



ACCLAIM EXPLORATION N.L.

ABN 99 009 076 233

Quarterly Activities Report For the Quarter Ended 31 December 2009

Corporate

Acquisition – Nacimiento Copper Uranium Project

On 26 October 2009, the company announced that it had entered into an agreement with Stirling Commodities Investments Limited (“**Stirling**”) to acquire a 100% interest in Energy Company of America LLC (“**ECA**”), a company incorporated in the State of New Mexico, USA.

ECA holds a number of lode mining claims which lie within a mineral prospective region located in north-central New Mexico. The area lies along the east margin of the San Juan basin and into the adjacent Sierra Nacimiento mountain range within Rio Arriba and Sandoval Counties (“**the Nacimiento Region**”).

The region of interest is a north-south-trending area, 80 km long and 20 km wide, or in excess of 1,500 square kilometres.

ECA holds three blocks of lode mining claims, namely:

Coyote Lode Mining Claims, Sandoval County, New Mexico

The property comprises 53 lode mining claims covering 1,100 acres, in two blocks. The claims were staked to cover a cluster of copper prospects and a cluster of uranium occurrences.

Aranda Lode Mining Claims, Rio Arriba County, New Mexico

The property comprises 50 lode mining claims covering 1,000 acres. The claims were staked to cover a cluster of copper and uranium occurrences.

Los Pinos Lode Mining Claims, Sandoval County, New Mexico

The property comprises 51 unpatented lode mining claims covering 1,120 acres. The claims were staked to cover a cluster of copper and uranium occurrences.

Total production from the Nacimiento Region between 1881 and 1960 was in excess of 7,500,000 pounds of copper and 75,000 ounces of silver, most coming from the San Miguel mine. The San Miguel mine is located about one mile east of the Los Pinos property.

Earth Resources Company explored around the Nacimiento mine (Copper Glance -Cuprite mine) in the late 1960's. The Nacimiento mine started production with reserves of 9.6 million tons at 0.71% copper and produced until 1975 when the mine closed.

Prospectors found uranium in sedimentary rocks in the Nacimiento prospect area and notified the Atomic Energy Commission. The region was extensively prospected during the 1950's. Small shipments of uranium ore were made in the mid-1950's. Renewed interest in uranium in the late 1960's led to exploration drilling in the Jurassic Morrison formation.

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The company will focus its program where the potential for discovery exists of sedimentary red-bed copper in the Triassic Chinle formation and for roll-front uranium deposits in sandstone layers in the Morrison formation. Targets would lie at the boundary between organic-rich ground and oxidized sandstone.

Many test holes for oil and gas exploration have been drilled in San Juan Basin sediments, just west of the Sierra Nacimiento. Instrumental logs of these holes, including radiometric and electrical logs, should be available for examination. In particular, numerous test holes for oil and gas have been drilled in T19N, R1W several miles west of the Los Pinos claims. The Company will attempt to acquire logs of these test holes. Examination of these logs will help determine if radioactivity is present and to check the oxidation-reduction nature of the underlying sediments.

The company is preparing an exploration program and budget to commence the first phase of exploration, subject to satisfactory completion of due diligence investigations and subsequent completion of the proposed acquisition.

Consideration

The consideration for the acquisition of the 100% membership interest in ECA will comprise:

- (a) the payment of A\$1,300,000, of which A\$200,000 has been paid in the form of a refundable deposit; and
- (b) the issue of ordinary fully paid shares in the capital of Acclaim to the value of A\$250,000 at date of completion.

The transaction is subject to:

- (a) Acclaim being satisfied (in its absolute discretion) with the results of due diligence investigations on ECA; and
- (b) any necessary consents, approvals, requirements and registrations as shall be required on respect of the acquisition agreement and the transactions contemplated by it being obtained, made and satisfied, including, but not limited to, pursuant to any laws of Western Australia or the State of New Mexico or required by any regulatory authority.

Due diligence investigations will encompass all aspects of the activities, assets and liabilities of ECA, including the lode mining claims and the rights under those claims.

Condition (a) has now been fulfilled.

On 7 January 2010, the Company announced that following the receipt of an independent technical review report on the Nacimiento Copper Uranium project by Coffey Mining Consultants, the company intends to proceed with completion for the acquisition of the 100% interest in ECA.

Completion of the transaction will occur immediately following the close of the non-renounceable entitlement issue as described under the heading 'Capital Raising'.

Acquisition of Royalty Stream

On 26 October 2009, the Company announced that by mutual agreement with Arturus Capital Limited (“**AKW**”), the Binding Term Sheet with AKW, to acquire the right title and interest to a 12% (15% of 80%) royalty stream over shallow gas projects located in Jackson County, Texas, USA, had been terminated.

Under the terms of the binding term sheet Acclaim had paid the sum of US\$100,000. This sum will be refunded by AKW.

Capital Raising

On 26 October 2009 the Company announced that, subject to satisfactory completion of due diligence and decision to proceed with the acquisition of ECA, it would undertake a non-renounceable entitlement issue of ordinary fully paid shares in the capital of Acclaim (**New Shares**) on the basis of one (1) New Share for every one (1) Share held at a record date to be advised (**Entitlement Issue**). The entitlement will also include one (1) free attaching option exercisable at 1.2 cents each on or before 31 December 2012 (**New Option**) for every two (2) New Shares subscribed for and issued.

New Shares under the Entitlement Issue will be offered at \$0.005 per New Share. The maximum number of New Shares which may be issued under the Entitlement Issue is 845,871,353 to raise approximately \$4,229,356 (based on the current capital structure of the Company).

Existing optionholders will not be entitled to participate in the Entitlement Issue without first exercising their options to be registered as a shareholder on the record date, in accordance with the terms and conditions of the options.

New Shares issued under the Entitlement Issue will rank equally with existing ordinary fully paid shares on issue. The Company intends to apply for official quotation of the New Shares and the New Options.

The Company has reached agreement with Raptor Capital LLC to underwrite 100% of the Entitlement Issue.

The funds provided by the Entitlement Issue will be used to undertake exploration activities on the projects the subject of the proposed ECA acquisition, exploration activities on existing projects, and for working capital, including identification of other new projects to enhance the Company’s mineral tenements portfolio.

The Company will be lodging a Prospectus in accordance with section 713 of the Corporations Act. The Company will provide a full Entitlement Issue timetable at the time of lodgement of the Prospectus.

Board Changes

On 26 October 2009, the Company appointed Mr Anthony Hamilton as a director of the Company. Mr Hamilton was subsequently appointed Chief Executive Officer on 2 December 2009.

Mr Hamilton has over 20 years of senior executive experience including 10 years based in London as CEO of a successful, International mining company. He is a Fellow of the Institute

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of Directors in London and has been noted in various publications recognizing his business achievements.

His experience is extensive across Australia, Africa, Europe, North America, PNG, South East Asia and the UAE. He brings operational experience in gold, diamonds, oil & gas and base metals.

Denny Dalton Project

No further work was undertaken on the Denny Dalton Project during the quarter and the Board is currently considering various options.

A R Hamilton
Chief Executive Officer
Acclaim Exploration NL

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