluation costs. These costs will be subject to impairment testing. This standard no longer deals with accounting for development costs. These costs will be classified as tangible and intangible assets under the IFRS framework and will be subject to impairment testing requirements.

Classification of Financial Instruments

Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair changes taken equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.



Acclaim Exploration NL and Controlled Entities
Half Yearly Report for the six months ended 31 December 2004

1. STATEMENT OF ACCOUNTING POLICY (Cont)

Impairment of Assets

Under AASB 136 Impairment of Assets the recoverable amount of an asset is determined as the higher of the net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of net cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Share based payments

Under AASB 2 Share-based Payments, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income taxes

Under AASB 112 Incomes Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. It is not expected that there will be any further material impact as a result of adoption of this standard.

2. REVENUE

	Consolidated	Consolidated
	2004	2003
	\$	\$
Revenue from operating activities		
Interest received – other corporations	37,712	11,072
Revenue from non-operating activities		
Sale of property plant & equipment	-	10,680
Sale of investments	-	4,220
Total Revenue from ordinary activities	<u>37,712</u>	<u>25,972</u>

3. LOSS FROM ORDINARY ACTIVITIES

(a) Expenses

Depreciation of plant and equipment

	18,615	24,260
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(b) Profit/(Losses)

Profit on sale of investments

	-	934
(Loss) on sale property plant & equipment	-	(940)

4. NON CASH FINANCING AND INVESTING ACTIVITIES

There were no transactions or events during the half year which affected assets and liabilities and did not result in cash flows.



Acclaim Exploration NL and Controlled Entities
Half Yearly Report for the six months ended 31 December 2004

5. CONTRIBUTED EQUITY

	31 December 2004 \$	30 June 2004 \$
Issued Capital		
Ordinary shares – fully paid	27,653,973	27,653,973
Ordinary shares – partly paid	3,200,000	3,200,000
	<u>30,853,973</u>	<u>30,853,973</u>
Movement in shares on issue	Number	\$
(i) Ordinary shares – fully paid		
Balance at beginning of period	385,757,699	27,653,973
Balance at end of period	<u>385,757,699</u>	<u>27,653,973</u>
(ii) Ordinary shares – partly paid		
Balance at beginning of period	40,000,000	3,200,000
Balance at end of period	<u>40,000,000</u>	<u>3,200,000</u>
Total issued and paid up shares	<u>425,757,699</u>	<u>30,853,973</u>

6. SEGMENT REPORTING

The consolidated entity is involved in the mineral exploration industry solely within Australia.

7. SUBSEQUENT EVENTS

There are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

8. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.



DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages 6 to 11:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A G Waller
Director

PERTH, Western Australia

Dated: 16 March 2005

INDEPENDENT REVIEW REPORT

To the members of ACCLAIM EXPLORATION NL

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration of Acclaim Exploration NL for the half-year ended 31 December 2004. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

(cont'd)

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Acclaim Exploration NL, is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.


HLB MANN JUDD
Chartered Accountants


N G NEILL
Partner

Perth, Western Australia
16 March 2005