

30 January, 2012

QUARTERLY REPORT FOR PERIOD ENDED 31 December, 2011

HIGHLIGHTS

➤ **Charley Creek Project, NT – Rare Earth Elements (REE)**

- All on- site processing of both exploration and metallurgical samples for 2011 has been completed; samples are in the laboratories, and return of results has commenced.
- Early results of metallurgical testwork has permitted simplification of sample preparation, significantly reducing on-going assay costs
- Other metallurgical tests are under way to define an optimal process route for production of saleable heavy minerals (HM). The 50kg HM sample on which this test work is based is derived from pits across the Cockroach Alluvial Resource, and these contain an average 12.5kg/T of recoverable HM. The grade of this HM is 6.26% Total Rare Earth Oxide plus Yttrium Oxide.
- The rounds of check assays necessary to confirm the Initial estimate on Cockroach Alluvial Resource are partly completed.

➤ **Bloodwood and Mount Stafford Projects, NT**

Extensive reconnaissance programs at the relatively new projects at Bloodwood and Mount Stafford have been completed. Results have started to arrive from the laboratories. Outcropping Copper/ Silver mineralisation at Bloodwood has been confirmed.

➤ **Chilling Project, NT**

A substantial aircore and diamond core drilling program at the Buchanan EL and aircore samples show anomalous levels of copper, lead, zinc, cobalt, nickel and uranium. Diamond drill results are still awaited.

➤ **Crossland takes majority position in Joint Venture**

During the period the market was advised that Pancontinental decided to cease funding and to dilute their equity in the joint venture. This had a greater call upon Crossland's cash and at 31 December on current calculations Crossland has a majority position with 55.65% and Pancontinental 44.35%. Crossland's main objective at Charley Creek continues to be the delineation and development of a very large alluvial REE resource. Given the scale of this opportunity and the required exploration and development to further advance it, the Crossland/Pancontinental joint venture has decided to seek additional investment from a partner with the necessary capabilities to help develop the project.

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Charley Creek Project, NT

(EL24281, EL 25230; EL25657, EL27283, EL27284, EL27338, EL27358, EL27359, EL28154, EL28155, EL28224, EL28225, EL28226, EL28434, ELa28500, ELa28795, ELa28796, ELa28866, ELa28875: Crossland 55.65%; Pancon 44.35%)

At the Charley Creek Project, Crossland is targeting alluvial rare earth deposits; secondary targets include bedrock REE deposits, granite-related uranium; calcrete and redox- related palaeodrainage uranium targets; and layered mafic intrusive- related copper, nickel and platinoids.

Charley Creek – Rare Earths

The Charley Creek Alluvial REE Project was again the primary focus of Crossland's activity during the quarter, with the completion of all sample processing required for two trains of metallurgical test work in progress, as follows:

1. A characterisation of the sample processing procedure that has been used on site during initial exploration, and
2. The initial studies of the processes required to produce saleable concentrates of valuable heavy minerals (potentially monazite, xenotime and zircon)

Early results from the former study, in combination with feedback from the process development test work has led to changes in routine site sample preparation. A single gravity concentrate will henceforth be produced for normal alluvial samples on site. This has the following advantages:

- Only one product needs to be assayed, rather than two previously, thus halving assay costs.
- The lower grades of table concentrates (generally 1%- 20% TREO, versus up to 50% TREO on some heavy liquid concentrates) make it easier to obtain satisfactory assay results and may reduce assay turnaround times, since calibration standards currently available to commercial laboratories have relatively low REE values.

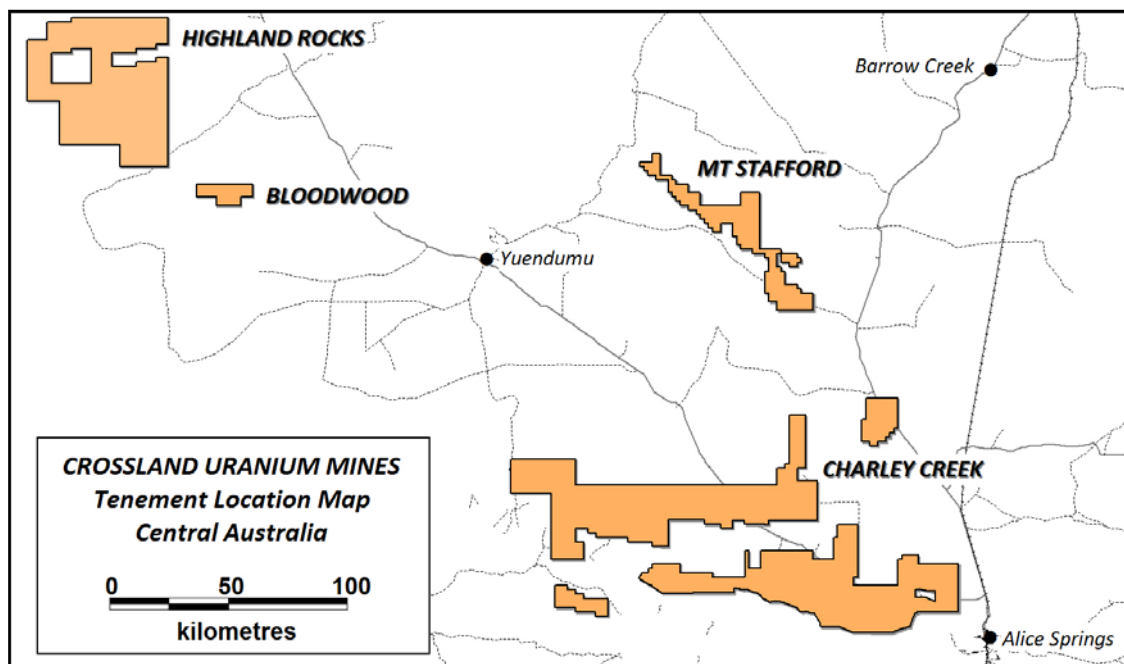


Figure 1 – Location of Crossland's projects and tenement packages in Central Australia

A range of products from electrostatic and magnetic separation tests on raw gravity concentrates produced from tabling several tonnes of alluvium on site are currently awaiting assay and mineragraphic characterisation. These materials have been derived from raw HM tabled concentrate from site from 12 test pits across the Cockroach Alluvial deposits. The average recovery of HM from these pits is 1.25% (12.5kg of HM per Tonne of alluvium). Recent assays on sized products prepared from these returned a calculated head grade of 6.26% Total Rare Earth Oxides plus Yttrium Oxide ((TRE+Y)O). Based on these Cockroach Trench results, each Tonne of HM Concentrate would contain 62.6kg of (TRE+Y)O, and one tonne of this concentrate would be recovered from mining and gravity processing of 80T of alluvium. Results are required from the separation test work before the next step is commenced, the production of saleable mineral concentrate samples. Once this work has established an optimum mineral separation procedure, a sample of several tonnes of raw alluvium will be processed via the optimised process route to produce separate mineral products for hydrometallurgical test work and marketing samples. Crossland expects that this work will be completed within the current quarter.

Work towards an initial Resource estimate on the Cockroach Alluvial deposits within the Charley Creek Project was completed during the Quarter. Check sampling and assays as part of internal due diligence procedures returned significant (positive) differences when compared with the original results. Given that assay turnaround times are currently around two months, these differences are taking some time to resolve. The issue appears to be related to the dearth of suitable analytical standards to cover the very high REE contents of some Charley Creek Concentrates. As the problem appears to currently affect all laboratories, at least in the Western World, the resolution of this matter is not straightforward. It involves ensuring the procedure each laboratory uses to obtain results within the calibration range of the available analytical standards produce satisfactory results across the multiple elements of interest. Crossland is working on ways of resolving this issue that will enable Resource estimates based on these high grade alluvial concentrates which will be compliant with best industry practice as soon as possible. This will involve assays of identical high grade material at a number of reputable laboratories. This work is under way.

Results of assays on 4m composite aircore drill samples from a scoping evaluation of the very large Alluvial Fan deposits at Cattle Creek, Western Dam and Dad's Dam were reported on 16th and 25th of November. Samples from the alluvial sections of these holes have also been processed to recover heavy mineral concentrates. At the time of writing, the batches of assay results for these samples were beginning to arrive from the laboratories, and it is expected that complete results will be available over the next few weeks.

Alluvial sample numbers submitted for assay from the scoping drill program are as follows:

Cattle Creek: 692 samples
Western Dam: 298 samples
Dad's Dam: 160 samples

Once these results are assessed, it should be possible to produce an initial estimate of an embryonic Resource within the very large Alluvial Fan deposits.

Crossland has collected 1007 stream sediment samples from a program that has covered all accessible areas of the Joint Venture's holdings of more than 6,500 square km in the Charley Creek Project. These 25kg (average) samples have been processed using the Company's in-field sample processing facility to recover heavy mineral concentrates. Some 783 concentrate samples have now been comprehensively assayed, and selected samples have been subjected to detailed mineralogical studies. Results from the outstanding 224 samples are expected within two weeks of the date of this report.

The voluminous data already derived from Charley Creek sampling has permitted several important conclusions to be drawn about the heavy minerals in the Charley Creek alluvials:

1. Eight key areas have been identified that show widespread and strongly anomalous REE in shallow alluvium, most with potential for very large alluvial tonnages. Work has already commenced on four of these, one of which covers the Cockroach alluvial deposits.
2. The dominant REE- bearing mineral is Monazite.
3. The bulk of the critical and valuable Heavy REE is present as a separate mineral phase, Xenotime. The additional results expected soon will help focus on areas in which to seek enhanced concentrations of xenotime, that are elevated over broad zones in the Charley Creek project area (See release of 25th November 2011).

There is significant zircon in some samples. All three valuable minerals in the heavy mineral concentrates are generally well liberated. When the outstanding results are received, a review of significant areas for focus in future exploration will be undertaken. Of particular interest to Crossland are areas that have demonstrated higher proportions of Xenotime in the stream sediment sampling. Some of these show strong xenotime results, that may suggest potential for hard rock xenotime deposits within the drainage basins. The best of these to date fall in an area of difficult access in the headwaters of Hamilton Creek. An expedition to follow up the Hamilton Creek results will be mounted as soon as it is practicable, in combination with any leads from the results that are expected soon.

Charley Creek – Uranium

No uranium- related work was undertaken at Charley Creek apart from rehabilitation of drill sites from last season's drilling program at Cockroach and Cockroach East.

Mount Stafford, NT

(EL28492; Crossland 55.65%; Pancon 44.35%)

The Mount Stafford Project covers a setting conducive for REE, uranium and gold deposits. The licence is situated approximately 83 km northwest of Nolans Bore, the world class rare earth deposit owned by Arafura Resources.

A regional stream sediment survey was commenced in mid August. To date 350 25kg stream sediment samples have been collected and processed. These are all at the laboratory and analyses are expected over the next few weeks.

Bloodwood, NT

(EL27373: Crossland 55.65%: Pancon 44.35%)

The Bloodwood Project was acquired to follow up favourable previous exploration for uranium, gold and base metals.

An initial reconnaissance survey of the Bloodwood EL was completed during the Quarter. Some 18 rock chip samples and 54 stream sediment samples were collected. Results of the rock chip samples have been received, confirming the presence of copper/ tungsten/ silver quartz vein mineralisation. Uranium anomalies have also been noted in the EL area. Further work and an EL area reduction will be planned once the stream sediment results are to hand, which is anticipated within the next two weeks.

Highland Rocks, NT

(ELa's27374, 27375, 27571, 27572; Crossland 55.65%: Pancon 44.35%)

The Highland Rocks Project covers a setting conducive for uranium and gold deposits extending onto Aboriginal Freehold land near the Bloodwood Project.

Crossland is awaiting results of a meeting with Traditional Owners held on October 3 at Yuendumu to discuss an access agreement on these applications.

Chilling Project, NT

(EL22738, EL24557, EL25076, EL25077, EL25078 and 28433. Crossland 55.65%: Pancon 44.35%)

At the Chilling Project, Crossland's primary targets are unconformity-related uranium deposits, the deposit style that hosts most of the world's high grade uranium. Other target commodities exist, such as base metals, gold, tin, and cobalt. Other uranium deposit styles are also possible.

Exploration activities for the quarter have been concentrated mostly within EL 22738, Buchanan and to a lesser extent EL 25076, Allia. The majority of the field work involved continuation of the diamond drilling program in Buchanan, which has been testing the potential of the 'Buchanan Window' sedimentary sequence for base metals and uranium. This program was completed on October 22nd. The exploration camp was then transferred to Allia where further radiometric prospecting was carried out for several weeks until adverse weather conditions resulted in cessation of activities for the year.

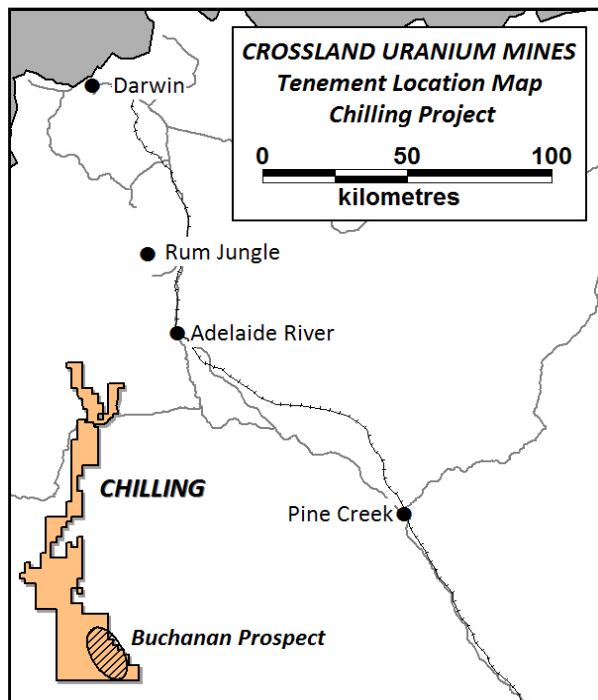


Figure 2 – Location of the Chilling project and tenement package in the Top End, NT

From the commencement of activities in August, the Buchanan drilling programs comprised :

- Aircore: 130 holes for 2,837 m. A total of 738 samples were collected and sent for assay – 150 to Australian Laboratory Services (ALS) and the remainder to Northern Territory Environmental Laboratories (NTEL).
- Diamond Core : 10 holes for 2,291 m. A total of 148 core samples were collected and sent for assay to NTEL. The latter are part of the Genalysis-Intertek group.

Results of the aircore drilling confirm. that there is a concentration of anomalous metals (uranium, copper and lead) along the southwestern and southeastern edges of the Buchanan window. The most anomalous values obtained include:

- Uranium between 40 and 91 ppm
- Copper between 1021 and 2436 ppm and
- Lead between 1035 and 3478 ppm

Similar values (up to 3070ppm) were encountered for zinc, with cobalt and nickel (up to 2m at 645ppm Co and 286ppm Ni from 9m in Hole R121) also present associated with other anomalous metals in places. Uranium and copper dominate along the southwestern side while lead is generally higher on the southeastern edge. The distribution of anomalous results in these holes implies that the mineralisation is stratabound.

Diamond drilling has greatly improved the lithological and structural knowledge of the window. In addition, the program has confirmed the presence of base metal mineralisation in the various lithologies, including sediments, volcanics and granite. Visible sulphides (galena, sphalerite and chalcopryrite) were recorded during core logging. At the time of writing this report assays have not been received from the laboratory.

Other activities completed within the Buchanan tenement were stream sediment sampling (107 samples collected), systematic radiometric prospecting (550 line km) and detailed geological mapping.

Follow-up exploration activities in EL 25076 comprised 156 line km of systematic in-fill radiometric prospecting and the collection of 40 stream sediment samples. No further anomalies have been located. A ground inspection of the Fletchers Gully gold workings was followed by a desktop study and compilation of historical exploration data. Compilation of this data is in progress.

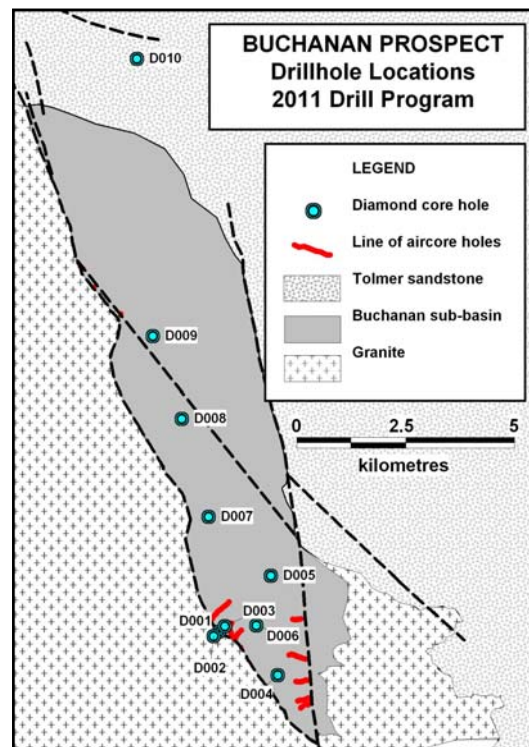


Figure 3 – Locations of aircore drill lines and diamond core holes completed during the previous quarter

Kalabity, South Australia

(EL4461: Crossland 33.39%: Pancon 26.61%)

At Kalabity, Crossland's interest is through an agreement with PlatSearch NL and Eaglehawk Geological Prospecting Pty Ltd to earn a majority share in EL4461 (Formerly EL3297). Previous work has identified widespread elevated values of uranium and other metals. Recent work by Crossland has identified a new anomalous zone which has been named the Tabita Prospect.

A report on metallurgical test work on the Tabita mineralisation commissioned by the Company's consultant is to hand. This report demonstrates that physical upgrading of the raw mineralisation is possible. Further study is required to determine if the level of upgrade is sufficient to justify continuing resource assessment work.

Lake Woods, NT

(EL23687, EL24520, EL27317, EL27318, SELa28198, SELa28199: Crossland 100%)

At Lake Woods NT, Crossland has identified an outcropping alkali basalt sill intruded around 1,300 Million years ago that has unusual properties that may indicate that the area has potential for commodities such as nickel copper and platinoids. This area is not included in the Joint Venture with Pancon.

The title consolidation process is well advanced. Crossland is seeking a partner to advance this project.



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 styles 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 this information in the form and context in which it appears.*