

28 January, 2010

**QUARTERLY REPORT
FOR PERIOD ENDED 31 December, 2009**

HIGHLIGHTS

- *Crossland concluded its busiest field season to date with intensive programs at both Chilling and Charley Creek, the company's flagship projects in the Northern Territory. These programs continued until mid- December at both projects, in preparation for stepped up drill programs in 2010. Interpretation of results and budgeting for the field program is well under way.*
- *Chilling Project (EL22738, EL23682, EL24557, EL25076, EL25077 and EL25078; ELa27440, ELa27441, ELa27442, ELa27525) A total of 87 holes for 2,586m of open hole percussion drilling was completed at the Buchanan Window in EL22738 at the southern end of the Chilling area. As announced on 1 October, geological similarities with Rum Jungle and the Alligator Rivers uranium fields have been noted. In addition four core holes for 792.1m were completed at the Marchfly Prospect. An intensive prospecting program was completed over structures containing secondary uranium minerals in association with airborne EM anomalies in the Allia Creek area. Updates on the various results of these programs are in preparation.*
- *Charley Creek (EL24281, EL 25230 ELa27283, ELa27284, ELa27338, ELa27358, ELa27359)– Detailed prospecting of the Cockroach Dam area in the Teapot Granite continued throughout the Quarter, and the ground spectrometer survey of the original 42sq. km. anomalous area is almost complete. An intensive Follow up program has commenced. and will continue early in the New Year.*
- *Lake Woods, NT (EL23687, EL24520, EL25631, EL27317, EL27318)- Three diamond core holes were completed, totalling 413.6m. Evaluation is in progress.*
- *Pancontinental Funding - As per the terms of the Joint Venture, the Company has been reimbursed circa \$1.08 million from Pancontinental, and \$2.42 million during the calendar year.*
- *Cash Position – As at 31 December the Company has circa \$3.73 million, with some \$484k still due from Pancontinental.*

OVERVIEW

An intensive field program progressed at the Company's flagship Chilling and Charley Creek Projects in the most intensive period of exploration in the Company's history. This laid the foundations for another intensive program in the 2010 season, which will commence imminently in Charley Creek, and a little later at Kalabity, in South Australia, both during the March Quarter.

EXPLORATION DETAIL

Chilling Project, NT (EL22738, EL23682, EL24557, EL25076, EL25077 and EL25078: EL(a)27440, EL(a)27441, EL(a)27442), EL(a)27525

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 gold, tin, copper, and cobalt. Other uranium deposit styles are also possible.

During 2009, in cooperation with neighbouring exploration companies, Crossland rehabilitated over 100km of access track companies to access the Buchanan Exploration Licence EL22738 granted in January. A program of geological mapping, combined with soil and stream geochemistry, and ground gamma spectrometer surveys was completed during the quarter, as well as the initial phase of drilling.

In the Buchanan EL, a belt of strongly folded carbonate, and silicified and brecciated carbonate and other sediments lies to the east of the Soldiers Creek Granite, and this belt has been called the Buchanan Window. The area had been assigned to various stratigraphic units in previous regional geological mapping, but the observed structural complexity and intensity of folding indicated in magnetics confirms that the area is a zone of Lower Proterozoic sediments of the Pine Creek Orogen in faulted, and in places intrusive, contact with the radioactive Soldiers Creek Granite on the west, and unconformably overlain by the middle Proterozoic Tolmer Group sediments on the east. The area has very poor bedrock exposure, which accounts for past confusion about the geological setting. These observations led Crossland to considerably upgrade the potential of the radiometric anomalies in this zone, as their setting is very similar to that found at many unconformity-related uranium deposits at Rum Jungle and in the Alligator Rivers Region.. Geochemical sampling showed several strong zones of base metal and uranium values in specific stratigraphic horizons.. Spectrometer surveys on lines spaced 25m apart have mapped the various radiometric signatures, and defined several strong uranium anomalies. These were evaluated with air core drilling completed in early November. A total of 87 holes for 2,586m was completed. The drilling encountered deeply weathered bedrock and heavy water inflows at shallow depths. Few holes encountered fresh bedrock, and deeper drilling will be required to test primary bedrock grades, however, the drilling confirmed the previously postulated geological setting and provided evidence for sub-surface continuity of the outcropping zones enriched in uranium and base metals. Assay results of several hundred samples collected from the program are to hand and are being evaluated to help formulate a program of deeper drilling in 2010.

Data collection for the Geoscience Australia sponsored, regional-scale airborne electro-magnetic ("EM") survey, has been completed and results are now available. The survey covered the Pine Creek Orogen, of which the Chilling project is a part. Crossland has subscribed to the survey and has also completed more detailed surveys over large portions of the Chilling Project Area, taking advantage of the low cost of the bulk survey.

The EM data provide additional information to Crossland's own detailed magnetics and radiometrics which will assist deep targeting beneath the cover sandstone units for buried unconformity style deposits. While the available data is being evaluated by Crossland's geophysicist, given the considerable site preparation work that will be necessary once targets are selected, this drilling will be an early priority for the 2010 season. There are well-defined structures in the Allia Granite Window, some of which contain undrilled outcropping secondary uranium mineralisation at the MEMA prospect, that appear to have responded to the detailed AEM survey. This area has been covered with a detailed ground prospecting program in the late stages of the field season. This includes geological mapping, geochemical sampling, and a detailed spectrometer survey, in preparation for possible drilling in 2010.

A large body of data has been gathered during 2009 that will be analysed over the wet season when the Chilling Project is inaccessible. These will be the basis for planning the 2010 program, which is likely to include testing of targets below sandstone cover.

[Charley Creek Project, NT \(EL24281, EL 25230; EL27283, EL27284, EL27338, EL27358, EL27359\)](#)

At the Charley Creek Project, Crossland is targeting granite-related uranium; with calcrete and redox- related palaeodrainage uranium targets; and layered mafic intrusive- related copper, nickel and platinoids as secondary targets.

The drilling indicates that more holes are warranted up-channel closer to the sediment source. There were anomalous values of Nickel (to 286ppm), Cobalt (to 614ppm), and Copper (to 240ppm), that warrant follow-up and support the concept of mineralization associated with the layered basic intrusive of the Mount Hay Granulite. Selenium and tungsten values of more than 10 times Average Crustal Abundance are widespread in the results, with a maximum of 28ppm Se and 0.15% W. These results will also be followed up in the next round of air core drilling. Presently, Crossland is awaiting site clearance of the lines proposed for this additional drilling work.

In August 2008, Crossland announced the first results of follow up work of radiometric anomalies delineated from Crossland's detailed airborne radiometric survey completed in January 2008. The airborne survey results indicate that high uranium radioactivity occurs over extensive areas of the Teapot Granite. Of 37 samples, 30 returned chemical uranium values of over 100ppm, 19 were over 300ppm, while three were over 1000ppm, with a maximum of 2530ppm, equivalent to around 6.6lbs of U_3O_8 per metric ton. These results confirmed that high chemical values are present in outcrop in association with the surface radiometrics. In outcrop, widespread visible secondary uranium minerals exist on fracture surfaces. Further anomaly follow-up has extended these observations to scores of sites. The possibility exists that the values reported are enhanced by surface enrichment. It will be possible to evaluate if this is the case following drilling. An area of 42 square kilometres in seven sections was earmarked for detailed spectrometer surveys on lines spaced 25m apart over anomalous areas identified from airborne work. The detailed ground surveys have been under way since late January 2009. This survey is near completion. Anomaly follow-up and sampling has continued in conjunction with the survey as manpower is available. Crossland is preparing to commit substantial resources to this discovery, which has been named the Cockroach Dam Prospect, after a local water point. In November, Crossland advised the market of the most recent results of this work. A total of 148 rock chip samples have now been collected to follow up the anomalies identified at the Cockroach Dam Prospect. Over 80% of these samples exceed 32ppmU, a threshold value for geochemical anomalies in the region. Six of the outcrop samples now have returned values of over 2,000ppmU, with a maximum value of 4,550ppmU (5,364ppm U_3O_8). These values are supported by a strong spread of other elevated results, with a total of 15 samples exceeding 1,000ppmU, 47 exceeding 500ppmU, and 111 exceeding 100ppmU, which represents around

60% of the total sample population. The arithmetic average of all 186 rock chip samples is 373ppmU, or 439ppm U₃O₈. (one pound is 453.6 grams)

The association of anomalous uranium with a particular major granite phase which outcrops over an area of several square kilometres supports the potential for large uranium deposits within Crossland's Charley Creek holdings. Also, the potential for rare earth element deposits in the Charley Creek Project Area is being assessed after some elevated REE assay results were returned in the anomaly follow up programme. The market will be advised if the assessment has positive conclusions.

Four of five Exploration Licence applications made in 2009 surrounding the original Charley Creek holdings have now been granted. A Tempest airborne EM survey on broad line spacing has already been completed to guide the exploration of these areas. The survey provides a broad definition of depth of overburden and the thickness of any sediment basins developed, which assists in planning the exploration programs to be followed in each area.

Work at Charley Creek has will continue to focus on the outstanding prospect at Cockroach Dam. Following a review of the drill results from the air core program, additional holes, targeting the areas identified from the 2008 program, are planned to be drilled in early 2010. It is anticipated that a sacred site clearance for this program will be obtained early in 2010.

A substantial reconnaissance program will continue at the Cockroach Dam prospect and other anomalous areas. Naturally an important step in the assessment will be a drilling programme. It is likely that agreement to do this from potential custodians of Aboriginal Areas will take time and require significant effort in education of local communities. Crossland is pursuing these aims. Exploration programs over the newly granted Exploration Licences will be developed for commencement in 2010.

[Kalabity, South Australia \(EL3297\)](#)

At Kalabity, Crossland's interest is through an agreement with PlatSearch NL and Eaglehawk Geological Prospecting Pty Ltd to earn a majority share in 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.

In previous work at the Tabita Prospect, 15 auger drill sites returned bottom hole samples with values of over 100ppm U, four exceeding 200ppm U with a highest value of 235ppm U. Based upon element distribution patterns as well as geological settings, the Tabita prospect represents a different style of mineralization to the Davidite style that is common to the region and present at the KR4 prospect. Elevated values of uranium are much more persistent at Tabita. The presence of high vanadium values in association with uranium suggests that the uranium mineral is likely to be carnotite. Its presence near surface might suggest a calcrete deposit, but almost the entire surface in this district is calcreted, while the Tabita Prospect appears to have an association with gypsum. The prospect warrants deeper drilling and trenching to appraise the extent and dimensions of this mineralization, which is now known to extend over several hectares. Further work is warranted to see if values increase at depth or laterally. Permits have been re-applied for to allow deeper drilling and trenching to go ahead, subject to heritage surveys. This work will be undertaken in early 2010.

Crossland Creek, West Kimberley, Western Australia

Crossland has surrendered all titles in WA as part of its plans to focus on those areas that have responded positively to continuing exploration. Title holding costs in WA are also a factor in the decision.

Lake Woods, NT (EL23687, EL24520, EL25631, ELA27317, ELA27318)

At Lake Woods NT, Crossland has identified outcropping basic intrusive rocks that have 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.

Crossland completed three diamond core holes for a total of 413.6m at Lake Woods. This work was partly funded by NT Government through their Geophysics and Drilling Collaborations program. The basic intrusive targeted by the holes was intersected in two of three holes and the core is currently being studied. The intrusive is in an area where previous alluvial sampling has encountered numerous micro- diamonds.

New Projects

Crossland continues to examine opportunities to expand its project portfolio.

CROSSCONTINENTAL JOINT VENTURE

Burkina Faso, West Africa

1. Oursi Joint Venture

Crosscontinental has entered an interest-earning Joint Venture with Southern Cross ExplorationNL and Longreach Oil NL.

Work on the Oursi Joint Venture is on stand by while Crosscontinental's other applications are processed.

2. Applications by Crosscontinental Burkina SA and related parties

The Minister of Mines in Burkina Faso was visited while the Exploration Director was in Ouagadougou. The progress with the additional applications lodged on behalf of Crosscontinental is slow and it is difficult to allocate a priority to work on these at present.

Geoff Eupene

Exploration Director

*The review of exploration activities and results contained in this report are based on information compiled by **Geoffrey S Eupene**, 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.*