



ACCLAIM EXPLORATION NL
ACN 009 076 233

HALF YEARLY REPORT

31 December 2006



DIRECTORS' REPORT

Your directors present the financial report of the consolidated entity for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Andrew Waller - Chairman
Craig Willis
Trevor Gillard

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Acclaim Exploration NL was \$594,969.

Corporate

During the half-year:

- the Company completed a capital raising of \$2,250,000 (before expenses of the issue), through the issue of 75,000,000 fully paid ordinary shares, together with 75,000,000 free attaching options exercisable on or before 30 June 2008 at 5 cents each.
- the fair value of available for sale investments increased by \$2,737,700.
- the company acquired the ongoing gold royalty over the Denny Dalton Project for a one off payment of \$100,000. Under the terms of the original Denny Dalton acquisition agreement the company agreed to a royalty on all gold derived from ore mined on or within the projects including any gold which is sold or as a concentrate or dore.

Exploration Activity – Denny Dalton

First phase drilling commenced in June 2006 and finished during September 2006. A total of 764.05m was drilled in this first phase of drilling at an average depth of 38.20m per hole with the deepest hole TSB06-19 at 68.23m and the shallowest TSB06-15 at 11.23m. A total of 896 samples (including 122 blanks and standards) were submitted to SGS Lakefield for analysis of U_3O_8 and Au content. 19 of the 20 holes drilled intersected the MCR with only TSB06-20 not intersecting reef as it went straight into the Nsuze Group. Of the holes drilled in and around the mine area holes TSB06-03, TSB06-08, TSB06-09, TSB06-12 and TSB06-15 intersected some of the most encouraging visible mineralisation returning grades of up to 771g/t U_3O_8 over 20cm in hole TSB06-09 and 13.7g/t Au over 20cm in TSB06-12. These values are extremely encouraging and give this prospect great potential to yield further such mineralization.



DIRECTORS' REPORT (continued)

During the second quarter the Company commenced the second phase drilling program, running a diamond drilling and reverse circulation (RC) drilling program in parallel.

The initial diamond drilling worked started on the 8th of November 2006. RC drilling commenced on the 6th of December 2006. Drilling continued into the New Year with both drilling teams breaking for holidays over the Christmas, New Year period.

The programme, planned to test approximately 1000 meters of RC drilling comprised a tightly spaced drilling distance to determine the spread of mineralization outward from the holes that intersected grade on the first phase diamond drilling. Samples submitted to SGS Lakefield for analysis will determine the most appropriate form of drilling on subsequent drilling programs.

Diamond drilling core samples have been collated and sent to the lab for analysis. The company is still awaiting results, which have been delayed due to backlog of work within the lab.

During the half-year initial work also started on geological modeling. A 3D geological model is being generated by Caracle Creek International Consulting Group of the geology in the vicinity of the old gold mine. This should give the Company a greater understanding of the geology of the area.

Previously completed exploration on Tusschenby by Mabex Consulting Geologist (MCG) estimated an inferred mineral resource on the farms of 31.5 million tonnes. The inferred tonnage was estimated based on the exploration undertaken by MCG, the position of "known" payshoot trends noted by Southern Sphere, and the knowledge of the mineralisation and the project area by the director of MCG. Based on this MCG estimated the following JORC resources as listed in the following Table.

Table : Resources as calculated by Mabex Consulting Geologists.

	Tonnage	Grade (kg/t)	Width (m)	U₃O₈(t)
Inferred	31,500,000	0.35	1.0	11,025
	Tonnage	Grade (g/t)	Width (m)	Au (Moz)
Inferred	31,500,000	2.5	1.0	2.5

Subsequent to the end of the half-year, the Company received confirmation from the Republic of South Africa Department of Minerals and Energy (DME) that its application for the conversion from Old Order Prospecting Rights to New Order Prospecting Rights on the Nobamba Farm has been granted.

The granting of this conversion will allow the Company to achieve it's objective of further drilling on the Denny Dalton project area to increase the level of confidence in the resource.

The information in this report that relates to exploration, mineral resources or mineral reserves is based on information compiled by Mr Brian Thomas who is a member of the Australasian Institute of Mining and Metallurgy who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Brian Thomas is the Principal of B D Thomas & Associates, a consultant to the company and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



DIRECTORS' REPORT (continued)

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2006 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.

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 2006 is set out on page 5.

Signed in accordance with a resolution of Directors.

C Willis
Director

PERTH, Western Australia
Dated: 16 March 2007



Mann Judd

Chartered Accountants

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Acclaim Explorations NL for the half year ended 31 December 2006, 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 2007**

**N G NEILL
Partner, HLB Mann Judd**



**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Consolidated	
	2006	2005
	\$	\$
Revenue	58,688	22,433
Depreciation expense	(2,922)	(2,562)
Administrative expenses	(650,735)	(424,014)
Loss before income tax expense	(594,969)	(404,143)
Income tax expense	-	-
Loss after tax from continuing operations	(594,969)	(404,143)
Loss from discontinued operations	-	(3,902,714)
Loss for the half-year attributable to members of Acclaim Exploration NL	(594,969)	(4,306,857)
Basic loss per share (cents per share)	(0.10)	(0.91)
Basic loss per share from continuing operations (cents per share)	(0.10)	(0.09)
Diluted loss per share (cents per share)	(0.10)	(0.91)

The accompanying notes form part of these financial statements



**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Consolidated	
	31 Dec 2006	30 June 2006
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	3,353,694	2,215,159
Trade and other receivables	88,760	121,572
TOTAL CURRENT ASSETS	3,442,454	2,336,731
NON-CURRENT ASSETS		
Other financial assets	350,000	350,000
Available for sale investments	6,470,313	3,732,613
Property, plant and equipment	19,775	15,849
Mineral interests	6,770,678	6,318,470
TOTAL NON-CURRENT ASSETS	13,610,766	10,416,962
TOTAL ASSETS	17,053,220	12,753,663
CURRENT LIABILITIES		
Trade and other payables	188,014	135,388
TOTAL CURRENT LIABILITIES	188,014	135,388
TOTAL LIABILITIES	188,014	135,388
NET ASSETS	16,865,206	12,618,275
EQUITY		
Issued capital	35,953,648	33,849,448
Reserves	3,445,509	707,809
Accumulated losses	(22,533,951)	(21,938,982)
TOTAL EQUITY	16,865,206	12,618,275

The accompanying notes form part of these financial statements



**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Issued Capital	Accumulated Losses	Unrealised Gains Reserve	Option Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2005	30,853,973	(16,641,318)	-	262,809	14,475,464
Securities issued during the period	1,551,000	-	-	-	1,551,000
Loss attributable to members of the parent entity	-	(4,306,857)	-	-	(4,306,857)
At 31 December 2005	32,404,973	(20,948,175)	-	262,809	11,719,607
At 1 July 2006	33,849,448	(21,938,982)	45,000	662,809	12,618,275
Securities issued during the period	2,250,000	-	-	-	2,250,000
Transaction costs	(145,800)	-	-	-	(145,800)
Fair value adjustment to available for sale investments	-	-	2,737,700	-	2,737,700
Loss attributable to members of the parent entity	-	(594,969)	-	-	(594,969)
At 31 December 2006	35,953,648	(22,533,951)	2,782,700	662,809	16,865,206

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



**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Consolidated	
	2006	2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(736,104)	(300,783)
Interest received	58,688	16,220
Royalty received	-	6,213
Net cash used in operating activities	<u>(677,416)</u>	<u>(278,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(293,900)	(805)
Acquisition of tenement interests	(100,000)	(5,870,000)
Payments for investments	-	(120,000)
Repayment of advances to other entities	39,600	-
Payments for plant and equipment	(6,849)	(600)
Net cash used in investing activities	<u>(361,149)</u>	<u>(5,991,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and option issues (net of issue costs)	2,177,100	1,551,000
Proceeds from borrowings	-	5,000,000
Net cash inflow from financing activities	<u>2,177,100</u>	<u>6,551,000</u>
Net decrease in cash held	1,138,535	281,245
Cash at beginning of the financial period	2,215,159	943,411
Cash at the end of the financial period	<u><u>3,353,694</u></u>	<u><u>1,224,656</u></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 2006**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 2006. 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 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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 half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the year ended 30 June 2006.

In the half-year ended 31 December 2006, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

2. DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

	31 Dec 2006	30 June 2006
	\$	\$
Exploration and evaluation phase – at cost	6,770,678	6,318,470
Movement:		
Balance at beginning of period	6,318,470	
Tenements acquired on acquisition of controlled entity	-	
Acquisition of royalty interest	100,000	
Expenditure incurred	352,208	
Balance at end of period	6,770,678	

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.



3. NON CASH FINANCING AND INVESTING ACTIVITES

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

4. ISSUED CAPITAL

	31 December 2006 \$	30 June 2006 \$
Issued Capital		
Ordinary shares – fully paid	32,753,648	30,649,448
Ordinary shares – partly paid	3,200,000	3,200,000
	<u>35,953,648</u>	<u>33,849,448</u>
Movement in shares on issue	Number	\$
(i) Ordinary shares – fully paid		
Balance at beginning of period	529,871,353	30,649,448
Issue at 3 cents per share	75,000,000	2,250,000
Expenses of the issue	-	(145,800)
Balance at end of period	<u>604,871,353</u>	<u>32,753,648</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>644,871,353</u>	<u>35,953,648</u>

5. SEGMENT REPORTING

The Company has one business segment, namely the acquisition and exploration of uranium/gold properties. The Company's primary geographical segment is the Republic of South Africa.

6. 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.

7. 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 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 2007

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of
Acclaim Exploration NL**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2006, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of Acclaim Exploration NL and the entities it controlled during the half-year ended 31 December 2006 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Acclaim Exploration NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Acclaim Exploration NL on 16 March 2007.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Acclaim Exploration NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
16 March 2007