

30 July, 2007

## ACTIVE URANIUM EXPLORATION ON EXPANDING PROJECT PORTFOLIO

### QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE, 2007

#### HIGHLIGHTS

- Crossland's Joint Venture with Centram Exploration Limited, became unconditional during the quarter
- **Charley Creek (EL24281, EL 25230)** - a detailed airborne radiometric survey and a separate airborne EM survey are planned. Results of these programs should be received in the September quarter.
- **Kalabity (EL3297, SA: earning 60% minimum from PlatSearch NL and Eaglehawk Geological Prospecting Pty Ltd)** - A detailed airborne magnetic and radiometric survey was completed of the entire licence area. The results have been received. Follow up, as well as a calcrete sampling program will commence in the current Quarter
- **Chilling Project (EL(a)22738, EL23682, EL25076, EL25077 and EL25078)** - prospect scale mapping, sampling, and radiometric surveys of the known uranium prospects in the project area have commenced. A detailed airborne radiometric and magnetic survey should be commenced in the September quarter.
- **Officer Basin, SA:** During the quarter, Crossland, jointly with PlatSearch NL, applied for around 2875km<sup>2</sup> in four EL applications, numbered 314,315,345, and 346. Crossland's interest will be offered to the joint venture with Centram Exploration Ltd. The program is targeting redox style uranium deposits within probable palaeo-drainage channels identified in work by geologists from PIRSA, South Australia in the Officer Basin in the central west of the State. The applications cover a total of around 90km length of two major Neogene palaeo-channels that drained the Musgrave Block. Previous exploration in the region has encountered anomalous radioactivity in other settings, but these particular channels have not previously been tested.
- **Crossland Creek, West Kimberley (E80/3143 and E80/3303)** - A detailed airborne geophysical survey should be completed in the current quarter. This will be followed by ground follow-up and drilling of defined targets.
- **Crosscontinental Uranium Limited (CUX 50%)** – Crosscontinental has been established and now has applications or options over 34 exploration areas covering 6500 sq km in Bukina Faso. Two of the permits have already been granted and exploration is due to commence in September 2007.

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## CROSSCONTINENTAL JOINT VENTURE

Crossland and its Joint Venture partner, Centram Exploration Ltd have established Crosscontinental Uranium Ltd, a private Canadian company to which each party will initially contribute \$2 million to explore for uranium outside Australia. Crosscontinental is monitoring several opportunities to become involved in foreign uranium projects, in various nations. In March, 2007, soon after the Joint Venture with Centram was established, we reviewed the available exploration data on the West African nation of Burkina Faso.

Burkina Faso encourages foreign mining investment, and has not previously been subjected to systematic uranium exploration. Neighbouring countries, notably Niger, contain sizeable resources of uranium that are already being extracted by Areva, and, while the geological setting is different to Niger, the basement terrain is of similar age and composition to the basement of the Alligator Rivers and Athabasca Basin uranium fields, the likely source of the huge unconformity- related deposits there. Crosscontinental proposes to assess if suitable structures might exist for accumulation of uranium deposits. A public report on the mineral potential of Burkina Faso was produced with funds from the European Development Fund in 2003, and this identified a number of areas that the study concluded were prospective for uranium. Crosscontinental has applied for 13 exploration permits for uranium, and or has options to purchase on another 21, of which two have been granted. The total area covered by these titles is around 6,500km<sup>2</sup>. The title package covers a significant proportion of the prospective areas.

We believe this represents an outstanding opportunity for Crosscontinental, and intend to pursue it vigorously. Field work is planned to commence around September. This represents the first major investment for Crosscontinental. We feel that the opportunity to be first on the ground for systematic privately funded uranium exploration in a nation with a positive attitude to foreign mining investment is one that could lead to early successes and short- term development opportunities.

## EXPLORATION STRATEGY

Crossland's exploration strategy in Australia is to pursue the discovery of major uranium deposits, primarily across Northern Australia, utilising the experience of Geoff Eupene, Bob Richardson and Bob Cleary. Their combined 80+ years of experience, together with the use of modern exploration techniques should improve the likelihood of exploration success.

The region of Northern Australia known as the Pine Creek Orogen hosts excellent identified deposits of uranium, such as Ranger, Jabiluka, Nabarlek, Koongarra, and Rum Jungle. The region has a global reputation for large, high grade uranium deposits, matched only by the Athabasca Basin of Canada. North Australia also contains world class deposits of diamonds (eg Argyle), base metals (eg Mount Isa- Cloncurry, McArthur River), and gold (eg Granites- Tanami, Tennant Creek).

Crossland has been accumulating its North Australian exploration portfolio since 2002, and commenced exploration in 2003. Crossland is in a strong position to work these efficiently from its operations base in Darwin.

The joint venture with Centram Exploration Ltd is now unconditional. Centram is to spend A\$8 million to fund exploration of Crossland's Australian projects to earn a 50% interest in them. Crossland and Centram have also established Crosscontinental Uranium Limited and will each contribute \$2million as start up capital. Crosscontinental Uranium Limited will explore for uranium outside Australia.

Crosscontinental provides Crossland with opportunities for international diversification that are rarely available to Australian uranium explorers. Centram has strong connections in Canada, in the former Soviet Union, and in Africa, and this offers the Joint Venture valuable credibility and local contacts in these regions. Shareholders can expect the Crossland- Centram Joint Venture to make further tenement acquisitions and agreements with other exploration groups. International diversification can spread the sovereign risks associated with exploration, and Crossland has an excellent opportunity to

achieve an international sovereign risk profile that would normally only be available to much larger corporations.

The exploration of CUX's non-uranium targets will gradually receive less emphasis. Crossland's strategy is to pursue non-uranium targets that are identified on its tenement portfolio until such time as they can be upgraded for a subsequent separate IPO spin-off, or otherwise dealt to advantage. Crossland's recent successful capital raising provides adequate funding for this. Nonetheless, exploration is planned on these targets this dry season.

Crossland does not propose to undertake any work for now on its KSL Yukon assets which remain in good standing. The future of those assets will be reviewed as local activity and conditions change.

## EXPLORATION ACTIVITY

### Chilling District, NT

CUX now holds four granted Exploration Licenses, (EL23682, and ELs25076, 25077, and 25078) in this district, which extends south-south west from the Rum Jungle Mineral Field at Batchelor, site of Australia's first major uranium mining project in the 1950s. Only EL22738 now remains to be granted, as a different native title negotiation regime applies to this EL. Negotiations advanced with Northern Land Council (NLC) during the quarter to achieve an access agreement. A detailed airborne geophysical survey is expected to commence late August 2007.

The area became accessible by early June. Access tracks were checked, and ground geological reconnaissance and prospecting has commenced. This has initially concentrated around known uranium showings from previous work, where ground radiometric surveys and prospect scale geological mapping are now under way. Preliminary results from this work should become available during the present Quarter.

Crossland has continuous coverage of over 100km of structures that extend from the Rum Jungle Field, in a setting which Crossland believes is favourable for unconformity-related uranium deposits. This deposit style accounts for all of Canada's newly mined uranium, as well as most of Australia's past production, including that from Australia's largest producer, Ranger. The Exploration Director will visit the Athabasca Basin in July, to be updated on the latest exploration thinking there. Apart from a geological setting with many of the features required for uranium mineralisation, the Chilling area has responded positively to previous uranium exploration, with several recorded occurrences within and around Crossland's holdings. Much of the area is covered in the Tolmer Group, Middle Proterozoic sandstone of similar age to the Kombolgie Formation sandstone that caps the unconformity-related uranium deposits in the Alligator Rivers Region. Crossland notes that modern concepts of uranium exploration have not yet been exhaustively applied to this very interesting belt.

At the Soldiers Creek prospect, previous explorers sampled numerous uraniferous hematite and hematite quartz veins in fracture zones in granites. 11 rock chips assayed over 500 ppm (0.05%) U with a maximum of (0.395%)  $U_3O_8$ . This highlights the presence of U mineralization in the project area. There are also base metal, gold and tin targets in the tenements.

### Charley Creek, NT

*At the Charley Creek Project (EL 24281 and EL 25230) CUX is targeting calcrete and Redox-related palaeo drainage uranium targets, with granite-related uranium, and layered mafic intrusive-related copper, nickel and platinoids as secondary targets.*

Literature research and reconnaissance has shown that the uranium potential of the project area is high. The area includes a large portion of the Teapot Granite, a quite radioactive intrusive complex which may shed uranium into the sediments that drain from it. Reconnaissance confirmed the widespread high radioactivity of some phases of the granite. Reports of previous exploration record that secondary uranium minerals and rock chip samples up 0.228%  $U_3O_8$  occur in fracture zones within the granite in the south west of EL25230. The presence of secondary uranium minerals indicates that uranium from this granite can dissolve and migrate in surface waters. The basic rocks of the Mount

Hay Granulite lie below the drainage channels of surface waters. Vanadium present in these basic rocks can help to precipitate uranium as carnotite (uranium vanadate) from surficial waters, so the setting seems to have potential for this to occur in the buried channels within the alluvial flats. Previous explorers reported elevated uranium values in bore water from the area.

The Charley Creek area is also considered to be very prospective for styles of mineralisation associated with layered basic intrusives (normally copper, nickel and/or platinoids). The Mount Hay layered ultramafic intrusive is present in the area. This intrusive may be analogous to the Merensky Reef in South Africa and the Stillwater Complex in USA which contain major platinoid group metal deposits. The magnetic patterns as well as field observations indicate that it is present at relatively shallow depth beneath the broad alluvial flats of the exploration licenses. The area is being evaluated for both commodity types. The project area warrants a systematic exploration programme.

During the June Quarter, an Access Agreement was agreed with Central Land Council on behalf of Native Title Claimants, and a Sacred Sited Certificate survey was completed by the Aboriginal Areas Protection Authority. The report on this work is anticipated soon. Arrangements were made with a local pastoralists to rent a vacant homestead close to the project area, and this is being set up to enable commencement of field work when results of airborne surveys become available. In addition to the detailed radiometric and magnetic survey to be completed in the current quarter, it is hoped that an airborne EM (AEM) survey can be secured to survey the area thought to contain prospective palaeo-channels, also in the current quarter. Results of both surveys should be delivered in time for follow-up to be commenced during the current quarter.

Crossland's application for EL25777 covering 968 km<sup>2</sup>, over a former reserve area that immediately adjoins our existing Charley Creek holdings, has not been further processed. While there are multiple applicants for this area, Crossland's existing presence in the area, credible exploration concepts, and adequate financial and technical resources will we hope lead to favourable consideration of our application.

#### **Kalabity, South Australia.**

*At Kalabity, Crossland has entered an agreement with PlatSearch NL and Eaglehawk Geological Prospecting Pty Ltd to earn a majority interest in EL3297. The area contains the KR4 uranium occurrence, and previous work has identified widespread elevated values of uranium and other metals.*

The Kalabity area contains the KR4 prospect, an example of granite- related davidite uranium mineralisation similar to the ore worked at Radium Hill, and it also has received considerable past exploration that has produced numerous leads for follow- up. There are targets for several styles of deposits, including the iron oxide copper gold (IOCG) style that has examples such as Olympic Dam and Prominent Hill in similar geological terrain in SA.

The Kalabity project also provides additional north- south geographic spread to the Crossland Portfolio. This is important for operational planning, as in future years it should permit field work to continue while the wet season limits access to other projects, particularly to the Chilling project in the Top End. Crossland also regards the attitude of the SA government to uranium mining as supportive. Crossland does not propose to explore for uranium in jurisdictions that proclaim opposition to mining the commodity.

A detailed radiometric and magnetic survey was completed at Kalabity, and results were received during the June Quarter. The quality of the data is considerably better than that available from previous surveys. The survey clearly reveals the KR4 prospect, as well as other areas worth ground checking. Interpretation of the data is under way.

Before field work can commence, it is necessary to comply with the requirements of the SA Mining Act regarding Native Title access agreements, heritage surveys, and notice to Landholders. Crossland's input to these processes was completed in the June Quarter, and we now expect to commence on- ground exploration within the September quarter. This will consist of follow- up of radiometric anomalies from the airborne survey and calcrete sampling around existing promising

results as a first pass.

#### **Crossland Creek, West Kimberley.**

*At Crossland Creek, West Kimberley (E80/3143 and E80/3303) Crossland is targeting diamonds, and copper and associated metals related to a discrete magnetic anomaly.*

The most promising target that has emerged in the Crossland Creek Project is a large alteration zone and associated magnetic anomaly in King Leopold Sandstone and Carson Volcanics. Work conducted by Crossland over the past few years has focussed upon the definition of this large prospective zone in preparation for drill- testing, as resources have permitted. Soil geochemical sampling and prospecting has confirmed the extension of the alteration zone over several kilometres length and several hundred metres width, with elevated values for copper, gold and platinum. These are generally supported by the stream sediments and rock chip samples, which have been taken from some of the limited outcrops of what appears to be widespread but poorly exposed veining and alteration. Values of up to 989ppm Cu have been recorded from earlier rock chip sampling.

A decision has been made to complete a detailed airborne magnetic survey of the area in order to develop targets for drill testing. This is expected to proceed during the September Quarter. Further ground exploration will precede this, so that it may be possible to develop drill targets for testing later in the dry season.

Exploration Licence E80/3143 was reduced from 70 blocks to 35 blocks during the Quarter.

#### **Lake Woods, NT**

*At Lake Woods, NT (EL23687, EL24520, ELA25631), previous exploration and that by Crossland has identified an anomalous cluster of rare micro- diamonds that are considered to indicate a local source. The area has potential for other commodities.*

In order to identify drill targets on the project, an airborne EM survey will be completed during the September Quarter.

#### **Western Creek, NT**

*At Western Creek, NT (EL 23684; ELA25605 and ELA25607) CUX has identified diamond targets.*

The Western Creek Target is 80km south west of Larrimah, in what is mapped as the middle of the Cambrian Daly Basin, which is also overlain by the Cretaceous Dunmarra Basin. The area is poorly drained, and there is limited rock exposure. Sampling of sub-outcropping breccias has returned curious geochemical results, but the primary target commodity is diamonds. The near absence of stream channels has made it impossible to obtain surface gravel samples for diamond exploration.

In previous Crossland exploration, a gravel sample from auger drilling was found to contain four chromite grains which, based on morphology and microprobe chemistry, are interpreted by our consultants, Global Diamond Exploration Services Pty Ltd, to be derived from kimberlites. No micro diamonds were observed in these samples.

Further auger drilling was completed to follow up these results, and results did not contain additional chromites, which suggests that the source of the chromites lies further up stream in the main channel rather than in the tributaries tested by the recent drilling. Additional follow up drilling is planned in the NT dry season.

#### **Sylvester, NT**

*At Sylvester, Barkly Tablelands, NT (EL23683, EL23685) CUX is targeting diamonds.*

Further work on the area will consist of airborne geophysical surveys to attempt identification of channels and potential kimberlitic or lamproitic intrusives.

#### **Old Yard, NT**

*The Old Yard Target (NT EL24279) was taken up for its copper- nickel- platinoid potential.*

Reconnaissance was undertaken during the December Quarter. The geological setting of the area is in Antrim Plateau Volcanics overlying the sediments of the Victoria Basin. Several small copper occurrences are known from Antrim Plateau Volcanics in the vicinity. The previous exploration in the area has been studied and reconnaissance results have been received. There are contrasts in values of the elements of interest in the reconnaissance stream sediments or rock chip sampling. The heavy mineral samples contained four indeterminate chromite grains. The future programme is under review

#### **Baines, NT**

*The Baines Target (EL23686) is believed to be prospective for diamonds, with some copper/ nickel potential associated with a possible flood basalt vent.*

Reconnaissance exploration of the Baines area has been completed in a helicopter- supported intensive program. The heavy mineral results did not reveal diamond indicator minerals, and the future of the project is being reviewed .

### **PLANNED ACTIVITIES**

Ongoing exploration plans will cover the projects discussed below. As results begin to flow in from the extensive data gathering surveys completed in the June and September Quarters, work will begin to focus on developing drill targets for testing.

#### **Kalabity, SA**

- Commence follow- up of airborne results and calcrete sampling program.

#### **Chilling, NT**

- Commence, and hopefully, complete a detailed airborne geophysical survey
- Conclusion of native title access agreement via Northern Land Council, and acquisition of Sacred Sites Certificate from Aboriginal Areas Protection Authority.
- Continuation of prospect reconnaissance and follow- up of airborne survey results

#### **Charley Creek, SA**

- Completion of detailed airborne magnetic and radiometric survey, and a separate Airborne EM survey;
- Field reconnaissance and follow up of airborne surveys.

#### **Crossland Creek, WA**

- Airborne magnetic survey.

#### **Western Creek, NT**

- Auger drilling of main drainage channel if a suitable rig is available.

#### **Lake Woods and Sylvester, NT**

- Plan airborne EM geophysical survey for 2007 dry season

#### **KSL Yukon**

There has been no field work on the KSL Yukon titles, and a review is under way to determine the best use of the assets.

#### **Crossland- Centram Joint Venture**

- Attend AGM of Centram in Vancouver, as well as planning sessions with Centram directors
- Inspect opportunities for involvement in exploration projects in North America
- Visit Athabasca Basin for update on exploration and latest exploration thinking

- Commence reconnaissance exploration in Burkina Faso

## CORPORATE

Crossland commenced trading on ASX on April 13, 2007. Since then the stock has been very actively traded. Several new shareholders have entered the top 20, while most existing major shareholders have retained substantial positions in the company. Some holders of options have chosen to exercise their options early, and over \$700,000 were received from exercise of options during the Quarter.

### **Geoff Eupene**

Exploration Director

*The review of exploration activities and results contained in this report are based on information compiled by **Geoffrey S Eupene CP**, a Fellow of the Australasian Institute of Mining and Metallurgy. He is a director of the Company and a full time employee of Eupene Exploration Enterprises Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Geoffrey S Eupene has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*