



Crossland Uranium Mines Limited

ABN 64 087 595 980

Half Yearly Report
30 June 2006

DIRECTORS

Robert A Cleary (Chairman)
Geoffrey S Eupene (Executive Director)
Patrick J D Elliott (Non Executive Director)
Peter W Walker (Non Executive Director)
Robert L Richardson (Non Executive Director)

COMPANY SECRETARY

Robert J Waring

REGISTERED AND ADMINISTRATION OFFICE

Level 10, 80 Arthur Street, North Sydney, NSW 2060
Telephone: (02) 9957 3199
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AUDITORS

Barnes Dowell James

BANKERS

Westpac Banking Corporation

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2005 and any public announcement made by Crossland Uranium Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Crossland Uranium Mines Limited (NSX Code: CUX) and the two entities it controlled at the end of, or during the six months ended 30 June 2006.

Directors

The following persons were Directors of Crossland Uranium Mines Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Patrick J D Elliott

Appointed 31 May 2006

Geoffrey S Eupene
Robert A Cleary
Peter W Walker
Robert L Richardson

Resigned 31 May 2006

Colin M Thomas
Raymond J Soper
Robert G Adamson (Alternate Director for C M Thomas)

Review and Results of Operations

Klondike Source Limited (KSL) and Crossland Mines Pty Ltd merged following approval of the merger at the KSL Annual General Meeting held on 31 May 2006. Following the merger 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 a reduced focus of KSL on its Yukon assets. The Company changed its name from Klondike Source Limited to Crossland Uranium Mines Limited in June 2006. 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 CUX decided to focus its future on its uranium assets. CUX's areas are focused 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.

The net result of operations after applicable income tax expense for the half-year was a loss of \$112,748 (2005 – loss \$135,349).

Subsequent Events

The Directors are not aware of any significant changes in the state of affairs of the Company occurring since the end of the half-year.

Auditor's Independence Declaration

The independence declaration of our auditor is on page 11 and forms part of this report.

Signed at Sydney this 8th day of September 2006 in accordance with a resolution of the Directors.



Robert A Cleary

Director

INCOME STATEMENT

For the half-year ended 30 June 2006

		Consolidated	
	Note	2006	2005
		\$	\$
Revenue from ordinary activities	2	17,359	18,022
Exchange Rate Gains (Losses)		-	(20,914)
Administration costs		(50,797)	(72,339)
Consultants' fees		(7,323)	(29,482)
Office rent		(13,284)	(13,284)
Depreciation		(753)	(525)
Exploration property write-off		(19,813)	-
Exploration costs expensed		(26,233)	-
Other expenses from ordinary activities		<u>(11,904)</u>	<u>(16,827)</u>
Loss before tax and finance costs		(112,748)	(135,349)
Finance costs		<u>-</u>	<u>-</u>
Loss before income tax		(112,748)	(135,349)
Income tax expense	3	<u>-</u>	<u>-</u>
Loss after tax		<u>(112,748)</u>	<u>(135,349)</u>
Net loss attributable to members of Crossland Uranium Mines Limited	7	<u>(112,748)</u>	<u>(135,349)</u>
Basic and diluted loss per share (cents)	5	(0.30)	(0.43)

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2006

		Consolidated	
	Note	30 Jun 2006	31 Dec 2005
		\$	\$
Current assets			
Cash		685,846	747,280
Receivables		25,438	28,230
Total current assets		711,284	775,510
Non-current assets			
Exploration properties		1,144,754	19,813
Plant and equipment		2,322	3,439
Total non-current assets		1,147,076	23,252
Total assets		1,858,360	798,762
Current liabilities			
Payables		146,498	195,646
Other Current Liabilities		6,533	1,673
Provisions		15,000	15,000
Total current liabilities		168,031	212,319
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		168,031	212,319
Net assets		1,690,329	586,443
Equity			
Issued Capital	6	4,222,783	3,007,512
Foreign Currency Translation Reserve		(12,780)	(14,143)
Share Based Payments Expense Reserve		70,935	70,935
Accumulated losses	7	(2,590,609)	(2,477,861)
Total equity		1,690,329	586,443

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2006

	Consolidated	
	2006	2005
	\$	\$
Total equity at the beginning of the year	586,443	1,206,825
Current year expenses recognised directly in equity		
Net expenses recognised directly in equity	1,363	(14,143)
Loss for the half-year	(112,748)	(606,233)
Total recognised income and expense for the half-year	(111,385)	(620,376)
Transactions with equity holders in their capacity as equity holders		
Contributions of equity, net of transaction costs	1,215,271	(6)
Total equity at the end of the year	1,690,329	586,443
Total recognised income and expense for the half-year attributable to members of Crossland Uranium Mines Limited	(112,748)	(606,233)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the half-year ended 30 June 2006

	Consolidated	
	2006	2005
	\$	\$
Cash flows from operating activities		
Payment to suppliers (inclusive of GST)	(67,667)	(96,743)
Interest received	17,359	18,022
Income Tax Refund received	-	124,792
Net cash (outflows) from operating activities	(50,308)	46,071
Cash flows from investing activities		
Expenditure on mining interests (exploration)	(26,233)	(13,507)
Payments for property, plant and equipment	-	(140)
Net cash inflows / (outflows) from investing activities	(26,233)	(13,647)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Share Issue Costs	-	-
Net cash inflows from financing activities	-	-
Net increase / (decrease) in cash held	(76,541)	32,424
Cash at the beginning of the financial half-year	762,387	729,963
Cash at the end of the financial half-year	685,846	762,387

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting, the recognition and measurement requirements of applicable AASB Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Crossland Uranium Mines Limited and its controlled entities. Crossland Uranium Mines Limited is a listed public company, incorporated and domiciled in Australia. The Company changed its name from Klondike Source Limited to Crossland Uranium Mines Limited in June 2006.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report has been prepared on a going concern basis, which presumes the realisation of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Directors confirm, on an ongoing basis, that the Company and the economic entity continue to meet this criteria.

The interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2005 and any public announcement made by Crossland Uranium Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Company has adopted relevant new pronouncements with no material impact.

Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS"). This is the second half-year financial report prepared based on AIFRS.

	Consolidated	
	2006	2005
	\$	\$

2. REVENUE FROM ORDINARY ACTIVITIES

Revenue from outside operating activities

Interest received	<u>17,359</u>	<u>18,022</u>
Total revenue	<u>17,359</u>	<u>18,022</u>

3. INCOME TAX

Loss from ordinary activities before income tax expense	<u>(112,748)</u>	<u>(135,349)</u>
Income tax calculated at 30% (2005 – 30%)	<u>(33,824)</u>	<u>(40,605)</u>
Future income tax benefits not brought to account in respect of current year	<u>33,824</u>	<u>40,605</u>
Income tax attributable to operating loss	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

4. FINANCIAL REPORTING BY SEGMENT

The consolidated entity operates predominantly in the one industry, being mineral exploration and evaluation, and in one geographical area, namely Australia (prior year – Canada).

	Consolidated	
	2006	2005
	\$	\$

5. EARNINGS PER SHARE

Basic and diluted

Weighted average number or shares used in basic and diluted earnings per share

37,354,809	31,504,900
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Basic and diluted loss per share (cents per share)

(0.30)	(0.43)
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6. ISSUED CAPITAL

Share Capital

66,226,942 fully paid ordinary shares (2005 – 31,504,900)

4,365,761	3,150,490
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Less: share issue costs

(142,978)	(142,978)
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4,222,783	3,007,512
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Movement in issued capital

Shares on issue 1 January 2006

Number	\$
31,504,900	3,007,518

Issued pursuant to Crossland Mines Pty Ltd acquisition

34,722,042	-
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Less: share issue costs

	(6)
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Shares on issue 30 June 2006

66,226,942	3,007,512
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At the Annual General Meeting shareholders passed resolutions which proposed to issue and allot 18 million Incentive Shares to Directors or their nominated Associates.

The Incentive Shares will only be issued and allotted under the following conditions:

- (1) one third in number of the Incentive Shares will be issued and allotted when and if, on or prior to the second anniversary of the Acquisition Completion Date, there occurs or has occurred:
 - (a) the completion of the ASX Public Offering; and
 - (b) the commencement of Official Quotation of the Company's securities on the ASX;
- (2) one third in number of the Incentive Shares will be issued and allotted when and if, on or prior to the fourth anniversary of the Acquisition Completion Date, the average closing price of CUX Shares quoted by the ASX for a period of 30 consecutive days occurring prior to the abovementioned anniversary date, is equal to or above \$0.27 (the "**Minimum Price**"). For the purpose of determining the satisfaction of this condition, the Minimum Price will be adjusted to take into account any capital raisings by, or reconstructions of the capital of, the Company that occur after the completion of the Public Offering; and
- (3) one third in number of the Incentive Shares will be issued and allotted when and if, on or before the fifth anniversary of the Acquisition Completion Date, the Company establishes to the satisfaction of the Board of Directors its ownership of a JORC compliant resource that contains no less than 10,000 tonnes of U308 or equivalent of another mineral with an in-ground gross value of no less than US\$500,000,000.

In the event that a Director ceases to be a Director prior to the issue and allotment to him of any of the abovementioned Incentive Shares, in accordance with the abovementioned conditions, he will thereupon forgo any further right or entitlement to any of those Incentive Shares.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

	Consolidated	
	2006	2005
	\$	\$
7. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the half-year	(2,477,861)	(1,800,693)
Net loss for the six months	(112,748)	(135,349)
Retained losses at the end of the half-year	<u>(2,590,609)</u>	<u>(1,936,042)</u>

8. CONTINGENT LIABILITIES

Amounts payable to RobSearch Australia Pty Limited of \$120,894 (2005 - \$118,175) are contingent on the Company raising working capital of at least \$2.5 million by float or a like amount is spent by way of expenditure by joint venture partners of the Company's exploration properties.

9. SUBSEQUENT EVENTS

There were at the date of this report no matters or circumstances which have arisen since 30 June 2006 that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in the financial years subsequent to 30 June 2006.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Crossland Uranium Mines Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of the Company:
 - i) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 and the performance for the half-year ended on that date; and
 - ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Robert A Cleary

Chairman

Sydney, 8 September 2006

INDEPENDENT AUDIT REVIEW REPORT

To the members of Crossland Uranium Mines Limited

Scope

We have reviewed the financial reports of Crossland Uranium Mines Limited for the half-year ended 30 June, 2006 as set out on pages 2 to 9. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: **Interim Financial Reporting** and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investment Commission / Newcastle Stock Exchange.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to enquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

Statement

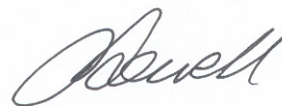
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crossland Uranium Mines Limited is not in accordance with:

(a) the Corporations Act (2001), including:

- (i) giving a true and fair view of the company's financial position at 30 June, 2006 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Barnes Dowell James
Chartered Accountants



Anthony Dowell
Partner

Dated this 8th day of September 2006

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

Partners
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A J Dowell CA
M W James CA
B Kolevski (Affiliate ICAA)

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AJD:RC

4 September, 2006

The Directors
Crossland Uranium Mines Limited
Level 10, 80 Arthur Street
NORTH SYDNEY NSW 2060

Dear Sirs,

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CROSSLAND URANIUM MINES LIMITED

In relation to our review of the financial report of Crossland Uranium Mines Limited for the half year ended 30 June, 2006, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Yours faithfully
BARNES DOWELL JAMES



.....
A.J. DOWELL
Partner

HALF-YEAR INFORMATION GIVEN TO THE NSX UNDER LISTING RULE 4.2A

Name of entity

Crossland Uranium Mines Ltd

ABN or equivalent reference #

91 086 332 836

Reporting period

Half year ended 30 June 2006

Previous corresponding period

Half year ended 30 June 2005

The information contained in this report should be read in conjunction with the most recent annual financial report.

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	up /down	3.7 %	to \$	17,359
Profit (Loss) from ordinary activities after income tax attributable to members	up /down	16.7 %	to \$	(112,747)
Net profit (loss) for the period attributable to members	up /down	16.7 %	to \$	(112,747)

Dividends per Share	Amount per share	Franked amount per share at ...% tax
Final	- cents	- cents
Interim	- cents	- cents

Record date for determining entitlements to dividends

It is not proposed to pay dividends

Explanations

Refer to the Half Yearly Report attached to this Appendix.

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current Period	Previous corresponding period
\$0.03	\$0.03

3. DETAILS OF CONTROLLED ENTITIES

3.1 Control Gained Over Entities During the Period

Name of entity

Crossland Mines Pty Ltd

Date control acquired, i.e. date from which profit(loss) has been calculated

31-May-2006

Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period *since the date on which control was acquired*

(28,230)

Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the *whole of the previous corresponding period*

(127,113)

3.2 Loss of Control of Entities During the Period

Name of entity

Not applicable

Date of loss of control, i.e. date until which profit(loss) has been calculated

Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period *to the date on which control was lost*

Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the *whole of the previous corresponding period*

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity Accounted Associates and Joint Venture Entities

	%Ownership Interest		Contribution to Net Profit	
	Current Period %	Previous Corresponding Period %	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Not Applicable				

4.2 Aggregate Share of Profits(Losses) of Associates and Joint Venture Entities

Groups' Share of Associates' and Joint Venture Entities':

Not Applicable

Profit(Loss) from ordinary activities before tax

Income tax on ordinary activities

Profit(Loss) from ordinary activities after tax

Extraordinary items net of tax

Net profit(loss)

Adjustments

Share of net profit(loss) of associates and joint venture entities

Current Period A\$ '000	Previous Corresponding Period A\$ '000
N/A	

5. DIVIDENDS

5.1 Dividends per Share

Not applicable

Final

- current period

- previous corresponding period

Interim

- current period

- previous corresponding period

Amount per share	Franked amount per share
- cents - cents	- cents - cents
- cents - cents	- cents - cents

5.2 Total Dividends

Not applicable

Interim - paid/payable on **[date]**

Final - paid/payable on **[date]**

Current Period A\$ '000	Previous Corresponding Period A\$ '000
-	-
-	-
-	-

All dividends reflected as distributions above were paid during the period.

5.3 Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan.

The last date for receipt of election notices for participation in any dividend reinvestment plans

N/A

6. ACCOUNTING STANDARDS

Accounting Standard AASB 1029 "Interim Financial Reporting", other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 have been used in compiling the information contained in this Appendix.

7. AUDIT DISPUTES OR QUALIFICATIONS

There are no qualifications to the audit review report.