



ACCLAIM EXPLORATION N.L.

ABN 99 009 076 233

Quarterly Activities Report

For the Quarter Ended 30 June 2008

Denny Dalton Project

During the quarter, the company in conjunction with its attorney, has continued negotiations with the Department of Minerals and Energy (DME) for the granting of license applications lodged on the farms to the east of the initial drilling program. Once these licenses have been authorised it is the company's intention to expand the drilling campaign on these adjoining properties.

A decision has been taken to defer a proposed RC drilling program in and around the old mine site (in close spacing to the previous holes reported to the market) pending negotiations with a potential joint venture partner. The party, who has signed a confidentiality agreement, is currently analyzing the previous drill hole data. It is anticipated that the partner will participate in the next drilling campaign on the Denny Dalton Project.

Guinea

As previously reported, the company has experienced continued delays in obtaining the formal grant of exploration licences within the Prefectures of Mali, Siguiri, Mamou, Kindia, Kissidougou, Mandiana, and N'Zerekore in Guinea.

As a result of these frustrating delays, the company is in discussion with the vendors on the potential withdraw from its involvement in these assets in Guinea. Acclaim will seek repayment of all deposit monies.

Farm-in-Oil and Gas Prospects

During the quarter Acclaim reached agreement to earn leasehold and working interests, and attributable net revenue interests, in various oil and gas prospects.

Maria Prospect

The right to earn up to a 25% leasehold estate and working interest in and to oil, gas and mineral leases covering lands situated in the Maria Prospect in Dewitt and Goliad Counties, Texas, USA. By participating in the cost of drilling an initial test well, the Esenjay Operating, Inc – Wood Gas Unit No. 1 Well, Acclaim will acquire the leasehold interest, and have the option to participate in the acquisition of additional leasehold interests within an area of mutual interest.

The initial test well has been drilled to a total measured depth of 14,000', to test the expanded lower Wilcox Roeder /Migura sand section.

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The bottom log has only shown small amounts of gas. However the operator First Strike Energy (Esenjay) has commenced testing the oil sand encountered at 7,800'. The Elog indicates a pay sand to be 15' feet thick.

The Maria Prospect is considered a duplication of the Nordheim SW and Lions Fields. Both of the fields produce from the "toe" part of individual faults blocks downthrown to major down-to-the-coast expander faults. The traps are northerly dipping fault blocks (either west or east component depending on the situation), with associated buried faulting providing the seal.

The two analog fields (Nordheim SW and Lions) were discovered pre-3D coverage which was first shot in this area in 1996. Serious development of both of these fields did not occur until some years later (2000 and 2005, respectively) for different individual reasons.

Gemini Prospect

As provided in the terms of the agreement, in the event that Acclaim is not satisfied with the terms of contractual documents of one or more prospect, it may by mutual agreement with the vendors enter into a farm-in agreement over an alternative prospect in substitution thereof. Following a review of the original Galveston Bay Prospect and the Gemini Prospect, it has been determined to substitute the Galveston Bay Prospect with the Gemini Prospect

Gemini is comprised of two very similar prospects in the Frio producing trend of south Texas with proposed wildcat tests of 10,000 feet each. The project offers an excellent potential return on investment particularly in today's price environment. Both prospects are defined by high quality 3D seismic data with close well control. The prospects are located about 3 miles east of Rita NE and Mifflin fields, which produce from the prospective interval of the Gemini prospects. Mifflin has produced 27 BCFG from 21 different sands and Rita NE has produced 46 BCFG from 17 sands. Hinojosa (21 BCF) and Alazan (38 BCF) fields are about 20 miles north and on trend with the prospects and are nearly identical in structure and stratigraphy. The location is flat dry land with gas processing facilities nearby. The estimated completed well costs are \$1,500,000 and payout for each well would be about six months at \$7.00/MCF, and less than one year even with a product price of \$3.0/MCF. Gemini1 is anticipated to be a 3 well development and Gemini 2 would have approximately 4 wells.

The Gemini project is located in Kenedy County, Texas, just south of Baffin Bay and approximately 20 miles south of Sarita. The proposed locations of the two prospects are about 1 mile apart and part of a contiguous lease. The proposed locations are in well drained flat land and 3 miles from a major state highway. Several possibilities exist for gas

South Sprint Prospect

The acquisition of a 25% interest in a production well on the South Sprint Prospect and participation in exploration wells in the prospect area. South Sprint is a deeper pay prospect seeking Cib haz and Marg tex productive zones at South Sprint Field, beneath the existing Marg Frio pay zone. The field is a large upthrown three way fault closure. It has produced over 69 BCF from the Marg Frio and has only been tested in the deeper Cib haz and Marg tex by an off structure Pan American Petroleum Corp well that proved good sands and sealing shales exist in the area. It did not find pay in the deeper zones (although it did show cycle skipping in the Cib haz on a sonic log – often an indicator of gas).

Consideration

The consideration for the right to earn the leasehold and working interests, and attributable net revenue interests, in the various oil and gas prospects is as follows:

- (a) the issue of 140 million fully paid ordinary shares in the capital of Acclaim, together with 70 million options to acquire fully paid ordinary shares at an exercise price of 4 cents each on or before 30 June 2010;
- (b) the assumption of the rights and obligations pursuant to the respective leasehold interests; and
- (c) the payment of US\$750,000 cash in respect to the South Sprint Prospect.

The transaction is subject to:

- (a) entering into formal agreements to reflect the agreed terms and to a review of all contractual documents evidencing the respective leasehold and working interests; and
- (b) shareholder approval for the issue of the shares and options as consideration for the acquisition of the relevant interests.

In the event that Acclaim is not satisfied with the terms of contractual documents of one or more prospect, it may by mutual agreement with the vendors enter into a farm-in agreement over an alternative prospect in substitution thereof.

Acclaim has the right, subject to necessary consents, to assign all or part of its interests in the farm-in at any time.

Capital Raising

During the quarter, the Company reached agreement to place 150 million fully paid ordinary shares in the capital of Acclaim, together with 150 million free attaching options (exercisable at 4 cents each on or before 30 June 2010), to raise \$1.5 million from clients of Aegis Partners Limited (a London based equity fund). 90 million shares have been issued under the Company's 15% capacity with the balance (60 million shares and 150 million options) subject to shareholder approval.

Funds raised will be used to meet the acquisition costs of the South Sprint prospect and to enhance working capital, including meeting obligations pursuant to the proposed farm-in arrangements.

The company is currently preparing the Notice of Meeting to seek shareholders approval for the issue of shares and options as consideration for the acquisition of the leasehold and working interests as detailed above and for the balance of the capital raising.

Craig Willis
Director
Acclaim Exploration