



29 October, 2012

QUARTERLY REPORT FOR PERIOD ENDED 30 SEPTEMBER 2012

HIGHLIGHTS

Charley Creek Project.

- Twelve samples totalling approximately seven tonnes of REE mineralized alluvium were extracted and then processed by the Crossland field team using its onsite Wilfley gravity tables to produce 400 kgs of first stage heavy mineral concentrate
- Conventional Heavy Mineral concentration process delivered outstanding results with the currently proposed Wet Plant test flowsheet upgrading to over 12% TREO with a recovery of 68% and the currently proposed Dry Plant test flowsheet producing a xenotime- monazite concentrate containing over 41% TREO, with a recovery of 77%.
- Further process optimisation is expected to substantially lift mineral recoveries and the above results confirm that the xenotime/monazite rare earth bearing minerals at Charley Creek can be concentrated using low-cost technology used by the mineral sands industry, and significantly de-risks the proposed process flow-sheet for the project.
- A sample of the final xenotime- monazite concentrate is being sent to a major international REE producer at their request. They will carry out testwork in their laboratory to determine process compatibility.
- A contract has been signed with ALS-AMMTEC to conduct acid leach testwork on the xenotime-monazite concentrate to confirm that the minerals in the concentrate behave as expected under typical hydro-metallurgical conditions for leaching of REE bearing phosphate minerals. The overall objective of the testwork program is to confirm that the Charley Creek ore can be processed from mining through to the production of saleable REE products, using well understood and low cost technology.
- Negotiations with a capable engineering company to provide a Scoping Study on a 12million tonnes per annum mining project and mineral processing plant are at an advanced stage. The study will estimate likely capital and operating costs for the project $\pm 35\%$, and will embrace all engineering issues including infrastructure, mining and processing plant.

Financial

- Crossland raised \$924,070 by the placement of 20,534,888 ordinary shares to sophisticated investors. Details of the placement were announced on 26 September 2012. Funds from the placement will be used primarily for Crossland's contribution to the Charley Creek Scoping Study.
- Pancontinental (45% JV Partner) have contributed to 31 August and by early November will meet a cash call of circa \$600k for their proportion of JV expenditures to 31 December 2012.
- On 22nd October 2012 the company announced a pro-rata non-renounceable entitlement issue of options to all shareholders. A prospectus is about to be lodged and sent to all shareholders.
- At 3rd September, Crossland's cash position was \$1,286,630 and the company has no borrowings.

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EXPLORATION DETAIL

Charley Creek Project, NT - EL24281, EL 25230; EL25657, EL27283, EL27284, EL27338, EL27358, EL27359, EL28154, EL28155, EL28224, EL28225, EL28226, EL28434, ELA28500, EL28795, EL28796, EL28866, EL28875, EL28964 and EL28965 : Crossland 55%; Pancon 45%

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.

Rare Earths

In late July, twelve samples totaling seven tonnes of REE mineralized alluvium from several sites at the Charley Creek Project were extracted and processed by the Crossland field team using its onsite Wilfley gravity table facility to produce 400kgs of first stage heavy mineral concentrate (HMC1).

This HMC1 sample was forwarded to AML laboratories in Perth to use for ongoing metallurgical testwork. The current focus of the AML metallurgical work is:-

- refinement of the second stage of concentration (Dry Plant) using electrostatic and magnetic separation techniques to produce high grade (HMC2) xenotime-monazite concentrate and,
- preparation of a xenotime- monazite HMC2 concentrate sample to send to a US based REE producer for mineralogical characterization studies and assessment.

A pilot plant program evaluating the complete Wet and Dry plants (gravity separation methods, followed by magnetic and electrostatic separation) has been completed. The pilot program was conducted at Allied Mineral Laboratories Pty Ltd (AML) in Perth WA under the supervision of Crossland’s metallurgical consultant.

Wet Plant Testwork

Wet Gravity plant test work achieved a recovery of 68% TREO (Total Rare Earth Oxide) at a grade of 12.53% TREO contained within 0.81wt % of the initial feed. Achieving a grade of over 12% TREO from a simple spiral test circuit confirms that processing of sized feed material from Charley Creek is very amenable to beneficiation by gravity. A number of simple flowsheet improvements have been identified to further improve TREO recoveries during the next phase of test work.

Product	Percent Mass	Grade (wt. %)			
		LREO	MREO	HREO	TREO
Wet Plant Concentrate	0.81%	10.95	0.52	1.06	12.53
		Recovery (%)			
		69	66	55	68

Note: MREO consists of oxides of Sm, Eu and Gd, while HREO consists of oxides of Tb to Lu from the Lanthanide series, plus Y.

Dry Plant Testwork

The Wet Plant concentrate product was then processed via conventional electrostatic and magnetic separation (Dry Plant) techniques to produce a high grade heavy mineral concentrate product averaging 41.25% TREO at a recovery of 77.6% TREO. Again there are a number of opportunities identified during this phase to further improve recoveries, while maintaining TREO grade at 40%. Zircon and other valuable heavy mineral recoveries should also improve with these modifications.

Product	Percent Mass	Grade (wt. %)			
		LREO	MREO	HREO	TREO
Dry Plant Concentrate	0.18%	36.04	1.54	3.67	41.25
		Recovery (%)			
		78.1	75.7	73.2	77.6

These results confirm xenotime/monazite rare earth bearing minerals at Charley Creek can be successfully concentrated by conventional mineral sand flowsheet used for recovery of titanium minerals and zircon. Crossland retains on-site at Charley Creek substantial additional material from the same test pits used for this work to enable on-going optimisation work.

These new results have significantly de-risked the proposed process flowsheet as far as production of a xenotime- monazite heavy mineral concentrate. Crossland has been encouraged by potential purchasers of Charley Creek output to explore rapid development of xenotime/monazite concentrate production as a first step in staged development of Charley Creek. These results will aid in the preparation of a scoping study to assess project economics. This study is due for completion before the end of 2012. The work now completed represents a major component of that study.

Scoping Study

Contractors are being engaged to undertake various elements of a Scoping Study that will investigate the capital and operating costs of a mining and processing project to produce saleable rare earth products. The study will estimate likely capital and operating costs for the project and will embrace all engineering issues including infrastructure, mining and processing plant.

A contract has been signed with ALS-Metallurgy (formerly AMMTEC) to conduct acid leach testwork on the xenotime- monazite concentrate. The purpose of this testwork is to confirm that the Xenotime and Monazite minerals in the concentrate behave as expected in the hydrometallurgical process circuits commonly used for REE processing. This work should confirm that Charley Creek Concentrates can be processed using the established process routes for these minerals to recover Rare Earth oxides, and will assist with marketing efforts.

The overall objective of the metallurgical testwork program is to confirm that the Charley Creek ore can be processed from mining through to the production of saleable REE products, using well understood and low cost technology.

Negotiations with suitable consultants to provide engineering services for a Scoping Study on a 12 million tonnes per annum mining project and mineral processing plant are at an advanced stage. These consultants have been extensively involved in major project developments for mineral sands, tantalite, tin and lithium oxide process facilities both within Australia and overseas.

Negotiations are in train with other established consultants to provide an Environmental Impact Study planned to commence with baseline flora and fauna studies in November 2012.

Uranium

No uranium- related work was undertaken at Charley Creek.

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.

Two exploration licences, ELs 25076 and 25077 are due for renewal i.e. they have reached the end of their initial 6 year grant period. Crossland is intending to renew both licences but will undertake size reductions on both. EL 25078 will be surrendered early in the next quarter.

During the quarter no exploration activities have taken place on the project area. Crossland is continuing its efforts to secure a third partner to assist in funding of this extensive tenement package.

Mount Stafford, NT - EL28492; three applications. 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.

The 2011 stream sampling programme returned positive results for rare earth elements. Crossland has outlined seven anomalous areas for follow up work. Anomalous areas outlined by Crossland for REE are similar to those where REE have been historically present.

To provide additional coverage over prospective areas, three exploration licence applications were applied for in September by Crossland Nickel Pty Ltd (55%) and Panconoz Pty Ltd (45%). The total land package at Mt Stafford now covers an area of 1,328 square kilometres.

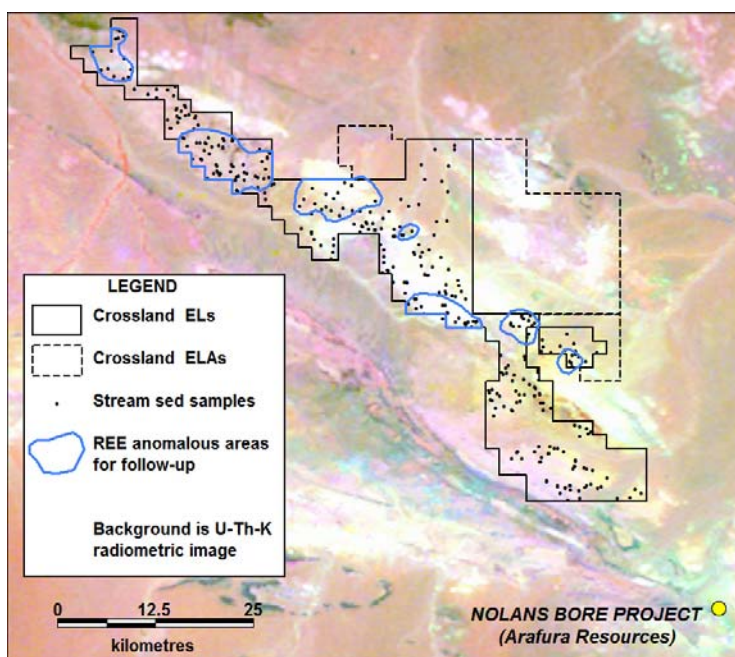


Figure 1 – shows location of Mt Stafford tenements with background radiometric image. White areas in image are areas of stronger radiometric response.

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.

No activities to report for the quarter.

Highland Rocks, NT - EL27374, 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.

Awaiting communications from the Central Land Council regarding Traditional Owners decisions.

Lake Woods, NT – SEL28198 and SEL28199: 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 as well as diamonds. This area is not included in the Joint Venture with Pancon.

No activities to report for the quarter.

Kalabity, SA - 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.

No activities to report for the quarter.

Gypsum Cliffs, SA

Crossland has been offered five exploration licences by PIRSA.



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.*