ACCLAIM EXPLORATION N.L.
ABN 99 009 076 233

Quarterly Report

For the period to 31 December 2002

HIGHLIGHTS

- Shareholders approved the acquisition of Austral Nickel Pty Ltd, giving the Company access to an additional 1372 square kilometres of prospective terrain for exploration.
- The Company raised $935,000 under a prospectus to fund on going exploration.
- South Australian Geological Survey drilling provides further evidence for magmatic copper-nickel sulphides in the Claude Hills area.
- Changes in Board of Directors
- Metallurgical extraction results positive
- Plans well advanced for commencement of 2003 exploration programmes

Date: 30 January 2003

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EXPLORATION

Exploration activities were largely confined to data compilation, regional interpretations, and target generation. However, just over a week was spent in the field evaluating the geophysical anomalies identified along the basal contact. This work demonstrated that there is sufficient contrast between the layered intrusion and the basement gneisses to map the basal contact using high-resolution airborne-magnetic surveys. The ground magnetic traverses also confirmed the presence of untested magnetic anomalies on the basal contact at Wingellina.

Planning of field work for the 2003 season is well advanced, and is waiting on settlement of the Austral Nickel acquisition before proceeding. Exploration will primarily focus on identifying and testing targets for nickel sulphides within the Claude Hills area. Initial programs will consist of reconnaissance geochemical sampling of extensive alluvial covered plains within the tenement, with reconnaissance geophysical testing of any geochemical anomalies identified, and further testing of geophysical anomalies identified previously. Drilling will follow in the 2nd quarter to further evaluate geochemical and geophysical targets identified in this manner. Further drilling and delineation of select areas of high-grade laterite will be carried out, as an adjunct to drill testing for nickel sulphides, with the aim of proving up a resource of 50 - 100 million tonnes grading 1.5% nickel within the existing Wingellina resource of 227 million tonnes at 1.0% nickel and 0.07% cobalt.

The joint Geological Survey of Western Australia (GSWA) and Geoscience Australia (GA) regional airborne magnetic 400 metre lined spaced data, released in late December, was acquired and processed. Initial evaluation of this data confirms the prospectivity of the Wingellina and the selection of the Claude Hills area for nickel sulphide exploration.

The Company held discussions with Justin Gum of the Geological Survey Branch (GSB) of the department of Primary Industry and Resources South Australia (PIRSA), regarding a co-operative approach to mapping on the Company's Claude Hills tenement, and in the application of remote sensing and image processing techniques to identify prospective lithologies within the basement gneiss. Reconnaissance stratigraphic holes drilled by the GSB intersected magmatic copper sulphides in the Mt Davies area, adjacent to the Company's tenements (Gum, PIRSA). Although the intersection was sub-economic, it provides further supporting evidence for sulphides within the Claude Hills – Wingellina area, and validates the Company's belief in the prospectivity of the area. Ground water samples taken from three GSB stratigraphic holes drilled within the Claude Hills tenement also returned elevated base metals (Cu, Zn, Ni, Co) values above the regional background, suggesting that these grounds waters had been in direct contact with metal sulphides at some time in the past (Gum, PIRSA). Particular attention will be given to the area where these holes were drilled in the forthcoming field program.

FUTURE EXPLORATION DIRECTION

The objectives of the Company's exploration and corporate programs for 2003 are: -

- Exploration for nickel sulphides on the recently acquired Claude Hills tenements
- Targeted drilling on Wingellina to extend to laterite resource to 100 million tonnes at 1.5% nickel, representing a +25 year mine life
- Raise awareness of the quality and value of the Company's assets in the investment and global mining communities

WINGELLINA

The recent sharp rise in the world nickel price is attributed to a shortfall in the supply of new production and rising demand. Most analysts expect this trend to continue for sometime. The rising nickel price presents an opportunity for the Company to realise the value of Wingellina, which has a number of positive attributes that set it apart from other nickel laterite projects.

Wingellina is Australia's largest undeveloped nickel resource and has a high-grade resource of 35 million tonnes of nickel laterite grading 1.40% nickel and 0.08% cobalt (at 1.2% nickel cutoff) within a global resource of 227 million tonnes grading 1.0% nickel and 0.07% cobalt. Metallurgical tests carried out in 2002 showed that recoveries of 95% nickel are obtainable for both the limonitic and saprolitic laterite using pressure acid leach (PAL) technology with very low acid consumption of 350 kilograms per tonne. Pressure acid leach on the limonite only had exceptionally low acid consumption of 290 kilograms per tonne. The favorable metallurgical characteristics of the Wingellina nickel laterite are attributed to the low clay and magnesium content of the material.

There is a common perception that the remote location of Wingellina will prevent development of the project. The Company has commissioned an independent metallurgical consultant with experience in nickel laterite projects to review Wingellina and address the major factors affecting development of the project. Particular attention will be given to the issue of infrastructure.

The metallurgical characteristics of Wingellina are similar to the New Caledonian projects, and resource base also places it on par with the New Caledonian projects in terms of scale and project life. Wingellina has the major advantages of low political and sovereign risk. Furthermore, being in the dry arid environment confers significant mining and environmental advantages to Wingellina.

CORPORATE

The Board of Directors changed following the Annual General Meeting in November 2002 at which the Past Chairman, Mr E Eshuys, failed to gain re-election (Proxies Against E Eshuys re-election 117 million: For 19 million).

Mr Greg Wheeler joined the Board as Non Executive Chairman and brings significant corporate advisory and resource sector experience to the Company through being a Partner of global accounting firms for the past 13 years.

Mr Wheeler was impressed with AEX due to:-

- Significant existing nickel laterite resource
- Claude Hills acquisition and the potential for nickel sulphides
- Results of metallurgical testwork
- Improved understanding of laterite processing
- Commitment of global miners to develop lateritic nickel deposits

Mr Neville Bassett has resigned as a Director, but remains in the capacity of Company Secretary. Mr Donald Thomson has joined the Board to provide geological expertise and continues his role as Exploration Manager. Mr Brett Matich continues as Managing Director, a role he has held since May 1999.

Your Directors believe significant value will accrue to our properties from the Targeted Exploration Initiative by the South Australian Government ("TEISA"). TEISA aims to spend $23 million over 4 years in gathering exploration data to facilitate and encourage exploration.

In the Board's opinion, the current market capitalisation of the Company (A$10 million) does not reflect the underlying value of Wingellina and the potential of Claude Hills. The Musgrave block in which are tenements are situated is the least explored of the Proterozoic areas in Australia, with all other similar areas having had major discoveries.

The consolidation of tenement holdings in the Musgrave block continued with listing of Mithril Resources Limited, and strategic alliances between West Musgrave Mining and BHPB and between Cobra and Falconbridge announced in the previous quarter. Tenement values are expected to increase with Rio Tinto, Anglo-American, BHP Billiton and WMC Resources actively exploring in the region.

The global understanding of exploiting nickel laterites continues to improve, which bodes well for the development of the in-ground resource of 2.3 million tonnes contained nickel metal delineated at Wingellina.

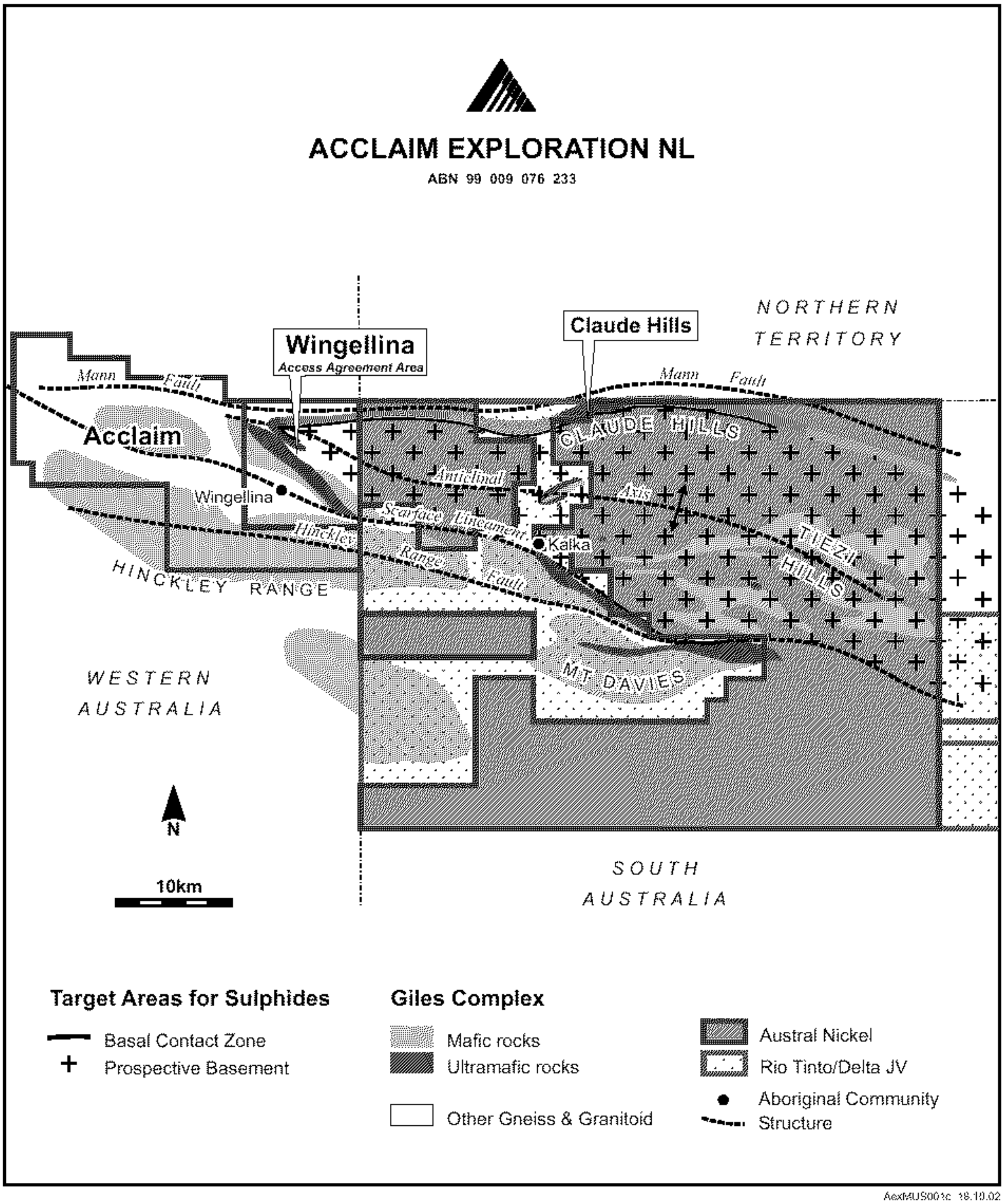
CHANGE OF TELEPHONE NUMBERS

The Company advises a change of phone number to (08) 9420 0200 and facsimile number to (08) 9420 0222. All other details remain the same.

Donald Thomson
Technical Director
30 January 2003

TECHNICAL INFORMATION

The technical information contained in this report is based on information compiled by Mr D Thomson a Member of the Australian Institute of Mining and Metallurgy and who has more than five years experience in this field of activity being reported on. This report accurately reflects the information compiled by that member.



Map showing Claude Hills tenement, held by Austral Nickel Pty Ltd, in relation to Acclaim's current tenement holding