

28 January, 2011

QUARTERLY REPORT FOR PERIOD ENDED 31 December, 2010

HIGHLIGHTS

➤ **Charley Creek Project, NT Uranium**

Wide intersections of granite at Cockroach Dam with uranium contents around 10 times the global average content for granite confirm a favourable source for uranium mineralisation. Mineralised intersections confirm mobility of uranium. Future drilling will be focused on fractured areas around the edges of the granite plutons, following up on similarities with the setting of the Rössing style deposits in Namibia.

➤ **Charley Creek Project, NT – REE**

Results of analysis returned high values for all Rare Earth Elements (REE), including the Heavy REEs that are subject to supply restrictions from the Chinese Government. Crossland expects to be able produce heavy mineral concentrates with very high REE contents, and believes that these could have a low production cost. Crossland's present target is the production of several thousand tonnes of REE annually in heavy mineral concentrate in an economically viable development. Crossland anticipates that this could be evaluated and permitted, at least in a pre- feasibility form, during 2011.

➤ **Chilling Project, NT**

An intensive program of geological mapping, geochemical sampling and spectrometer surveys proceeded throughout the quarter and led to the firming up of 11 drill sites and access to many of these has been established. Drilling data have been reinterpreted from Eccles and March Fly prospects, and enhanced with geological mapping. New target zones for drill testing have been generated. Drill programs that were planned for 2010 at Buchanan and Allia, but postponed for weather and permitting issues will proceed in the 2011 dry season.

➤ **Kalability, South Australia:** earning 60% minimum from PlatSearch NL and Eaglehawk Geological Prospecting Pty Ltd.

A consultant metallurgist has been engaged to devise a program of further test work, and if positive, work to extend the mineralized zones at the Tabita Prospect will be undertaken.

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

➤ **Cash Position – Circa \$2 million with approx \$700k due from Pancon for 50 % contribution of expenses.**

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OVERVIEW

An intensive evaluation of the Rare Earth potential of the extensive alluvium at Charley Creek commenced, with first results expected in February 2011. Drilling was completed for 2010 at the Cockroach Dam Prospect during the quarter, and an intensive field program proceeded at Chilling until the onset of the wet season in December. Both programs have generated fresh targets. Unseasonal rains continued at Charley Creek for much of the Quarter, and a return of rain was experienced in Chilling, preventing the planned drill programs for 2010 from proceeding. Crossland operated through the holiday period with the Rare Earth evaluation program, and is gearing up for a record level of activity in 2011.

EXPLORATION DETAIL

Charley Creek Project, NT (EL24281, EL 25230; EL25657, EL27283, EL27284, EL27338, EL27358, EL27359, ELA28154, ELA28155, ELA28224, ELA28225, ELA28226, ELA28434, ELA28500: Crossland 50%: Pancon50%)

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

Charley Creek - Uranium

Nine holes and 1441.2m of diamond core drilling were completed at the Cockroach Dam Uranium Prospect during the quarter. Five holes had been completed at Cockroach East, while holes CED2010_006 to CED2010_015 (10 holes) were drilled at Cockroach Central. The drilling program and the consequent processing of the holes and samples suffered delays because of the wet weather. A market release dated 1 December, 2010 was made to outline the significance of the results then available:

- A best intersection from the initial seven (7) holes of core drilling at the Cockroach Dam prospect of 2m of 876ppm U₃O₈ from 148m, including 0.3m of 4,079 ppm U₃O₈ from 148.8m in hole CED2010_006.
- Thick intersections of granite with uranium contents up to **10 times the global average content for granite (up to 40ppmU)** indicate that these zones within the Teapot Granite are fertile source rocks for a variety of uranium deposit styles, including in particular Rössing (Namibia)- style granite - hosted bulk low grade mineralisation.
- The results suggest that the best chances for significant grades and widths of economic mineralisation are in areas where the granites are strongly fractured, and probably not outcropping. The remainder of the 2010 drill program will be directed at these areas with further **drilling in 2011**.
- The drill program for uranium will run in parallel with the Charley Creek REE evaluation program, also targeting the Teapot Granite as well as its surrounding host rocks and alluvium for REE.

The subsequent drill holes have indicated that certain of the granitic rocks intersected also demonstrate mobility of contained uranium as was observed in the higher grade intersection in Hole CED2010_006, but the zones, while frequent in occurrence, are restricted to a few centimetres thick, and so average grades across widths do not reach economic levels. Nonetheless, the drill results do demonstrate the high primary uranium content of the Teapot Granite, and the mobility of this uranium under certain circumstances in both the primary and oxidised zones. Crossland considers that these processes will result in further mineralised intersections, and the search for a Rössing style bulk low grade primary rock deposits is justified in this geological setting. Studies of technical data on Rössing style deposits in Namibia indicate that mineralisation is concentrated in zones of fracturing, and/or multiple thin intrusive bodies, in areas of subdued topographic relief. By contrast, the areas tested at Cockroach Dam in 2010 were unfractured, massive intrusive bodies that form prominent topographic features.

Considering the high primary uranium content (around 10 times the normal uranium content of granites) in mineralogy that is readily mobile in both the primary and oxidised environments, the Teapot Granite is likely to be an excellent source rock for Rössing style mineralisation, and Crossland has initiated a program to identify settings around Cockroach Dam to test with drilling in 2011. The more prospective areas for sustained mineralised intersections will probably lie beneath subdued topography. These will hopefully be accessible to open hole drilling machines so that testing costs will be lower than the 2010 core drill program conducted on rocky hill country. The Teapot Granite should also provide uranium to groundwater systems that could result in mineralised near surface channel deposits.

Charley Creek – Rare Earths

On 1 November, Crossland announced the results of analysis of a sample of heavy mineral concentrate derived from alluvium derived from the Teapot Granite. This returned high values for all Rare Earth Elements (REE), including the Heavy REEs that are subject to supply restrictions from the Chinese Government. The results demonstrate that Crossland can reasonably expect to produce heavy mineral concentrates with very high REE contents from alluvial deposits draining from the Teapot Granite. Crossland believes that these could have a low production cost, making the production of several thousand tonnes of REE in heavy mineral concentrate an economically viable development. Crossland anticipates that this could be evaluated and permitted, at least in a pre- feasibility form, during 2011.

The Crossland/ Pancon Joint Venture has secured in excess of 4,000 square kilometres of exploration titles covering some 180km of the northern foothills of the MacDonnell Ranges, a zone that hosts the Teapot Granite and its host rocks, some of which also demonstrate the anomalous radiometric patterns that Crossland has recognised in association with the REE concentrations. Since the results have been available, Crossland has embarked on a first- pass evaluation of the potential for an alluvial heavy mineral REE project in the Charley Creek Project. By the end of the Quarter, field crews had collected in excess of 200 bulk stream sediment samples, each of which represents a drainage area of around 4 square kilometres. This represents about 90km of the 180km strike of the MacDonnell Ranges within the Joint Venture's title package at Charley Creek. In addition, crews with hand augers have collected around 400 samples from one of the alluvial flat areas around Cockroach Dam. A small processing facility has been established to separate heavy mineral concentrates from the samples and, by end of period, submission of samples for further upgrading and despatch to Canada for High Level REE analysis had commenced. This is necessary since assay methods currently available in Australia do not have upper detection limits high enough to give accurate results on the concentrate samples.

Crossland expects to obtain enough data from the 2010 sampling to make a decision on accelerating the REE program to define an alluvial resource early in 2011.

An extensive airborne geophysical survey of the recently- expanded eastern portion of the Charley Creek Project area, including the Cloughs Dam Joint Venture with Western Desert Resources on EL25657, was slated for early October. This was postponed given the likelihood of weather interference. The survey will proceed when the weather outlook is clearer.

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

In the Buchanan Window, an intensive program of geological mapping, geochemical sampling and spectrometer surveys proceeded throughout the quarter. This led to the definition of 11 drill sites and access to many of these has been established. The geological mapping firmed up the comparison of the Buchanan Window with the geological setting of the Rum Jungle embayment. Extensive occurrences of hematite quartz breccia (HQB), and associated displaced blocks of Tolmer Group sediments, have been noted. These features are common in most unconformity- style deposits in the district. Several occurrences of radiometric anomalies adjacent to these structures are important targets of the planned drilling program.

Spectrometer surveys and additional geochemical sampling and geological mapping continued at the Allia Window until the weather prevented access. The Allia Window hosts the MEMA prospect containing outcropping secondary uranium minerals, as well as prominent late structural features that we consider prospective for uranium.

Data on the nearby Fletchers Gully gold prospect, wholly within the Crossland- Pancon Joint Venture tenements, is also being reexamined in view of current gold prices. Sacred site clearance certificates for areas of Chilling outside the Buchanan Window were not received until early in November, and this prevented establishment of new access tracks and drilling sites. Results of geochemical and radiometric surveys have generated several targets for early follow-up as access permits.

Re- evaluation and surface mapping of both the March Fly and Eccles uranium prospects were commenced. At March Fly, the surface and drilling data has been reinterpreted, with the generation of new target zones for testing. The structure controlling mineralisation has been identified, and this remains open to the south. There are similarities between March Fly and the Thundelarra Minerals' Thunderball discovery some 80km to the east. The relatively high grade intersections that have been recorded at March Fly indicate the potential of these vein type occurrences hold for economic deposits. Crossland proposes to drill test these targets in 2011.

At Eccles, results from work conducted by previous explorers has been located and evaluated. More than 70 previous holes were sited at the Eccles target, but these appear to have been largely unsuccessful, except towards the southern extremity of the drilled area, where there are unclosed intersections below alluvial cover. This represents an interesting target, as the previous explorers have described Eccles as an unconformity style deposit. The setting on the base of the Tolmer Sandstone escarpment in altered Lower Proterozoic host rocks suggests this is a valid interpretation.

An air core and RC drill program of over 3,000m, and diamond core drilling of 1,400m had been planned to test various opportunities at Chilling in 2010. Due to the very restricted field season that has resulted from a late start and early end to the Dry Season, as well as permitting issues, it has not been possible to complete this work. Contractors with suitable equipment will be identified and secured to ensure drilling commences as soon as access is possible during 2011.

Meetings were held with Aboriginal groups regarding access to two applications ELA27440 and ELA27442, on Aboriginal Freehold Land in the Collia Area, to the south of the Buchanan EL. Our proposals received a mixed reception, and it seems that considerable delays would be expected in granting. It has been decided to withdraw the applications to minimise ongoing expenses.

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

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

No work was possible because of the inclement weather affecting Central Australia.

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.

A meeting scheduled to put our program proposals to Traditional Owners had to be postponed until next year because of tensions in the Yuendumu community.

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

Crossland lodged, on behalf of the Crossland/ Pancon JV, an application for an exploration licence covering over 860 square kilometres in the vicinity of Mount Stafford, about 160kilometres to the north of Charley Creek. The application covers radioactive granite terrain and it will be evaluated using the technologies and concepts under development at Charley Creek.

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.

Samples of material with elevated uranium and vanadium values from the trenching program completed earlier this year were submitted to a reputable metallurgical laboratory for test work to determine if an upgraded product can be prepared by simple physical means. Based upon initial results, a consultant metallurgist has been engaged to devise a program of further test work. If this proves to be successful, work to extend the mineralized zones at the Tabita Prospect will be undertaken.

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.

Crossland completed its reporting obligations to the NT Geological Survey related to the subsidised drill program, and has decided to seek an incoming investor to shoulder some of the expenses involved in testing the exploration concept, as Crossland focuses more on its core projects at Charley Creek and Chilling. In line with this the tenement package is being rationalised.

Geothermal Project, NT (GEP27831; Crossland 100%)

Crossland has 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. Crossland has received an offer of grant for this title and proposes to accept it.

New Projects

Crossland continues to examine opportunities to expand its project portfolio.

Burkina Faso, West Africa (Crosscontinental Uranium Ltd)

1. Oursi Joint Venture

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

Crosscontinental has decided to withdraw from the Joint Venture.

2. 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**, 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.*