



ACCLAIM EXPLORATION N.L.

ABN 99 009 076 233

Quarterly Report For the period to 31 December 2005

Wingellina / Claude Hills Exploration Projects

The company's joint venture partner, Metals Exploration Limited has provided the following particulars in relation to exploration activity on the company's Wingellina and Claude Hill projects for the quarter ended 31 December 2005.

Metals Ex commenced a RC drilling program in the September Quarter with an objective to further define and evaluate the distribution and geological controls of the nickel oxide mineralization. Metals Ex considers that there is significant potential to discover more nickel oxide mineralization as well as extend the known mineral resources that exists.

One of the objectives of the Project is to undertake sufficient infill drilling of the presently defined mineral resources to raise the status of the Inferred mineralization to the Indicated and Measured categories. Once completed the Company plans to proceed to a pre-feasibility study for the Project. In parallel with this, Metals Ex intends to continue with the exploration and evaluation of further discoveries and extensions of the oxide mineralisation.

Results from all holes received to date in the latest drilling program are attached in Appendix 1. The results clearly show the mineralization to continue to significantly greater depths than previously tested in Inco's and Acclaim's past drilling campaigns. The mineralization is substantial in scale, occurring over widths of up to 600m, over a strike length of some 9 kilometres and to depths of up to 200 (typically 80 – 100m).

The mineralised system remains open along strike. There is significant potential for depth extensions in many areas of the deposit that were only previously tested by shallow drilling.

The latest drill data indicates the Wingellina resource comprises approximately 85% limonitic lithologies (40 - 60% Fe₂O₃, <2% MgO) mainly in the form of ochreous Fe-rich clays. The balance of the mineralisation comprises saprolitic lithologies (10 - 40% Fe₂O₃, >2% MgO [up to 20%]) in the form of clayey sap-rock and transitional oxide lithologies adjacent to mafic units.

Metals Ex has assessed metal associations of all assay results received from its recently completed RC drilling program above 0.4% Ni (2,944 2m samples) with average grades from this dataset shown in the table below:

Ni%	1.02	TiO ₂ %	0.46	Cr%	1.08
Co%	0.09	V ₂ O ₅ %	0.04	SO ₃ %	0.12
Al ₂ O ₃ %	10.86	MgO%	2.60	Cu%	0.02
CaO%	0.78	MnO%	1.03	Zn%	0.03
K ₂ O%	0.02	Na ₂ O%	0.19	LOI%	13.6%
Fe ₂ O ₃ %	49.0	SiO ₂ %	18.1		

During the Quarter, Metals Ex on behalf of Hinckley Range Pty Ltd proceeded with Aboriginal Heritage Clearance work and has received approval from the Ngaanyatjarra Land Council for additional drilling at the Project in 2006. Pending statutory approvals and planning, Metals Ex intends to recommence its field work late in the current quarter.

Further particulars are contained in Metal Ex's Quarterly Activities Report.

Agreement to sell Wingellina / Claude Hills Exploration Projects

On 25 November 2005 the Directors of Acclaim Exploration NL ("Acclaim") advised that they had reached agreement to sell to their joint venture partner, Metals Exploration Ltd ("Metals Ex") their entire interests in Hinckley Range Pty Ltd and Austral Nickel Pty Ltd. The acquisition price is \$5 million in cash and 4.5 million fully paid ordinary shares in Metals Exploration Limited. Acclaim had previously received an upfront payment of \$1.25m for the acquisition of existing technical and geological information pursuant to the joint venture arrangements.

The offer is subject to the approval of Acclaim shareholders.

Hinckley Range Pty Ltd is the holding company of the Wingellina Project, the subject of a farm-in JV between Metals Ex and Acclaim as announced on March 23, 2005.

Austral Nickel Pty Ltd is the holding company of the Claude Hills Project, also the subject of a farm-in agreement between Metals Ex and Acclaim.

Metals Ex also agreed to advance the cash payment of \$5million to Acclaim in return for first ranking fixed and floating charges over the shares in and assets of Hinckley Range and Austral Nickel. Should the transaction not be completed within 90 days after date of advance, the funds will be immediately repayable with interest at 10% payable from the date of advance.

Until such time that this transaction is completed, the current farm-in agreements between Metals Ex and the two holding companies will subsist.

A shareholders meeting has been convened for 16 February 2006 seeking approval for the transaction.

Acquisition of Uranium/Gold Project

As announced in July 2005, Acclaim entered into an unconditional agreement to acquire the Denny Dalton Uranium / Gold Project in South Africa. During the quarter Acclaim completed the acquisition by payment of the final \$3.75m.

- The project area is approximately 4,000 hectares with significant uranium and gold drilling and mining previously undertaken.
- Independent Legal and Geological Reviews completed.
- Inferred JORC resource of 31.5m tonnes of U₃O₈ at 0.35 kg/t for 11,025 tonnes with associated gold mineralisation.
- Potential to increase orebody dimensions and extend existing resource with down dip investigation and additional farm areas currently under application.

Project Summary

The Denny Dalton Project is located approximately 70 km south south-west of the town of Vryheid in the north of the province of KwaZulu-Natal, Republic of South Africa. The project is centred on the Denny Dalton gold mine on the farm Tusschenby 411, for which gold was mined during the period 1894 to 1926.

As part of the Company's due diligence on the project, Mabex Consulting Geologists were engaged to report on the uranium and gold potential of the area in and on the old Denny Dalton Mine. The project area is approximately 4,000 hectares and includes the following farms: Tusschenby 411, Vlakhoeck 548, Malta 514 and Welvergund 405.

The area has established potential for significant gold and uranium mineralisation and the nearsurface stratigraphy and mode of mineralisation appears to be well understood.

Previous Exploration

The previous owner of the Project obtained significant historical data from prior owners and operators (Anglo American Corporation and Southern Sphere who were commissioned by the Atomic Energy Corporation in the 1970s) prior to commencing its own recent exploration activities.

Between 1976 and 1978 Southern Sphere drilled 241 bore holes in the Denny Dalton area with a total of 4,269 metres of diamond drilling and 8,501 metres of percussion drilling. 77 of the holes intersected mineralisation.

The drilling program was considered successful enough by Southern Sphere to justify engaging independent consultants to commission a mining study to test the cost of the project area to support a uranium mine producing 1,000 t of U₃O₈ annually over a ten year mine life. Due to the prevailing uranium price at the time, Southern Sphere decided not to proceed with commissioning the mine.

Further Exploration and Development

The Board of Acclaim views the Denny Dalton project as a medium-advanced stage exploration program. The consulting geologist's reported that the style of mineralisation that occurs at Denny Dalton is similar to that of the known Witwatersrand conglomerates, which host large tonnage medium to high grade deposits of gold and uranium. Further the area has established potential for significant gold and uranium mineralisation and the near surface stratigraphy and mode of mineralisation appears to be well understood, but warrants review and further exploration.

Acclaim will now move to complete further work to verify the historical data and increase the level of knowledge and confidence of the project area and to convert the resources to indicated and measured status. The work will include testing the limits of the orebody to the level of detail required for JORC indicated and measured resource categories by way of infill drilling on previous exploratory holes on the farms, perimeter drilling to establish orebody dimensions, hole logging, sampling and assaying. Acclaim will also move to appoint experienced project management at both operational and Board level to ensure the success of the Project.

Further particulars are contained in the Company's announcement dated 21 July 2005.

Appendix 1.

Metals Exploration Ltd - Hinkley Range Pty Ltd									
Drill Results - Dec. 2005 Quarter									
Drill Hole	East	North	Dip	From	Intercept	% Ni	% Co	% MgO	% Fe2O3
WPRC084	6375	5975	-65	0	68	1.25	0.09	2.97	54.5
				92	50	1.42	0.06	5.19	38.0
				152	18	0.88	0.08	0.75	57.1
WPRC085	6535	5975	-70	18	72	1.16	0.08	0.55	61.9
				100	70	1.13	0.08	1.86	54.9
WPRC086	6630	5975	-80	16	58	1.13	0.09	1.18	52.1
WPRC093	6650	6340	-60	2	68	0.97	0.13	2.29	53.1
			incl.	2	26	1.14	0.22	1.21	60.9
			and	48	14	1.13	0.07	4.08	34.2
WPRC094	6650	6340	-90	2	52	1.2	0.14	1.36	55.4
			incl.	2	34	1.34	0.18	0.86	63.2
WPRC095	6193	6350	-75	30	22	1.02	0.11	1.23	51.5
WPRC097	6700	6125	-90	2	40	1	0.06	3.87	40.6
WPRC098	6570	6095	-60	66	16	0.84	0.03	5.89	20.0
WPRC099	6350	6095	-60	0	38	0.71	0.05	3.29	32.8
				192	28	0.69	0.07	4.77	32.7
WPRC100	6280	6095	-60	24	10	0.88	0.08	1.12	61.8
				48	10	0.79	0.04	2.77	48.8
WPRC101	6200	6095	-60	6	92	1.2	0.2	1.15	32.7
			incl.	16	48	1.55	0.17	1.04	42.8
			and	126	18	0.73	0.07	3.46	27.7
WPRC108	6350	5730	-65	2	74	1.08	0.2	1.56	50.8
WPRC109	6300	5850	-60	40	10	0.76	0.11	0.71	59.2
				56	46	1.34	0.14	2.11	51.0
WPRC111	6695	5975	-60	0	68	1.21	0.1	2.52	42.9
				28	2	0.58	0.06	0.99	24.7
WPRC117	6400	6340	-60	8	46	1.02	0.07	2.27	39.6
				62	130	1.17	0.08	0.72	49.2
WPRC118	4300	12925	-75	2	18	0.86	0.07	3.65	43.7
				62	8	0.65	0	4.73	10.6
				76	10	0.88	0.06	0.81	40.4
				96	16	0.75	0.05	2.11	42.6
WPRC119	4300	12925	-60	0	16	0.75	0.06	4.39	39.6
				72	28	0.87	0.07	0.96	49.1
WPRC120	4100	12925	-90	4	4	0.56	0.01	1.56	48.1
				18	40	0.72	0.06	0.64	47.0
				64	12	0.7	0.07	0.79	42.2
WPRC121	4100	12925	-60	2	104	0.76	0.07	1.38	49.1
WPRC122	4100	12925	-60	10	76	0.97	0.11	0.86	35.7
WPRC123	3900	12925	-90	12	74	0.71	0.06	1.41	46.6

WPRC124	3900	12925	-60	2	4	0.81	0.1	1.5	52.5
				16	6	0.78	0.1	0.63	50.6
				38	32	0.83	0.06	0.96	51.2
				76	44	0.85	0.07	1.39	49.4
WPRC125	3900	12925	-60	10	36	0.84	0.08	0.67	56.4
WPRC126	3900	13165	-90	18	22	1.1	0.08	2.24	48.9
WPRC127	3900	13165	-60	16	2	0.55	0.05	3.78	22.8
				24	4	0.61	0.03	6.21	18.9
WPRC128	3900	13165	-60	6	44	1.23	0.21	2.45	51.8
WPRC130	5000	13900	-90	2	10	1.02	0.06	9.76	23.6
WPRC132	5190	13900	-90	4	6	0.8	0.03	6.02	29.4
WPRC133	5360	13655	-90	6	10	0.72	0.06	4.44	39.4
WPRC134	5160	13655	-90	0	10	0.83	0.03	6.68	17.4
WPRC135	4975	13640	-90	6	40	0.96	0.05	6.95	34.4
WPRC138	5125	13320	-90	0	46	1.03	0.07	3.19	54.3
				62	4	0.88	0.02	11.5	20.5
WPRC140	5200	13195	-90	2	30	0.96	0.06	2.31	49.7
				46	22	1.29	0.06	3.33	48.1
WPRC141	5400	13195	-90	2	68	0.98	0.15	1.81	52.7
WPRC143	5150	13145	-90	12	12	0.81	0.11	6.54	36.9
WPRC144	5480	12925	-90	4	18	0.69	0.03	2.61	59.6
				32	6	0.55	0.03	2.42	25.6
WPRC145	5483	12927	-60	2	44	0.77	0.05	1.87	61.8
WPRC146	5326	12928	-90	0	16	0.78	0.07	2.93	35.8
WPRC147	5309	12940	-60	2	18	0.75	0.1	3.38	29.7
WPRC150	5486	12686	-90	0	40	0.94	0.01	0.79	63.6
				54	28	1.11	0.08	2.8	26.4
WPRC151	5485	12687	-60	2	14	0.99	0.01	1.46	68.7
				38	84	1.05	0.08	0.69	64.1
WPRC152	5399	12680	-90	0	132	1.18	0.08	1.01	63.0
WPRC153	5397	12680	-60	2	106	0.99	0.08	1.18	57.3
WPRC154	5409	12681	-60	2	110	1.07	0.1	0.88	63.2
WPRC155	5590	12677	-90	8	14	1.12	0.06	3.63	29.2
WPRC156	5592	12420	-55	28	44	0.92	0.06	0.74	60.9
WPRC157	5805	12439	-90	2	16	0.81	0.01	2.48	59.2
				60	58	0.87	0.01	0.61	65.9
WPRC158	5806	12439	-60	24	48	0.95	0.1	0.68	60.6
WPRC159	5794	12438	-60	16	84	0.9	0.1	0.64	58.7
WPRC160	5801	12197	-90	34	24	0.92	0.08	1.48	28.1
WPRC161	5800	12196	-75	16	66	1.22	0.1	1.08	57.3
WPRC162	5789	11980	-90	2	42	1.31	0.05	3.03	50.4
WPRC163	5791	11980	-60	2	56	1.14	0.12	1.92	63.0
WPRC164	5783	11979	-60	8	30	1.06	0.05	2.77	44.0
WPRC165	5855	12077	-90	0	50	1.19	0.08	2.17	51.1

WPRC166	5857	12077	-60	0	76	1.26	0.14	2.08	55.7
WPRC167	5847	12077	-60	0	76	1.04	0.08	3.63	45.6
WPRC168	5718	11942	-60	0	46	1.61	0.05	7.65	37.6
				62	14	1.19	0.06	5.46	40.1
WPRC169	5575	12173	-90	2	26	0.74	0.05	4.93	25.5
WPRC170	5574	12173	-60	2	40	1.03	0.04	8.69	30.1
				58	8	1.14	0.02	10.32	20.7
WPRC172	5870	13342	-90	14	32	0.78	0.09	3.46	31.9
WPRC173	5917	13339	-90	0	54	1.23	0.19	1.93	56.8
WPRC174	5904	13602	-90	2	22	1.04	0.1	1.5	60.0
				34	34	0.86	0.08	0.63	50.3
WPRC177	4304	12925	-90	0	32	0.76	0.1	1.51	42.0
				72	28	0.73	0.11	2.45	21.2
WPRC178	4306	12925	-90	0	32	0.79	0.09	1.54	44.9
WPRC181	6125	13049	-90	0	90	1.08	0.09	2.2	48.1
WPRC182	6125	12933	-90	0	46	1.29	0.13	2.17	53.4
WPRC183	6126	12933	-60	0	80	0.97	0.11	1.62	52.6
WPRC184	6115	12931	-60	0	46	1.26	0.14	1.93	52.0
WPRC185	6121	12795	-90	2	64	1.32	0.19	4.07	50.6
WPRC186	6115	12796	-60	0	68	0.82	0.08	3.33	34.6
WPRC187	6128	12797	-60	2	70	0.94	0.11	1.86	56.0
WPRC188	6103	12679	-90	0	100	1.16	0.1	2.38	57.0
WPRC189	6104	12678	-60	0	52	1.2	0.27	1.9	56.6
WPRC190	6093	12678	-70	2	70	1.28	0.14	2.32	56.4
WPRC192	6077	12571	-90	0	52	1.44	0.08	4.61	47.2
WPRC193	6076	12571	-60	0	48	1.18	0.08	9.01	41.0
WPRC194	6089	12571	-60	0	64	1.38	0.1	2.4	59.6