



# ACCLAIM EXPLORATION N.L.

ABN 99 009 076 233

## Quarterly Activities Report

For the Quarter Ended 30 September 2008

### Denny Dalton Project

During the quarter, the company continued discussion 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. The DME has not provided the company with a likely date for a decision on these licences.

As previously reported a potential joint venture partner is undertaking a review of the Denny Dalton Project. As a result, the company has deferred a proposed RC drilling program in and around the old mine site (in close spacing to the previous holes reported to the market) pending a final decision from the potential joint venture partner. Subject to the outcome of due diligence and successful negotiation of joint venture terms, 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, Siguiiri, Mamou, Kindia, Kissidougou, Mandiana, and N'Zerekore in Guinea.

The company has advised the vendors of its intention to withdraw from its involvement in these assets in Guinea and is seeking repayment of all deposit monies.

### Farm-in - 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.

During the quarter, the initial test well reached its target depth on the Maria-Wood#1 prospect. The initial test well was drilled to a total measured depth of 14,000', to test the expanded lower Wilcox Roeder /Migura sand section.

The bottom log showed only 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. Work on this test well is ongoing.

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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***

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

Acquisition of the Gemini Prospect is subject to shareholder approval at the upcoming annual general meeting. No work has been undertaken on this prospect.

### ***South Sprint Prospect***

An undivided 25% leasehold estate and working interest in and to the lands and leases as more particularly described in the Participation Agreement – S.Sprint Prospect dated June 25, 2007 (as to all lands and depths currently covered thereby) and all wells, platforms and facilities located thereon, located in the waters of the Gulf of Mexico in Kleberg County, Texas, USA.

The leasehold estate and working interest covers 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).

Acquisition of the South Sprint Prospect is subject to shareholder approval at the upcoming annual general meeting. No work has been undertaken on this prospect.

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## Corporate

### *Annual General Meeting*

At the upcoming annual general meeting of shareholders to be held on Thursday, 27 November 2008 the company is seeking shareholder approval for, inter alia:

- the placement of the balance of 60,000,000 ordinary fully paid shares, together with 60,000,000 free attaching options (exercisable at 4 cents each on or before 30 June 2010) to raise an amount of \$600,000; and
- the acquisition all of the issued share capital of BeneluxDevelopments Limited, inclusive of all rights, title and interest in or to the Leases as described under the heading Farm-in-Oil and Gas Prospects; or at the sole discretion of Acclaim, direct interest in the Leases by way of assignment or such other means as shall deliver good title.

At the date of this report the company holds marketable securities with a value of \$3.7 million.

Craig Willis  
Director  
Acclaim Exploration

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