

28 July 2006

QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE 2006

HIGHLIGHTS

- CUX commenced active exploration for uranium, diamonds and base metals following the merger with Klondike Source Limited;
- pisolite sampling over a magnetic anomaly at Crossland Creek, West Kimberleys (E80/3143 and E80/3303) has been completed and results are awaited;
- the Company's tenements in the Chilling District (EL 23682; ELA 25076 to 25078) south-south west of the Rum Jungle Mineral Field at Batchelor were expanded to include ELA 22738. This block of titles covers over 100 kilometres of structures in a setting which is believed to be favourable for unconformity-type uranium deposits;
- at Western Creek (EL 23684) an auger drilling programme for samples of subsurface wash possibly containing diamonds has been completed and results are awaited; and
- orientation work has been undertaken at Charley Creek (EL 24281, ELA 25230) which is considered very prospective for layered basic intrusives (prospective for copper, nickel and/or platinoids). The area also has some uranium potential.

Crossland Uranium Mines Limited (CUX) was formed through the merger of Klondike Source Limited (KSL) and Crossland Mines Pty Ltd, following approval of the merger at the KSL Annual General Meeting held on 31 May 2006. During the quarter there has been considerable change in the activities of the Company. Active exploration on Crossland Mines' substantial portfolio of Australian assets has been combined with the earlier focus of KSL on its Yukon assets. The CUX team has special strength in uranium exploration and development, and this is the main thrust of CUX's title acquisition programme.

A part of the new CUX portfolio was already the subject of mature exploration programmes when Crossland decided to focus its future on its uranium assets. CUX's areas are focussed in North Australia where CUX is well positioned to operate from its exploration office in Darwin and where the Company has a local knowledge advantage.

North Australia hosts excellent deposits of uranium, such as Ranger, Jabiluka, Nabarlek, Koongarra, and Rum Jungle, for which it has a global reputation, but it also contains world class deposits of diamonds (eg Argyle), base metals (eg Mount Isa - Cloncurry, McArthur River) and gold (eg Granites - Tanami, Tennant Creek). CUX will pursue realistic opportunities for profitable resource development of all commodities, particularly in North Australia, while its broader search beyond North Australia is focussed on uranium.

Several of CUX's earlier targets have been explored for uranium, with some positive responses. For instance, while the Crossland Creek Target in the West Kimberley is not in our view a prime uranium prospect, it does contain the Proudfoot Anomaly, previously drilled by PNC (Japan) for uranium. Similarly, uranium exploration has been conducted in the Cretaceous sediments in our Tripod Target in Queensland. CUX believes that the Cretaceous sediments are cover over the primary target, but are currently reviewing the previous uranium exploration.

CROSSLAND URANIUM MINES LIMITED

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A summary of active projects follows.

ACTIVITY SUMMARY

Crossland Creek, West Kimberley

A programme of ground magnetometer traverses was completed in the central portion of the target area. This was to better define the shape of an apparent discrete anomaly with a form that is unclear in available airborne data. The anomaly appears to coincide with a very large area of veining and alteration in King Leopold Sandstone and Carson Volcanics. While more traverses, or a detailed airborne survey, are required to fully define the structure and depth of the source, there does appear to be some possibility for drill targets at reasonable depth. This and the surrounding areas of poor bedrock exposure have been covered by several long traverses, using soil pisolites as a sampling medium. A subset of over 200 samples has been submitted for selective leach extraction, followed by multi-element geochemical determination. The results are expected shortly.

Western Creek, NT

The Western Creek Target is 80 kilometres south west of Larrimah, in what is mapped as the middle of the Cambrian Daly Basin. The area is poorly drained, and there is limited rock exposure. Sampling of sub-outcropping breccias has returned curious geochemical results, but the primary target commodity is diamonds. The near absence of stream channels has made it impossible to obtain surface gravel samples for diamond exploration and, during the quarter, CUX have trialled a relatively simple means of collecting samples of subsurface wash from choked channels recognisable on geophysical and satellite imagery. CUX have used a light mechanical auger rig to drill lines of holes across the channels and to zero in on gravel beds for diamond and heavy mineral sampling. If the technique is successful, it will be used on other projects such as Sylvester and perhaps Lake Woods during the next quarter. Auger drilling has also proved useful in uranium exploration in the past and it will play a role in exploration for shallow deposits.

Charley Creek, NT

The Charley Creek area is considered to be very prospective for styles of mineralisation associated with layered basic intrusives (normally copper, nickel and/or platinoids). This sort of intrusive is present in the area, and magnetic patterns as well as field observations indicate that it is present at relatively shallow depth beneath the broad alluvial flats of the exploration licence. This potential is mostly covered by EL 24281, already granted. A later application, ELA 25230 has been offered to CUX on favourable terms. This covers additional alluvium further upstream in Charley Creek, as well as an area mapped as Teapot Granite, a quite radioactive unit which may shed uranium into the shallow sedimentary units that drain from it. This concept was originally tested by CRA Exploration in the early 1970s, when they sampled water bores in the area. Their results were elevated in some bores, and there is no guarantee that the water bores tested the most favourable localities for uranium deposits. Elements present in basic rocks can help to precipitate uranium from surficial waters, so the setting seems to have some potential for this to occur in the buried channels within the alluvial flats. The area will be evaluated for both commodity types. The area was visited late in the quarter for orientation to plan an exploration approach.

PLANNED ACTIVITIES FOR SEPTEMBER QUARTER

Any strong indications from the work outlined above will be followed up immediately. In addition, CUX is continually on the lookout for new projects, particularly with uranium potential, and CUX is in the process of adding to current holdings. These will be announced as acquisitions are concluded. Ongoing exploration plans will cover the projects discussed below:

Crossland Creek, WA

Follow up after pisolite sampling and magnetics.

Chilling, NT

A detailed airborne geophysical survey may proceed if the titles are granted, weather conditions are conducive, and a suitable contractor can be engaged. Some reconnaissance and compilation of previous exploration will proceed.

Western Creek, NT

Follow up of auger sampling results as required.

Sylvester, NT

If the Western Creek auger drilling campaign proves to be successful, a similar programme will go ahead on the Sylvester titles, located on the Barkly Tableland at Brunette Downs. This is similarly featureless country which has returned numerous micro diamonds in exploration programmes which have been hampered by poor drainage development.

Baines, NT

Reconnaissance exploration of the Baines area was planned for late last year, but could not proceed due to seasonal conditions. The area is believed to be prospective mainly for diamonds, with some copper/nickel potential associate with a possible flood basalt vent. The work will proceed this dry season.

Lake Woods, NT

The Lake Woods target has responded well for diamonds, and our work so far has shown that the setting is not as simple as initially expected. The positive responses need to be built into targets for drilling. This requires better subsurface information, from geophysics. CUX expects to complete a ground or airborne survey to assist drill target generation during the quarter.

Old Yard, NT

The Old Yard Target was taken up for its copper-nickel-platinoid potential. Reconnaissance will be undertaken during the September quarter. Little detailed information is available about the area, and it is in that small remaining portion of the Northern Territory not yet covered by high quality airborne geophysics, so it is difficult to know what to expect. Several small copper occurrences are known from Antrim Plateau Volcanics in the vicinity.

KSL Yukon

There has been no field work on the KSL Yukon titles, and a review is under way to determine the best use of the assets in the new Company.

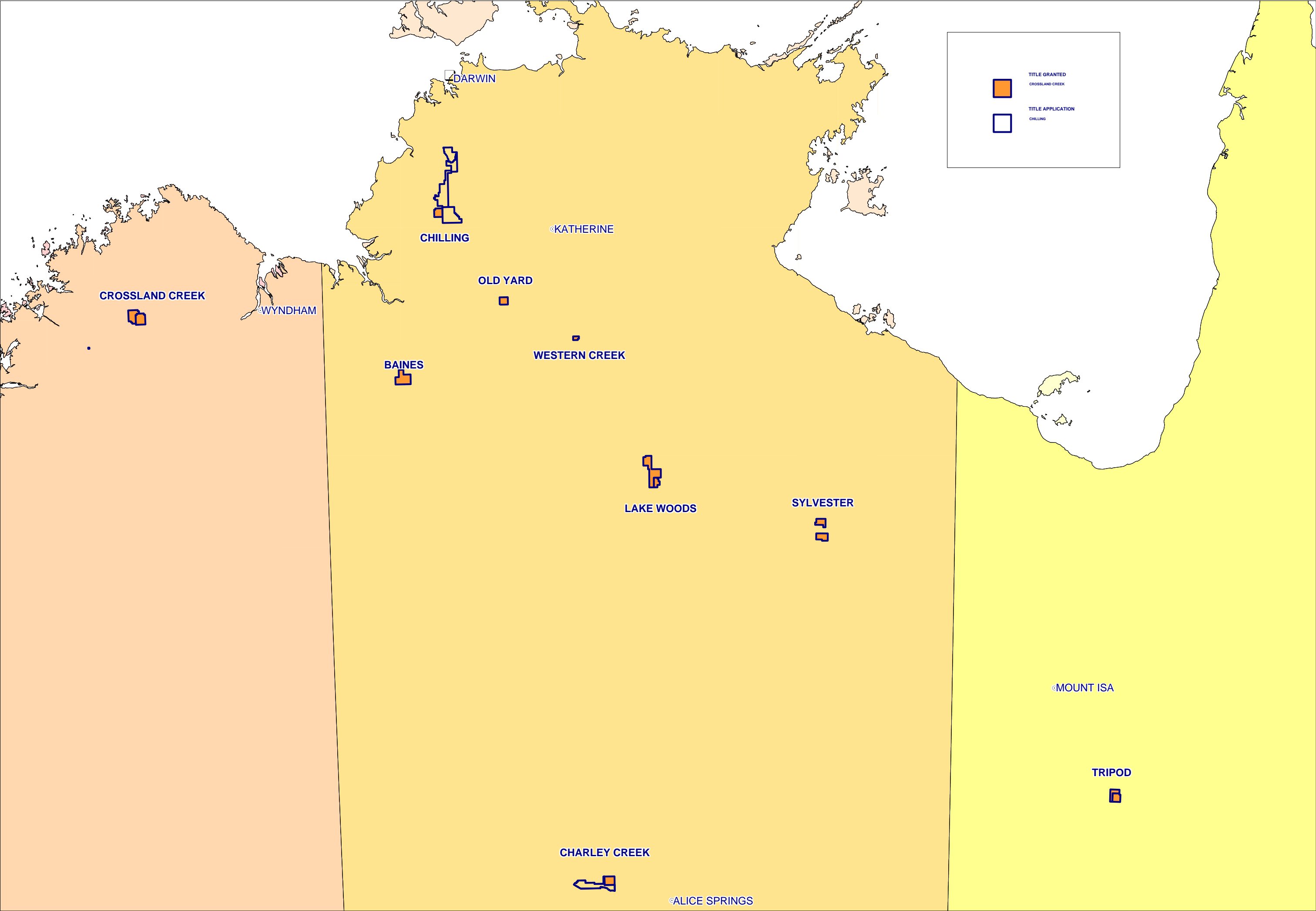
Website

The website is being updated to provide details of the company and each of our target areas. The update will be done in two stages: an interim site is currently operating: www.crosslanduranium.com.au. Further upgrades to the web site should be operating by late August.

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.*



Quarterly report to Newcastle Stock Exchange

Name of entity

Crossland Uranium Mines Limited

ABN

64 087 595 980

Quarter ended ("current quarter")

30 June 2006

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(37)	(37)
(b) development		
(c) production		
(d) administration	(55)	(81)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	19
1.5 Interest and other costs of finance paid		
1.6 Income tax rebate received		
1.7 Other income -		
Net Operating Cash Flows	(84)	(99)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(84)	(99)

1.13 Total operating and investing cash flows (brought forward)	(84)	(99)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.		
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings		
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other (provide details if material)- IPO share issue costs		
Net financing cash flows	-	-
Net increase (decrease) in cash held	(84)	(99)
1.20 Cash at beginning of quarter/year	753	768
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	669	669

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

1.23 Aggregate amount of payments to the parties included in item 1.2	2
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

3.1 Loan facilities

3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
-	-
-	-

Estimated cash outflows for next quarter

4.1 Exploration and evaluation

4.2 Development

	\$A'000
25	
-	
Total	25

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

5.1 Cash on hand and at bank

Deposits at call

Bank overdraft

Other - 30 day bank bills

	Current quarter \$A'000	Previous quarter \$A'000
152	103	
17	20	
500	630	
Total: cash at end of quarter (item 1.22)	669	753

Changes in interests in mining tenements

6.1 Interests in mining tenements
relinquished, reduced or lapsed

6.2 Interests in mining tenements
acquired or increased

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of of quarter
Note below			
Note below			

Interests in mining tenements are set out in the attached quarterly activities report.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	31,504,900			
7.4 Changes during quarter				
(a) Increases through issues ordinary shares pursuant to acquisition of Crossland Mines Pty Ltd (33,113,471) and as payment for directors and consulting fees (1,608,571).	34,722,042			
(b) Decreases through returns of capital, buy-backs, redemptions				
7.5 Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options				
Description and conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
Listed				
Nil				
Unlisted				
31 December 2007 Options 1 share for 1 option	6,487,500	Nil	20 cents	31-Dec-07
31 December 2007 Options 1 share for 1 option	5,487,600	Nil	25 cents	31-Dec-07
31 December 2007 Options 1 share for 1 option	15,325,100	Nil	23 cents	31-Dec-07
20 April 2009 Options 1 share for 1 option	1,250,000	Nil	20 cents	20-Apr-09
Total	28,550,200			
7.8 Issued during quarter				
(a) Increases through issues ordinary shares pursuant to acquisition of Crossland Mines Pty Ltd	15,325,100	Nil	23 cents	31-Dec-07
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 Debentures	Nil			
7.12 Unsecured	Nil			

Name of entity

Crossland Uranium Mines Limited

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to NSX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ***R Waring*** Date: 31 July 2006
Company Secretary

Print name: Robert J Waring

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **AIFRS** International Accounting Standards have been complied with in this report.