

DRAFT ONLY

14 January 2014

Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

CHARLEY CREEK REE PROJECT
FEASIBILITY DRILL PROGRAM DELAY

- **Stage 1 feasibility drilling program completed**
- **Ongoing work will be delayed due to Joint Venture partner ceasing contributions**

Crossland Strategic Metals Ltd (Crossland) has a joint venture with the Canadian company Pancontinental Uranium Ltd (Crossland 55%: Pancontinental 45%) over several of its properties, including the flagship Charley Creek Alluvial Rare Earth Project. Stage 1 of the feasibility drill program to identify and then delineate starter pit resources with higher grades of REE has been under way since late 2013.

Air core drilling for Stage 1 has now been completed. This consisted of 148 holes for 2,071 metres of sampling. The samples are being prepared and submitted for assay. The first batch of 704 samples was lodged at the assay lab prior to the Christmas- New Year break.

The Charley Creek Rare Earth project is based upon an Indicated Resource of 387Mt at 295ppm TREO for a contained 114,050 tonnes of TREO, and in addition an Inferred Resource of 418Mt at 289ppm TREO for a contained 121,100 tonnes TREO, reported in compliance with JORC Code in May 2012. Within this Resource approximately 70Mt has an average grade of 500ppm TREO in the Resource model blocks (Indicated plus Inferred categories, based upon grade - tonnage figures).

An Exploration Target of 60Mt - 100Mt at the average grade of 500 - 1000ppm TREO was utilised in the Scoping Study released on 15 April 2013. This Scoping Study did not include a study of mining schedules.

This drill program now under way is aimed at replacing the Exploration Target used in financial modelling in Crossland's 2013 Scoping Study with defined Resources. Sensitivity analyses in the Scoping Study demonstrated that the project value will benefit from increases in average grade.

This drilling programme should identify sites where optimal start-up pits could be located within Crossland's large holdings of alluvial REE potential. Identification of such optimal locations is the next step in the advancement of the project and is necessary so that other sections of the Feasibility Study can proceed to establish the full value of the Charley Creek Project.

Crossland's Joint Venture partner has recently advised they will cease contributing and suffer further dilution of their current 45% interest in the JV and the Charley Creek Project. In addition, some \$400k remains due to Crossland from exploration activities carried for Pancontinental on assurance that payment would be made. Crossland's demands for repayment of this debt have not been met.

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Crossland has already submitted some 700 samples for assay, and will continue work intended to identify higher grades for potential start-up pits, but will reduce the rate of expenditure and scope of works as it sole funds this critical work. Efforts are being made to obtain commitments from more stable funding sources. A second phase of infill drilling was planned for Q2, which will provide infill drilling of the targets that responded positively to the first round of drilling. This second phase of drilling will proceed when additional funding is secured.

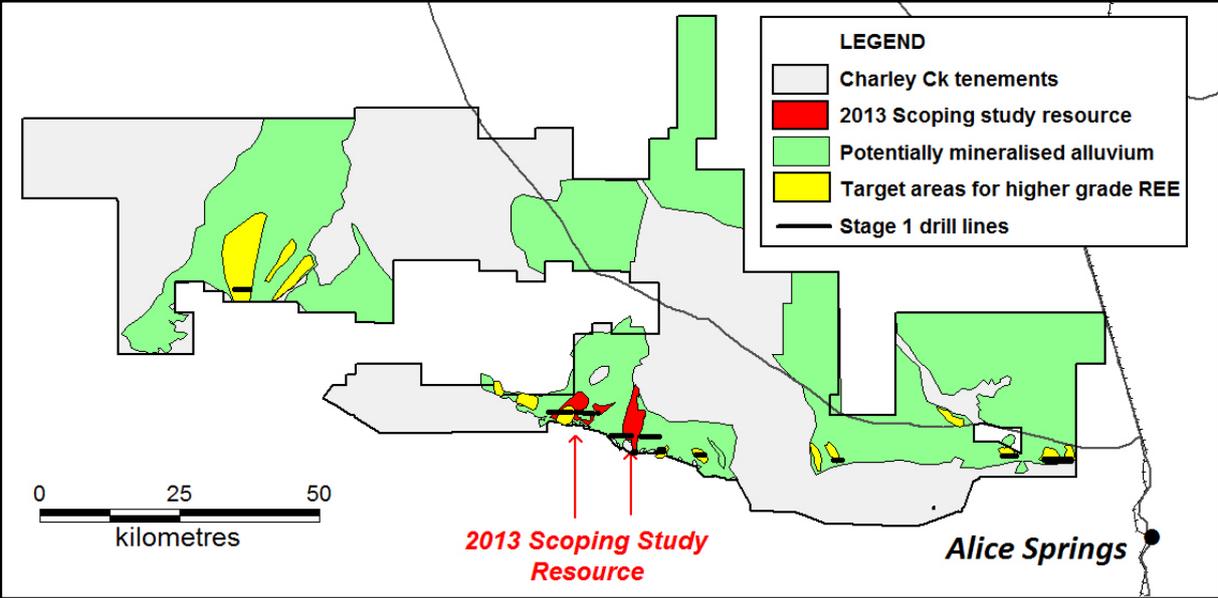


Figure 1. Target high grade REE zones (yellow) with Stage 1 drill lines.

Yours sincerely

Geoff Eupene
Exploration Director

The information in this release that relates to Exploration Targets, Exploration Results, or Mineral Resources is based on information compiled by Geoffrey S Eupene FAusIMM CP, a Competent Person who is 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, which is engaged by the Company. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration, and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 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 the report of the matters based on his information in the form and context in which it appears.

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