28 July, 2011

QUARTERLY REPORT
FOR PERIOD ENDED 30 June, 2011

HIGHLIGHTS

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

  Work is advanced on several fronts towards an initial resource estimate which is now expected during the current September quarter, based upon the Cockroach alluvial deposits within the Charley Creek Project.

  Assay results from widespread stream sampling indicate seven additional areas with potential for alluvial REE deposits within the Charley Creek tenements..

  Test work to develop a flow sheet and costing for an alluvial mining project to produce REE-bearing heavy mineral concentrates and other heavy mineral products will also commence this quarter.

- **Charley Creek Project, NT – Uranium**

  Work has focused upon the REE evaluation during the quarter.

- **Chilling Project, NT**

  Preparation is complete for commencement of field work as soon as access is possible. This will be followed soon after by commencement of the drilling program at Buchanan Window. A $100,000 drilling subsidy was obtained from NT Government to assist with drilling at Buchanan.

- **Pancontinental Funding -** *Pancontinental is currently funding 50% of all JV exploration plus a charge for overheads and equipment use.*

- **Cash Position**

  The Company had cash balance circa $3.5 million at 30 June and as at 24 July, Pancontinental had repaid the circa $1.3 million debt that Crossland had allowed at commercial interest rates and had paid an additional $250k in advance to cover the exploration costs until 30 June.

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OVERVIEW

EXPLORATION DETAIL

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 50%: Pancon50%)

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

Charley Creek – Rare Earths

An intensive program has continued throughout the Quarter, with the primary aim of establishing an initial alluvial resource at Cockroach/ Cockroach East, while also positioning to continue building the alluvial resource from the large alluvial fans that drain north from the MacDonnell Ranges.

At Cockroach/ Cockroach East, auger drilling and soil pitting has been followed by infill aircore drilling where the alluvium/ soil was too deep to test with augers. The field work for this program has been completed, with the exception of measurement of bulk densities and additional topographic surveys, which will be finished in the next few weeks. Some 1,401 auger/ soil samples and 1,280 samples from 564 infill aircore holes have now been processed on site and forwarded to Perth laboratories for further processing and analysis.

Aircore drilling was also completed at Cattle Creek (86 holes; 3,829m), Western Dam (69 holes; 827m), and Dad's Dam (67 holes; 515m). These were sampled as 4m composites to select samples for:

a. 1 metre assays of bedrock REE, to follow up on the initial indications of bedrock mineralisation in 2008 drilling reported on 9 March 2011.

b. Processing of alluvium to recover heavy mineral concentrates from alluvial fan deposits at the above named areas.

The results from a. above have become available in recent days, and will be reported as soon as interpretation is completed; processing of alluvial samples will proceed now that the Cockroach resource assessment processing is completed. It is anticipated that this work will lead to a second round of aircore drilling at these areas later in 2011.

Crossland now has to hand the assay results of 678 of 781 stream sediment samples from a program that has covered much of the Joint Venture's holdings of more than 5,500 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. The concentrate samples have been comprehensively assayed and selected samples have been subjected to detailed mineralogical studies.

This voluminous data permits 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. Work has already commenced on four of these, one of which covers the Cockroach alluvial deposits.

2. Although so far there is insufficient sampling to calculate a resource in the seven other areas, the frequency and distribution of sample sites with high REE indicates **the likely existence of very large volumes of REE- bearing alluvium.**

3. The **dominant** REE- bearing **mineral is Monazite**.

4. The bulk of **the critical and valuable Heavy REE is present as a separate mineral phase, Xenotime.** The distribution of Xenotime determines the distribution of Heavy REE.

5. There is a **significant Zircon component in some drainages** that could form a significant by- product of REE heavy mineral production.

6. **All three valuable minerals** in the heavy mineral concentrates are **generally well liberated**.

Subject to the results of further sampling, drilling, and processing currently in progress to define resources, the outlook for a significant alluvial mining and processing operation at Charley Creek to produce high-grade REE concentrates is favourable, for the following reasons:

a. The alluvial material is shallow, and extraction would use low cost techniques of mining, processing and rehabilitation that are routine in the minerals sands industry. The Charley Creek alluvial sands appear to be well suited to these processes.

b. Crossland anticipates being able to **produce concentrates** of Monazite (which contains Light and medium REE); Xenotime (which contains the critical and valuable Heavy REE and Yttrium); Zircon, and possibly other heavy minerals, at relatively low cost using familiar technology developed over many decades particularly in the Australian beach sand mining industry.

c. **The value added processing of products from concentrates will be the subject of studies that will commence soon after an initial resource has been defined.** The advantage of working with high grade near- monomineralic concentrates of the REE bearing minerals with relatively well understood REE extractive processes rather than lower grade concentrates with unusual mineralogy may be important in substantially lowering process development time and capital costs.

During the current Quarter, Crossland is working to complete an initial alluvial resource estimate based around the Cockroach area alluvial deposits. Test work to develop a flowsheet and costing for an alluvial mining project to produce REE-bearing heavy mineral concentrates and other heavy mineral products will commence. Follow- up studies based on value adding to these concentrates may also begin.

A market release made on 13 July provides more detail.

Further stream sediment sampling of as yet unsampled streams draining areas adjacent to those returning promising results in the eastern sector of the Project Area has commenced.

Assay turnaround has experienced delays because of congestion at laboratories as well as previously reported difficulties with accurate reporting of very high values encountered in many of the alluvial concentrate samples. This has affected Zirconium assays as well as assays for both heavy and light REE. Turnarounds now appear to be improving and most of the issues with the high grades of samples seem to be resolved. This will enable more frequent information flow.

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.

Chilling Project, NT (EL22738, EL23682, EL24557, EL25076, EL25077 and EL25078:, EL27441, EL27525, ELa28433: Crossland 50%: Pancon50%)

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.

Preparations for the field season are well advanced, with commencement likely to be around mid-August. This is later than hoped but access is again delayed because of record wet season rains. Crossland will strive to make the most of the short field season. Drilling is at Buchanan Window is expected to commence by late August. Drilling assistance in the amount of $100,000 has been received from the NT Government to help fund drilling in the Buchanan Window.

This belt of Proterozoic sediments is a setting analogous to Rum Jungle, and prospective for Rum Jungle style mineralisation. Indications of both base metal and uranium mineralisation have been found in the Buchanan Window.

Work will also continue in the Allia Window, and around the Fletchers Gully gold field.

Bloodwood, NT (EL27373: Crossland 50%: Pancon50%)

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

Reconnaissance will commence at Bloodwood in August.

Highland Rocks, NT (ELa's27374, 27375, 27571, 27572; Crossland 50%: Pancon50%)

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 news from Central Land Council on timing of a meeting with Traditional Owners to discuss an access agreement on these applications.

Mount Stafford, NT (ELa28492; Crossland 50%: Pancon50%)

This application is still not granted.

Kalabity, South Australia (EL4461: Crossland 30%: Pancon30%)

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.

Trenching to obtain a sample for metallurgical test work was completed under the supervision of Crossland's metallurgical consultant. The site was rehabilitated following this work. Test work has commenced on the samples. Results should be available in the current quarter, and this will determine the direction of further work at Kalabity.

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 1,300Million 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.

Geothermal Project, NT (GEP27831; Crossland 100%)

Crossland applied for a Geothermal Exploration Permit that covers 6,112 square kilometres in the vicinity of the Charley Creek Project Exploration Licences. The area covers the radioactive terrain where the Joint Venture is searching for uranium and REE, and is intended to capitalise on this information should it lead to indications of a source of "Hot Dry Rock" Geothermal Energy. The area is close enough to Alice Springs to be a potential source of base load electricity for the city. The title has now been granted.

Crossland is compiling data relevant to this project.

New Projects

Crossland continues to examine opportunities to expand its project portfolio.

Burkina Faso, West Africa (Crosscontinental Uranium Ltd)

Applications by Crosscontinental Burkina SA and related parties

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 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.*