



ACCLAIM EXPLORATION NL
ACN 009 076 233

HALF YEARLY REPORT

For six months ended
31 December 2005



DIRECTORS' REPORT

The Directors present the financial report of the consolidated entity for the half-year to 31 December 2005 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 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

Agreement to sell Wingellina / Claude Hills Exploration Projects

On 25 November 2005 the Company 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 Ex. 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 was subject to the approval of Acclaim shareholders, which was obtained on 16 February 2006.

Hinckley Range Pty Ltd is the holding company of the Wingellina Project, the subject of a farm-in JV between Metals Ex and Acclaim entered into in March 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 \$5 million to Acclaim in return for first ranking fixed and floating charges over the shares in and assets of Hinkley Range and Austral Nickel.

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.

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.



DIRECTORS' REPORT (continued)

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 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 period, 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.

Acclaim will continue to have an interest in these projects, via its shareholding in Metals Ex following completion of the sale of these projects to Metals Ex.

Acquisition of Uranium/Gold Project

During the period, Acclaim entered into an unconditional agreement to acquire the Denny Dalton Uranium / Gold Project in South Africa for a consideration of \$6,000,000.

- 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.



DIRECTORS' REPORT (continued)

- 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, Vlakhoek 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 U_3O_8 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.



DIRECTORS' REPORT (continued)

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2005 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

ADOPTION OF AUSTRALIAN EQUIVALENT TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 7 of this financial report.

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 2005 is set out on page 6.

Signed in accordance with a resolution of Directors.

C Willis
Director

PERTH, Western Australia
Dated: 16 March 2006



Auditors' Independence Declaration

As lead auditor for the review of the financial report of Acclaim Exploration NL for the half year ended 31 December 2005, 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 2006

N G NEILL
Partner, HLB Mann Judd



**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

Consolidated 31 December 2005

	Continuing \$	Discontinuing \$	Total \$
Revenues	22,433	-	22,433
Depreciation expense	(2,562)	(13,077)	(15,639)
Write down of assets to recoverable amount	-	(3,889,637)	(3,889,637)
Administrative expenses	(424,014)	-	(424,014)
Loss before income tax expense	(404,143)	(3,902,714)	(4,306,857)
Income tax expense	-	-	-
Net loss for period attributable to members of Acclaim Exploration NL	(404,143)	(3,902,714)	(4,306,857)

Consolidated 31 December 2004

	Continuing \$	Discontinuing \$	Total \$
Revenues	37,712	-	37,712
Depreciation expense	(18,615)	-	(18,615)
Write down of assets to recoverable amount	-	-	-
Administrative expenses	(260,248)	-	(260,248)
Loss before income tax expense	(241,151)	-	(241,151)
Income tax expense	-	-	-
Net loss for period attributable to members of Acclaim Exploration NL	(241,151)	-	(241,151)

	31 December 2005	31 December 2004
Basic loss per share (cents per share)	(0.91)	(0.06)
Basic loss per share from continuing operations (cents per share)	(0.09)	(0.06)
Diluted loss per share (cents per share)	(0.91)	(0.06)

The accompanying notes form part of these financial statements



**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005**

	Consolidated	Consolidated
	31 December	30 June
	2005	2005
	\$	\$
CURRENT ASSETS		
Cash assets	1,224,656	943,411
Available for sale financial assets	9,005,000	-
Receivables	54,410	67,034
TOTAL CURRENT ASSETS	10,284,066	1,010,445
NON-CURRENT ASSETS		
Other financial assets	482,613	612,613
Property, plant and equipment	14,813	98,035
Mining tenements, exploration and evaluation expenditure	6,178,474	12,977,125
TOTAL NON-CURRENT ASSETS	6,675,900	13,687,773
TOTAL ASSETS	16,959,966	14,698,218
CURRENT LIABILITIES		
Trade and other payables	238,692	221,087
Borrowings	5,000,000	-
Provisions	1,667	1,667
TOTAL CURRENT LIABILITIES	5,240,359	222,754
TOTAL LIABILITIES	5,240,359	222,754
NET ASSETS	11,719,607	14,475,464
EQUITY		
Issued capital	32,404,973	30,853,973
Reserves	262,809	262,809
Accumulated losses	(20,948,175)	(16,641,318)
TOTAL EQUITY	11,719,607	14,475,464

The accompanying notes form part of these financial statements



**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
At 1 July 2004	30,853,973	(16,111,557)	262,809	15,005,225
Shares issued during the period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	30,853,973	(16,111,557)	262,809	15,005,225
Net loss for period	-	(241,151)	-	(241,151)
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At 31 December 2004	30,853,973	(16,352,708)	262,809	14,764,074
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2005	30,853,973	(16,641,318)	262,809	14,475,464
Shares issued during the period	1,551,000	-	-	1,551,000
	<hr/>	<hr/>	<hr/>	<hr/>
	32,404,973	(16,641,318)	262,809	16,026,464
Net loss for period	-	(4,306,857)	-	(4,306,857)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	32,404,973	(20,948,175)	262,809	11,719,607

The above statement should be read in conjunction with the accompanying notes.



**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Consolidated 31 December 2005 \$	Consolidated 31 December 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(300,783)	(311,512)
Interest received	16,220	37,712
Royalty received	6,213	-
Net cash used in operating activities	<u>(278,350)</u>	<u>(273,800)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(805)	(949,478)
Acquisition of tenement interests	(5,870,000)	-
Payments for investments	(120,000)	-
Payments for plant and equipment	(600)	(7,157)
Net cash used in investing activities	<u>(5,991,405)</u>	<u>(956,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and option issues (net of issue costs)	1,551,000	-
Proceeds from borrowings	5,000,000	-
Repayment of borrowings	-	(4,466)
Net cash inflow from financing activities	<u>6,551,000</u>	<u>(4,466)</u>
Net decrease in cash held	281,245	(1,234,901)
Cash at beginning of the financial period	943,411	2,181,359
Cash at the end of the financial period	<u>1,224,656</u>	<u>946,458</u>

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 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The half-year financial report should be read in conjunction with the Annual Financial Report of Acclaim Exploration NL as at 30 June 2005. It is also recommended that the half-year financial report be considered together with any public announcements made by Acclaim Exploration NL and Controlled Entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalent to IFRS, the accounting policies applied are inconsistent with those applied in 30 June 2005 annual report as this financial report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 7.

Basis of accounting

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The financial report covers the consolidated entity of Acclaim Exploration NL and controlled entities. Acclaim Exploration NL is a listed public company domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

A controlled entity is any entity controlled by Acclaim Exploration NL. Control exists where Acclaim Exploration NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Acclaim Exploration NL to achieve the objectives of Acclaim Exploration NL.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the period, their operating results have been included from the date control was obtained or until the date control ceased.



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Share-based payments

Share-based compensation benefits are provided to directors and executives.

The fair value of options granted to directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the directors and/or executives becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets held for trading

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available-for-sale financial assets

A financial asset not held for trading are classified as available-for-sale financial assets and are stated at their fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement

(g) Impairment of Assets

At each reporting date, the directors assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the directors make a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(i) Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Revenues

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

3. 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.

4. CONTRIBUTED EQUITY

	31 December 2005 \$	30 June 2005 \$
Issued Capital		
Ordinary shares – fully paid	29,204,973	27,653,973
Ordinary shares – partly paid	<u>3,200,000</u>	<u>3,200,000</u>
	32,404,973	30,853,973
Movement in shares on issue	Number	\$
(i) Ordinary shares – fully paid		
Balance at beginning of period	385,757,699	27,653,973
Issue at 2.2 cents per share	75,000,000	1,650,000
Expenses of the issue	-	<u>(99,000)</u>
Balance at end of period	<u>460,757,699</u>	<u>29,204,973</u>
(ii) Ordinary shares – partly paid		
Balance at beginning of period	<u>40,000,000</u>	<u>3,200,000</u>
Balance at end of period	<u>40,000,000</u>	<u>3,200,000</u>
Total issued and paid up shares	<u>500,757,699</u>	<u>32,404,973</u>



5. SEGMENT REPORTING

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

6. SUBSEQUENT EVENTS

Subsequent to half-year end:

- (1) Shareholders approved the disposal by the company of its entire interest in Hinckley Range Pty Ltd (the holder of the Wingellina Project) and Austral Nickel Pty Ltd (the holder of the Claude Hills Project). The consideration for the disposal is \$5 million in cash and 4.5 million fully paid ordinary shares in Metals Exploration Limited, such amounts to be allocated between the repayment of loan funds to Acclaim from each of Hinckley Range Pty Ltd and Austral Nickel Pty Ltd, and consideration for all of the issued capital of each company.

During the half-year, Metals Exploration Limited agreed to advance the cash payment of \$5 million to Acclaim in return for a first ranking fixed and floating charges over the shares in and assets of Hinckley Range Pty Ltd and Austral Nickel Pty Ltd. On formal completion of the transaction the first ranking fixed and floating charges will be discharged. No interest will be payable in respect to the advance.

- (2) The Company has raised \$1,520,500 through the issue of 69,113,654 ordinary fully paid shares (together with, subject to shareholder approval, a free attaching option) at an issue price of 2.2 cents per share.

No other matter or circumstance has arisen since the end of the half-year which has 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.

6. CONTINGENT LIABILITIES

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

7. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

- (1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	1 July 2004
	\$
Total equity under AGAAP	15,005,225
Adjustments for effect of transition to AIFRS	-
Total equity under AIFRS	<u>15,005,225</u>

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	31 December
	2004
	\$
Total equity under AGAAP	14,764,074
Adjustments for effect of transition to AIFRS	-
Total equity under AIFRS	<u>14,764,074</u>



7. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (Cont)

(c) At the end of the last reporting period under previous AGAAP: 30 June 2005

	30 June 2005
	\$
Total equity under AGAAP	14,475,464
Adjustments for effect of transition to AIFRS	-
Total equity under AIFRS	<u>14,475,464</u>

(2) Reconciliation of loss reported under previous AGAAP to loss AIFRS

(a) Reconciliation of loss for the half-year ended 31 December 2004

	31 December 2004
	\$
Net loss as reported under AGAAP	241,151
Adjustments for effect of transition to AIFRSs	-
Net loss under AIFRS	<u>241,151</u>

(b) Reconciliation of loss for the year ended 30 June 2005

	30 June 2005
	\$
Net loss as reported under AGAAP	529,761
Adjustments for effect of transition to AIFRSs	-
Net loss under AIFRS	<u>529,761</u>

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustment to the cash flow statement.



DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages 7 to 17:
 - (a) comply with Accounting Standard AASB 134: 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 2005 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.

C Willis
Director

PERTH, Western Australia

Dated: 16 March 2006

INDEPENDENT REVIEW REPORT

To the members of
ACCLAIM EXPLORATION NL

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements and the directors' declaration of Acclaim Exploration NL for the half year ended 31 December 2005. 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 consolidated entity and that complies with Accounting Standard AASB 134 "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 134 "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 consolidated entity's financial position and of its performance as represented by the results of its operations and cash flows.

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.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out on page 4 of the half year financial report has not changed as at the date of provision our review report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the half year financial report of Acclaim Exploration NL and the entities which it controlled during the half year, 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 2005 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

**HLB MANN JUDD
Chartered Accountants**

**Perth, Western Australia
16 March 2006**

**N G NEILL
Partner**