

30 January 2007

QUARTERLY REPORT
FOR PERIOD ENDED 31 DECEMBER 2006

HIGHLIGHTS

- ASX Listing: – Plans are well advanced to finalise and lodge a prospectus for a major share issue and subsequent listing on ASX.
- Chilling Project: – Four of five ELs now granted. A compilation of all previous work into a Geographic Information System (GIS), and planning of the airborne survey and other field work is in progress during the northern wet season.
- Charlie Creek Project: - New EL of 504km² granted. Compilation of GIS, and planning of airborne survey in progress; field activities awaiting access agreement and dry weather in central Australia.
- Kalabity Project: - Joint Venture entered with PlatSearch and Eaglehawk. Condition of agreement of ASX Listing extended from 31 January 2007 to 31 May 2007. Field work will commence in early 2007 once preparations are completed.
- Crossland Creek: - promising target with elevated values of copper and platinum identified in a large alteration zone and associated magnetic anomaly.
- Western Creek: - Further auger drilling and rock chip sampling completed to follow up on the discovery of kimberlitic chromites. Results are awaited.
- Reconnaissance completed at Baines and Old Yard projects.
- A placement to sophisticated investors raised \$1.69 million to allow continued exploration while the proposed major issue is finalised. Shareholders ratified this and approved the issue of up 30 million new shares at a general meeting held on 18 January 2007.
- Crossland's exploration activities continued to escalate during the quarter. Plans for next quarter's activities are provided in this report.

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EXPLORATION STRATEGY

Crossland's exploration strategy is to pursue the discovery of major uranium deposits using the extensive uranium backgrounds and Northern Australia experience of Geoff Eupene, Bob Richardson and Bob Cleary. Their combined 80+ years of experience, together with the use of modern exploration techniques should improve the likelihood of exploration success.

Crossland is pursuing uranium exploration in Northern Australia because that region has a proven pedigree for large and rich uranium deposits. The northernmost part of the region, known as the Pine Creek Orogen, hosts important deposits of uranium, such as Ranger, Jabiluka, Nabarlek, Koongarra, and Rum Jungle, for which it has a global reputation. North Australia also contains world class deposits of diamonds (eg Argyle), base metals (eg Mount Isa-Cloncurry, McArthur River), and gold (eg Granites- Tanami, Tennant Creek).

Crossland started accumulating its exploration portfolio in 2002 and commenced exploration in 2003.

Crossland is actively negotiating towards additional agreements, and acquisition of more projects prospective for uranium. During the quarter, the Company entered into a joint venture agreement on Kalabity in South Australia with PlatSearch and Eaglehawk. Shareholders should expect further agreements between Crossland and other exploration groups.

Further exploration was conducted on Crossland's non-uranium targets during the quarter for practical and tenement maintenance reasons. Crossland strategy is to pursue non- uranium targets that are identified on its tenement portfolio until such time as they can be upgraded for a subsequent separate IPO spin-off or otherwise dealt to advantage.

Crossland does not propose to undertake any work for now on its KSL Yukon assets, which remain in good standing. The future of those assets will be reviewed as local activity and conditions change.

During the quarter under review the activities of the Company have continued to escalate. Activity on the Crossland tenement package accelerated, with a crew engaged practically full time in field work throughout the quarter, as detailed below. A down hole logger and associated hardware and software is scheduled to be delivered early in the New Year.

ACTIVITY SUMMARY

Chilling District, NT

Crossland now holds four granted Exploration Licences, (EL23682, and ELs25076, 25077, and 25078) in this district, which extends south-south west from the Rum Jungle Mineral Field at Batchelor, site of Australia's first major uranium mining project in the 1950s.

Only EL22738 now remains to be granted, because a different native title negotiation regime applies to this title. Negotiations proceeded with Northern Land Council (NLC) during the quarter to achieve an access agreement. A detailed airborne geophysical survey will proceed when the total area is granted and suitable weather conditions prevail. In anticipation, this major survey will be booked for about August 2007. A compilation of all previous work into a Geographic Information System (GIS), and planning of the airborne survey and other field work is in progress. The project area will remain largely inaccessible until May or June if there is a normal wet season in the Top End.

Crossland has continuous coverage of over 100km of structures that extend south from the Rum Jungle Field, in a setting which Crossland believes is favourable for unconformity-related uranium deposits. This deposit style accounts for all of Canada's newly mined uranium, as well as most of Australia's past production, including that from Australia's largest producer, Ranger. Apart from having a geological setting with many of the features required for uranium mineralisation, the area has responded positively to previous uranium exploration, with several recorded occurrences within and around the Crossland holdings. Much of the area is covered in Middle Proterozoic sandstone of similar age to the Kombolgie Formation sandstone that caps the unconformity related uranium

deposits in the Alligator Rivers Region. Crossland notes that this very interesting belt has not been thoroughly explored using modern concepts of uranium exploration.

At the Soldiers Creek prospect, previous explorers sampled numerous uraniferous hematite and hematite quartz veins in fracture zones in granites. 11 rock chips assayed over 500 ppm (0.05%) uranium with a maximum of (0.395%) U_3O_8 . This highlights the presence of uranium mineralization in the project area.

There are also base metal, gold and tin targets in the project area.

Charley Creek, NT

At the Charley Creek Project (EL 24281 and EL 25230) Crossland is targeting calcrete and Redox-related palaeo drainage uranium targets: with granite-related uranium, and layered mafic intrusive-related copper, nickel and platinoids as secondary targets.

Literature research and reconnaissance last quarter has shown that the uranium potential of the project area is high. The area includes the Teapot Granite, a quite radioactive intrusive complex which may have shed uranium into the sediments that drain from it. The reconnaissance work confirmed the widespread high radioactivity of some phases of the granite. Old exploration reports record that secondary uranium minerals and rock chip samples up 0.228% U_3O_8 occur in fracture zones within the granite in the south west of EL25230. The presence of secondary uranium minerals indicates that uranium from this granite can dissolve and migrate in surface waters. The basic rocks of the Mount Hay Granulite lie below the drainage channels of surface waters. Vanadium present in these basic rocks can help to precipitate uranium as carnotite (uranium vanadate) from surficial waters, so the setting seems to have potential for carnotite precipitation to occur in the buried channels within the alluvial flats. Previous explorers reported elevated uranium values in bore water from the area.

The Charley Creek area is also considered to be very prospective for styles of mineralisation associated with layered basic intrusives (normally copper, nickel and/or platinoids). The Mount Hay layered ultramafic intrusive is present in the area. This intrusive may be analogous to the Merensky Reef in South Africa and the Stillwater Complex in USA which contain major platinoid group metal deposits. The magnetic patterns as well as field observations indicate that it is present at relatively shallow depth beneath the broad alluvial flats of the exploration licenses. The area is being evaluated for both commodity types. The project area warrants a systematic exploration programme. Compilation of a GIS of project data progressed during the quarter.

During the quarter, EL25230 covering 504km² was granted and has been transferred to a Crossland subsidiary. The area has received heavy rain and it may not be possible to commence exploration there until next quarter. In the meantime, access agreements are being negotiated with CLC to allow commencement of detailed ground work. A detailed airborne geophysical survey of Crossland's holdings is planned for the dry season.

During the quarter, the NT Government announced that many mining reserves would be revoked simultaneously to allow for EL applications, which were to be lodged on 7 Dec., 2006. Crossland applied for EL25777, covering 968 km², over a large former reserve area that immediately adjoins our existing Charley Creek holdings. While there are multiple applicants for this area, Crossland's existing presence in the area, its credible exploration concepts, and adequate financial and technical resources should enable favourable consideration of our application.

Kalabity, South Australia.

At Kalabity, Crossland has entered an agreement with PlatSearch NL and Eaglehawk Geological Prospecting Pty Ltd to earn a majority interest in EL3297. The area contains the KR4 uranium occurrence, and previous work has identified widespread elevated values of uranium and other metals.

Crossland entered an interest-earning agreement on the Kalabity project with PlatSearch (PTS) and Eaglehawk early in the quarter, and this was the subject of simultaneous announcements by Crossland and PTS. The agreement was conditional upon Crossland achieving ASX listing by January 31, 2007. When it became apparent that this condition could not be fulfilled, the agreement was modified to extend the listing date to May 31, 2007. Other minor amendments to the agreement are also anticipated, but these will not change the essence of the agreement as announced.

Crossland is pleased to have acquired an agreement on the Kalabity project. Not only does it contain an example of granite-related davidite uranium mineralisation similar to Radium Hill at KR4, but it also has received considerable past exploration that has produced numerous leads for follow-up. There are targets for several styles of deposits, including the iron oxide copper gold (IOCG) style that has examples such as Olympic Dam and Prominent Hill in similar geological terrain in SA.

The Kalabity project also provides additional north-south geographic spread to the Crossland Portfolio. This is important for operational planning, as it should permit field work to continue while the wet season limits access to our other projects, particularly to the Chilling project in the Top End. Crossland also regards the attitude of the SA government to uranium mining as friendly. Crossland does not propose to explore for uranium in jurisdictions that proclaim opposition to mining the commodity.

Before field work can commence, it is necessary to comply with the requirements of the SA Mining Act regarding Native Title access agreements, heritage surveys, and notice to Landholders. These processes are in train and it is hoped to commence on-ground exploration within the March quarter. This will consist of follow-up calcrete sampling around existing promising results as a first pass. A detailed airborne radiometric survey is also planned for the winter months.

Crossland Creek, West Kimberley.

At Crossland Creek, West Kimberley (E80/3143 and E80/3303) Crossland is targeting diamonds, and copper and associated metals related to a discrete magnetic anomaly.

The most promising target in the Crossland Creek Project is a large alteration zone and associated magnetic anomaly in King Leopold Sandstone and Carson Volcanics. Work conducted by Crossland over the past few years is focussing upon the definition of this large prospective zone in preparation for drill-testing, as resources have permitted. Additional grid soil sampling was completed in the quarter. Some 218 soil samples, 3 stream sediment samples and 16 rock chip samples were collected. Values of up to 13.5ppb Pt, 69ppb Au, and 167ppm Cu were returned from the soil samples, which confirm the extension of the alteration zone over several kilometres length and several hundred metres width, when combined with soil results from the previous quarter, which returned Cu values of up to 623ppm. These are generally supported by the stream sediments and rock chip samples, which have been taken from some of the limited outcrops of what appears to be widespread but poorly exposed veining and alteration. Values of up to 989ppm Cu have been recorded from earlier rock chip sampling.

More traverses, and a detailed airborne survey, are required to fully define the structure and depth of the source and these will be scheduled for the 2007 dry season. It may be possible to develop drill targets for testing later in the dry season.

Western Creek, NT

At Western Creek, NT (EL 23684; ELA25605 and ELA25607) Crossland has identified diamond targets.

The Western Creek Target is 80km south west of Larrimah, in what is mapped as the middle of the Cambrian Daly Basin, which is also overlain by the Cretaceous Dunmarra 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.

In the previous quarter, a gravel sample from auger drilling was found to contain four chromite grains which, based on morphology and microprobe chemistry, are interpreted by our consultants, Global Diamond Exploration Services Pty Ltd, to be derived from kimberlites. No microdiamonds were observed in these samples.

During the quarter a further 552.3m of auger drilling was completed on three lines. Some eight gravel samples have been submitted for heavy mineral examination. In addition 123 auger samples and 7 rock chip samples were submitted for analysis. Results of heavy mineral examination are awaited, while geochemical results from the auger holes showed a maximum gold value of 55ppb. These results need further review.

Sylvester, NT

At Sylvester, Barkly Tablelands, NT (EL23683, EL23685) Crossland is targeting diamonds.

During the quarter, results were received from two lines of auger drilling completed in the previous quarter. These did not indicate heavy minerals of interest. Further work on the area will consist of airborne geophysical surveys to attempt identification of channels and potential kimberlitic or lamproitic intrusives.

Old Yard, NT

The Old Yard Target was taken up for its copper- nickel- platinoid potential. Reconnaissance was undertaken during the December Quarter. The geological setting of the area is in Antrim Plateau Volcanics overlying the sediments of the Victoria Basin. Several small copper occurrences are known from Antrim Plateau Volcanics in the vicinity. The previous exploration in the area has been studied and reconnaissance results have been received. These have yet to be fully analysed, but there are contrasts in values of the elements of interest in the reconnaissance stream sediments and rock chip sampling. The heavy mineral samples contained four indeterminate chromite grains.

The geochemical results will be interpreted and a follow up program devised in the March quarter.

Baines, NT

Reconnaissance exploration of the Baines area has been completed in a helicopter- supported intensive program. The area is believed to be prospective mainly for diamonds, with some copper/ nickel potential associated with a possible flood basalt vent. The heavy mineral results are awaited, while the stream sediment geochemical scans show some subdued response in metals of interest which will be reviewed in the next quarter.

Tripod, NW Qld

During the quarter, the titles were surrendered.

PLANNED ACTIVITIES FOR MARCH QUARTER, 2007

Finalise the prospectus and the major issue plans. Ongoing exploration plans will cover the projects discussed below. Set up down- hole logger for field use.

Kalabity, SA

- Finalise access agreements;
- Commence follow- up calcrete sampling program.
- Plan and schedule detailed airborne geophysical survey.

Chilling, NT

- Compilation of GIS containing all project information;
- Finalisation of planning of airborne geophysical survey for the dry season and commit to schedule; and
- Conclusion of native title access agreement via Northern Land Council.
- Liaison with stakeholders regarding 2007 field program.

Charley Creek, SA

- Compilation of GIS containing all project information;
- Finalisation of planning of airborne geophysical survey for the dry season and commit to schedule;
- Conclusion of native title access agreement via Central Land Council.
- Liaison with stakeholders regarding 2007 field program
- Field reconnaissance if weather conditions permit.

Crossland Creek, WA

- Interpretation of soil sample results;
- Plan and book airborne magnetic survey.

Western Creek, NT

- Receive heavy mineral results; interpret along with geochemical results;
- Develop proposals for 2007 field season;
- Statutory report.

Sylvester, NT

- Plan airborne geophysical survey for 2007 dry season

Old Yard, NT

- Interpret results, report, and plan 2007 field activities.

Baines, NT

- Follow up results as appropriate when heavy mineral results are received.

Lake Woods, NT

- Plan and book airborne EM survey

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.

CORPORATE

Crossland Uranium Mines Limited (CUX) was formed through the merger of Klondike Source Limited (KSL) and Crossland Mines Pty Ltd on 31 May 2006.

Preparations are progressing for a major share issue to accompany listing of the Company on ASX, and shareholder approval to issue up to 30 million shares was granted on 18 January 2007. The CEO and Directors of Crossland were heavily involved in prospectus preparation and matters associated with the proposed major financing during the quarter and after taking advice, the Board made a placement to sophisticated investors in early December. In the placement, 9.934 million shares were issued at \$0.17 per share. This was in order to have sufficient liquidity to continue field operations so as to allow the fund raising and ASX listing in the New Year rather than during the holiday season. Shareholders ratified this placement at a General Meeting held on Jan 18, 2007. It is anticipated that

the way will be clear to finalise the lodgement of the prospectus once the matter of issue price of shares is resolved with ASX.

The Chairman made a presentation to the Sydney Mining Club Lunch on 7 December 2006, and this was well received by investors. The presentation is available on the company's website, on the NSX website with the company's other announcements, and also with voice on the Sydney Mining Club website.

Investors and the industry have shown keen interest in the development of Crossland, and the company has been presented with several opportunities to secure additional exploration projects, as well as offers of participation in the Company's projects. Some of these are receiving serious consideration.

Website

The website has been substantially rebuilt during the quarter and is being expanded as time permits. The prospectus will be available for download via the website when it is issued.

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.*