

# DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2009.

## DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report are as follows:

NAME	POSITION	EXPERTISE
R Bagirathi	Non-Executive Director	Corporate and Technical
C S Willis	Executive Director	Finance and Company Management
J C Geary – Appointed 22 June 2009	Non-Executive Director	Corporate and Technical
A G Waller – Resigned 22 June 2009	Non-Executive Chairman	Finance and Company Management

## INFORMATION ON DIRECTORS

### **Ralph Bagirathi** – Non Executive Director

Mr Bagirathi is a mining engineer with over 25 years corporate and technical experience in the exploration and mining industry plus the financial services industry. He has worked previously with JCI, Anglo Platinum, ABSA Bank, Decorum Capital managing the New Africa Mining Fund and most recently was CEO Africa for Brinkley Mining plc. Mr Bagirathi is a South African citizen resident in Johannesburg.

Director since 13 June 2007.

No other directorships in listed companies in the last 3 years.

### **Craig S Willis** - Executive Director

Mr Willis has considerable project management and technology development experience, having held a number of public and private company directorships. He has significant experience in dealing with government instrumentalities pertaining to contract negotiations between private and public entities. He has previously project managed a number of successful operational developments within Australia Post.

Director since 30 June 2003.

During the past 3 years, Mr Willis has also served as a director of the following listed companies:

- Modena Resources Ltd (September 2006 – present)

### **John Geary, B. Bus, Grad. Dip Acctg, Grad Dip Adv. Taxation** – Non Executive Director

John Geary was born and educated in Perth, Western Australia. He has over thirty years experience in the mineral exploration industry both in Australia and overseas. His experience includes prospecting, tenement acquisition, owner/operator of a contract drilling company and the promotion, listing and management of an exploration company on the Australian Securities Exchange. He has been actively involved in the planning and implementation of many exploration programmes.

This 'hands on' experience is complemented by Tertiary qualifications in Economics and Financial Management, Accounting and Taxation.

Director since 22 June 2009.

During the past 3 years, Mr Geary has also served as a director of the following listed companies:

- Greater Pacific Gold Ltd (23 March 2005 to 24 November 2008)
- Yellow Rock Resources Ltd (13 September 2005 to 11 December 2008)
- Aurium Resources Ltd (2 April 2007 to 30 June 2008)
- ORT Limited (24 May 2007 to present)

# DIRECTOR'S REPORT

## **Andrew G Waller - Non Executive Chairman**

Mr Waller's background is in technology development / manufacturing, property development and resources. He was the founder of the telecommunications division of the UDC Group Pty Ltd that formed Cable and Telecoms Limited. Mr Waller was an executive director of Cable and Telecoms Limited and is a director of Baycrest Pty Ltd. Mr Waller is also a director of Chrome Corporation Ltd and Eldore Mining Corporation Ltd.

Mr Waller has extensive public company experience, particularly in the area of capital raising and business development.

Mr Waller resigned as a director on 22 June 2009.

## **Interests in the shares and options of the company and related bodies corporate**

Craig Willis

- 1,000,000 ordinary fully paid shares
- 3,000,000 options expiring 31 December 2010, exercisable at 9 cents

Ralph Bagirathi

- Nil

John Geary

- 339,200 ordinary fully paid shares
- 350,000 partly paid shares, 2 cents unpaid

## **COMPANY SECRETARY**

Neville John Bassett B.Bus, FCA – Mr Bassett was appointed company secretary on 13 July 2001. A chartered accountant with over 30 years experience, Mr Bassett has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

## **CORPORATE INFORMATION**

### **Corporate Structure**

Acclaim Exploration NL is a no liability company that is incorporated and domiciled in Australia. Acclaim Exploration NL has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Acclaim Exploration NL	- parent entity
Denny Dalton (Pty) Ltd	- 100% owned controlled entity

### **Nature of Operations and Principal Activities**

The principal activity of the Group during the financial year was mineral exploration and investment.

There were no significant changes in the nature of the principal activities of the Group during the financial year.

## **OPERATING AND FINANCIAL REVIEW**

### **Operating Results**

The loss of the Group for the financial year after tax was \$11,276,761 (2008: Loss - \$786,462). The loss for the year includes exploration and evaluation expenditure write offs of \$9,055,826 and loss or impairment on available for sale investments of \$1,187,558.

### **Dividends Paid or Recommended**

No dividends have been paid or recommended by the Directors for the year ended 30 June 2009.

# FINANCING ACTIVITIES

The company issued the following securities during the year:

- In June 2009, the company issued 105,000,000 ordinary fully paid shares at an issue price of \$0.004 each, thereby raising \$420,000.

## **Review of Financial Condition**

### Capital Structure

The group has net equity at 30 June 2009 of \$2,841,678.

### Treasury Policy

The Board has not considered it necessary to establish a separate treasury function because of the size and scope of the group's activities.

### Liquidity and Funding

The group has cash resources of \$2,140,810 at 30 June 2009, together with available-for-sale investments with a fair value of \$14,303. The Company has a further \$800,000 in uncalled capital on partly paid shares. The Company has sufficient cash resources for the group to finance its current operations.

### Risk Management

The group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board. The group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

## **Review of Operations**

### Corporate

During the year the company:

- allotted and issued a total of 105,000,000 ordinary fully paid shares at an issue price of \$0.004 each, raising \$420,000;
- disposed of available for sale investments for gross proceeds of \$2,226,073; and
- obtained shareholder approval for the acquisition of all of the issued share capital of Benelux Developments Limited, more particularly detailed under the heading 'Farm-in Oil and Gas Prospects'.

### Denny Dalton Project

#### **Exploration Activity**

As reported throughout the year, the company has been having ongoing 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. The Company has engaged solicitors in South Africa in an attempt to finalise the grant of licenses. Once these licenses have been authorised it is the company's intention to expand the drilling campaign on these adjoining properties. At the date of this report and as previously reported, the DME has still not provided the company solicitors with a likely date for a decision on these licences.

During the year, the company commenced discussion with interested parties for a possible joint venture arrangement on the Denny Dalton project. Although preliminary due diligence was undertaken, the company has had to place on hold discussion with any potential joint venture partners on the Denny Dalton project until resolution of license applications. 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 an outcome of these discussions.

As reported in 2008, the company received results from the second phase drilling program on the Denny Dalton Project in KwaZulu-Natal (South Africa) and a review of the comprehensive CCIC report on the results was undertaken by the company. The review confirmed initial indications that a further drilling program be undertaken in and around the old mine site and in particular the area to the east.

# PROJECT DESCRIPTION

The farm Tusschenby 411, with Nobamba lying adjacent, is located in northern rural KwaZulu Natal some  $\pm 70$ km south-east of the town of Vryheid near the southern end of the known limits of the 3.1 – 2.9 billion year old Pongola Basin within the White Umfolozi Inlier. The target on the Property is the Mozaan Contact Reef of the Mozaan Group – a 3-4.5m thick conglomerate formation lying unconformably on the underlying Nsuze Formation with only the bottom 45 to 90cm of this pyritic conglomerate yielding anomalous erratic gold and uranium mineralisation. This unit was intermittently mined by the Denny Dalton Gold Mine from 1893 to 1926. The dip of the geology varies between 9° and 11°.

Denny Dalton is situated at the southern most end of a major Precambrian basin in which deep erosion has stripped away the cover rocks and exposed the units of the Pongola Super Group. This Pongola basin is compatible in size with the Witwatersrand but about 300 million years older. The Pongola rocks are estimated to be 3.1–2.9 billion years compared with the Witwatersrand which spans 2.75 – 2.5 billion years. Mineralisation at Denny Dalton occurs as shoots of gold and uranium concentrations within conglomerate beds at the base of the Mozaan Group. These conglomeritic beds outcrop over a strike area of approximately 4km with the Mozaan Contact Reef the principal economic horizon lying unconformably on the Insuzi Lava Formation. Previous stratigraphy above the MCR, have shown to have economic potential both for gold and uranium.

## **Impairment**

Due to no exploration activity having been undertaken during the year and the continual delays in the granting of application for adjoining licenses, the Directors have elected to make an allowance for impairment on the Denny Dalton project. The Company will continue to actively pursue the granting of the licences and potential joint venture partners, with a view to progressing the planned drilling programs.

## **Farm-in Oil and Gas Prospects**

In November 2008, shareholders approved the acquisition of all the issued share capital of Benelux Developments Limited, inclusive of all rights, title and interest in or to the Leases on three prospects named Maria, Gemini and South Sprint; or at the sole discretion of the Company, direct interest in the Leases by way of assignment or such other means as shall deliver good title. In the event that the Company was not satisfied with the terms of contractual documents evidencing the respective leasehold and working interests of one or more of the prospects, it could by mutual agreement with the Vendors enter into a farm-in agreement over an alternative prospect in substitution thereof.

The Company was not able to satisfy itself on the terms of contractual documents evidencing the respective leasehold and working interests or on the delivery of good title in respect to all of these prospects and held ongoing discussion, as provided within the acquisition agreement, for possible substitution prospects. In the current economic climate, it was evident that sourcing suitable substitute prospects within the parameters of the initial consideration offered would be difficult.

Following these discussions with Benelux Developments Limited, in relation to substitute prospects or possible revision of terms of the agreement, it was mutually agreed to terminate the agreement.

## **Guinea**

As previously reported, the company 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.

Due to the length of these delays and the apparent unlikely early resolution, the company advised the vendors of its intention to withdraw from its involvement in these assets in Guinea and is seeking repayment of all deposit monies. The investment in Guinea was written off in the previous financial year.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Significant changes in the state of affairs of the company during the financial year are detailed under the heading 'Operating and Financial Review' of this Report.

In the opinion of the directors, there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

# AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years, other than:

In July 2009, the company announced that it had entered into a Binding Term Sheet with Arturus Capital Limited (“**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. AKW holds the right title and interest to 80% of all income in relation to the projects.

Key terms of the acquisition are:

- **Property:** An assignment of 15% of AKW’s income (“Royalty Stream”) derived from all of the shallow gas projects from time to time located on the lands known as the Sandy, Slazenger and Wagner Prospects in Jackson County, Texas, USA.
- **Consideration:** US\$1.5 million comprising:
  - US\$100,000 payable on execution of the binding term sheet;
  - US\$1,000,000 payable on 7<sup>th</sup> August 2009; and
  - The balance to be paid with 60 days from execution.
- **Term:** For the life of the Projects
- **Expansion Projects:** AKW may from time to time request that AEX provide further funding for any expansion to the Projects (including further test drilling). AEX may accept or reject any such request in its absolute discretion.

The acquisition of the royalty stream is subject to:

- (i) completion of due diligence to the satisfaction of AEX; and
- (ii) AEX shareholder approval.

Under the terms of the binding term sheet AEX has paid the sum of US\$100,000, however, no further sums will be paid pursuant to the agreement until completion of due diligence to the satisfaction of AEX.

## LIKELY DEVELOPMENTS AND RESULTS

Comments on likely developments and expected results have been covered generally herein and under the heading ‘Operating and Financial Review’ of this Report. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

## DIRECTORS’ MEETINGS

During the financial year 11 meetings of the Company’s directors were held in respect of which each director of the Company attended the following number of meetings:

<i>Name of Director</i>	<b>Directors’ Meetings</b>	
	<i>Meetings eligible to attend</i>	<i>Number attended</i>
C Willis	11	11
R Bagirathi	11	6
J Geary	1	1
A Waller	11	11

# REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of Acclaim Exploration NL. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes five executives in the parent group receiving the highest remuneration.

For the purposes of this report the term "executive" includes those key management personnel who are not directors of the parent company.

## **Remuneration Committee**

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

## **A. Remuneration policy**

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

## **B. Remuneration structure**

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

### **Non-executive Director Compensation**

#### *Objective*

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

#### *Structure*

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

# REMUNERATION REPORT (AUDITED)

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

## **Executive Compensation**

### *Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

### *Structure*

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

### *Fixed Remuneration*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

### *Variable Pay — Long Term Incentives*

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to directors/ executives are delivered in the form of options.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of granting options is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive, and the responsibilities the Executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

# REMUNERATION REPORT (AUDITED)

## C. Employment contracts of directors and senior executives

Remuneration and other terms of employment for Mr Waller and Mr Willis are formalised in service agreements. Major provisions of these agreements are set out below:

### C S Willis

- Term of agreement – 1 year commencing 1 July 2009, renewable at term by mutual agreement.
- Base retainer to be reviewed annually.
- Annual retainer - \$72,000 plus directors fees of \$30,000.
- Either party may terminate the engagement at any time by one months written notice. Fees are payable up until the termination takes effect.

## D. Details of remuneration for year

### Directors

The following persons were directors of Acclaim Exploration NL during the financial year:

Andrew Waller	Chairman (non-executive) – resigned 22 June 2009
Ralph Bagirathi	Director (non-executive)
Craig Willis	Director (executive)
John Geary	Director (non-executive) – appointed 22 June 2009

### Executives

The following persons were executives of Acclaim Exploration NL during the financial year:

Neville Bassett	Company Secretary
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There were no other persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

### Remuneration

Details of the remuneration of each Director and named executive officer of the company, including their personally-related entities, during the year was as follows:

	Year	Short Term Benefits	Post Employment	Share Based Payments	Total	Remuneration consisting of options during the year %
		Salary and fees \$	Superannuation \$	Options \$		
<b>Directors</b>						
A Waller	2009	173,507	2,700	-	176,207	-
	2008	159,939	4,050	-	163,989	-
R Bagirathi	2009	153,862	-	-	153,862	-
	2008	270,000	-	-	270,000	-
C Willis	2009	102,000	2,700	-	104,700	-
	2008	97,000	4,050	-	101,050	-
T Gillard Resigned 4/12/2007	2009	-	-	-	-	-
	2008	7,500	-	-	7,500	-
<b>Executives</b>						
N Bassett	2009	59,600	-	-	59,600	-
	2008	36,000	-	-	36,000	-
<b>Total</b>	2009	488,969	5,400	-	494,369	-
	2008	570,439	8,100	-	578,539	-

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options, however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

# REMUNERATION REPORT (AUDITED)

The Group does not have any full time executive officers, other than directors as detailed above.

There were no performance related payments made during the year.

## **E. Compensation options to key management personnel**

No options were granted as equity compensation benefits to Directors and Executives during the year.

## **F. Shares issued to key management personnel on exercise of compensation options**

No shares were issued to Directors and Executives on exercise of compensation options during the year.

## **INSURANCE OF OFFICERS**

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

## **SHARE OPTIONS**

Unissued ordinary shares of the company under option at the date of this report are as follows:

	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Unlisted Options	90,000,000	4 cents	30 June 2010
Unlisted Options	10,500,000	9 cents	31 December 2010

During the year:

- 14,000,000 unlisted options exercisable at 5 cents each and 10,500,000 unlisted options exercisable at 7 cents each expired; and
- following shareholder approval, 90,000,000 options exercisable at 4 cents each on or before 30 June 2010 were issued as free attaching options to 90,000,000 ordinary fully paid shares issued in May 2008.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

## **ENVIRONMENTAL ISSUES**

The Group's operations are subject to various environmental regulations. The directors have complied with these regulations and are not aware of any breaches of the legislation during the current financial year and up until the date of this report which are material in nature.

## **PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

# REMUNERATION REPORT (AUDITED)

## **AUDITOR**

HLB Mann Judd continues in office in accordance with Section 327 of the Corporations Act 2001.

## **Non-Audit Services**

No non-audit services were provided by our auditors, HLB Mann Judd, during the year ended 30 June 2009.

## **Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 12.

Signed in accordance with a resolution of the directors.



C S Willis  
Director  
Perth, 30 September 2009

### **Auditor's Independence Declaration**

As lead auditor for the audit of the financial report of Acclaim Exploration NL for the year ended 30 June 2009, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Acclaim Exploration NL.



**Perth, Western Australia  
30 September 2009**

**W M CLARK  
Partner, HLB Mann Judd**