

# CROSS LAND

THE SECURITIES OFFERED PURSUANT TO THIS PROSPECTUS ARE NOT BEING OFFERED ON THE BASIS OF THE ELECTRONIC PROSPECTUS DISPLAYED AND SECURITIES WILL ONLY BE ISSUED AND ALLOTTED ON THE BASIS OF AN APPLICATION FORM TO BE ISSUED TOGETHER WITH THIS PROSPECTUS.

**Sponsoring Broker:**  
Tolhurst Noall Limited  
AFS Licence No. 238444



**Tolhurst Noall**  
Share Brokers & Financial Planners

**Corporate Adviser:**  
Baron Partners Limited

**BARON**

## PROSPECTUS

**CROSSLAND URANIUM MINES LIMITED**  
**ABN 64 087 595 980**

Investment in securities offered under this Prospectus is speculative in nature. You should consult your professional adviser if you have any questions regarding the contents of this Prospectus.

# Corporate Directory and Important Notices

## Directors

Robert A. Cleary	Non-Executive 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

Malcolm K. Smartt

## Registered Office

Level 10, 80 Arthur Street  
NORTH SYDNEY NSW 2060  
T: (02) 9957 3199  
F: (02) 9954 4011  
W: [www.crosslanduranium.com.au](http://www.crosslanduranium.com.au)

## Sponsoring Broker

### Tolhurst Noall Limited

Level 29, 35 Collins Street  
MELBOURNE VIC 3000

## Corporate Adviser

### Baron Partners Limited

Level 32, Deutsche Bank Place  
126 Phillip Street  
SYDNEY NSW 2000

## Legal Adviser

### O'Loughlins Lawyers

Level 2, 99 Frome Street  
ADELAIDE SA 5000

## Auditor & Independent Accountant

### Barnes Dowell James

Level 13, 122 Arthur Street  
NORTH SYDNEY NSW 2060

## Independent Geologists

### Peter F Robinson and Associates Pty Ltd

22 Honeytree Place  
MANDURAH WA 6210

### Global Diamond Exploration Services Pty Ltd

1/82 Reserve Street  
WEMBLEY WA 6014

## Share Registry

### Registries Limited

Level 2, 28 Margaret Street  
SYDNEY NSW 2000  
T: (02) 9290 9600

This Prospectus is dated 15 February 2007 and was lodged with ASIC on that date. ASIC, ASX and NSX take no responsibility for the contents of the Prospectus.

The Offer contained in this Prospectus closes on the Closing Date.

The Company reserves the right to change the Closing Date without notice.

No securities will be allotted, issued or sold on the basis of the Prospectus later than its expiry date, being the date 13 months after the date of the Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer that is not so contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Certain terms and abbreviations used in the Prospectus have defined meanings as set out in the Glossary. References to dollars are to Australian dollars.

This Prospectus may be viewed online at [www.crosslanduranium.com.au](http://www.crosslanduranium.com.au).

Paper copies of this Prospectus can be printed from the website or will be made available on request to the Company (see Corporate Directory).

The Offer to which the electronic Prospectus relates is only available to persons receiving the electronic Prospectus in Australia.

The Shares to which the electronic Prospectus relates will only be issued on receipt of a printed copy of the electronic Application Form together with a printed copy of the Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus.

Application will be made to ASX within seven days after the date of this Prospectus for the Company to be admitted to the Official List of ASX and for quotation of the Shares. Official quotation of the Shares will commence as soon as practicable after the Company is admitted to the Official List of ASX. The fact that ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares being issued.

The Company's present intention is to seek NSX's approval to suspend trading on the NSX approximately 20 days before the Company's expected date of admission to the Official List of ASX and quotation of the Shares on ASX, and to withdraw its listing on the NSX upon the Company being admitted to the Official List of ASX and quotation of the Shares on ASX.

If the Company's application for admission to ASX and the quotation of the Shares on ASX is unsuccessful for any reason, it is intended that the Company maintains its listing on NSX, and all Application Monies will be refunded to Applicants without interest.

The exploration licences and applications held by the Company are at an exploration and evaluation stage. This makes any investment in Shares speculative. Investors should consider the entire contents of this Prospectus carefully and refer to Section 12 on Risk Factors.

Before deciding to participate in this Offer, you should consider its appropriateness, having regard to the speculative nature of the investment, your objectives, financial situation and needs. We recommend that you seek professional investment advice regarding investment in the Shares.

The Shareholders of Crossland have approved the proposed issue of new Shares under the Offer, at a general meeting held on 18 January 2007.

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# 1. Investment Highlights



## The Offer

The Company is offering for subscription 22,680,000 new Shares at \$0.25 each, to raise \$5.67 million. A priority entitlement is being offered to existing small shareholders, as set out in Section 4.2.

## Clear focus on uranium and north Australia

The principal focus of the Company is the exploration for and development of uranium deposits. This investment opportunity offers participants an entry point to a portfolio of highly prospective mineral tenements principally in the Northern Territory and South Australia. Around its base of operations in Darwin, whilst focussed on uranium, the Company will pursue outstanding opportunities for all commodities, taking maximum advantage of its depth of local knowledge.

## Strong Board with relevant experience

Crossland has an experienced Board and management team with a very successful track record. In particular, the team includes Bob Cleary and Geoff Eupene, two of the most experienced uranium experts in Australia, who have both been closely involved with the definition, development and operation of the Ranger mine, Australia's largest uranium producing mine.

## Prospective and workable targets

Crossland's key projects are:

- » Wholly-owned (other than Kalabity in which Crossland can earn a minimum of 60%)
- » Based on granted titles, and applications free of expensive access issues
- » Situated in jurisdictions with Australia's most progressive pro-mining governments
- » Selected based on management's broad experience, and located in well regarded uranium regions

## The Crossland package highlights

- » Crossland's tenement package covers extensive areas in the Northern Territory and South Australia – 10 projects with 22 titles covering 9,500 sq kms.
- » The Chilling and Charley Creek (NT) and Kalabity (SA) projects all contain known uranium occurrences and have potential for early discovery of viable uranium deposits.
- » Early results from work to date on Crossland's diamond projects are highly encouraging. These projects may be separately funded by spin-off or joint venture so that the Company can focus on its main objective - uranium.
- » An alliance with well-regarded Canadian interests. A conditional agreement with Centram Exploration Limited presents Crossland to the Canadian investment market and should enable Crossland Shareholders to have an indirect investment in the dynamic Canadian market and international uranium exploration opportunities (also see Sections 5.1 and 13.13).

## Exploration plan

- >> Crossland's exploration programmes are already under way.
- >> Newly-raised funds will permit implementation of systematic exploration programmes on existing projects. Exploration on all uranium projects will continue with detailed airborne geophysical surveys. Scheduling of these will take account of the northern wet season.
- >> Completion of calcrete sampling will proceed at Kalabity (SA) to define uranium anomalies for drill testing.
- >> Follow up of airborne geophysical surveys will involve ranking and field checking of all anomalous results. Further field work on prospects will be based on this.
- >> Selected targets will be subjected to systematic ground exploration methods, including geological mapping, geochemical sampling and geophysical surveys that are appropriate for the nature of the target detected.
- >> Modest exploration of diamond projects will proceed subject to continuing positive results.
- >> Approximately 90% of funds raised in the Offer is to be spent on exploration and/or on exploration joint ventures within the first two years. Allocation estimates are set out in Section 7 under the two main scenarios, being the respective positions with and without the Centram Transaction (see Section 13.13) being consummated.

## Strong uranium market environment

The market for uranium is strong – demand exceeds supply and price growth has been considerable.

## Leverage potential

Exploration success in the targeted areas will provide an opportunity for substantial leverage in the market value of Crossland securities.

## Risks

An investment in Crossland is speculative. There are a number of general risks and specific risks which may adversely affect the Company's financial position, prospects and price of its listed securities.

There are inherent risks in exploration activities and no assurances can be given that funds spent on exploration will result in discoveries that will be commercially viable.

Key risks include those relating to:

- >> government policy,
- >> environmental laws,
- >> commodity price fluctuations,
- >> exploration results,
- >> financing,
- >> native title matters,
- >> economic conditions, and
- >> general investment risks.

Before deciding to participate in the Offer you should read about the risks in Section 12.

## 2. Chairman's Letter



15 February 2007

Dear Investor

On behalf of the Directors of Crossland Uranium Mines Limited ("Crossland"), I am pleased to invite you to become a shareholder in the Company.

I believe that Crossland represents an outstanding opportunity to participate in the search for uranium in Australia and to benefit from any exploration success and development of a mineral resource that may follow.

Crossland offers an impressive combination of:

- » Highly prospective titles,
- » An exceptional management team with proven experience and success in uranium exploration, development, and commercialisation,
- » Experience in using cost effective and innovative exploration methods to fast-track to the most prospective areas of the Company's projects,
- » Local knowledge to avoid costly operational pitfalls.

In addition, the Company has recently announced the signing of a letter agreement with a Canadian exploration company Centram Exploration Limited (see Section 13.13). The conditional agreement with those Canadian interests would greatly extend our exploration funding in Australia, and in addition provide Crossland with uranium opportunities outside Australia.

Over the last few years we have used our extensive local exploration knowledge to steadily acquire tenements across northern Australia on prospective geological structures that are free from major land access issues. In addition, we have recently concluded a deal with PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd to acquire a highly prospective tenement in the uranium-friendly state of South Australia ("Kalabity Joint Venture"). Our many colleagues in the industry have reacted positively to the emergence of Crossland, and we expect the Kalabity Joint Venture to be the first of many similar deals.

Crossland has a clear focus on finding and developing uranium ore bodies, and our regional selection work has identified a number of areas that have responded well to surface reconnaissance. In addition, the Company has ownership of a number of diamond prospects, and Crossland will continue to expand its knowledge of these diamond areas as a secondary activity - perhaps later funding these diamond projects separately by way of a spin-off or by joint-venture.

This combination of highly prospective tenements and our well-regarded management team has been responsible for the interest already shown in Crossland from Canada. (See Section 13.13).

An intensive uranium exploration programme has been mapped out for the next two years and is described in the report of the independent expert commissioned to comment on Crossland's uranium tenements. An independent report on the diamond prospectivity is also included in this Prospectus.

Crossland's Exploration Director, Geoff Eupene, and his former Geopeko Limited colleague Bob Richardson, have planned a work programme that will progress in two stages. Stage One, already underway, is designed to achieve the best possible understanding of the structures and potential of our key tenements. This will be followed by Stage Two, which will focus on selected prospects with detailed work and drilling.

I am pleased to have the opportunity to work with a team that has such extensive first hand experience of uranium exploration and resource definition. I look forward to the time when I can contribute my own project development and mining experience to any discoveries that may emerge.

While the prospects are exciting, any investment of this nature must be considered speculative. Hence it is important that the information contained in this Prospectus is read with care.

On behalf of the Directors, I commend this investment to you and look forward to welcoming you as a Shareholder of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bob Cleary', with a stylized flourish at the end.

**Bob Cleary**  
Chairman

# 3. Important dates and Key Statistics



## 3.1 Important Dates

Lodgement of Prospectus with ASIC	15 February 2007
Opening Date	26 February 2007
Last date for receipt of Applications under Priority Entitlement	12 March 2007
Closing Date	26 March 2007
Allotment of new Shares	2 April 2007
Dispatch of shareholder statements	5 April 2007
Delisting from NSX	5 April 2007
Estimated date for quotation on the ASX	13 April 2007

The dates shown in the table above are indicative only and may be varied. The Company reserves the right to vary any of these dates without prior notice, which may have a consequential effect on other dates. Accordingly, Applicants are encouraged to submit their Applications as soon as possible after the Offer opens.

Those persons who are eligible to take part in the Priority Entitlement as set out in Section 4.2 must note that the Priority Entitlement process period ends on 12 March 2007.

## 3.2 Key Statistics

Offer price: <b>25 cents per Share</b>	
Shares being offered under this Prospectus	22,680,000
Shares on issue prior to the Offer	76,160,942
Shares on issue following the Offer	98,840,942
Market Capitalisation at Offer Price (undiluted)	\$24.7 million

There is a total of 30,150,200 Existing Options on issue at the date of this Prospectus.



## 4. Details of the Offer



The information contained in this section is not intended to be comprehensive and should be read together with more detailed information appearing elsewhere in this Prospectus.

### 4.1 Shares Offered for Subscription

Crossland is offering for subscription 22.68 million Offer Shares at a price of \$0.25 each payable in full on application (the “Offer”).

Offer Shares will rank equally in all respects with all other Existing Shares on issue. The rights and liabilities attaching to Shares are summarised in Section 14.6.1 of this Prospectus.

Applications can be made by completing the Application Form attached to this Prospectus in accordance with the instructions set out on the back of the form, and as described in Section 4.5 (“How to Apply”).

The Company reserves the right to reject any Application or to allocate to applicants fewer Offer Shares than the number applied for.

### 4.2 Priority Entitlement

The Board has set aside 1,450,000 Offer Shares for existing “Small Shareholders” in a priority entitlement (“Priority Entitlement”).

“Small Shareholders” are those who were registered as holding less than 100,000 Existing Shares as at 5.00 pm EDST on 31 January 2007.

The Priority Entitlement has the effect of allowing each Small Shareholder to apply for 10,000 Offer Shares.

The amount payable for each Offer Share will be the Offer Price.

To take advantage of the Priority Entitlement, participating Small Shareholders must complete the Priority Entitlement application form (a blue personalised Priority Entitlement application form

is enclosed with the Prospectus which is being mailed to all Small Shareholders) and, importantly, ensure the Priority Entitlement application form is received by the Registries Limited no later than 5.00 pm EDST on 12 March 2007.

After that date, Priority Entitlement application forms cannot be accepted, and the balance of available Offer Shares offered under the Priority Entitlement will be issuable under the Offer with no attached priority.

### 4.3 Offer Period

Subscription lists will open on the Opening Date and will remain open until 5.00pm (Sydney time) on the Closing Date subject to the right of the Company to close the Offer before that date or to extend the Closing Date without prior notice. Investors are therefore encouraged to lodge Applications as soon as possible after the Opening Date. However, if ASIC extends the statutory Exposure Period beyond seven days after the date of lodgement of this Prospectus with ASIC, then the Opening Date of the Offer will be deemed to be the Business Day immediately following the last day of the extended Exposure Period.

### 4.4 Purpose of the Offer and Use of Funds

The purpose of the Offer is to provide the Company with sufficient funds to enable the Company to undertake its exploration programme and/or joint venture expenditures as outlined in Section 7 of this Prospectus, and to facilitate the Official Quotation of the Company’s Shares on the ASX.

The Directors are satisfied that if the Offer is completed, the Company will have sufficient funds to carry out its stated objectives.



## Details of the Offer (continued)

### 4.5 How to Apply

Applications must be for a minimum of 8,000 Shares at the application price of \$0.25 per share (\$2,000). Applications for more than 8,000 shares must be in multiples of 1,000 Shares.

If you wish to participate in the Offer you may apply by completing the Application Form accompanying this Prospectus in accordance with the instructions set out on the reverse of the Application Form. Additional copies of the Prospectus and Application Form can be obtained from the Company or downloaded from the Company's website at [www.crosslanduranium.com.au](http://www.crosslanduranium.com.au)

In addition to Applicants being able to download the Prospectus, the Company will send upon request a paper copy of the Prospectus and Application Form free of charge during the period for which the Offer is open. Application Forms must not be circulated to prospective investors unless accompanied by a copy of the Prospectus.

Applications must be accompanied by payment in full for the Shares applied for. Payment must be by a cheque or bank draft payable in Australian dollars drawn on an Australian registered bank for the amount of the Application Monies being the number of Shares applied for multiplied by the application price of \$0.25 per Share. Cheques or bank drafts should be made payable to "Crossland Uranium Mines Limited New Issue Trust Account" and crossed "Not Negotiable".

All Applications should be forwarded to Registries Limited, PO Box R67, Royal Exchange, NSW 1223, (or at the street address of either the Company or the Share Registry as shown in the Corporate Directory) so that they are received no later than 5.00pm EDST on the Closing Date.

The Company will hold in trust all Application Monies received on behalf of the investors until the Shares are issued. If an Application for Shares cannot be completely or partially accepted, Application Monies held in respect of the Shares that have not been issued will be returned to the Applicant as soon as practicable and without interest.

*Note that the Priority Entitlement (defined in Section 4.2) process ends on 12 March 2007.*

### 4.6 Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the securities, or the Offer, or otherwise to permit a public offering of the securities, in any jurisdiction outside Australia.

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

### 4.7 Risk Factors

The Shares offered by this Prospectus should be considered speculative in nature. Risk factors which should be considered in relation to an investment in the Company are set out in Section 12.

This Prospectus provides information to potential investors in Crossland and should be read in its entirety. If after reading this Prospectus you have any questions about any aspect of the Offer or investment in the Company, you should consult your stock broker, accountant or independent financial adviser before lodging your Application Form.

#### 4.8 ASX and NSX Listings

Application will be made to ASX within seven days of the date of this Prospectus for the Company to be admitted to the Official List of ASX and for Official Quotation of the Shares on ASX. The Company's present intention is to seek NSX's approval to suspend trading on the NSX approximately 20 days before the Company's expected date of admission to the Official List of ASX and quotation of the Shares on ASX, and to withdraw its listing on the NSX upon the Company being admitted to the Official List of ASX and quotation of the Shares on ASX. The fact that ASX may admit the Company to its Official List is not to be taken as an indication of the merits of the Company or the Shares being issued. ASX and NSX, and their respective officers and employees take no responsibility for the contents of this Prospectus or the reports that it contains.

If the Company's application for admission to ASX and the quotation of the Shares on ASX is unsuccessful for any reason, it is intended that the Company maintains its listing on NSX, and all Application Monies will be refunded to Applicants without interest.

If application for official quotation of the Shares on ASX is not made within seven days after the date of this Prospectus or permission for official quotation is not granted by ASX within three months after the date of this Prospectus, none of the Shares offered under the Prospectus will be allotted. If no allotment is made, all Application Monies will be refunded without interest to Applicants within the time period prescribed under the Corporations Act.

#### 4.9 CHESS and Issuer Sponsorship

The Company participates in the CHESS system for the clearing and settlement of transactions in the Company's Securities; the transfer of the Company's Securities; and for the registration of transfers of the Company's Securities.

Investors will have the choice of holding their Shares in the Company on an issuer sponsored sub-register or on the CHESS sub-register.

Investors electing to use the issuer sponsored sub-register will be issued with holding statements setting out the number of Crossland Shares they hold. Participants in the issuer sponsored sub-register system will receive a Shareholder Reference Number (SRN).

Investors electing to use the CHESS sub-register will receive a letter from the Company confirming the number of Shares issued to them and at the end of the month following allotment of the shares will receive CHESS holding statements confirming the number of Shares that have been allotted. The Company will not be issuing Share certificates. Participants in the CHESS sub-register will receive a Holder Identification Number (HIN).

Each investor will receive a CHESS or issuer sponsored holding statement (depending on the sub-register elected) at the end of each month during which there is a transaction affecting the holding of the investor's Shares.



## Details of the Offer (continued)

### 4.10 Issue of Shares

The Offer Subscription is 22.68 million Shares. No Shares will be allotted until the Offer Subscription has been reached. If the Offer Subscription has not been received by the Closing Date of this Prospectus the Company will refund all Application Monies received. No interest will be paid on monies refunded.

The Company retains an absolute discretion in allocating securities under the Offer and reserves the right to accept any Application in whole or in part, or to reject any Application. Application Monies will be held in trust on behalf of Applicants until Shares are issued. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded without interest.

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statement do so at their own risk.

### 4.11 Restricted Shares

As a condition of admitting the Company to the Official List, the ASX is expected to classify certain Securities held prior to the date of this Prospectus as escrowed securities. Prior to Official Quotation it will be necessary for holders of such Shares to enter into restriction agreements with the Company. The effect of the restriction agreements will be that the restricted securities cannot be dealt with for a period as determined by the ASX. Details of any determination by ASX will be released to the market prior to commencement of trading in the Shares on the ASX.

### 4.12 Sponsoring Broker to the Offer

The Offer is not underwritten. The Company has an agreement with Tolhurst Noall Limited to act as Sponsoring Broker to the Offer. Once the Offer Subscription has been achieved, commissions of 4% on the amount raised will be payable by the Company to Tolhurst Noall Limited and other supporting stockbrokers and holders of AFS Licences. No stamp duty, brokerage or commission is payable by Applicants for Offer Shares under this Offer.

# 5. Company Overview and Strategy

## 5.1 Crossland's Strategy

Crossland seeks to discover uranium deposits and develop profitable uranium mines while maintaining a strong equity position in projects for maximum shareholder benefit.

At the present time, Crossland has a 100% interest in all its uranium and diamond properties except for Kalaby, in which the Company can earn a minimum 60% interest upon meeting expenditure targets, and Buchanan (see Section 13.9).

The effect of the Centram Transaction is such that Crossland's uranium properties would be effectively transferred into a joint-venture vehicle in which Centram could earn a maximum 50% interest.

Crossland's ability to attract potential joint venture interest from well-regarded Canadian connections (see Section 13.13), will extend its exploration budget, and is consistent with the Company's aim of maximising shareholder value.

The Centram Transaction would have potential benefits to the Company including:

- » extending the Company's exploration funding for uranium;
- » accessing experienced uranium explorers to complement Crossland's existing team (for example Mr David Mosher of Centram was the leader of the exploration team that discovered Jabiluka, Australia's largest known uranium ore-body); and
- » potential access to uranium opportunities outside Australia.

Crossland has chosen several strategic project areas on which to focus intensive exploration programmes. These areas have been carefully selected to maximise the chances of success. All are in regions which have had previous uranium discoveries:

- » The Chilling project is in the Pine Creek Orogen of the Northern Territory,
- » The Charley Creek project is in the Arunta Province of central Australia, and
- » The Kalaby project is in the Curnamona Province of South Australia.

These core areas could well form the basis of further acquisitions in the surrounding districts as the projects develop. Crossland believes that there is a realistic prospect that intensive exploration of these project areas will be rewarded with discoveries. As well as technical merit, these core projects have been chosen where it is reasonable to expect that development of any discoveries will proceed within a realistic time frame.

Crossland's people understand from first hand experience the nature of the challenges that may be ahead. Not all uranium deposits enjoy a rapid path to development, for reasons that may be political rather than economic. The Company hopes that the experience of its people in the industry will help to deal with such issues should they arise. Crossland's projects are on titles that have been granted, or where there is a reasonable expectation that the titles will be granted within realistic timeframes. Crossland's professional people have a track record of dealing considerably with other stakeholders, and responsibly with environmental and occupational health and safety management in their programmes.



## Company Overview and Strategy (continued)

It is also part of Crossland's strategy to monitor outstanding opportunities for all commodities in its "back yard" of northern Australia, while maintaining a focus on uranium. Crossland's uranium focus will extend to other domains where uranium exploration and mining is welcome.

It is in conscious response to the positive attitude of the Government of South Australia that Crossland has entered into an agreement with PlatSearch NL and Eaglehawk Geological Consulting Pty Ltd at the Kalabity Project. Crossland will use this foothold in South Australia to expand its activities there if other suitable opportunities emerge.

In its earlier history, Crossland accumulated exploration assets other than those for uranium, and these remain within its portfolio. Crossland believes these other assets have good prospectivity and are increasing in value. Accordingly, and although these non-uranium assets are a secondary focus, the Company will seek to maximise the return to shareholders on those assets, perhaps by separately funding the prospectivity of those assets through a spin-off or joint-ventures. For example, the Company's diamond projects in the Northern Territory in particular are responding well to the low budget programmes that have been devised by Crossland's team. Crossland proposes to nurture these targets as long as they respond positively, with the goal of using the assets for future diversification for the benefit of shareholders. Where test results on tenements are less than encouraging, Crossland will not hesitate to relinquish or divest those tenements.

### 5.2 Company Overview

Crossland's strong focus on uranium exploration is supported by the relevant experience of key team members and credible projects. The Crossland team has decades of experience in the uranium fields of northern Australia, which have been Australia's most prolific producers.

Crossland was formed by the merger of Crossland Mines Pty Ltd (CMPL) and Klondike Source Limited (KSL) in May 2006. KSL itself was formed in 2003 to explore for the source of the famous Klondike Goldfield in the Yukon (Canada), and was listed on the NSX in 2004. While many of the KSL titles are still extant, it is not Crossland's policy to actively explore these titles and the process of rationalising these holdings is under way.

CMPL is a private company formed in late 2003 to evaluate a portfolio of targets across northern Australia generated with proprietary targeting methods. Seed capital for the initial target evaluation was provided by a Darwin-based investor group, and Crossland retains strong links to members of that group in its shareholder base. Crossland's field operations are based from Darwin.

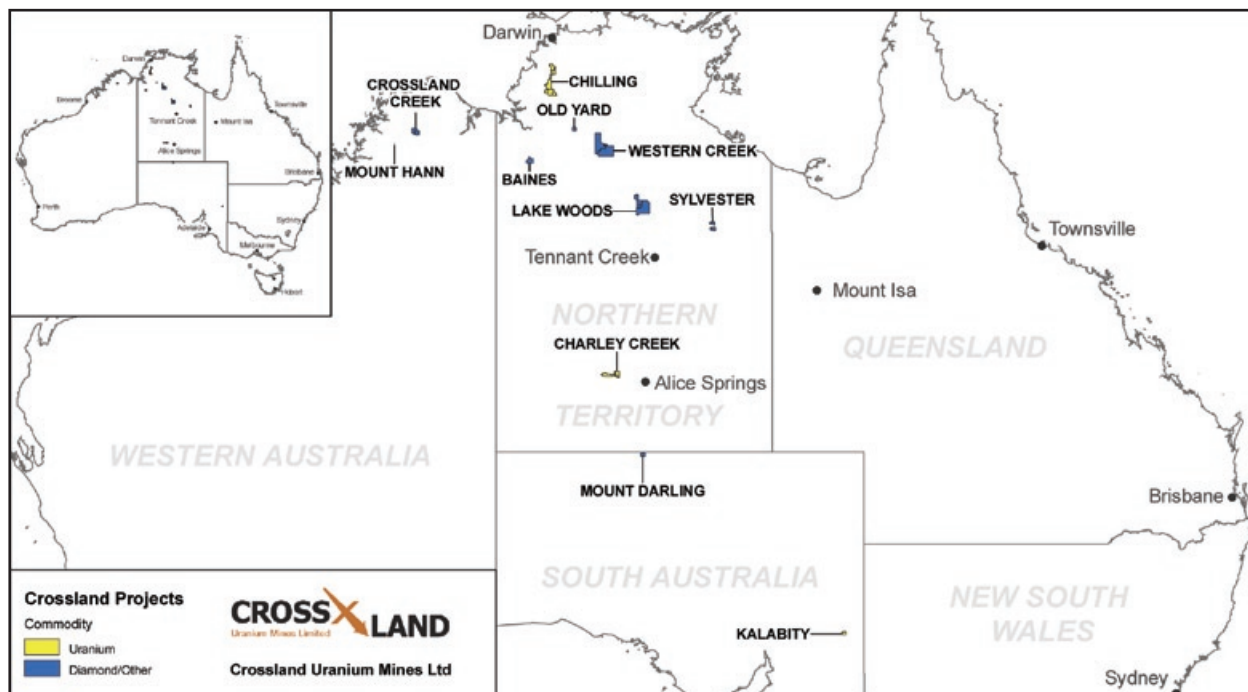
Two of Crossland's three uranium project areas (Chilling and Charley Creek) were originally selected using the above-mentioned proprietary targeting methods. Holdings in these project areas have been expanded through application of uranium exploration concepts to broader areas around the original targets. Another of the targets, Crossland Creek in the West Kimberley, hosts the Proudfoot uranium prospect, but Crossland does not believe uranium is the primary commodity of interest there. At Crossland Creek, Crossland is evaluating diamond and base metal responses that warrant follow up. The original CMPL targets were not specific in terms of metals sought. Approximately 15 target areas have been evaluated since 2003. Some did not respond to reconnaissance, or could not be cost effectively explored, and these have been discarded. All of those remaining in the package have responded positively to initial exploration.

### 5.3 Crossland's Credentials

Crossland is well placed to participate in the revitalised uranium mining industry. In addition to the general requirements for mineral exploration, uranium exploration and mining requires knowledge in a number of highly specialised technical fields:

- >> Uranium ore body styles and modes of occurrence
- >> Nuclear physics, the natural radiation environment, and uranium's chemical behaviour
- >> Geophysical and geochemical technologies for identifying uranium prospects and testing for mineralisation
- >> Uranium project development, mining, occupational health and safety, and environmental issues

Following a long period of inactivity in the uranium exploration industry globally, knowledge and expertise in these fields is not widespread. Crossland stands out amongst the crowd of emerging uranium exploration companies because its Board and management include some of the most experienced people in Australia in these fields, with particular relevance to northern Australia.







### 5.4 The Uranium Market Outlook

Crossland's Directors are pleased by the strong upward movement in the uranium oxide price and believe it will be sustained for some time. It is believed that the demand/supply relationship in the market will be much tighter into the next decade and beyond. This market dynamic is backed by data published by the World Nuclear Association (WNA). The demand drivers favouring greater use of nuclear power are:

- Surging world electricity demand as economies of developing countries grow;
- The urgent need to reduce greenhouse gas emissions, including those emanating from other electricity fuel sources; and
- A growing international acceptance in the face of the indications of global warming that nuclear power generation is cleaner and greener, and that rapid replacement of fossil fuel burning is crucial and inevitable.

A combination of all sources of uranium oxide ( $U_3O_8$ ) against projected demand scenarios shows clearly that between about 2006 and 2012 some 20,000 tonnes per annum needs to be added to primary production just to maintain the supply/demand balance. This supply shortfall is occurring at a time when two large producers, Ranger and Rossing, are almost depleted. New deposits must be found and brought into production. The intended nuclear power generation programmes for China and India give some indication of the mine production ramp-up rate required to service those ambitions.

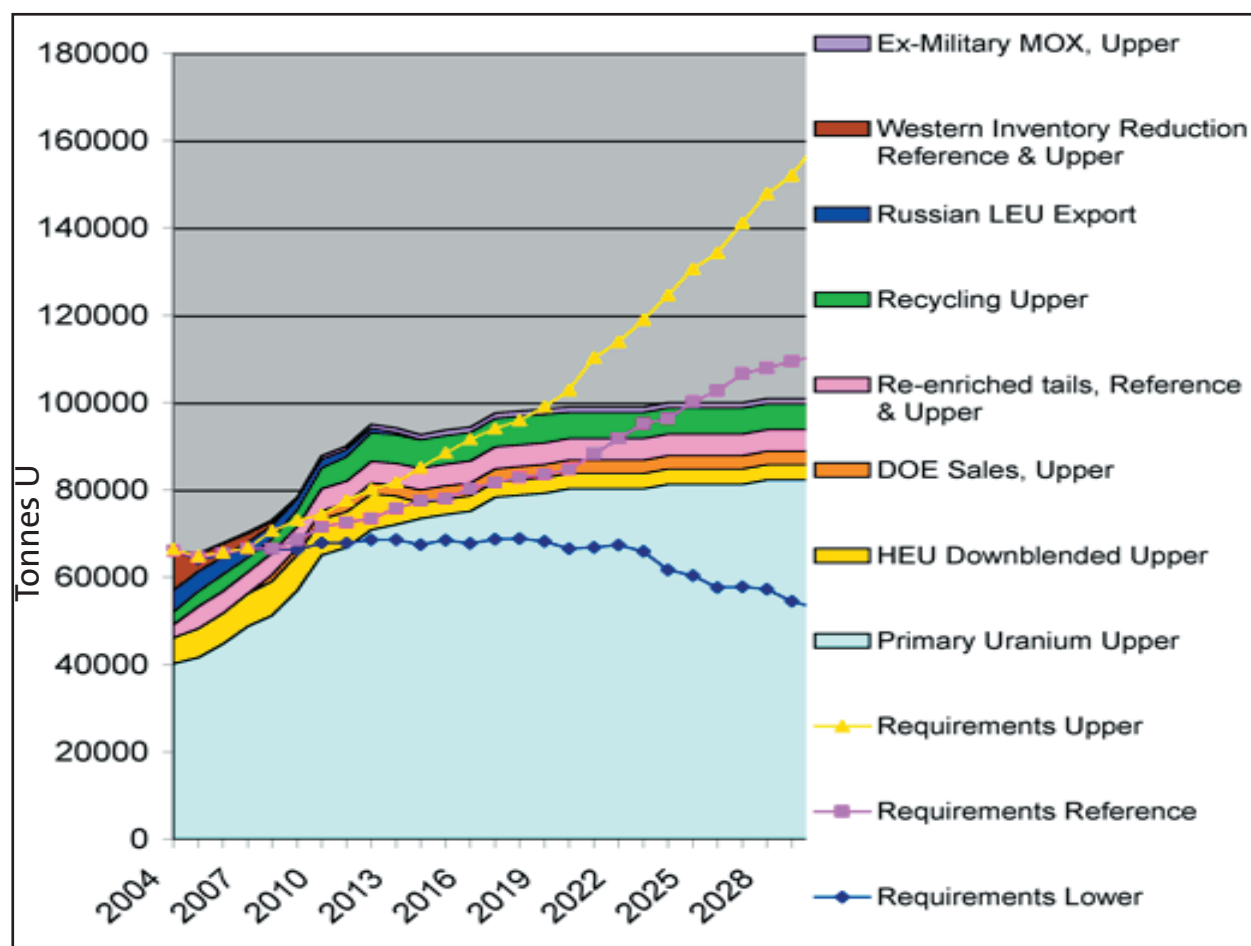
Unless new mines are brought into production, the supply shortfall can only come from other sources, such as compiled inventories, downgrade of weapons grade material, government stockpile and reprocessing. Apart from reprocessing spent fuel, all of the other sources are finite and depleting rapidly, so the threat of supply shortfall could well be sustained for a decade or more. These pressures are expected to combine to sustain strong uranium prices.

**Table 1: Production from mines (tonnes U).** *Source: WNA, 21 September 2006.*

Country	2002	2003	2004	2005
Canada	11,604	10,457	11,597	11,628
Australia	6,854	7,572	8,982	9,519
Kazakhstan	2,800	3,300	3,719	4,357
Russia (est)	2,900	3,150	3,200	3,431
Namibia	2,333	2,036	3,038	3,147
Niger	3,075	3,143	3,282	3,093
Uzbekistan	1,860	1,598	2,016	2,300
USA	919	779	846	1,039
Ukraine (est)	800	800	800	800
China (est)	730	750	750	750
South Africa	824	758	755	674
Czech Repub.	465	452	412	408
India (est)	230	230	230	230
Romania (est)	90	90	90	90
Germany	212	150	150	77
Pakistan (est)	38	45	45	45
France	20	0	7	7
Brazil	270	310	300	0
World	36,063	35,613	40,219	41,595
Equiv. tonnage of $U_3O_8$	42,529	41,998	47,430	49,052



The following graph (WNA 2005 World reference scenario) suggests how these various sources of supply might look in the decades ahead:



Source: WNA  
21 September 2006

**Table 2: World nuclear power reactors 2005-2006, and uranium requirements**

	Nuclear Electricity Generation 2005		Reactors Operable Sept 2006		Reactors Under Construction Sept 2006		Reactors Planned Sept 2006		Reactors Proposed Sept 2006		Uranium Required 2006
	billion kWh	% e	No.	MWe	No.	MWe	No.	MWe	No.	MWe	tonnes U
Canada	86.8	15	18	12,595	2	1,540	2	2,000	0	0	1,635
China	50.3	2.0	10	7,587	5	4,170	13	12,920	50	35,880	1,294
France	430.9	79	59	63,473	0	0	1	1,630	1	1,600	10,146
Germany	154.6	31	17	20,303	0	0	0	0	0	0	3,458
India	15.7	2.8	16	3,577	7	3,088	4	2,800	20	10,360	1,334
Indonesia	0	0	0	0	0	0	0	0	4	4,000	0
Japan	280.7	29	55	47,700	2	2,285	11	14,945	1	1,100	8,169
Korea RO (South)	139.3	45	20	17,533	1	950	7	8,250	0	0	3,037
Russia	137.3	16	31	21,743	3	2,650	8	9,600	18	21,600	3,439
South Africa	12.2	5.5	2	1,842	0	0	1	165	24	4,000	329
Ukraine	83.3	49	15	13,168	0	0	2	1,900	0	0	1,988
United Kingdom	75.2	20	23	11,852	0	0	0	0	0	0	2,158
USA	780.5	19	103	98,054	1	1,065	2	2,716	21	24,000	19,715
Other	1,279.2	—	73	51,294	7		15	11,095	21	16,285	8,776
World	2,626	16	442	370,721	28	22,510	62	68,021	160	118,825	65,478

Source : WNA, reactor data to 21 September 2006

IAEA- for nuclear electricity production & percentage of electricity (% e) 5/06.WNA: Global Nuclear Fuel Market

(reference scenario) - for U. Operable = Connected to the grid

Under Construction = first concrete for reactor poured, or major refurbishment under way

Planned = Approvals and funding in place, or construction well advanced but suspended indefinitely;

Proposed = clear intention but still without funding and/or approvals.

MWe = Megawatt net (electrical as distinct from thermal), kWh = kilowatt-hour

NB: 65,478 tU = 77,218 t  $U_3O_8$

# 6. The Projects



## 6.1 Uranium exploration

Uranium occurs in a variety of deposit types. It is present in all rocks in small amounts, but is present in elevated background amounts in rocks such as granites. Rocks with high background uranium content usually provide the ultimate source of uranium that is then concentrated by physical or chemical processes into the various styles of uranium deposits. These can range from particular phases of granites, such as at the Company's Kalabity and Charley Creek projects, to near surface precipitates of secondary uranium minerals like carnotite, in limestone-filled desert drainage channels (calcrete deposits), as may occur beneath the Charley Creek plains.

The Crossland management team is particularly experienced in what are now known as Unconformity-Related Uranium Deposits (URD), particularly in the style that occurs in northern Australia. The URD are a particularly important style of deposit:

- » URD have provided most of Australia's uranium production, commencing with Rum Jungle in 1953, extending to the present with the Ranger Mine, currently the nation's largest producer.
- » URD also provide all of Canada's current production, and the largest portion of the world's production.
- » URD often contain grades of several kilograms of uranium per tonne. The Cigar Lake and McArthur River deposits in the Athabasca Basin of northern Saskatchewan (Canada) have average grades exceeding 20%  $U_3O_8$ .
- » The higher grades are sometimes enough to enable small tonnage deposits to be worked profitably, as was the case in for example the South Alligator Valley in the Northern Territory.

Crossland believes that the spectrum of grades and tonnages that characterise URD represent more realistic targets for near-term development by junior explorers than some other deposit styles. The URD type of deposit is the target at Crossland's Chilling project, which will become the major focus of exploration activity when all titles there are granted.

Crossland sees the possibility that the Chilling project area is the western mirror image of the Alligator Rivers Uranium Field (ARUF) which contains deposits such as Jabiluka, Ranger, and Koongarra on the east side of the Pine Creek Orogen. Crossland's holdings in the Chilling project cover a similar geological setting and are large enough to include the entire Jabiluka-Ranger-Koongarra corridor that has production and reserves that exceed 300,000 tonnes of  $U_3O_8$ .

In Crossland's view, there are three essential ingredients for formation of uranium deposits. These are:

- » A suitable source of uranium;
- » A suitable mechanism to transport it; and
- » A suitable site for deposition.

These ingredients are essential for all types of uranium deposits, and the specific criteria differ between deposit styles.

The Crossland projects and the extent to which they meet these requirements are summarised below. Further description of the project areas, their potential, and recommended programmes and budgets are provided in the Uranium Expert's Report, presented in Section 9a.



## The Projects (continued)

### Chilling Project

Crossland has secured a totally owned contiguous holding of prime prospectivity for URD that has fewer access issues than those that commonly burden explorers on ground of similar prospectivity for URD in the Northern Territory. Crossland will explore the tenements systematically and thoroughly utilising the latest methods.

#### >> Source of uranium

In the case of the Chilling project, the district is located in a zone of high uranium background, in both granites and metasediments and volcanics. The ultimate source of these high uranium background values is the Achaean granite basement, which is exposed in the Rum Jungle and Waterhouse granites, over 20 km to the NNE of the project area. These rocks probably exist at depth through the project area, and in gneiss belts around the western side of the project area.

#### >> Transport mechanism

Basin-forming structures, the Giants Reef and Adelaide River Faults, traverse the project area. It seems likely that the latter may have been active at the appropriate time for related structures to provide channelways for uranium-bearing fluids, and Crossland's holdings give priority to securing this. Generally, mineralisation will be in subsidiary structures rather than major faults.

#### >> Site for deposition

The classic site for deposition of URD is the unconformity surface between (older) metasediments and overlying (younger) sandstones. The project area contains about 130km of strike length of this unconformity, over the structures most likely in Crossland's view to provide suitable channelways for uraniferous fluids. These could also control the structures that host mineralisation. Almost all of the important Australian examples of these deposits lie below the unconformity surface, while those in the similar Athabasca Basin setting in Canada occur both above and below the unconformity surface, and some of the largest and richest deposits occur in fault structures within the upper sandstone.

The more spectacular Canadian discoveries have been made in the last few decades, and are probably a function of the much longer period of active exploration through the cover rocks that has been enjoyed by the uranium exploration industry in the Athabasca Basin relative to the equally prospective districts of the Northern Territory. By definition, deposits in and below the cover rocks will be more difficult to locate quickly than those exposed where the cover is removed, as is the case in most discoveries in the ARUF, with the exception of the largest discovery, Jabiluka II, and the most recent to be announced, Ranger 68.

The Depot Creek Sandstone of the Tolmer Group is equivalent in age to the Kombolgie Sandstone in the ARUF. Both these sandstone units are older than most of the mineralisation in ARUF and Rum Jungle, and structures that control the deposition of ore cut the sandstones. There are many potential sites for uranium deposition throughout the Depot Creek Sandstone, and probably below it, within the Chilling Project Area, and it is Crossland's intention to locate and test them.

The Uranium Expert's Report points out that alteration similar to that associated with URD in ARUF has already been identified in the project area, and that there are several known uranium occurrences, including secondary uranium mineralisation with values up to 0.395%  $U_3O_8$ . Crossland expects that thorough exploration will find more.

## Charley Creek

The Charley Creek titles lie on pastoral leases to the west-north west of Alice Springs. There are several areas of known uranium mineralisation in central Australia, most of them sediment-hosted deposits in Palaeozoic basins. The Charley Creek area has not been intensively explored for uranium - or anything else for that matter - but has the elements that Crossland believes are necessary for formation of sediment-hosted uranium deposits.

### >> Source of uranium

The expert's report highlights the uranium content of some phases of the Teapot Granite. Previous exploration has located values of up to 0.228%  $U_3O_8$ , in association with secondary uranium mineralisation hosted in the granite. These are of immediate interest in their own right if they were widespread. The most plausible target identified in the expert's report is calcrete-hosted carnotite, or redox-type mineralisation in the fluvial channels associated with carbonaceous matter. The high uranium levels in the Teapot Granite provide an ideal source for these.

### >> Transport mechanism

Uranium is transported in ground water in the models proposed for Charley Creek. In the early 1970s, CRA Exploration Pty Ltd (CRAE) measured uranium content in several water bores around the project area and these ranged up to 41ppb uranium. These values indicate that uranium is mobile in these ground waters, and a deposition site in the channels would accumulate this. Crossland's project area covers a much broader area than was covered by the CRAE study.

### >> Site for deposition

There are two possible deposit types, or possibly a combination of the two types in one deposit as occurs elsewhere in this region, at Napperby. Calcrete is recorded from the fluvial channels and was observed in outcrop during field inspection; lignite is also known, and if a source of vanadium is required to precipitate carnotite, the basic intrusive bodies of the Mount Hay layered complex lie below the fluvial channels to provide this.

## Kalabity

The Kalabity Project lies in a district of historic uranium/radium mining that contains a variety of known deposit styles. Outcropping davidite mineralisation similar to that mined at Radium Hill has been discovered in the area, and previous work within the Kalabity title has generated other promising targets, for uranium as well as other commodities. Crossland plans an aggressive follow-up of these targets.

### >> Source of uranium

The granites of the Curnamona Craton provide a fertile source rock for uranium deposits. Some of the phases of the granitoids reach ore grades, such as at the KR4 prospect at Kalabity, where specimen values of up to 4.72%  $U_3O_8$  have been reported. These could form economic mineral occurrences in their own right, as supplies tighten in the future.

### >> Transport mechanism

The expert's report cites evidence that uranium is mobilised into calcrete over the Davidite occurrences. There is evidence that these approach ore grades in places. This is a probably active transport mechanism that may assist exploration even if calcrete orebodies are not formed. It may help to locate mineralisation that has taken different transport routes for targets in, for example, IOCG or pegmatite-hosted deposit models.

### >> Site for deposition

In current models the site for deposition may well be part of the source rock, as it is in a pegmatite-hosted model. There is clearly uranium mineralisation in the Kalabity project area, and Crossland will do its best to understand and optimise this.

### Other targets

Crossland has been assembling its titles package since 2003. Initially, the targets selected were not commodity-specific, better considered as locations fundamentally suited for major mineralising processes. Follow-up reconnaissance was conducted on 14 target areas, and four of these have been discarded. Several have also responded more positively for diamonds and copper. Several targets have emerged with quite positive responses for diamonds. These are summarised briefly below, and described in the Diamond Expert's Report summarised in Section 9b of this Prospectus.

## 6.2 Diamond prospects

### Highlights:

#### Sylvester Project

- >> Favourable geological setting in the centre of the Georgina Basin along a major structural break in basement rocks that is evident only in airborne geophysical data.
- >> Large and well defined microdiamond anomaly with an unusually high proportion of microdiamonds with rare crystal forms that suggest a local source.

#### Lake Woods Project

- >> Favourable geological setting on a basement high separating the Georgina and Wiso Basins at the northern end of the Tennant Inlier.
- >> Anomalous numbers of microdiamonds with rare crystal forms that suggest a local source.

#### Western Creek Project

- >> Located in the centre of the Dunmarra Basin (Mesozoic) in an area where the geology is poorly understood.
- >> Crossland has discovered rare kimberlitic chromite in a extremely under-explored part of the North Australian Craton.
- >> The application of Crossland's newly proven exploration techniques will allow the area to be more effectively explored.
- >> Targets identified as potential sources of the chromite represent priority targets.

#### Baines Project

- >> Early stage and under-explored exploration project.
- >> Diamonds, microdiamonds and kimberlitic chromite nearby in the West Baines region.
- >> Well developed drainage system suitable for gravel sampling programme.
- >> A window that was not sampled in former regional programmes.
- >> Quick and effective reconnaissance exploration programme completed; results awaited.

#### Crossland Creek Project

- >> Favourably located in the central Kimberley, a region where numerous kimberlite pipes have been found.
- >> Microdiamonds and possible indicator minerals discovered within and around the project area.
- >> Copper anomalism in soil and rock-chip samples associated with quartz veining and alteration and coincident with an untested bulls-eye magnetic anomaly represents an additional target.
- >> Some uranium response known from the Proudfoot prospect within the project area.

While Crossland continues to obtain encouraging results from this work it will maintain these programmes and seek further opportunities across northern Australia.

Several of the Crossland projects have indications of base metal mineralisation as well as for uranium and/ or diamonds. These have been dealt with in the Experts' reports where appropriate. Crossland has several other projects at too early a stage of exploration to qualify for highlighting in this Prospectus. These are or will be subjected to reconnaissance exploration, and those that do not respond will be discarded. Those that continue to show promise will be advanced in a manner that the Board considers is in the best interests of Shareholders, potentially to be funded separately by way of spin-off or through joint-venturing.

# 7. Exploration Programme and Proposed Use of Funds



It is the intention of Directors to ensure the exploration programme is undertaken expeditiously, and within a sound technical, geological and budgetary framework.

Key platforms of the programme are to identify, delineate and confirm drillable prospects, within that framework.

The programme is designed to be sufficiently flexible to allow for amendment following the results of the early exploration data.

In the absence of the Centram Transaction, the budgets assume that Crossland meets 100% of the costs. Under the Centram Transaction, Centram would fund the exploration of the Australian uranium tenements.

The exploration programme and proposed use of funds for the first two years following the completion of the Offer is as follows:

	Basic Scenario \$000	Centram Scenario \$000
Cash resources, pre-Offer (approximate)	1,500	1,500
Capital raised in Offer	5,670	5,670
Funds available	7,170	7,170
Exploration programme for uranium tenements	4,210	–
Exploration programme for diamond tenements	900	1,400
Subscription to new Canadian joint-venture (see below)	–	2,000
Potential further investment in uranium joint venture	–	1,700
Expenses of the Offer	710	710
Administration costs over two years	800	800
Unallocated working capital	550	560
Total Application of Funds	7,170	7,170

## Basic Scenario

This allocation of funds would apply if the Centram Transaction was terminated or conditions not satisfied.

## Centram Scenario

Under the Centram Transaction the allocation of funds would change as follows:

- **(1)** Crossland's Australian uranium assets will be held in a joint-venture as described in Section 13.13 and elsewhere. Accordingly, the joint-venture would be responsible for exploration expenses. Centram will fund the joint-venture to earn its joint-venture interest.
- **(2)** Crossland would contribute \$2.0 million to attain a 50% interest in a new Canadian-incorporated uranium explorer.
- **(3)** Crossland would increase its exploration expenditure by \$500,000 on diamond tenements permitting follow-up to basic exploration programmes recommended in the expert's report.
- **(4)** Crossland's Australian joint-venture with Centram would seek other uranium properties, which may require further subscription from the joint-venturers. An amount of \$1.7 million would be set aside for this purpose.

The estimates shown in the table above are indicative only, and may vary according to changes in circumstances which the Company may encounter during the period following the Offer.

The Directors are of the opinion that upon receipt of the proceeds of the Offer the Company will have sufficient working capital to achieve the objectives of the Company, as stated above.



## 8. Directors and Officers



### Robert A. Cleary, Non-Executive Chairman B.Sc. (tech) Chem.Eng.

Bob graduated as a Chemical Engineer from the University of NSW, and soon afterwards began working in the chemical and petrochemical manufacturing industries in Sydney, Melbourne and New Zealand.

In the mid 1980s, Bob moved across to the mining industry, joining Energy Resources of Australia Limited ("ERA") as Operations Manager at Ranger, and was promoted to General Manager Operations several years later, trimming the Ranger operation to sustain profitable operations despite record low Uranium prices.

After four years in Western Australia evaluating investment opportunities for North Limited in nickel and iron ore, Bob rejoined the ERA team as Deputy Chief Executive, and was promoted to Chief Executive in mid 1999, a position he held through the takeover of North Limited in 2000 until early 2004 when he decided to cease full time employment.

Bob is also a director of Investika Limited, Toledo Mining Corporation PLC and is Chairman of UMC Energy PLC, to which companies he also provides consulting services.

### Geoffrey S. Eupene, Executive Director B.Sc. (Hons), F AusIMM, CPGeo

Geoff spent the 1969 field season, his first after graduation from the University of Queensland, looking for uranium in the East Kimberley. In 1970 he joined Geopeko Limited ("Geopeko") as it started its field work at Ranger. As Mine Geologist, he logged every hole drilled into the Ranger No.1 orebody, interpreted the geology, and developed a resource estimate that agreed closely with the total material mined over the following decades.

In 1976, he headed the team that discovered the Ranger 68 deposit beneath the Magela floodplains. Geoff worked for Geopeko for over ten years before founding a consulting practice in Darwin in 1980.

Eupene Exploration Enterprises Pty Ltd has provided advice and services to many uranium explorers, and assisted in the development of several other mining projects in the NT, including the Mount Bonnie silver/gold deposit, Tanami gold, Goodall gold, Rustlers Roost gold, and the Woodcutters base metals project. Geoff has also acquired a depth of commercial, management and mining exploration experience in South-east Asia.

**Robert L. Richardson, Non-Executive Director**  
**B.Sc, B.E. (Hons), MAusIMM, MASEG**

Bob has 40 years experience in mineral exploration management, geophysics and exploration technology. During 15 years with the Peko-Wallsend Group as Chief Geophysicist and later Exploration Manager, he supervised all geophysical work carried out by the exploration subsidiary Geopeko Limited in the Alligator Rivers Uranium Field during the Ranger discovery and resource development period. During this period Bob and his team developed a leading-edge understanding of the application of geophysical methods to uranium exploration. He was a co-founder and Managing Director of an international airborne geophysical contractor, Austirex Aerial Surveys Pty Ltd, that developed and operated two airborne radiometric systems that were considered to be the most advanced in the world at that time (1976-1980). He co-founded Lachlan Resources NL in 1983, and is currently a non-executive Director of Western Plains Gold Limited, and Managing Director of PlatSearch NL.

**Peter W. Walker, Non-Executive Director**  
**B. Juris, LL.B, F.A.I.C.D.**

Peter is a Darwin-based lawyer who has practised in the resource industry for over 30 years. He has long experience with land access issues including the special situations that exist in the Northern Territory. Peter acted for Peko-EZ (a joint venture between Peko-Wallsend Operations Limited and Electrolytic Zinc Company of Australasia Limited) on permitting matters for the Ranger project, and for Pancontinental Mining Limited. He also assisted Uranerz Energy Corporation and Power Reactor and Nuclear Fuel Development Corporation ("PNC"), and other explorers and miners, with NT access and development matters. Peter has been a director of Australian Diamond Exploration NL, which discovered and developed the Merlin diamond mine.

**Patrick J. D. Elliott, Non-Executive Director**  
**M.B.A (Mineral Economics), B.Comm., A.S.A., M.A.I.C.D**

Pat is a company director specialising in the resources sector with 35 years experience in investment and corporate management. His early career was at Consolidated Gold Fields Australia Limited and covered investment analysis, management and minerals marketing (copper, tin, rutile and zircon). In 1979 he went into investment banking and became Head of Corporate Finance for Morgan Grenfell Australia Limited in 1982. Pat subsequently became Managing Director of Natcorp Investments Limited in 1986 which owned a number of manufacturing businesses. After its takeover he became an active early stage venture capital investor with an emphasis on resources.

Pat is Chairman of Argonaut Resources NL, Australia Oriental Minerals NL, and Magnesium International Limited, the latter company in which he is also the managing director. He is also a director of SAPEX Limited, and a number of privately owned companies.

**Malcolm K. Smartt, Company Secretary**  
**B.A. (Accounting), F.C.P.A., F.C.I.S, F.C.I.M.**

Mal has had significant experience in the resource sector as company secretary and director of a number of resource companies in Australia and overseas.

# 9a. Independent Geologist's Report – Uranium



## **Peter F Robinson and Associates Pty Ltd** MINERAL EXPLORATION CONSULTANTS AND MANAGERS

**22 Honeytree Place, MANDURAH, WA 6210.**  
**Phone 95344777, Fax 95344888, Mob 0419 901 980**  
**Email [pfr@bigpond.com.au](mailto:pfr@bigpond.com.au)**

The Directors  
Crossland Uranium Mines Limited  
Level 10,  
80 Arthur Street,  
North Sydney, 2060

Dear Sirs,

Crossland Uranium Mines Ltd ("Crossland") commissioned Peter F Robinson and Associates Pty Ltd ("PFR") to prepare an Independent Technical Report on mineral exploration properties located in the Northern Territory and South Australia in which Crossland has an interest. These properties are the "uranium and metalliferous exploration" properties which form part of a larger portfolio of properties which include specific "diamond exploration" properties which are to be reported in a separate Independent Technical Report. Summaries of both reports form part of a Prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC") on or about 15 February 2007 offering 22.68 million shares at an issue price of 25 cents each to raise approximately \$5.7 million. The funds raised will be used for the purpose of exploration and evaluation of the mineral properties plus working capital.

PFR has based its review of the uranium and metalliferous properties on information supplied by Crossland, along with technical reports by government agencies and previous tenement holders, other published and unpublished data and a field examination of all of the properties reported on. The information sources are listed in the bibliography attached to this report.

The Crossland projects included in this report are understood to consist of the Chilling Project NT, Charley Creek Project, NT and the Kalabity Project, SA.

The legal status of the properties including native title considerations are the subject of a separate Solicitors Report which appears in Section 11 of the Prospectus. The status of the tenements has not been independently verified by PFR. The present status of tenements shown in this report is based on information supplied by Crossland and this report has been prepared on the assumption that the tenements will prove lawfully accessible for evaluation. References to tenements or licences in this report includes applications for tenements and licences as the case may be.



## Independent Geologist's Report – Uranium (continued)

This report has been prepared in accordance with the Code of Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("The Valmin Code") which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the rules and guidelines issued by such bodies as ASIC and Australian Securities Exchange (ASX), which pertain to Independent Expert Reports.

The mineral properties which Crossland is exploring or intends to explore are considered to be "Exploration Projects" which are inherently speculative in nature. PFR considers on the basis of this assessment that the projects have been acquired on the basis of sound technical merit. The properties are considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant new or further exploration and assessment of their economic potential, consistent with the proposed programs developed by Crossland and which are set out in this report.

Exploration and evaluation programs summarised in this report amount to a total expenditure of approximately \$4.3 million of which Crossland plans to spend \$1.87 million in the first year of assessment. PFR understands that Crossland will have sufficient working capital to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3 (a). Crossland has prepared staged exploration and evaluation programs, specific to the potential of the properties, which are consistent with the budget allocations. PFR considers that the relevant areas have sufficient technical merit to justify the proposed programs and associated expenditure satisfying the requirements of ASX Listing Rule 1.3.3(a).

This report has been prepared from information available up to and including 31 January, 2006. PFR has provided consent for the inclusion of this summary report in section 9 of the Prospectus and has not withdrawn that consent before the lodgement of the Prospectus with ASIC.

The author of this report and the Principal of PFR, Mr Peter Robinson has over 36 years experience in mineral exploration and over 14 years experience specifically in uranium exploration in Australia. He is a Fellow of the Australasian Institute of Mining and Metallurgy, Member of the Mining Industry Consultants Association and a Chartered Professional Geologist. PFR has provided mineral exploration consultancy, advice and management to various Australian and international companies via Mr Peter Robinson since early 1984. Mr Peter Robinson has the appropriate qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided by the Valmin Code (2005).

Neither PFR nor the author of this report have or have previously had any material interest in Crossland or the mineral properties in which Crossland has an interest. The relationship with Crossland is solely one of professional association between client and consultant. This report was prepared in return for professional fees based on an agreed commercial rates and the payment of fees is in no way contingent upon the results of this report.

Yours Faithfully

**Peter F Robinson**

BSc., FAusIMM, MMICA, CPGeo.

## Notes On Nomenclature

Metric units are used wherever possible. Historic production references are converted to present day units if the conversion factor is clear. If not, they have been left in original units. In particular this refers to historic 'tons', which might be long or short tons. Metric tonnes are used for current data and resources. Uranium concentrations are expressed as parts per million uranium for exploration grades, and %  $U_3O_8$  for ore grades and production figures. Uranium concentrations in imperial units are commonly expressed as pounds per ton of  $U_3O_8$ . One pound per ton is equivalent to 0.045%  $U_3O_8$ ; conversely, 1%  $U_3O_8$  is equivalent to 22.40 lbs per ton  $U_3O_8$ . (or 20 lbs per short ton), 1%U is equivalent to 1.18%  $U_3O_8$ .

## Executive Summary

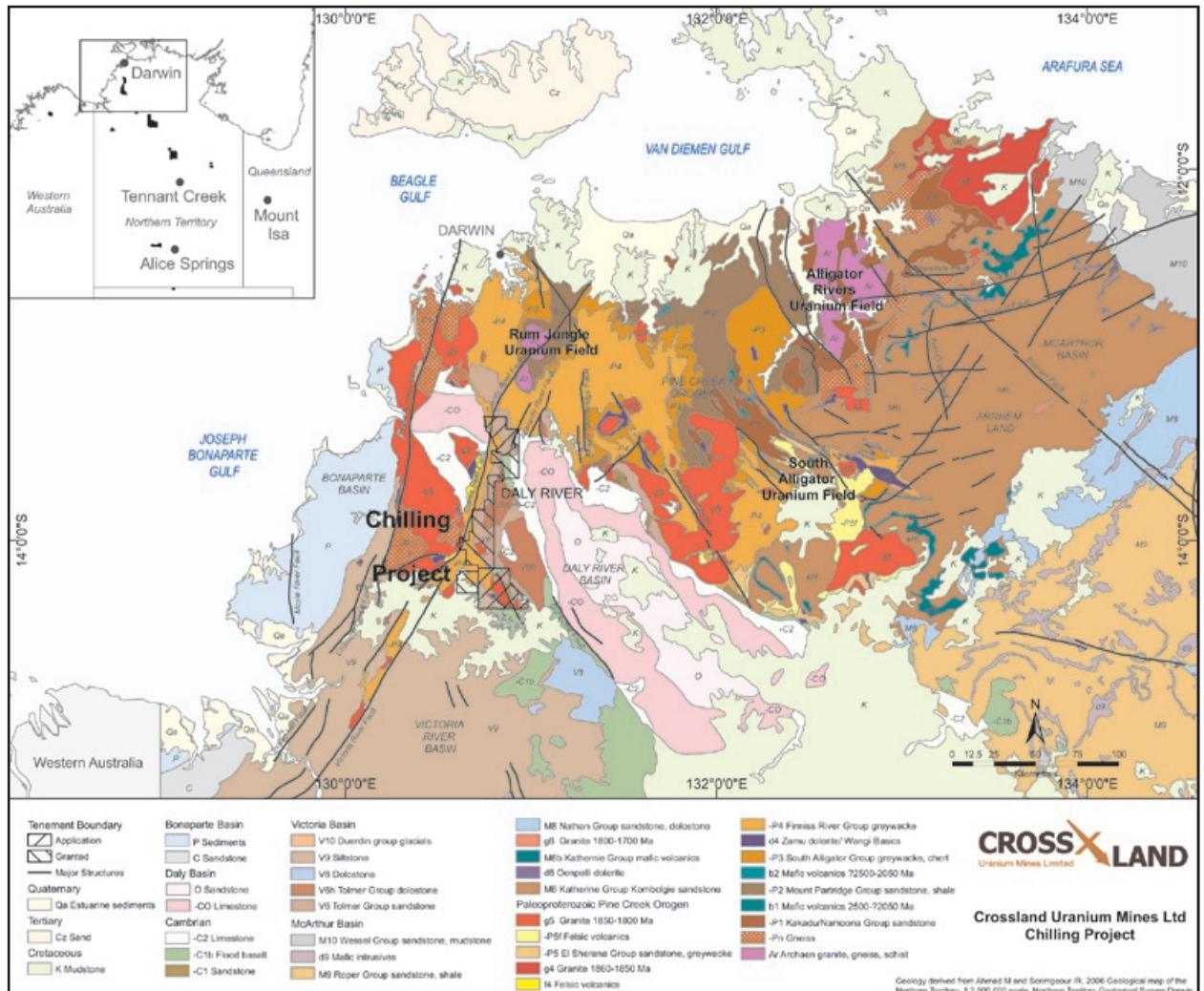
Crossland has assembled a portfolio of exploration projects in the Northern Territory and South Australia that has potential for substantial deposits of uranium and other metals in a variety of mineralisation styles and geological settings. These styles include:

- » Large, high-grade, unconformity style uranium deposits (Chilling Project);
- » Calcrete palaeo-drainage uranium deposits (Charley Creek Project);
- » Redox related palaeo-drainage uranium deposits (Charley Creek Project);
- » Late phase granite, pegmatite and shear zone related uranium and rare earth deposits (Charley Creek and Kalabity Projects);
- » Iron-oxide breccia-hosted copper-gold-uranium deposits within Proterozoic hydrothermally altered breccia diatremes, genetically related to granitoid emplacement (Kalabity and Chilling Projects); and
- » Volcanic and meta-sediment hosted massive or disseminated copper lead zinc, silver ± gold deposits (Chilling and Kalabity Projects).

The tenement package forms a coherent portfolio containing a variety of under - explored geological settings that show similarities to those of known major deposits. These are summarised below.



## Independent Geologist's Report – Uranium (continued)



### Chilling Project

The Chilling Project is located approximately 150km south of Darwin in the west of the Pine Creek Orogen (Geosyncline) in the NT. The principal target for the project is unconformity-related uranium deposits (URD). The Pine Creek Orogen contains the world-class uranium deposits of the Alligator Rivers Uranium Field (ARUF) and the smaller, rich uranium deposits of the South Alligator and the Rum Jungle Uranium Fields.

The tenements cover most of an arcuate unconformity between Palaeoproterozoic (older than 1,850 Ma) metamorphic basement lithologies and the flat-lying Mesoproterozoic (1,700 Ma. or younger) platform sedimentary cover rocks. This unconformity, which extends in a north-south direction for approximately 130km within the Chilling Project Area, is proximal to the ARUF, the South Alligator and Rum Jungle Uranium Fields, and is the most important control on the location of uranium mineralisation in the Pine Creek Orogen.



Various companies have conducted exploration for uranium in parts of the project area or nearby. These companies include:

- Planet Mining Company Pty Ltd (Planet) in the Soldiers Creek area;
- Mobil Energy Minerals Australia (MEMA), in the Suttons Motors West Pine Creek Joint Venture from 1978 to 1983;
- TOTAL Mining Australia Pty Ltd (TOTAL) in the Tolmer Joint Venture Project with PNC Exploration Australia Pty Ltd (PNC) from 1986 to 1990;
- PNC in their own right, in the Soldiers Creek area from 1994 to 1996; and
- Carpentaria Exploration Company Pty Ltd (CEC) explored principally for gold mineralisation in their Chilling Creek Project from 1985 to 1991.

TOTAL acquired ground in the area after inspection of an airborne radiometric anomaly revealed an increase in the uranium response over chloritic and graphitic basement schists and sandstones close to the unconformity with the overlying Tolmer Group. This is the Eccles prospect. Widespread graphite and chlorite alteration suggested that the sequence may be stratigraphically lower than the Burrell Creek Formation. The presence of these features establishes that the area provides an excellent target for unconformity-related uranium deposits.

Exploration by PNC around the T2 anomaly, earlier identified by Planet, recognised potential for Proterozoic iron-oxide breccia-hosted copper, gold and uranium mineralisation within hydrothermally altered breccia diatremes related genetically to granitoid emplacement. Numerous uraniferous hematite and hematite quartz veins are located in narrow zones along fractures in the granite, and a hematitic granite breccia body was located within the granite. Reported rock-chip analyses showed 11 samples with greater than 500ppm U, six greater than 1,000ppm U, with a maximum of 3,350ppm U (0.395%  $U_3O_8$ ).

Eight uranium occurrences have been discovered within the project area and one immediately to the south. Of these occurrences, three are in the basement host rock metamorphics, one is in the basement at or near the contact with the granite, two are veins in the granites and two are in the unconformable cover rocks.

The main target in the Chilling project is unconformity related uranium deposits. These are typically large and high-grade deposits possibly with associated gold and platinoids. Even relatively small unconformity related deposits are desirable targets and there is also excellent potential for these at Chilling.

At the Chilling Project, the extensive arcuate unconformity between Palaeoproterozoic metamorphic basement lithologies and the flat lying Mesoproterozoic platform sedimentary cover rocks provides an excellent target zone. The zone of potential basement host rocks in this strip is up to 10km wide. Targets for uranium mineralisation are structures within the basement rocks or structures and trap sites within the cover rocks. These targets could be exposed on the present land surface or concealed under cover rocks.

The basement zone contains areas of strongly elevated uranium values. These provide initial targets for exploration.

Strong support for the uranium prospectivity of the Chilling Project is provided by:

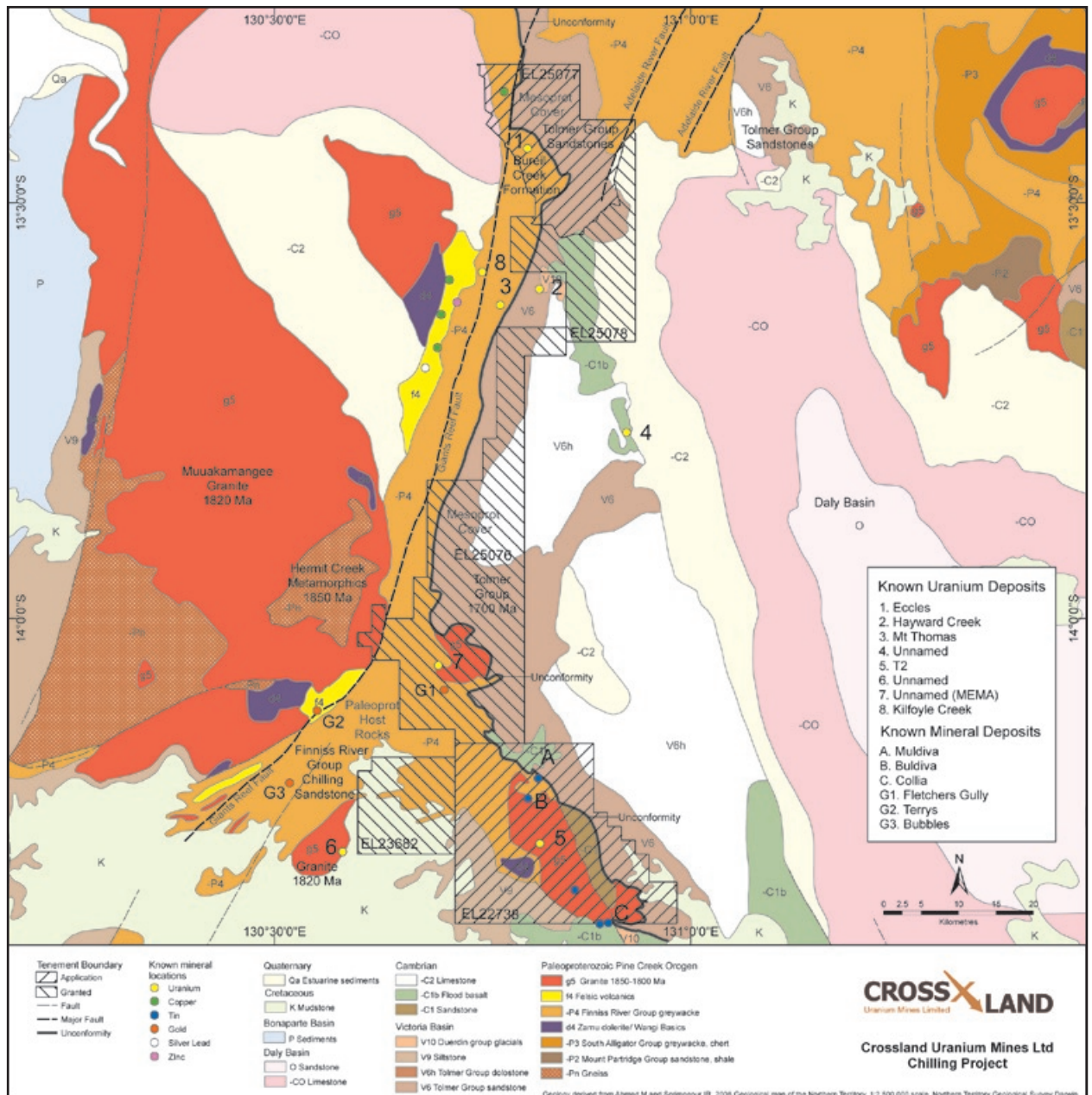
- the discovery of uranium mineralisation near the unconformity,
- the recognition of suitable host lithologies in the basement by earlier explorers, and
- the presence of strong uranium channel radiometric responses over the basement directly below the unconformity.

In addition to the uranium, the project area has potential for the discovery of additional base metals and gold deposits. A number of inadequately tested and untested targets generated by previous explorers are available for immediate follow-up.

There is an excellent opportunity to conduct an aggressive, staged comprehensive uranium exploration program over the entire Chilling Project area. Previous attempts have been patchy and isolated. Improvements in geophysical techniques, their interpretation and the application of GIS mapping techniques to assess the data will allow a sophisticated and total evaluation of the project.



## Independent Geologist's Report – Uranium (continued)



*Chilling Project* Crossland's titles, showing regional geological setting and known mineral deposits.



Although the principal target is for URD, examples of iron-oxide breccia-related deposits are found in the Project area, and this should be addressed when planning and implementing the staged exploration programs. While earlier explorers recognized that abundant lithologies suited to URD occur at or near the unconformity, the stratigraphic position of these shown on regional maps is questionable, indicating that good regional geological mapping will be an important technique in locating the target areas. Local geological mapping within the target areas will also be important.

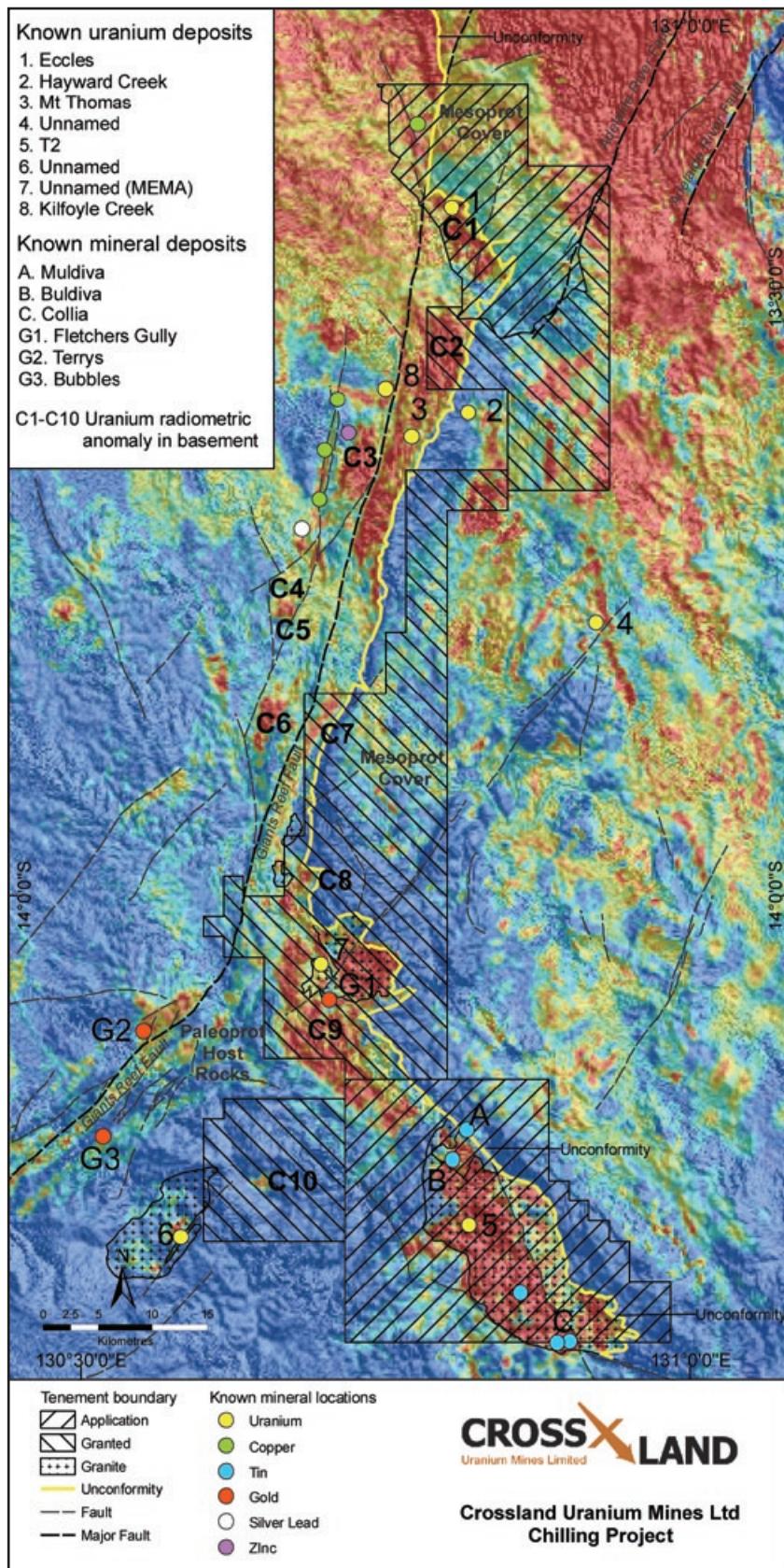
The initial exploration program should consist of:

- » A detailed high quality airborne radiometric and magnetic survey, with processing and interpretation;
- » Helicopter assisted detailed ground follow up of anomalies and geological mapping;
- » Establish access to the targets located and conduct grid-based detailed investigations including mapping, radiometrics, magnetics and possibly ground EM and RAB drilling;
- » Airborne electromagnetic (AEM) surveys to help locate suitable basement lithologies and structure in the basement and below the Mesoproterozoic cover; and
- » Drilling of all targets generated.

The planned program at Chilling is budgeted at approximately \$950,000 in Year One and \$1.3 million in Year Two, for a total of \$2.25 million.



## Independent Geologist's Report – Uranium (continued)



*Chilling Project showing Crossland's titles, known mineral deposits and uranium channel radiometric anomalies. Background is uranium channel airborne radiometric image draped on topography. Source for data: NTGS & NTDPIM.*

## Charley Creek

The Charley Creek Project is situated approximately 100km west northwest of Alice Springs in the Northern Territory. The project area is 702.8km<sup>2</sup>.

The project is situated in the Proterozoic Southern Arunta (Warumpi) Province on the southern margin of the North Australian Craton.

The oldest lithology in the project area is the Mt Hay Granulite (over 1,780 Ma.), a highly metamorphosed Palaeoproterozoic mafic intrusive complex which is prospective for nickel and platinoids. It outcrops strongly in the east of the area and locally further west where it is mostly under shallow Cainozoic cover.

The western part of the area contains the Teapot Granite, which intrudes and assimilates older gneissic basement of the Glen Helen Metamorphics, Mesoproterozoic (1,650 – 1,680 Ma.) gneisses and schists. The Teapot Granite has numerous late pegmatite and aplite phases as well as a younger biotite, feldspar, quartz phase. This sequence has a high uranium background. Field scintillometer checking showed that schistose and gneissic remnants were approximately twice regional background, granite and pegmatite phases were three to four times regional background, and the later phase intrusive was five to six times regional background. In 1977 Esso recorded rock-chip sample values of up to 1,932ppm U and 703ppm Th along with outcropping secondary uranium minerals in the Teapot Granite. These enrichments in the later phases could generate uranium and rare earth concentrations that may be of economic significance in themselves.

Recent and somewhat older drainage channels trend from these uranium-rich source rocks into the piedmont plain to the north, as merging fluvial fans. The main course of the old and present drainage is channelled between the outcropping Forty Five Gneiss and the Mt. Hay Granulite. The project region is arid, and typically in these conditions the older palaeo fluvial channels become cemented by secondary carbonate (calcrete). World-class secondary uranium deposits in the arid parts of Australia, Africa and elsewhere are hosted by such calcreted drainages. Fluvial channels can also have potential for redox type mineralisation associated with carbonaceous matter, such as at the nearby Napperby deposits. Both of these deposit types concentrate uranium that is dissolved in ground water.

In 1972 and 1973 CRAE conducted a brief program of water sampling of eight existing water bores and gamma logging of six of these bores. Tertiary sediments in the exploration area were described as sands, clays, siltstones, conglomerates and some lignitic horizons. Water samples contained between 4ppb and 41ppb U - a 10 fold variation. Gamma logs located anomalies of 2.5 to 3 times background in four of the six holes logged. These results indicate that uranium is mobile within this environment, as is required to form calcrete or redox deposits.

Rio Tinto Exploration Pty Ltd explored the Mt. Hay Complex in 1997 for layered mafic intrusive-hosted nickel-copper-platinum group elements (Ni-Cu-PGE) deposits. Geological mapping confirmed the existence of a layered, mafic complex suitable for hosting nickel-copper-platinum group element (PGE) deposits. They conducted electromagnetic geophysical techniques that indicated the presence of a thick Tertiary sediment sequence containing some lignites and conductive intervals which are suitable hosts for calcrete-related or redox-related uranium mineralisation.

The most likely style of mineralisation is calcrete-hosted carnotite, or redox-type mineralisation in the fluvial channels associated with carbonaceous matter. The Teapot Granite provides an ideal source rock for this style of mineralisation.

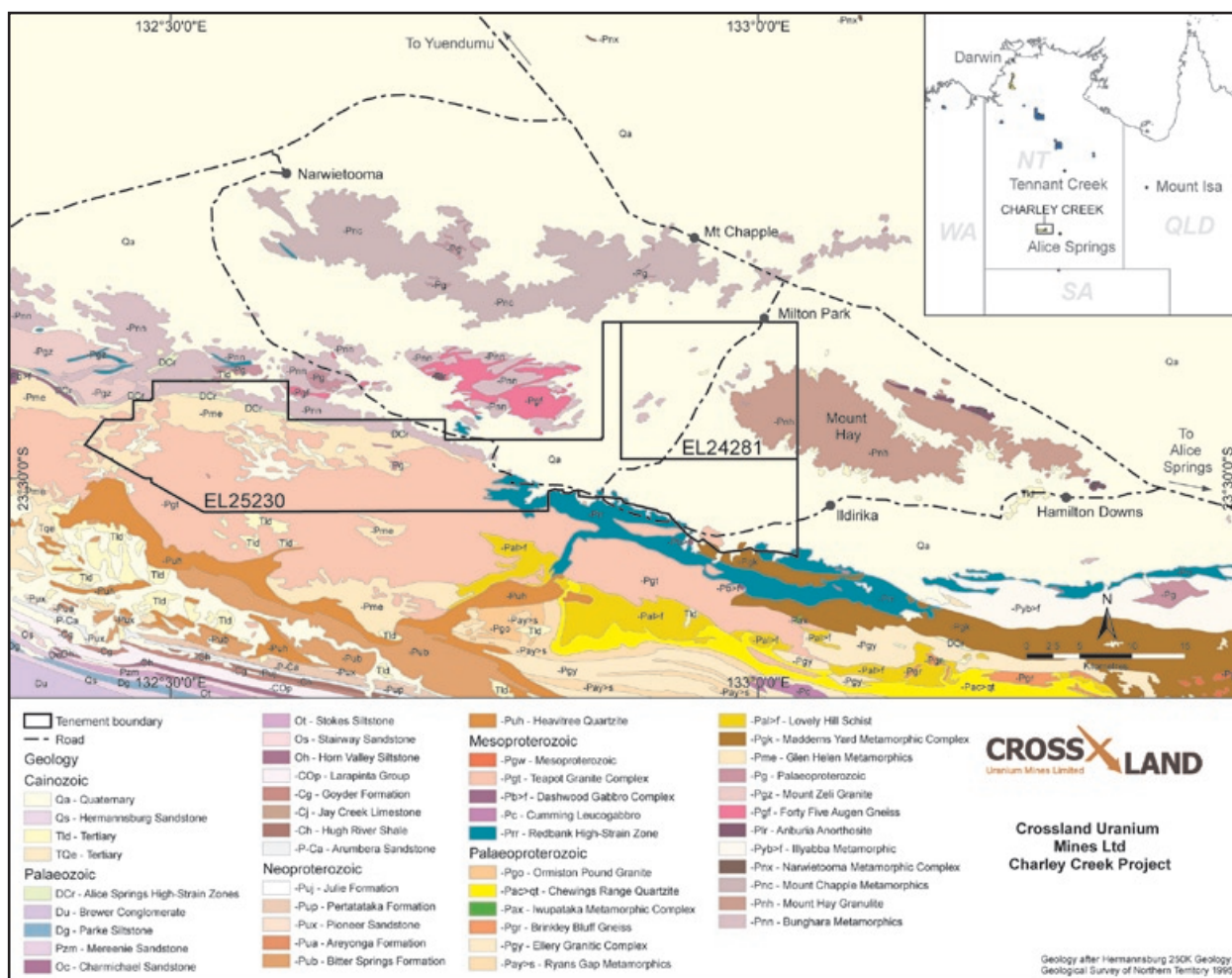
Uranium and rare earth element (REE) potential exists in the late differentiates of the Teapot Granite, although the uranium would very likely be in more refractory minerals containing REE such as davidite.

The Mt. Hay mafic layered intrusive may contain PGE, Ni, Cu or vanadium mineralisation. Such deposits occur around the world including in the Bushveld complex in South Africa (the Merensky Reef) and the Stillwater Complex USA. This type of mineralisation may occur in the Mt. Hay layered mafic complex in the project area beneath alluvial cover.





## Independent Geologist's Report – Uranium (continued)



*Charley Creek Project Geological setting.*

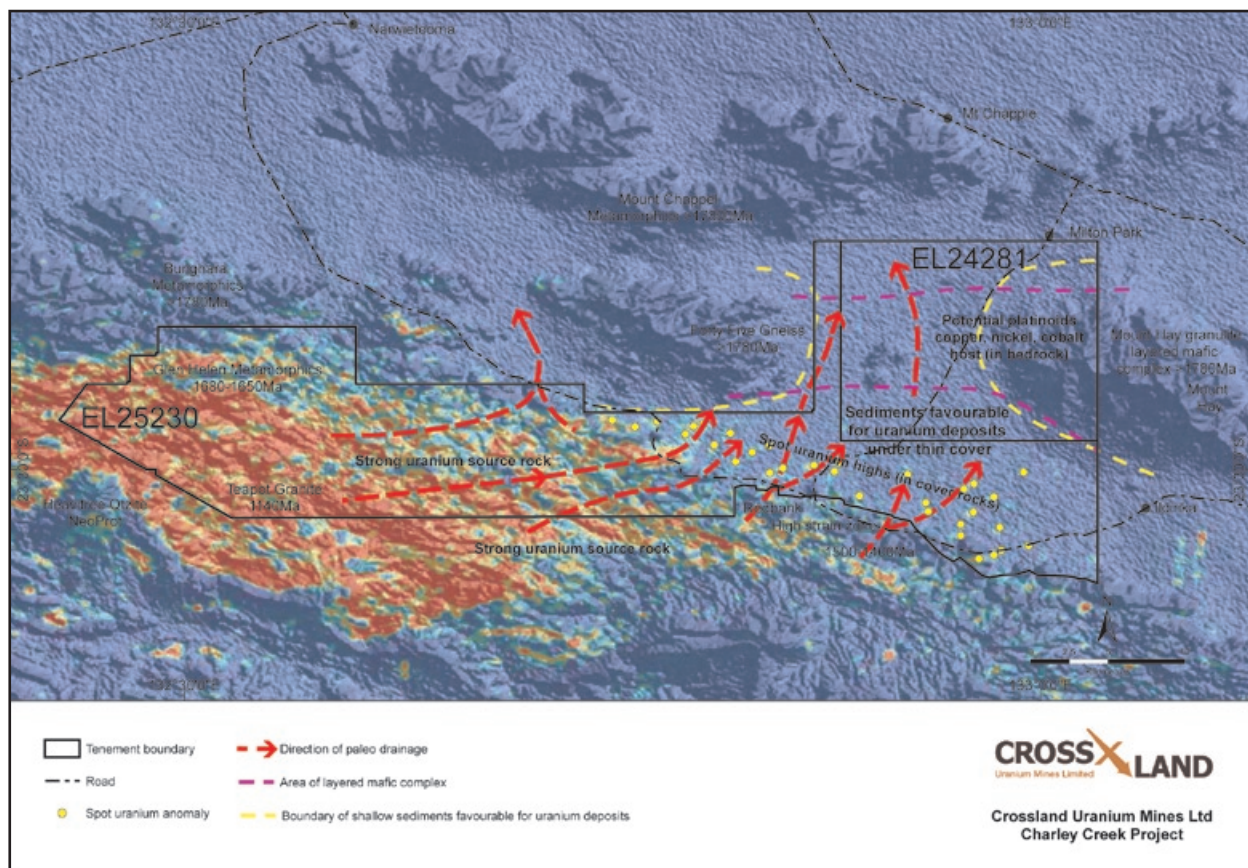
The following exploration investigations are required:

- A detailed airborne magnetic and radiometric survey, preferably at 100m flight line spacing. The aim of this is to:
  - Locate potential uranium/REE mineralisation "hot spots" in the Teapot Granite;
  - Locate possible uranium mineralisation in the piedmont fluvial outwash that may be exposed;
  - Define the palaeo drainage systems magnetically if they contain detrital magnetite; and
  - Map the Mt. Hay mafic suite below the alluvial cover and define possible magnetic layering within it.

- If the fluvial channels cannot be defined by the above, then further geophysics such as helicopter EM or ground gravity surveys should be employed.
- Any radiometric "hot spots" in the Teapot Granite should be examined and sampled.
- Any defined fluvial channels should be drilled on traverses to define calcreted hosts or possible carbonaceous reduced facies and tested for uranium mineralisation.

Further exploration investigations would depend on the results of the above.

The planned program at Charley Creek is budgeted at approximately \$570,000 in Year One and \$590,000 in Year Two for a total of \$1.16 million.



**Charley Creek Project:** uranium channel airborne radiometric data draped on topography. Radiometrics dominated by Teapot Granite.

## Kalabity

The Kalabity Project is located 40km north of Olary and approximately 100km west of Broken Hill. It covers an area of 148km<sup>2</sup> in the Olary Block, in a poorly exposed area of the Willyama Supergroup in the south western Curnamona Craton.

Uranium was first discovered in the historic Olary Uranium Field at Radium Hill in 1906. The field also hosts the known uranium deposits of Crocker Well, Mt. Victoria, Spring Hill, Jagged Rocks, Honeymoon and Gould's Dam. Other recent exploration in the field has concentrated on iron-oxide copper-gold (IOCG) type deposits of the East Mt Isa and Olympic Dam style.

Radium Hill was mined for uranium, producing from 1954 to 1961 969,300 tons of davidite ore grading between 0.11% and 0.15 % U<sub>3</sub>O<sub>8</sub>. The lodes had a strike length of 1,400m with widths from 1m to 7.5m. The ore bodies occupied steeply dipping northeast striking, sub-parallel shear zones. The ore consisted of

davidite intergrown with hematite, ilmenite and rutile in a gangue of biotite and quartz with minor pyrite, chalcopryrite and arsenopyrite. Within 30m of the surface the main secondary uranium mineral was carnotite.

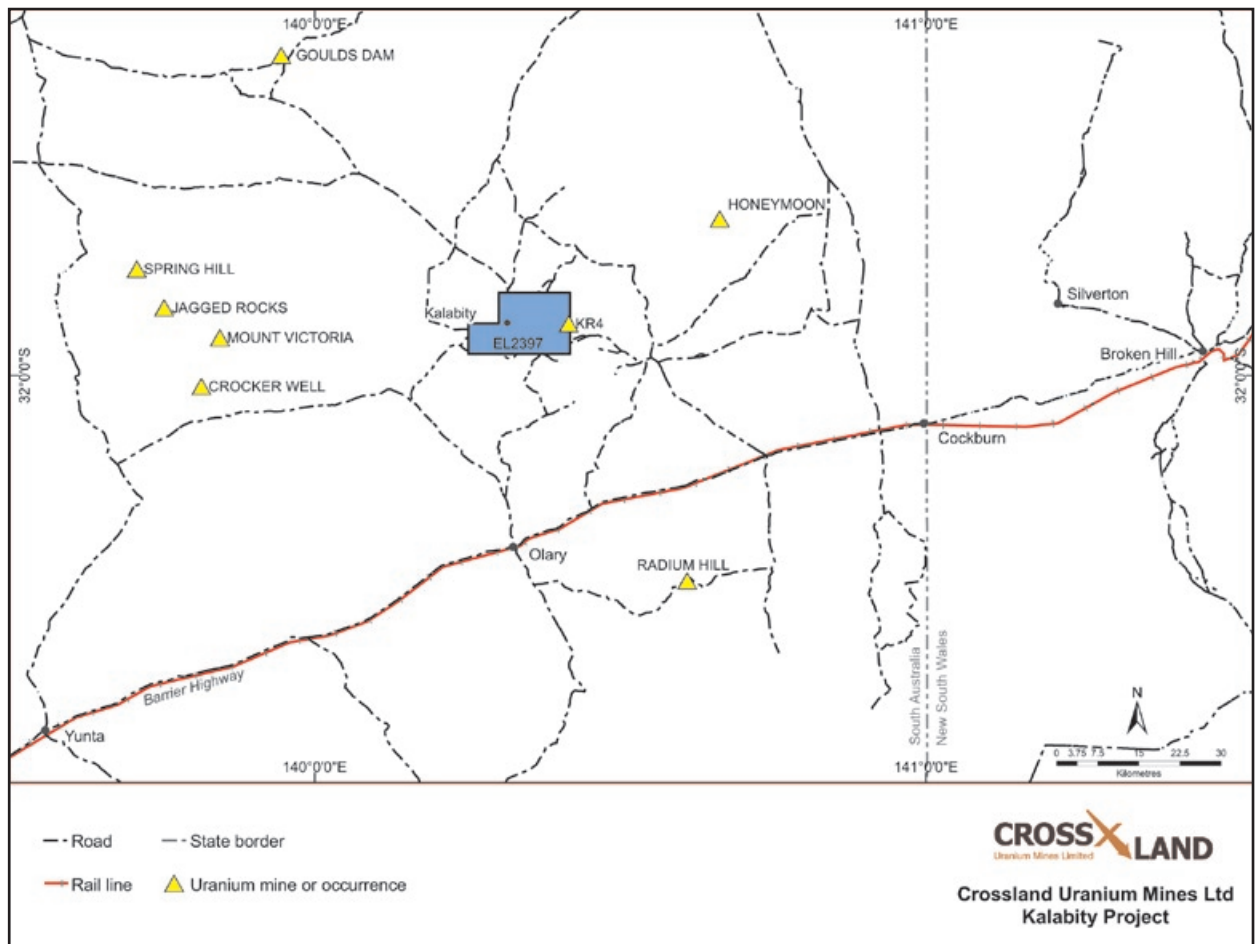
The Kalabity project area has moderate bedrock exposure although significant areas have thin, unconsolidated alluvial, colluvial, and aeolian cover. Whilst cover is widespread it is thought to be less than 20m in depth. Calcreted soils form a major part of the cover.

- Nearby to the west of the Kalabity Project, the Crocker Well and the Mt. Victoria deposits held by Pepinnini Minerals Ltd have an inferred resource of 6.7 million kg of U<sub>3</sub>O<sub>8</sub> (Pepinnini Minerals ASX Announcement 13 September 2006);
- Pepinnini tenements surround the Kalabity project.

Potential exploration targets in the Kalabity project include:



## Independent Geologist's Report – Uranium (continued)



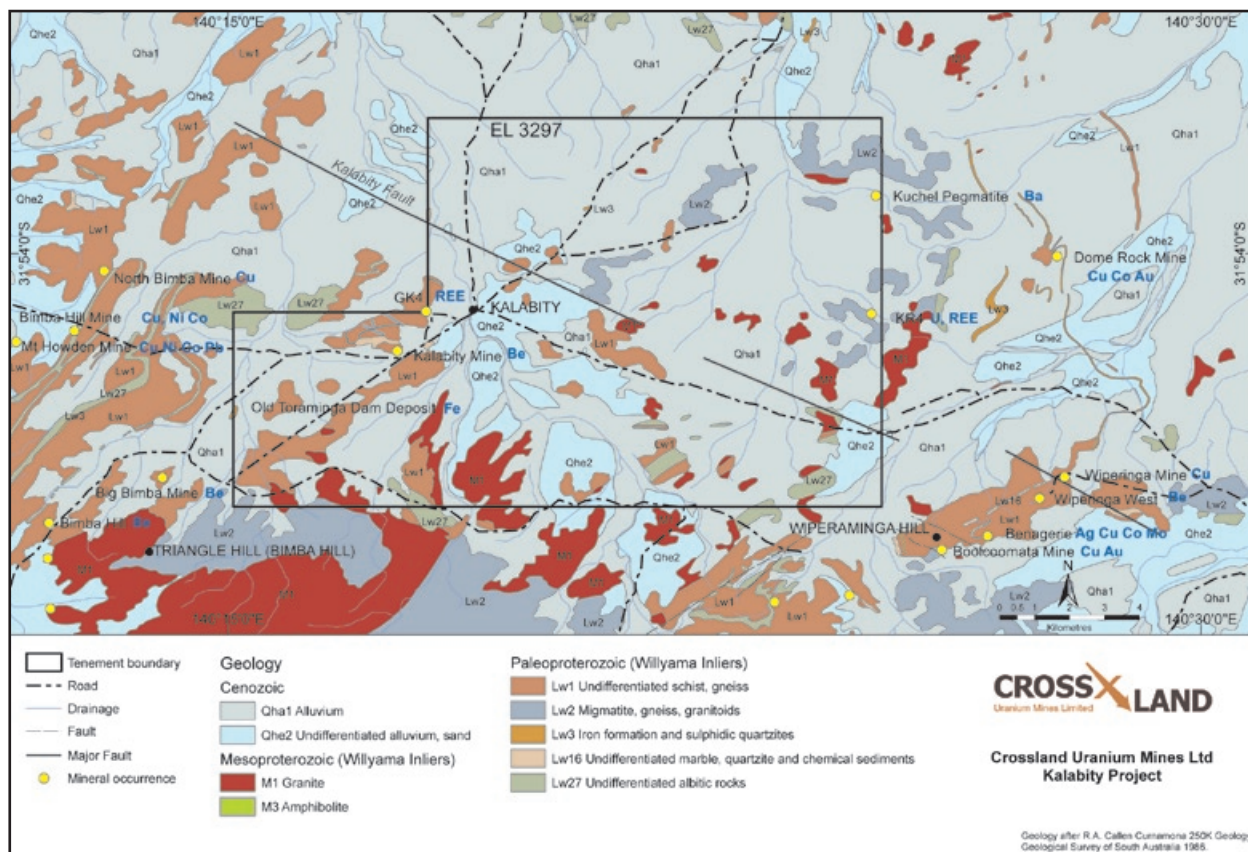
Kalability location map, showing uranium mines and prospects.

- Iron-Oxide hosted copper-gold (Fe-Ox Cu-Au) mineralisation similar to deposits in the East Mt. Isa Block and Gawler Craton (Olympic Dam). These occur as both strata-bound replacements of iron-rich beds or as structurally focused, iron-rich alteration/breccia systems in the contact aureoles of certain granites;
- Late phase pegmatite/shear hosted U mineralisation similar to Radium Hill and nearby Crocker Well and Mt. Victoria;
- Large disseminated/strata-bound copper and/or gold deposits;
- Broken Hill type silver, lead, zinc deposits; and
- Strata-bound/sediment-hosted base metal mineralisation within the Bimba Unit.

The project area has been covered by several phases of exploration, predominantly for uranium and copper, dating from the mid 1960s. The earlier work located mostly monazite with high levels of radioactive elements (both uranium and thorium), at overall grades not considered of interest at the time.

In the mid-1970s, Esso recognised the base metals potential of the region and the possible correlation of the stratigraphy with that of the Broken Hill district. They observed secondary copper mineralisation in quartz veins at Kalability, but decided to concentrate on areas of better outcrop to the north and east of Kalability, even though they recognised that the Bimba Formation-Upper Albite redox transition zone, favourable for base metals and copper mineralisation respectively, is represented in the Kalability area.

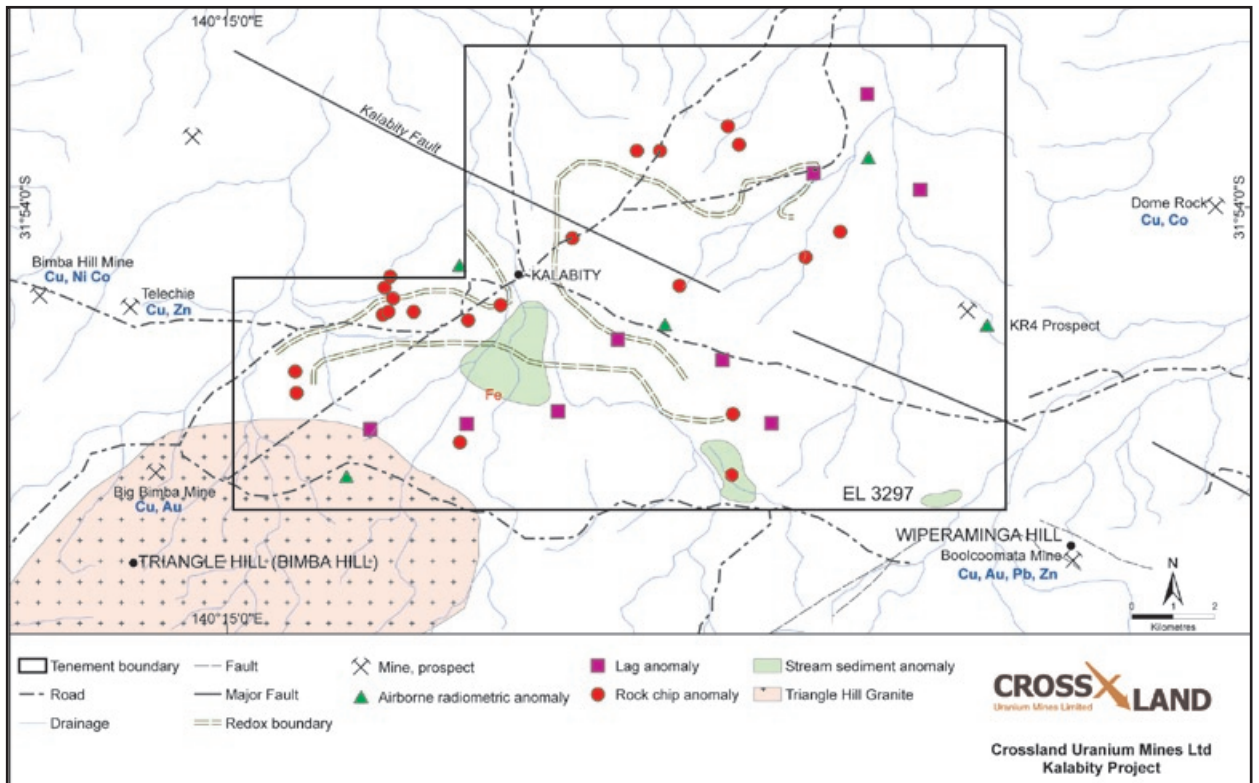




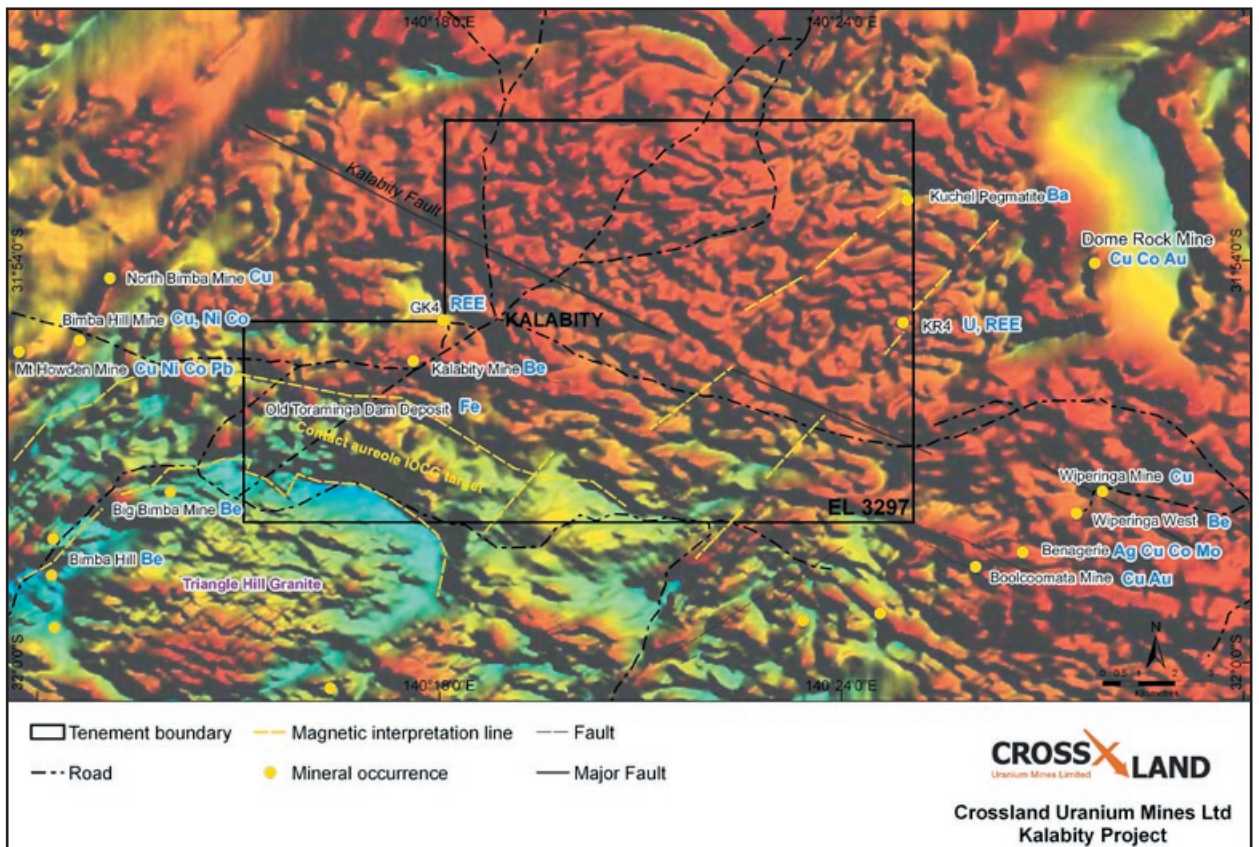
**Kalabity Project** Geological setting

PNC discovered the KR4 davidite prospect 9.5 km north of Kalabity homestead in 1985. The occurrence had not been detected by airborne radiometric surveys but by prospecting. The discovery was mapped as scattered davidite crystals in quartz vein float over a length of 2.5km. Values in specimens of up to 4.72%  $U_3O_8$  were obtained. CRAE/RTZ explored the Kalabity area for uranium and iron formation hosted copper gold deposits in 1989. They trenched and mapped the KR4 prospect, but concluded it was uneconomic at the time.

PlatSearch NL and Eaglehawk Geological Consultants Pty Limited applied for the ground in 1999 and compiled the previous exploration data. Delta Gold Limited mounted a drilling programme to test specific magnetic targets for iron-oxide associated copper-gold mineralisation, without success, but they recognised that further targets existed. PlatSearch NL alone and jointly with Western Plains Gold NL conducted calcrete sampling both at KR4 and regionally over the project area. This sampling produced values of up to 500ppm U in calcrete around KR4, and up to 45.7ppm U, 600ppm Cu, 294ppm Zn, 127.5ppm Pb 600ppm Ce, 4.02ppm Ag and 600ppm La in the regional samples. The best gold anomaly was 31ppb and coincides with a 600ppm copper anomaly. This program generated many targets for ongoing exploration.



**Kalabity Project:** Summary of anomalies results (from PlatSearch NL compilation)



**Kalabity Project:** Total magnetic intensity (TMI) Image from PIRSA open file data; with Prospects and interpretation.



The aeromagnetic TMI image depicts an ideal target zone in the distinct magnetic fabric of the contact aureole around the intrusive Triangle Hill Granite dome for East Mt. Isa Block IOCG deposits.

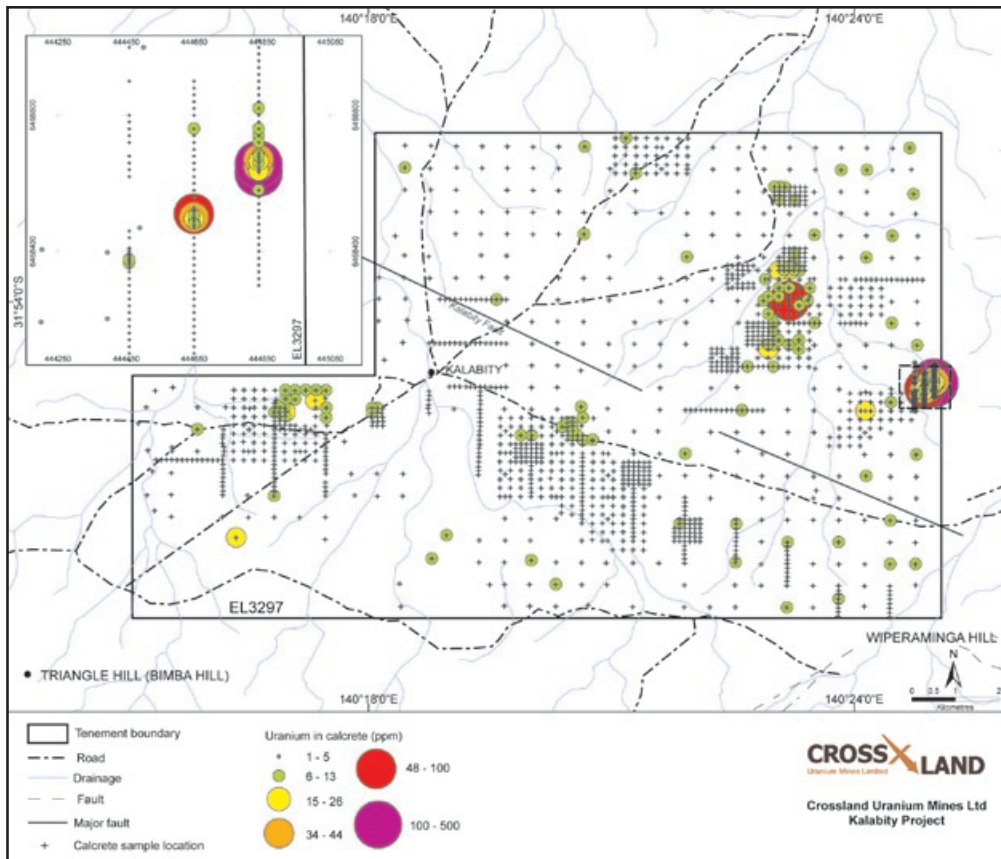
The KR4 uranium REE mineralisation has similarities to that of Radium Hill. Both occurrences have davidite associated with a biotite gangue and a northeast strike direction. The TMI image shows a distinct northeast striking linear feature intersecting KR4 that can be interpreted to appear again along strike to the southwest. There are other similar features with this strike direction. The uranium image below shows good anomalies along this strike direction south west of KR4. Similar targets occur elsewhere in the project area.

The synthesis of earlier geochemistry and the more recent calcrete sampling have given excellent untested target localities in which to focus future exploration for uranium, gold and base metals. The coincidence of copper and gold anomalies is encouraging for the IOCG targets.

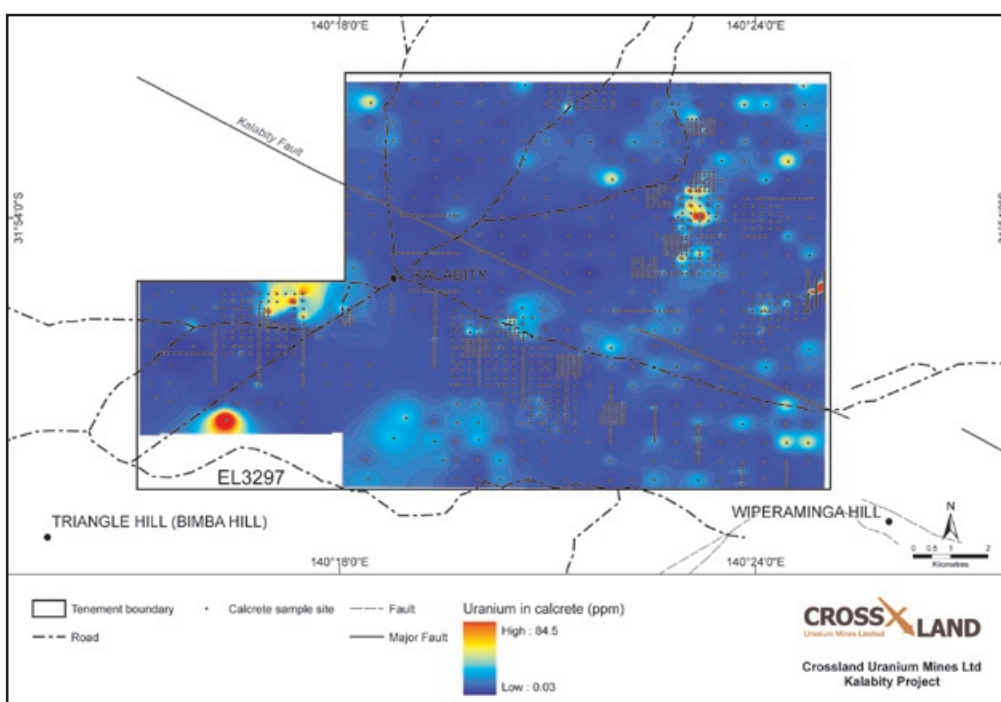
The initial program of exploration will consist of :

- » Infill auger calcrete - soil sampling in existing anomalous areas to define the extent and the shape of the anomalies;
- » RAB or aircore drilling of the defined anomalous targets;
- » Radiometric prospecting for KR4 type mineralisation along strike to the southwest of the known mineralisation and at similar areas of northeast striking linear magnetic features;
- » RAB drilling or trenching to locate and extend this type of mineralisation below cover; and
- » Reverse circulation drilling of all targets defined above.

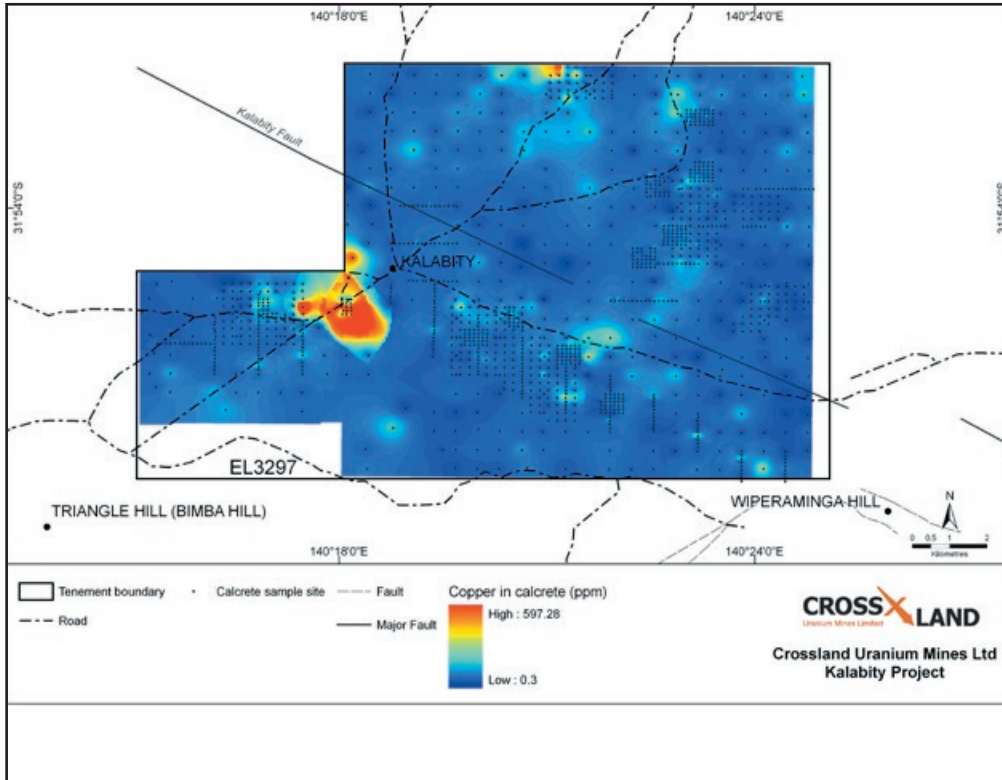
The planned program at Kalabity is budgeted at approximately \$350,000 in Year One and \$450,000 in Year Two for a total of \$800,000.



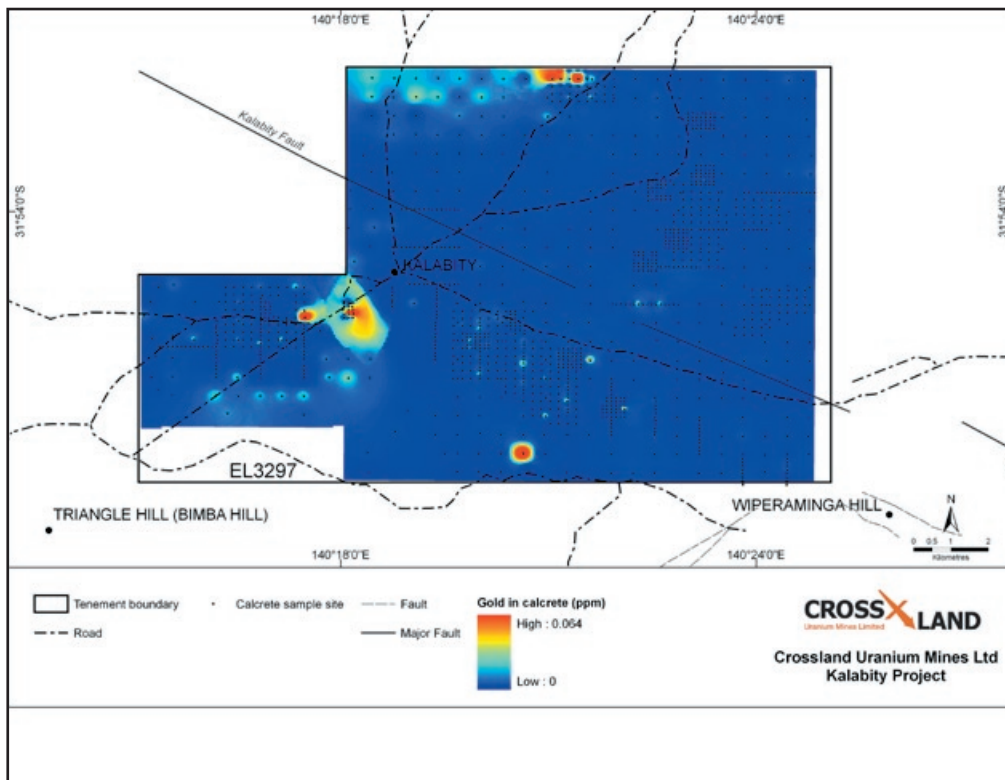
**Kalabity Project:** showing calcrete sample sites and uranium response (source: PlatSearch NL data). Inset shows results at KR4 prospect.



**Kalabity Project:** uranium in calcrete image (source: derived from PlatSearch NL data).



Copper in calcrete image



Gold in calcrete image

# 9b. Independent Geologist's Report – Diamonds



## Global

**Diamond Exploration Services Pty. Ltd.**

**ABN 84 101 182 496**

13 February 2007

The Directors, Crossland Uranium Mines Ltd  
Level 10,  
80 Arthur St.,  
North Sydney 2060.

Dear Sirs,

**Re: Independent Consulting Geologists Report**

Dearn C. Lee and Global Diamond Exploration Services Pty Ltd were commissioned by Crossland Uranium Mines Ltd to prepare an Independent Consulting Geologist's Report on its diamond projects for inclusion in a Prospectus to be issued by Crossland, to be dated on or about 15 February 2007 seeking subscriptions of approximately \$5.7 million.

This report has been prepared in accordance with regulations and guidelines for the Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports. The Valmin Code is binding upon members of the Australasian Institute of Mining and Metallurgy and has been adopted by the Australian Securities and Investment Commission and the Australian Stock Exchange Limited with respect to independent expert reports.

Dearn C. Lee, the author of the report, and the summary published in the prospectus, has more than thirty years of experience in diamond exploration including field work, laboratory work and evaluation of diamond deposits. He has contributed to prospectuses and valuation reports on diamond projects since 1997 when he became a consultant to the industry. He has worked with major diamond exploration companies in Australia and on diamond projects in many parts of the world including South Africa, Mali, Ghana, Sierra Leone, Finland, Russia, USA and Canada. He has a BSc degree and is a Member of the Australasian Institute of Mining and Metallurgy.

Dearn Lee has no material interest in Crossland or any of the diamond projects in this report, nor has he any input into the creation or management of the projects. This report was prepared in the role of an independent expert and consulting fees were charged at market rates. The contents of the report are based on field visits to the Crossland, Lake Woods and Western Creek project areas and on knowledge of other areas of the Northern Territory gained during the author's experience working in diamond exploration with major companies. The comments on the micro diamonds and indicator minerals are based on the author's knowledge gained during many years of laboratory work in the field of diamond exploration.

The Crossland diamond exploration projects are all situated on the North Australian Craton and this region remains prospective for commercial diamond deposits after many years of exploration by numerous companies. The large proportion of flat, poorly drained terrain and deep weathering has hampered exploration in the past but the approach by Crossland is new and enables intense prospecting methods to be applied to selected small areas. When coupled with the information compiled from 25 years of previous exploration, the Crossland target selection process has a good chance of success.

The status of the tenements has not been verified by the author nor were Aboriginal heritage and environmental issues considered in the report. Dearn Lee has given his consent in writing to the inclusion of this Independent Consulting Geologist's Report in the Crossland Prospectus.

The work programmes proposed by Crossland are well planned and the level of funding is appropriate for each project.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D.L.', with a stylized flourish at the end.

**Dearn C. Lee**

Global Diamond Exploration Services Pty Ltd



### Introduction

Crossland Uranium Mines Ltd ("CUX") has a portfolio of five diamond projects located in the North Australian Craton: four in the Northern Territory and one in Western Australia. All of Australia's past and currently producing hard rock diamond mines are located in the North Australian Craton:

- >> Argyle: 500 million carats produced from 1985-2004, stone value of around US\$10/carats, world's largest producing diamond mine
- >> Ellendale 9: pre-mining resource of 1.54 million carats with values in the range of US\$187 to US\$348 per carat, recent sales have achieved over US\$400 per carat
- >> Ellendale 4: resource of 3.8 million carats with an average value of US\$103 per carat
- >> Merlin: 0.5 million carats produced between 1998-2003, average value of US\$108 per carat, remaining resource of 3.5 million carats, largest diamond ever recovered in Australia, a 104.73 carat stone valued at approximately US\$525,000.

CUX's five diamond projects were generated through a study of regional structural geology. The study involved a new interpretation of readily available geo-scientific data to search for signatures of the same type as those associated with many known major mineral deposits, including kimberlite. The study identified small areas (typically about 100-150km<sup>2</sup>) that are interpreted to have increased prospectivity. After reviewing previous exploration data from the target areas, CUX identified five targets that showed strong indications for the presence of diamonds.

Recognised diamond exploration companies have found large numbers of microdiamonds in the vicinity of the Sylvester and Lake Woods targets. Microdiamonds are small diamonds, less than 0.4 mm in size. They are not of economic importance and are not recovered during normal diamond mining operations. Microdiamonds are important in exploration for diamond-bearing source rocks because they generally occur in greater numbers than larger, economically recoverable diamonds and, unlike many of the other minerals associated with diamond source rocks (kimberlitic indicator minerals), they are not destroyed by weathering and are resistant to abrasion during transport. By classifying the microdiamonds found at Sylvester and Lake Woods, CUX has demonstrated that there are anomalous concentrations of certain types of microdiamonds within a much broader and diffuse background population that occurs over much of the Northern Territory and adjacent parts of Western Australia and Queensland. CUX's simple microdiamond classification scheme is based on the shape, internal structure, and clarity of the individual crystals:

- >> Type 1: Generally colourless, or yellow, transparent or translucent, primary growth-form cubes and more complex shapes such as cubo-octahedra. Type 1 microdiamonds are rare in the population of microdiamonds found across the Northern Territory.
- >> Type 2: Sharp edged, octahedra and rounded or resorbed forms such as dodecahedra. Type 2 microdiamonds are often present in the population of microdiamonds found across the Northern Territory but are far less common than Type 3.





## Independent Geologist's Report – **Diamonds** (continued)

- >> Type 3: Generally small, un-resorbed opaque, fibrous cubes and irregular opaque fibrous diamonds. Type 3 microdiamonds are by far the most common type found in the population of microdiamonds found across the Northern Territory.

CUX recognises that not all kimberlite pipes will be detectable through the application of commonly used, traditional exploration methods such as surface sampling of alluvial gravel and eluvial soil (loam) deposits and airborne magnetic surveys. Some important and justifiable observations made by CUX relevant to diamond exploration in the North Australian Craton are:

- >> In intensely weathered and lateritized terrains such as Northern Australia, indicator minerals can be strongly weathered to the point where most or all minerals except diamond are destroyed in upper parts of a kimberlite pipe.
- >> Strongly weathered indicator minerals that survive to enter the drainage systems may be rapidly destroyed by physical processes relating to transport. Therefore the distance that a grain will survive alluvial transport can be very short.

- >> The combination of the above factors means that the recovery of even a single grain of diamond or other indicator mineral can be significant in leading to the discovery of diamondiferous source rocks.
- >> Kimberlite and lamproite can be strongly magnetic but more commonly they are weakly to non-magnetic.
- >> Subtle magnetic anomalies can be difficult to identify in areas where the surrounding rocks are variably or strongly magnetic.
- >> New techniques are required to find kimberlite pipes that have not been found by applying traditional exploration methods.

CUX are applying innovative techniques that allow the company to more effectively explore in areas that have proven to be problematic for previous explorers. Remote sensing techniques such as high-resolution geophysical surveys, digital elevation modelling and satellite imagery have improved significantly over the last ten years, and CUX will apply these methods as they explore their diamond project areas.





## Independent Geologist's Report – Diamonds (continued)

### Sylvester

The Sylvester Project in the Northern Territory covers an area of 329km<sup>2</sup> where previous explorers have identified a broad and strong microdiamond anomaly. The microdiamond population at Sylvester is characterised by a higher than normal proportion of Type 1 and Type 2 crystal forms which suggests that they may be derived from a local source.

The Sylvester Project is located 900km southeast of Darwin and 220km northeast of Tennant Creek. The Project Area is covered by two non-contiguous granted exploration licences, EL23683 and EL23685. Both exploration licences are subject to a royalty agreement that is described in Section 13 of this Prospectus.

The Project Area is located within the Georgina Basin, an intracratonic sedimentary basin of Palaeozoic age (509-498Ma). Previous drilling within the Project Area has shown that the sediments of the Georgina Basin are around 400m thick and overlie Mesoproterozoic (1500Ma) sediments of the South Nicholson Basin. Most of the Project Area is covered by black soil plains and pebbly lateritic/chert gravel. Outcrops of dolomite and limestone of the Middle Cambrian Anthony Lagoon Beds and the Tertiary Brunette Limestone occur sporadically throughout the broader area.

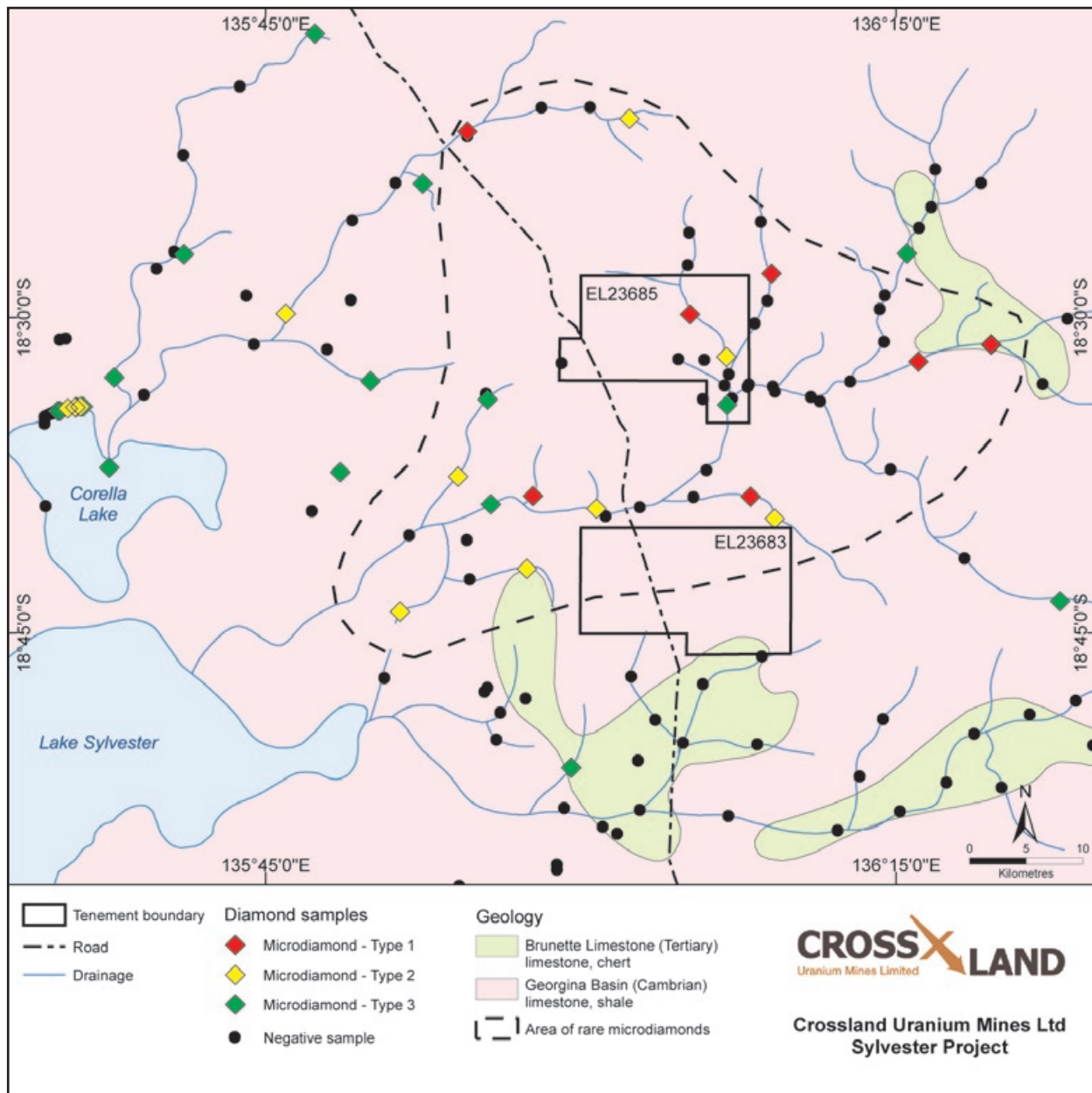
Ashton Mining Ltd explored the area during the 1980's and early 1990's and identified a broad area with unusually high numbers of microdiamonds. More importantly, Ashton recognised that the microdiamond population at Sylvester was different from the population found over large parts of the Northern Territory. The Sylvester microdiamond population contains unusually high numbers of Type 1 and Type 2 microdiamonds relative to the number of Type 3 microdiamonds, the most common type found within the Northern Territory. Ashton's exploration efforts, largely restricted to surface gravel and loam sampling, were hindered by the presence of a poorly developed drainage system. A source for the microdiamonds has never been located.

CUX proposes to cover the central part of the microdiamond anomaly with an airborne EM/magnetic survey. A survey of this type is designed to identify discrete targets for direct testing and assist in mapping palaeo-channels that can be sampled by drilling methods. Additional work will be subject to obtaining successful results from the airborne survey.

Program	\$
Airborne EM-Magnetic survey	<b>110,000</b>
Total	<b>110,000</b>



## Independent Geologist's Report – Diamonds (continued)





## Independent Geologist's Report – Diamonds (continued)

### Lake Woods

The Lake Woods Project in the Northern Territory covers an area of 2277km<sup>2</sup> where previous explorers and CUX have identified a significant microdiamond anomaly. The microdiamond population is characterised by a higher than normal proportion of Type 2 crystal forms which suggests that they may be derived from a local source.

The Project Area is located 700km south of Darwin and 200km north of Tennant Creek. The Stuart Highway passes through the centre of the area and the Adelaide-Darwin railway is located 40km to the west. The Project is covered by two granted exploration licences, EL23867 and EL24520, and one exploration licence application, EL25631. EL23687 and a small portion of EL25631 are subject to a royalty agreement that is described in Section 13 of this Prospectus.

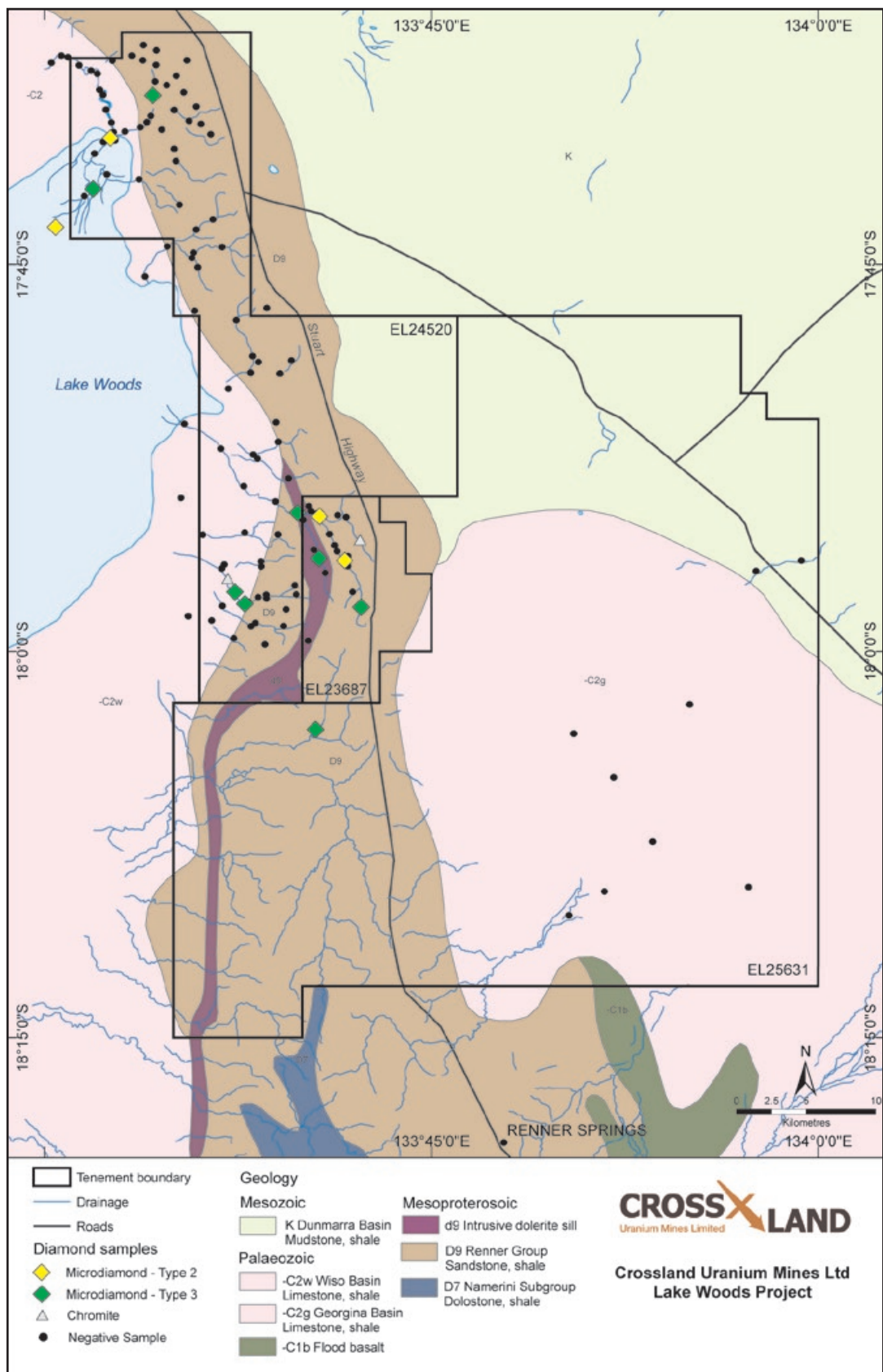
The Project Area is located at the northern end of the Tennant Inlier, part of the exposed basement rocks that comprise the North Australian Craton. The Tennant Inlier comprises strongly deformed and metamorphosed Palaeoproterozoic (>1800Ma) rocks overlain by Mesoproterozoic (1600-1000Ma) unmetamorphosed and weakly deformed platform sedimentary rocks of the Ashburton Province. The Tennant Inlier is bound by Palaeozoic basins, the Georgina Basin to the east and the Wiso Basins to the west.

Previous exploration within the district has focused on the potential for diamonds and base metals but has been limited in extent. The high proportion of Type 2 microdiamonds underpins the exploration potential for diamonds in the area. Four of the twelve microdiamonds recovered from within the Project Area are un-resorbed octahedral forms and may be indicative of a proximal source. The remainder of the diamonds are irregular to cube shaped, pink-brown to cream in colour (Type 3).

Follow-up by traditional gravel and loam sampling methods has been hampered by poorly defined, low-energy, sand-choked drainages and the widespread presence of transported soil cover. Successful follow-up of the diamonds will require the application of geophysical techniques such as airborne magnetic, electromagnetic and gravity surveys.

CUX proposes to cover the main microdiamond anomaly with an airborne EM/magnetic survey. A survey of this type is designed to identify discrete targets for direct testing and assist in mapping palaeo-channels that can be sampled by drilling methods. Infill gravel sampling will be undertaken to follow-up Type 2 microdiamond occurrences and an initial program of auger sampling will be conducted to test the main palaeo-channels. Additional work will be subject to obtaining successful results from the initial program.

Program	\$
Airborne EM-Magnetic survey	<b>150,000</b>
Infill gravel sampling	<b>30,000</b>
Auger drilling and sampling	<b>50,000</b>
Total	<b>230,000</b>





## Independent Geologist's Report – Diamonds (continued)

### Western Creek

The Western Creek Project in the Northern Territory covers an area of 3182km<sup>2</sup> where CUX has recently identified grains of chromite with kimberlitic characteristics in gravel samples collected from buried palaeo-channels. These are the first known indicator minerals recovered in this area and represent a significant upgrade of the potential for the area to host diamondiferous source rocks.

The Western Creek Project is located 440km south of Darwin and 80km southwest of the town of Larrimah. The area lies 80km to the west of the Stuart Highway and is immediately adjacent to the Adelaide-Darwin railway line. The Project Area is covered by one granted exploration licence, EL23684, and two exploration licence applications, EL25605 and EL 25607. EL23684 (46km<sup>2</sup>) is subject to a royalty agreement that is described in Section 13 of this Prospectus.

The Project Area is located in the central part of the Dunmarra Basin, an intracratonic sedimentary basin of Mesozoic age (141-65Ma). The Dunmarra Basin has an average thickness of about 100m and unconformably overlies the Palaeozoic Daly Basin and Wiso Basin and the Mesoproterozoic (1800-1430Ma) McArthur Basin. Little is known of the detailed geology of the area and only surficial deposits have been mapped within the Project Area.

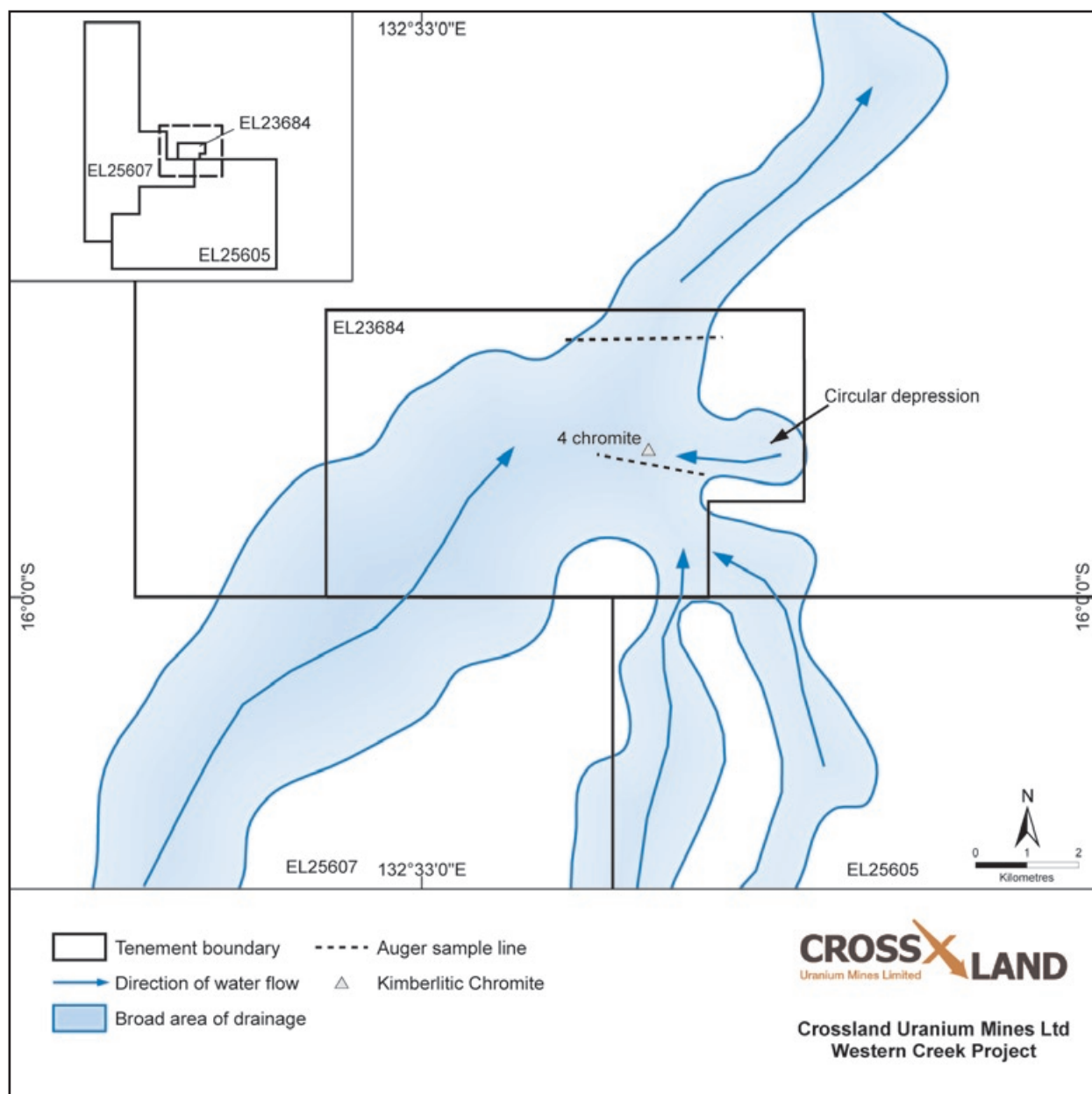
There has been very little previous exploration reported from the Project Area and what little has been done has been for diamonds. No diamonds or indicator minerals have been reported from the Project Area, however, Ashton Mining reported two microdiamonds about 30km to the south.

In 2006 CUX recovered four grains of chromite from a 224kg composite gravel sample collected from a palaeo-channel. The chromite grains display some morphological features typical of kimberlitic chromites and one grain shows chemical similarities to chromites found as inclusions in diamond. The initial results from the work conducted by CUX are highly encouraging and are evidence that the area holds considerable potential to host diamondiferous source rocks, however, more work is required to verify and trace the chromite grains back to their source. CUX has identified six aeromagnetic and/or topographic anomalies from Northern Territory Geological Survey (NTGS) airborne geophysical data with characteristics similar to those that might be expected from a kimberlite pipe. The anomalies represent priority targets for further investigation.

CUX proposes to confirm and follow-up the chromite results at Western Creek by conducting additional sampling of the palaeo-channels. Ground magnetic surveys will be conducted to better define the priority aeromagnetic anomalies. An airborne EM/magnetic survey is planned to cover the area surrounding the chromite occurrence defined by current and future gravel sampling. The airborne survey is designed to identify discrete targets for direct testing and assist in mapping palaeo-channels that can be sampled by drilling methods.

Program	\$
Follow-up auger drilling program	<b>50,000</b>
Ground magnetic surveys over aeromagnetic anomalies	<b>20,000</b>
Airborne EM-Magnetic survey	<b>150,000</b>
Drill testing and sampling of magnetic anomalies	<b>100,000</b>
<b>Total</b>	<b>320,000</b>







## Independent Geologist's Report – **Diamonds** (continued)

### **Baines**

The Baines Project is located 450km southwest of Darwin and 90km southwest of Timber Creek in the Northern Territory and covers an area of 400km<sup>2</sup>. The Project Area is covered by one granted exploration licence, EL23686, that is subject to a royalty agreement that is described in Section 13 of this Prospectus.

The Baines Project is situated in the Victoria-Birrindudu Basin, a weakly deformed, unmetamorphosed Palaeo- to Mesoproterozoic (1800-1430Ma) sequence of carbonate, sandstone and shale units. The Victoria Basin unconformably overlies deformed Palaeoproterozoic rocks.

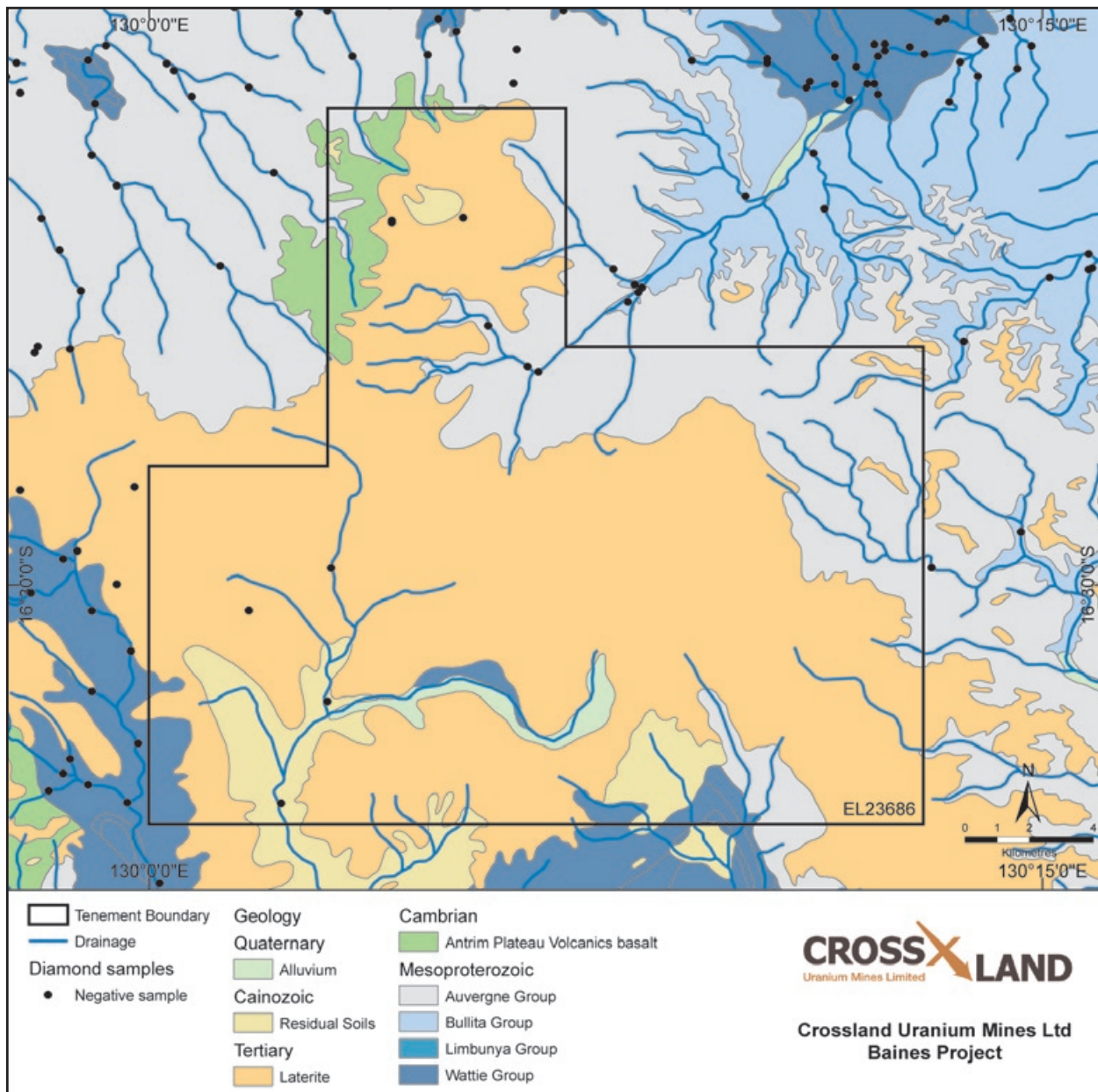
Detailed previous exploration undertaken within the Project Area is limited and has been exclusively for diamonds. Ashton Mining and Stockdale Prospecting (De Beers) both conducted extensive sampling programs in the greater area and recovered diamonds, microdiamonds and kimberlitic chromites. A source for the diamonds and indicator minerals has never been located.

The area has the potential to host diamond bearing kimberlite as demonstrated by the diamondiferous kimberlite bodies at Timber Creek, 90km to the northeast and by the presence of diamonds, microdiamonds and kimberlitic chromite in gravel samples over the broader area to the west and north of the Project Area.

CUX proposes to conduct a reconnaissance sampling program over the Baines Project Area. Approximately thirty gravel samples and a similar number of stream sediment geochemical samples will be collected, covering the entire Project Area. Further work will be subject to achieving successful results from the initial program.

Program	\$
Reconnaissance gravel and geochemical sampling program	<b>30,000</b>
Total	<b>30,000</b>







## Independent Geologist's Report – Diamonds (continued)

### Crossland Creek

The Crossland Creek Project is located in the Kimberley region of Western Australia, 190 km west of Wyndham and 150km south of Kalumburu and covers an area of 462km<sup>2</sup>. Access from Derby and Wyndham is via the unsealed Gibb River and Kalumburu roads. The Project Area is covered by two granted exploration licences, E80/3143 and E80/3303 and the former is subject to a royalty agreement that is described in Section 13 of this Prospectus.

The Project Area is situated in the Kimberley Basin, a relatively undeformed Palaeoproterozoic (1800-1840 million years) sequence of sandstone, siltstone, shale and basalt up to 5000m in thickness. Most of the Project Area is underlain by basaltic rocks of the Carson Volcanics.

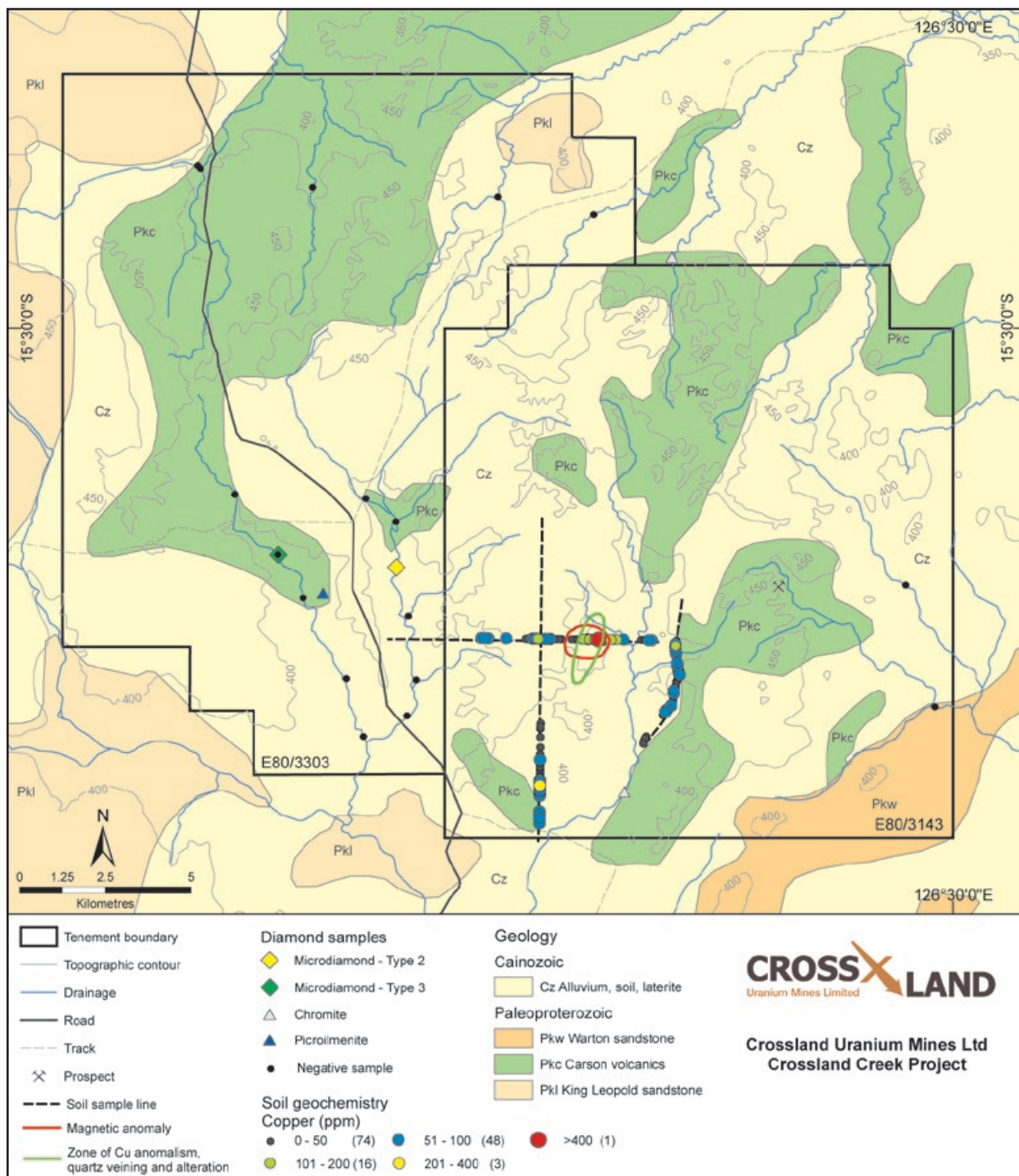
The general area has been previously explored for diamonds, uranium, copper and bauxite however the only detailed exploration undertaken has been for uranium. Microdiamonds and chromite have been recovered from reconnaissance gravel samples collected by CUX. The microdiamonds are from an area where previous explorers reported a picro-ilmenite in a gravel sample. The chromite grains are of indeterminate origin and could be derived from Carson Volcanics, Hart Dolerite or kimberlite.

Numerous diamonds and indicator minerals have been found in this general area by previous explorers but a source for the grains has not been found. It should be noted that it is not uncommon to find occasional diamonds and indicator minerals spread throughout much of the Kimberley Basin. The presence of two microdiamonds, a picro-ilmenite and chromite grains of uncertain origin within the Project Area is encouraging however further work is required to better evaluate its potential.

A zone of quartz veining, silicification and copper anomalism identified by CUX that coincides with a discrete and intense magnetic anomaly represents an exploration target worthy of further investigation. The likely target would be for copper and possibly nickel mineralisation associated with the strong propylitic (epidote-carbonate) alteration of Carson Volcanics.

CUX proposes to conduct a program of infill gravel sampling to follow-up previous indicator mineral and microdiamond occurrences. Approximately 30 samples will be collected. CUX also plans to follow-up encouraging copper geochemical anomalism in soil and rock chip samples by extending the existing coverage of soil geochemical sampling and by undertaking geological mapping and structural interpretation.

Program	\$
Follow-up and infill gravel sampling program	<b>20,000</b>
Follow-up soil and rockchip geochemical surveys (for copper)	<b>20,000</b>
Geological mapping and structural interpretation	<b>20,000</b>
Airborne magnetic/ electromagnetic survey and interpretation	<b>150,000</b>
<b>Total</b>	<b>210,000</b>



# 10. Independent Accountant's Report

## BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

**Partners**  
C H Barnes FCA  
A J Dowell CA  
M W James CA  
B Kolevski (Affiliate ICAA)

**Associate**  
M A Nakkan CA

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**Correspondence**  
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**Telephone**  
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(02) 9929 7428  
**email:**  
bdj@bdj.com.au

14 February 2007

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

Dear Sirs,

### INDEPENDENT ACCOUNTANT'S REPORT

This report has been prepared, at your request, for inclusion in a Prospectus to be issued by Crossland Uranium Mines Limited dated on or about 15 February 2007, in relation to the issue of 22,680,000 new Shares in Crossland Uranium Mines Limited (Crossland) at an issue price of 25 cents each.

### Scope of our Report

You have requested that Barnes Dowell James report on whether anything has come to our attention that would indicate that the financial information disclosed in this Section 10 of the Prospectus does not present fairly:

- >> Crossland's results for the nine month period from 1 January, 2006 to 30 September, 2006; and
- >> Crossland's assets and liabilities as at 30 September, 2006 both historical and assuming that the Offer and all of the transactions outlined in Note 2 in Appendix A of this report had taken place on that date.

This financial information has been reproduced at Appendix A to this report, including the financial reporting framework and details of adjustments to the historical financial position.

In our role as Independent Accountant in relation to the Prospectus, we have reviewed this financial information in accordance with Australian auditing standards applicable to review engagements, in particular Auditing Standard AUS 902 – Review of Financial Reports. Such a review is limited primarily to inquiries of Crossland's directors and analytical procedures applied to the financial information. These procedures do not provide all of the evidence that would be required in an audit and, accordingly, we do not express an audit opinion.



Expressions used in this report that are defined in the Prospectus have the same meaning as in the Prospectus.

### Financial Information

The historical financial information has been derived from Crossland's audit reviewed financial statements for the nine months to 30 September, 2006.

Crossland's pro forma balance sheet as at 30 September, 2006 was prepared to reflect the completion of the Offer as though it had taken place on 30 September, 2006 including the following transactions:

- The issue of 9,934,000 new Shares for \$0.17 each, raising \$1,688,780 in a placement completed on 12 December, 2006 (and associated costs of that placement);
- The proposed issue of 22,680,000 new Shares for \$0.25 each, raising \$5,670,000; and
- Costs of \$710,000 associated with the Offer.

### Opinion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe the financial information disclosed in this Section 10 of the Prospectus and reproduced at Appendix A to this report does not present fairly:

- Crossland's historical results for the nine months to 30 September, 2006
- The historical balance sheet as at 30 September, 2006; and
- The pro forma balance sheet as at 30 September, 2006, as they would appear assuming that certain subsequent transactions had taken place as at that date as outlined above.

### Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions or events, outside the ordinary course of Crossland's business, that have occurred to or subsequent to 30 September, 2006 which are not otherwise disclosed in the Prospectus that require comment upon or adjustment to the information referred to in this report or which would cause such information to be misleading or deceptive.

### Independence

Barnes Dowell James does not have any interest in the outcome of the Offer other than in connection with the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours faithfully



**A.J. DOWELL**

BARNES DOWELL JAMES



Liability limited by a scheme approved under Professional Standards Legislation

Website: [www.bdj.com.au](http://www.bdj.com.au)



## Independent Accountant's Report (continued)

### APPENDIX A

Set out below is the historical Balance Sheet and Pro Forma Balance Sheet of Crossland as at 30 September 2006 which assumes completion of the contemplated transaction disclosed in the Prospectus and material transactions (if any) which have occurred subsequent to 30 September 2006 which have been detailed in Note 2.

#### Balance Sheet And Pro Forma Balance Sheet AS AT 30 SEPTEMBER 2006

	Notes	Actual 30 September 2006 \$000	Pro Forma 30 September 2006 \$000
<b>Current Assets</b>			
Cash	3	442	7,008
Receivables		44	44
		486	7,052
<b>Non-current Assets</b>			
Exploration Properties		1,374	1,374
Plant And Equipment		26	26
		1,400	1,400
Total Assets		1,886	8,452
<b>Current Liabilities</b>			
Payables	4	(228)	(228)
Other Current Liabilities		(3)	(3)
Provisions		(15)	(15)
		(246)	(246)
Net Assets		1,640	8,206
<b>Shareholders' Equity</b>			
Issued Capital	5	4,223	10,789
Share Based Payments Reserve		71	71
Accumulated Losses		(2,654)	(2,654)
Total Shareholders' Equity		1,640	8,206

The above balance sheet and pro forma balance sheet should be read in conjunction with the accompanying notes.

The Company's publicly disclosed audited financial statements for the year to 31 December 2005 (when the Company's name was Klondike Source Limited), the Company's publicly disclosed audit-reviewed financial statements for the half-year to 30 June 2006, and the Company's quarterly cash flow statement for the three months to 30 September 2006, are available in full on the Company's web-site.

**Notes To The Balance Sheet And  
Pro Forma Balance Sheet  
As At 30 September 2006**

**Note 1 – Statement of Significant  
Accounting Policies**

The principal accounting policies adopted in the preparation of the historical Balance Sheet and Pro Forma Balance Sheet as at 30 September, 2006 are set out below.

**(a) Basis of Preparation**

The historical Balance Sheet as at 30 September 2006 has been extracted from the Company's audit-reviewed financial statements for the nine months ended 30 September 2006. These financial statements were prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board; Urgent Issues Group Interpretations and the *Corporations Act 2001*.

***Compliance with IFRSs***

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial statements and notes of Crossland comply with International Financial Reporting Standards (IFRSs).

***Historical cost convention***

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

***Critical accounting estimates***

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

**(b) Income Tax**

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

**(c) Cash**

Cash includes deposits at call (if any), which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

**(d) Receivables**

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

**(e) Payables**

These amounts represent liabilities for goods and services provided to the Company prior to 30 September 2006 which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(f) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.





## Independent Accountant's Report (continued)

### (g) Goods and Services Tax (GST)

Receivables and payables as at 30 September 2006 are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

### (h) Share based payments

When goods or services received are acquired in a share-based payment transaction, they are recognised as expenses or assets, as determined by the nature of the goods or services received, over the vesting period attached to the equity instrument acquired in the transaction. A corresponding increase is recognised in equity.

The goods or services are measured by reference to the fair value of goods or services received, or where this is not possible, indirectly, by reference to the equity instrument acquired. The fair value of the equity instrument is measured at grant date.

### (i) Exploration properties

Expenditure relating to pre-exploration activities is written off to the income statement during the period in which the expenditure is incurred.

Accumulated expenditure on areas that have been abandoned, or are considered to be of no value, is written off in the year in which such a decision is made.

## Note 2 – Assumptions in Compiling the Pro Forma Balance Sheets

The Pro Forma Balance Sheet of Crossland reflects the following transactions as if they had taken place as at 30 September 2006.

- a) The issue of 9.934 million Shares in a placement at 17 cents which was completed on 12 December 2006.
- b) The issue of 22.68 million Shares pursuant to the Offer.  
  
In accordance with the Offer outlined in the Prospectus, Crossland will issue 22,680,000 Shares at \$0.25 to raise \$5,670,000. The Offer is not underwritten.
- c) The payment of expenses associated with the placement referred to in **a)** above (\$83,000) and Offer (\$710,000) outlined in this Prospectus.

Expenses associated with the Offer have been charged against equity and reflected in the Pro Forma Balance Sheet as at 30 September, 2006.

## Note 3 – Cash

	Actual 30 September 2006 \$000	Pro Forma 30 September 2006 \$000
<b>Movements in cash</b>		
Balance as at 30 September 2006	442	442
9,934,000 Shares issued at \$0.17 on 12 December 2006		1,689
Costs of issue		(83)
22,680,000 Shares issued at \$0.25 pursuant to the Prospectus		5,670
Costs of Offer		(710)
Pro Forma at 30 September 2006		7,008

#### Note 4 – Payables

	Actual 30 September 2006 \$000	Pro Forma 30 September 2006 \$000
<b>Payables</b>		
Trade payables	219	219
Other payables	9	9
	<b>228</b>	<b>228</b>

#### Note 5 – Contributed Equity

	\$000	number
Fully paid ordinary shares		
Shares on issue 31 December 2005	3,151	31,504,900
Shares issued during the year:		
– May 2006 on completion of merger of Klondike Source Limited and Crossland Mines Pty Ltd	1,215	34,722,042
– December 2006 on completion of placement	1,689	9,934,000
Less: capital raising costs	(226)	–
	<b>5,829</b>	<b>76,160,942</b>
<b>Offer</b>		
– Offer Shares issued pursuant to the Prospectus	5,670	22,680,000
Costs of Offer	(710)	–
Pro Forma	<b>10,789</b>	<b>98,840,942</b>



## Independent Accountant's Report (continued)

### *Incentive Shares*

At the 2006 Annual General Meeting shareholders passed a resolution 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 certain conditions which are set out in Section 14.7.1.

Details of conditions under which Incentive Shares will be issued are shown at Section 14.7.1.

The beneficiaries of the Incentive Shares are the five Directors, and details are shown in Section 14.8 which deals with interests of Directors in the Company's securities.

Once issued, Official Quotation of those Shares will be sought on the ASX and the Incentive Shares will have the same rights and terms as other Shares in the Company, details of which are set out in Section 14.6.

### *Employee Incentive Option Plan*

The Company has in place an Employee Incentive Option Plan ("EIOP"), which is described in Section 14.7.2 of the Prospectus. Since that time 1,250,000 Options have been issued under the EIOP, with an exercise price of \$0.20 and an expiry date of 20 April 2009, which are included in the table below. The summarised terms of the EIOP are shown in Section 14.7.2.

### *Options*

The Company has on issue 30,150,200 Options over unissued Shares. These have various exercise prices and expiry dates as set out in the table below.

Expiry Date	Exercise Price	Number
31 Dec '07	<b>\$0.20</b>	6,487,500
31 Dec '07	<b>\$0.23</b>	15,325,100
31 Dec '07	<b>\$0.25</b>	5,487,600
31 Dec '07	<b>\$0.30</b>	1,600,000
20 Apr '09	<b>\$0.20</b>	1,250,000
		30,150,200

Included above are Options held by Directors and their associates. Details are shown at Section 14.8.

## Note 6 – Contingencies

### (a) Contingent liabilities

If the entity successfully achieves Official Quotation on the ASX listing fees will be payable to the ASX and contingency fees to the Company's brokers and its corporate advisers.

There are no other contingent liabilities as at the date of this Prospectus.

### (b) Contingent assets

The entity has no contingent assets to report as at the date of the Prospectus.

## Note 7 – Events occurring after the balance sheet date

Other than the matters disclosed in the Prospectus, no matter or circumstance has arisen since 30 September 2006 that has significantly affected, or may significantly affect:

- (a) Crossland's operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) Crossland's state of affairs in future financial years.

## Note 8 – Exploration Expenditure Commitments

	Actual 30 September 2006 \$000	Pro Forma 30 September 2006 \$000
Crossland is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the statement of financial position, and are due as follows:		
Annual Exploration	240	1,127

# 11. Solicitor's Report



15 February 2007

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

Level 2, 99 Frome Street  
Adelaide SA 5000  
GPO Box 2410, Adelaide SA 5001  
Tel: 08) 8111 4000  
Fax: 08) 8111 4099  
admin@oloughlins.com.au

Dear Sirs

## Prospectus – Solicitor's Report

This Report is prepared for inclusion in a Prospectus to be dated on or about 15 February 2007 ("**Prospectus**"), and issued by Crossland Uranium Mines Limited offering for subscription 22,680,000 new shares at an offer price of \$0.25 cents each.

The Report relates to:

- (i) the registered and unregistered interests of Crossland Uranium Mines Limited and its wholly owned subsidiaries (together referred to in this Report as "**Crossland**") in respect of certain Australian Exploration Licences ("**EL**") and Applications for Exploration Licences ("**ELA**") (together the "**Tenements**"), as set out in Schedule 1 to this Report;
- (ii) the contracts relating to the Tenements which Crossland has identified to us as being material contracts to which Crossland is a party ("**Material Agreements**"), and which are summarised in Section 13 of this Prospectus; and
- (iii) any claims lodged with the National Native Title Tribunal ("**NNTT**") relating to the land the subject of the Tenements.

## 1 Tenements

We have conducted searches of the Tenements in the registers maintained by the:

- (a) Department of Primary Industries and Resources (SA) pursuant to the *Mining Act 1971* (SA) ("**SA Department**");
- (b) Department of Primary Industry, Fisheries & Mines (NT) pursuant to the *Mining Act* (NT) ("**NT Department**"); and
- (c) Department of Industry and Petroleum Resources (WA) pursuant to the *Mining Act 1978* (WA) ("**WA Department**"),

(together the "**Departments**"). As a result of these searches and our perusal of the Material Agreements, we consider that this Report provides an accurate statement as to the status of, and of Crossland's interests in, the Tenements as at the date of this Report.



We have assumed the information in the registers maintained by the Departments is accurate and up to date. The references in Schedule 1 to this Report to the areas of the Tenements are taken from details shown on the Departments' registers. No survey was conducted to verify the accuracy of those areas.

In respect of the Tenements of which Crossland is not the registered holder or applicant, Crossland's interests are contractual rights to acquire an interest which depend upon the parties to each Material Agreement complying with, and fulfilling the terms of, the Material Agreement and satisfaction of any conditions precedent contained in it.

## 2 Material Agreements

We have examined the Material Agreements described in Section 13 of this Prospectus. The Material Agreements appear to have been duly executed and have been, or are, in the course of being stamped and lodged in compliance with the relevant legislation. We have assumed the authenticity of all seals and signatures, and that all of the Material Agreements are within the capacity and powers of, and have been validly authorised, executed and delivered by and are binding on each of the parties to them, comprise the entire agreement of the parties to each of them with respect to their respective subject matters, and that each party to each of the Material Agreements had, and has, full corporate power and lawful authority to observe and perform all of its obligations under them.

It is our opinion, based upon an examination of the Material Agreements, that the description of them does not contain any statement or matter that is false in a material particular or is materially misleading in the form and context in which it appears. Crossland has not identified to us any other material contracts relating to the Tenements.

## 3 Native Title

From enquiries we have made of NNTT and the Departments, we are aware of certain native title claims which may impact on the Tenements. These are identified in Schedule 1 to this Report.

It is possible that further claims may be made in the future. Where land is subject to native title, the *Mining Act 1971* (SA) and the *Native Title Act 1993* (Cth) ("**NTA**") impose restrictions upon the grant of mining tenements in relation to that land, including the requirement to negotiate with native title holders. As such, the existence and determination of native title in relation to the land the subject of the Tenements could inhibit exploration and mining operations, or cause significant delays in relation to future conversion of licences and applications for mining tenements over the subject land, or possibly challenge the validity of the grant of part or all of the rights conferred by them.

As a result of the 1998 amendments to the NTA (refer below), registered native title claims are required to undergo a revised registration test in order to become registered by the NNTT, thereby entitling claimants to certain procedural rights under the NTA, including the "right to negotiate". In Schedule 1 to this Report we have listed, where applicable, the outcome of the revised registration test to date as conducted in relation to the claims made against the Tenements.

We have not undertaken the considerable legal, historical, anthropological and ethnographic research, which would be necessary to form an opinion as to whether the existing or any future claims for native title would succeed and, if so, what the implications would be for Crossland. We have assumed the information in the registers maintained by the Departments and NNTT is accurate and up to date.



### 4. State and Commonwealth Legislation

In 1992 the decision of the High Court in *Mabo v Queensland* recognised the concept of Aboriginal native title to land where those rights survived the acquisition of sovereignty by non-indigenous people. The NTA was enacted in response to the *Mabo* case to regulate dealings with native title lands, and its substantive provisions commenced on 1 January 1994.

The NTA was substantially amended in 1998 in response to the 1996 High Court decision of *Wik v Queensland*. The *Wik* case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with rights held under a pastoral lease. Accordingly, the NTA (as amended) now provides a legislative scheme which sets out how native title is validly extinguished, allows “past acts” (including mining tenements and ancillary titles granted before 1 January 1994, which might otherwise be invalid due to the native title) and “intermediate period acts” which took place between 1 January 1994 and 23 December 1996 to be validated, authorises valid acts in relation to native title lands occurring after the introduction of the NTA, provides for a negotiation process between government, native title and non-native title parties in relation to certain future uses of native title lands, and provides for compensation to be claimed for the extinguishment or impairment of native title. The NTA also allows the States, amongst other things, to make laws for the validation of past acts and intermediate period acts which are attributable to that State.

In 1996 the *Native Title (South Australia) Act 1994* (SA) amended the *Mining Act 1971* (SA) to provide an alternate and complementary State-based system which largely replaces the operation of the “right to negotiate” procedures under the NTA in South Australia. Part 9B of the *Mining Act 1971* (SA) was introduced to establish specific provisions for land access and separate right to negotiate procedures for operations on native title lands in South Australia.

The *Native Title (South Australia) (Validation and Confirmation) Amendment Act 2000* (SA) (“**SA Amending Act**”) came into operation on 22 January 2001 and provides for the validation of intermediate period acts attributable to the State of South Australia and extinguishes native title over land the subject of the majority of perpetual lease categories as granted on or before 23 December 1996 under the *Crown Lands Act 1929* (SA). Where native title claims may otherwise have applied to properties covered by the SA Amending Act, those properties will no longer be claimable.

In the Northern Territory, however, the NTA procedures continue to apply in conjunction with the *Validation (Native Title) Act* (as amended).

Western Australia has similar validation legislation which is not applicable here as none of the tenements in Western Australia were applied for and granted during the relevant period.

These Northern Territory and Western Australian Acts are consistent with the standards set by the NTA for future dealings affecting native title.

It remains to be seen whether recent important native title decisions of the High Court and Federal Court will result in further legislative amendments.

## 4.1 Validity of Titles

### 4.1.1 Northern Territory and Western Australian Tenements

With some exceptions not relevant to Crossland, the validity of titles, permits and approvals granted on or after 1 January 1994 (that is, all of the NT and WA Tenements) depends, to the extent that the grant of the relevant mining title affects native title, upon compliance with the “future act” processes of the NTA. Under the NTA, the grant of a mining tenement after 1 January 1994 is generally a “future act” if the grant extinguishes or is wholly or partly inconsistent with native title, and is only permitted where the future act procedures under the NTA, and in particular the right to negotiate process, have been complied with. Future acts affecting native title are permitted under the NTA if authorised under indigenous land use agreements (“**ILUAs**”) with native title parties which comply with the NTA, or where compliance with legislative procedures indicates an absence of native title.

Under the NTA procedure, negotiations are initiated to obtain the agreement of relevant native title parties to the carrying out of the proposed future act on the native title land. The right to negotiate procedures consist of a statutory period of negotiation between the relevant Government party, the native title party and the grantee, during which time the parties must negotiate in good faith. Generally the right to negotiate process involves notifying relevant Aboriginal groups of the application for a mining interest, waiting the required time period for objections from any registered native title claimants and, if there are objections from native title claimants, negotiating on the grant of the mining interest. If negotiations fail to resolve any dispute as to the grant of a mining interest the NNTT (as the arbitral body) will make a determination as to whether the grant may proceed (and if so, on what conditions). Subject to Federal Ministerial intervention, the agreement of the parties, or the decision of the NNTT, will determine whether the mining interest is granted.

Generally the right to negotiate procedures only apply to native title claimants whose claims have been accepted for registration at the relevant time.

In relation to certain ELs an expedited procedure may be followed (if it is not successfully objected to) provided the grant is not likely to:

- » directly interfere with the native title holders’ community or social activities;
- » interfere with areas or sites of particular significance; or
- » involve major disturbance to land or waters or create rights whose exercise is likely to do so.

If the expedited procedure applies, then the EL may be granted without going through the right to negotiate.

For future purposes, it is important to note that where it is proposed to convert all or any part of an exploration licence to a mining lease it will be necessary to go through the right to negotiate process with any native title holders or claimants whose claims have been determined or are accepted for registration at the relevant time. All three Western Australian tenements and twelve of the Northern Territory tenements are currently subject to at least one native title claim, and other claims may arise in future. The tenement holder, applying to convert, may negotiate and enter into agreements with native title claimants or holders in relation to the grant of mining lease applications in future. Any such agreements may, depending on their terms, affect the costs or economics of any mining project the tenement holder may wish to conduct. In the absence of a negotiated agreement with the native title claimants, there is no guarantee that passing through the native title future act processes will result in mining lease applications ultimately being granted.

The NTA provides for a right of compensation in favour of affected native title parties to the extent that the future acts extinguish or impair the relevant native title parties’ rights to the continued enjoyment of their traditional rights over land comprised within the grants. The right to compensation only arises after the native title has been determined by the court to exist. At the date of this Report, it is not possible to assess the level of compensation which will be payable to native title parties in relation to any grants of the Tenements made under the NTA procedures. Each of the *Mining Act* (NT) and the *Mining Act 1978* (WA) provides that the applicant for, or holder of, a mining tenement is liable for compensation payable to native title holders in connection with the grant of a mining tenement.



## Solicitor's Report (continued)

The ultimate grant of each of the Northern Territory and Western Australian tenement applications will be future acts under the NTA.

### (a) Northern Territory Tenements

#### >> *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) ("ALRA")*

Crossland is not presently the applicant for any ELAs under the *Mining Act* (NT) which are situated on Aboriginal Land within the meaning of ALRA as recently amended by the *Aboriginal Land Rights (NT) Amendment Act 2006* (Cth), and which would therefore require an Exploration Agreement setting out the terms and conditions which will apply to the grant of the exploration licence to be entered into with the relevant land council, before the relevant exploration licences can be granted.

EL 23686, EL 23682, EL 25077 and EL 22738 are subject to traditional land claims under the ALRA.

Under the ALRA, the holder of an EL is able to enter into an agreement in relation to exploration or mining on the land under claim before it becomes Aboriginal Land as a result of a successful land claim. Section 48A of the ALRA allows a Land Council to enter into an agreement with a person who has applied for an ELA, or a person who already holds an EL who has lodged an application for the grant of a mining interest. Such an agreement will set out the terms and conditions which will apply to the grant of the mining interest, if the land becomes Aboriginal Land before the mining interest is granted.

### Native Title

We comment in relation to each project area as follows. However, we have not undertaken the detailed underlying tenure investigations necessary to conclusively establish the existence of native title in relation to each tenement and our comments are of a general nature only.

#### (i) *Baines Project*

The Baines Project area (comprising EL 23686) is situated on land held under Crown Lease in perpetuity and falls within the area of the Gregory National Park Northern Land Council ("NLC") ILUA which was registered on 15 November 2005. Under the ILUA the parties consent to the granting of the Gregory National Park as Aboriginal Land under the ALRA and otherwise deal with native title issues in respect of the scheduling of the Park as Aboriginal Land under the ALRA.

Tenements granted since 23 December 1996 (that is, all of the Northern Territory ELs) which affect native title rights and interests will be valid provided that the future act procedures set out in paragraph 4.1.1 above were followed by the relevant parties.

#### (ii) *Chilling Project*

The Chilling Project area (comprising EL 23682, EL 25076, EL 25078, EL 25077 and ELA 22738) is situated largely on land held under Crown Lease in perpetuity and partly on land held under perpetual pastoral lease.

Pastoral lease land admits the continued existence of native title rights and interests to the extent that such native title rights and interests have continued to exist in accordance with Aboriginal traditional law and custom and are not inconsistent with the rights of the holder of the pastoral lease and any other extinguishing event.

Through the "future act" procedures, and in particular the right to negotiate process as outlined in paragraph 4.1.1 above, the NTA seeks to protect native title rights and interests which may continue to exist.

EL 23682, EL 25076 and ELA 22738 fall within the area of Claim No DC01/28 (Fish River). This claim has been accepted for registration such that the claimants are entitled to the right to negotiate. EL 25078 does not presently fall within the area of a registered native title claim, and EL 25077 falls within the area of Claim No DC 05/8 (Litchfield National Park) which claim has not yet been tested for registration. In relation to the grant of ELA 22738, the future act procedures discussed earlier must be followed. As a result of enquiries made with the NT Department, we understand that the advertisement of ELA 22738 has occurred and that this ELA is subject to a native title objection.

We are instructed that the negotiation of an Access Agreement is proceeding and that on 10 November 2006 all relevant documents were lodged with the NLC to enable it to provide Crossland with a draft Access Agreement. Crossland has not yet received a draft Access Agreement.

**(iii) Lake Woods Project**

The Lake Woods Project area (comprising EL 23687, EL 24520 and ELA 25631) is situated on land held under perpetual pastoral lease (refer to our comments concerning pastoral lease land above).

EL 23687, EL 24520 and ELA 25631 fall within the area of Claim No DC 01/35 (Tandyidgee/Powell/Helen Springs) and DC 01/37 (Powell Creek). ELA 25631 and EL 24520 also fall within the scope of Claim No DC 01/36 (Tandyidgee). EL 24520 falls within Claim No DC 02/32 (Newcastle Waters 2) and ELA 25631 falls within Claim No DC 01/39 (Helen Springs). Each of these claims has been accepted for registration such that the claimants are entitled to the right to negotiate.

ELA 25631 falls within the area of the Powell Creek Community Living Area ILUA which was registered on 28 June 2004. Under the ILUA the parties consent to the grant of an estate in fee simple in the relevant Approved Application Area (as defined) in the Powell Creek area for a community living area.

In relation to the grant of ELA 25631, the future act procedures discussed earlier are to be followed, although the parties consent to the doing of the Agreed Action (as defined) whether or not this is a future act. As a result of enquiries made with the NT Department, we understand that ELA 25631 has not yet been advertised and that native title negotiations have not yet commenced.

**(iv) Sylvester Project**

The Sylvester Project area (comprising EL 23683 and EL 23685) is situated on perpetual pastoral lease land (refer to our comments in relation to pastoral lease land above) and falls within the area of Claim No DC 03/1 (Rockhampton – Brunette Downs) which application failed the registration test such that the claimants are not entitled to the right to negotiate.

**(v) Western Creek**

The Western Creek Project area (comprising EL 23684, ELA 25605 and ELA 25607) is situated on pastoral lease land (refer our comments in relation to pastoral lease land above).

EL 23684 falls within the areas of Claim Nos DC 02/7 (New Lakefield) and DC 02/8 (Dry River). ELA 25605 and ELA 25607 also fall within the New Lakefield claim area and the area of Claim No DC 02/27 (Killarney). ELA 25605 also falls within the area of Claim No DC 02/16 (Buchanan Downs) and ELA 25607 falls within the above Dry River Claim area. Each of these claims has been accepted for registration such that the claimants are entitled to the right to negotiate. ELA 25605 also falls within the area of Claim No DC 98/8 (Rail Corridor 8) which application failed the registration test.

The grant of ELA 25605 and ELA 25607 will require compliance with the future act procedures discussed earlier. As a result of enquiries made with the NT Department, we understand that ELA 25605 and ELA 25607 have not yet been advertised and that native title negotiations have not yet commenced pursuant to section 29 of the NTA.

**(vi) Oldyard Project**

The Oldyard Project area (comprising EL 24279) is situated on perpetual pastoral lease land (refer our comments above in relation to pastoral lease land) and falls within Claim No 02/10 (Willeroo Delamere) which claim has been accepted for registration.

**(vii) Charley Creek Project**

The Charley Creek Project area (comprising EL 24281 and EL 25230) is situated on perpetual pastoral lease land (refer our comments in relation to pastoral lease land above).

EL 24281 does not presently fall within the area of a registered native title claim.

EL 25230 falls within the area of Claim No DC 01/47 (West MacDonnells) which claim has been accepted for registration. We are advised that the West MacDonnell National Park forms the southern boundary of EL 25230, therefore EL 25230 falls within the area of West MacDonnell National Park ILUA which was registered on 3 October 2005. Under the ILUA the parties consent to the granting of various national parks situated in the Northern Territory as Aboriginal Land under the ALRA and otherwise deals with native title issues in respect of the scheduling of those Parks as Aboriginal Land under the ALRA. We are instructed that the Central Land Council (“CLC”) has provided Crossland with a draft Access Agreement.





## Solicitor's Report (continued)

### Sacred Sites

Sacred sites are sites that are sacred to Aboriginals or otherwise of significance according to Aboriginal tradition, and includes any land that, under a law of the Northern Territory, is declared to be sacred to Aboriginals or of significance according to Aboriginal tradition.

Both ALRA and the *Northern Territory Aboriginal Sacred Sites Act* (NT) ("**Sacred Sites Act**") protect sacred sites in the Northern Territory. Any explorer or miner is required to work within the sacred site protection regime created by this legislation and it is expected that the relevant land council would also become involved.

It is expected that there would be sacred sites in respect of some or all of the Northern Territory Tenements and there may be some sites registered on the Register kept under the Sacred Sites Act.

Although inspecting the Register may indicate that some sacred sites have been registered, the only definitive method of investigating the possibility of the existence, location and extent of sites is for there to be a specific sacred site survey undertaken taking into account the proposed activities on the land.

It should be recognised that some custodians of sacred sites will only reveal the existence of a site if they believe that the site may be threatened by the proposed activity. It is therefore essential that the details of any proposed activity which generates the need for the survey includes details of the likely impact on the land should the exploration be successful and a mine eventuate.

### (b) Western Australian Tenements

The WA Department has advised that the relevant Government parties have not commenced public notification pursuant to section 29 of the NTA to initiate the right to negotiate procedures in relation to Western Australian ELA 04/1443.

It has been the policy of the WA Government to apply the expedited procedure available under the NTA to all applications for exploration licences. The expedited procedure is initiated by the State when it issues the notice of its intention to grant a tenement pursuant to section 29 of the NTA. As mentioned above, the significance of the process is that if no objection is received to the application of the expedited procedure within four months of the notification day, or if, notwithstanding an objection, the expedited procedure is held to apply, then the tenement may be granted without going through the right to negotiate process.

The current situation regarding the Western Australian ELA is as follows:

- ELA 04/1443 is within the area of determined Claim Nos WC 99/11 (Wanjina/Wunggurr–Willingin) and WC 95/23 (Ngarinyin). No notification of the proposed grant has been initiated by the Department of Industry and Resources in Western Australia. Notification will commence the expedited procedure set out above.

#### 4.1.2 South Australian Tenements

In South Australia, tenements granted after 1 January 1994 are future acts under the NTA. In addition, where those tenements were granted after 17 June 1996 (that is, both of the South Australian Tenements) the provisions of Part 9B of the *Mining Act 1971* (SA) must be followed in order to validate the operation of the tenements, instead of the NTA procedures.

Under Part 9B of the *Mining Act 1971* (SA), the grant of an EL confers no right to carry out mining operations, including prospecting, exploring or mining for minerals on native title land (being land in respect of which native title exists or might exist) unless the mining operations do not affect native title (that is, they are not wholly or partly inconsistent with the continued existence, enjoyment or exercise of rights deriving from native title), a declaration is made under the law of the State or the Commonwealth that the land is not subject to native title, an ILUA is registered under the NTA or determination authorising the mining operations is made under Part 9B of the *Mining Act 1971* (SA).

An applicant for a mining tenement may apply to the Environment Resources and Development Court (“**ERD Court**”) for a declaration that the land is not subject to native title, and if the land is declared native title land an agreement may be negotiated with the native title holders authorising the mining operations.

Part 9B requires the holder of an exploration licence to negotiate an agreement authorising exploration activities on native title land with native title parties, whether such parties are the registered holders of native title or registered native title claimants. These negotiations are initiated by giving notice in accordance with Part 9B to native title parties, the ERD Court and the Minister, and must be pursued with registered parties within two months after giving notice. If agreement is not reached within four months from the commencement of negotiations, then any party may apply to the ERD Court for a determination, which must then be made by the ERD Court within four months of the application, unless there are special reasons why it cannot do so. A determination made by the ERD Court under Part 9B that mining operations may be conducted on native title land may be subject to such conditions as are determined.

We comment in relation to the South Australian Tenements as follows. However, we have not undertaken the detailed underlying tenure investigations necessary to conclusively establish the existence of native title in relation to each tenement and our comments are of a general nature only.



### Kalabity Project and Mt Darling

EL 3297 and EL 3228 are situated primarily on pastoral lease land. Pastoral lease land admits the continued existence of native title rights and interests, to the extent that such native title rights and interests have continued to exist in accordance with Aboriginal traditional custom and are not inconsistent with the rights of the holder of the pastoral lease and any other extinguishing event. However, by virtue of the SA Amending Act, the grant of certain pastoral leases conferring exclusive possession, being a past or intermediate period act (as defined in paragraph 4 above) may also have extinguished native title rights over the relevant land.

EL 3297 falls within the area of Claim No SC99/1 (Adnyamathanha No 1) and EL 3228 falls within the scope of Claim No SC96/3 (Eringa). Each of these claims has been accepted for registration such that the claimants are entitled to the right to negotiate. The solicitors for the Adnyamathanha claimants have been formally advised of Crossland's interest in the area, and that Crossland has requested that the claimants commence negotiations of an agreement to permit exploration access.

We are also instructed that Part 9B negotiations have not yet commenced with native title claimants in South Australia for the authorisation of mining operations on EL 3228, nor have negotiations commenced for this Tenement concerning "heritage clearance" in relation to Crossland's obligations under the *Aboriginal Heritage Act 1988* (SA) (refer our comments in relation to the *Aboriginal Heritage Act 1988* (SA) in paragraph 4.7.2 below).

We are instructed that, in relation to EL 3297, "heritage clearance" negotiations have been commenced, and that Part 9B negotiations have commenced with native title claimants.

As noted above, we have not been instructed to undertake, and understand that Crossland has not otherwise undertaken, the detailed underlying tenure investigations which would be necessary to confirm the effect of the SA Amending Act in relation to the above tenements.

### 4.2 Northern Territory Tenements – General Comments

ELs are issued subject to standard terms and conditions under the *Mining Act* (NT). The area of an EL must not exceed 500 blocks and must be contained in a single licence area. An EL may be granted for a term of up to six years and may be renewed for two further periods of two years at the Minister's discretion. At 24 months from the grant of the EL and each 12 months thereafter, the size of the EL must be reduced so that the number of blocks to be retained for the next 12 months does not exceed half the number of blocks in the licensed area at the start of the initial 24 month period or subsequent 12 month period. The Minister on application can waive this reduction. EL conditions include obligations relating to rehabilitation, payment of rent, minimum expenditure and reporting requirements. Rent of an EL ranges from \$11.00 per block (GST inclusive) in the first and second years to \$176.00 per block (GST inclusive) in the sixth and subsequent years.

An ELA which has been lodged under the *Mining Act* (NT) confers priority over the subject area until such time as the Minister decides whether to grant or refuse the application, and there is a 21 day period after advertising the application for objections to be lodged (refer to our comments in paragraph 4.1.1(a) above concerning the status of the various ELAs situated in the Northern Territory). Buchanan Exploration Pty Ltd is the applicant for ELA 22738. The transfer of this tenement to Crossland will require the grant of ELA 22738, the approval of the Minister and registration pursuant to the *Mining Act* (NT).

#### 4.3 Western Australia Tenements – General Comments

Under the *Mining Act 1978* (WA) ELs are issued subject to standard terms and conditions and any other conditions determined by the Minister. Conditions are imposed including payment of rent, minimum expenditure and reporting obligations. An EL may be issued for an area not exceeding 70 “blocks”, as defined in the Act, for an initial term of five years, and renewable at the Minister’s discretion for one period of five years and by one or more periods of two years. The Act also makes provision for the relinquishment of certain areas subject to the EL. On or before the day on which the initial five year period ends, the holder of an EL granted in respect of more than one “block” is required to lodge a surrender for registration in respect of 40% of the number of blocks subject to the licence. The Minister may grant a deferral of the requirement to surrender if the prescribed grounds for deferral exist. The rental for an EL ranges from \$105.00 per block in the first, second and third years to \$420.09 in the eighth and subsequent years.

Subject to compliance with the terms and conditions of an EL during its currency, the licence holder has a priority interest in the granting of mining leases and general purpose leases over the area of the EL. A grant of an EL in Western Australia that affects native title may not be validly made until the requirements of the NTA and in particular compliance with the right to negotiate, are met. In addition, the *Mining Act 1978* (WA) restricts the transfer of or other dealing with a legal or equitable interest in an exploration licence in the first year of the term after grant without the prior written consent of the Minister.

An applicant for an EL who first complies with the application requirements under the *Mining Act 1978* (WA) has the right in priority to all other applicants to have the EL granted. However the Minister retains the overall discretion whether or not to grant an EL and the Minister will determine the application after receiving the recommendation of the mining registrar or mining warden. Objections may be made within 30 days of the date of application, or such further period as the warden considers reasonable.

The ELA situated in Western Australia has been advertised under the *Mining Act 1978* (WA) and the WA Department has confirmed that there have been no objections to this application under that Act (refer to our comments in paragraph 4.1.1(b) above in relation to the NTA objection status of this tenement).

#### 4.4 South Australian Tenements – General Comments

Exploration Licences are issued subject to a standard schedule of general exclusions and conditions under the *Mining Act 1971* (SA). Under that Act, an EL may be issued for an initial term not exceeding five years, which term may be extended at the discretion of the responsible Minister but not so as to exceed five years in total. An EL may be granted subject to such conditions as the Minister may determine and upon renewal, the Minister may vary, revoke or add to the terms and conditions of the EL, and the area may be reduced. The holder of an EL must comply with minimum expenditure commitments under the Act. The rental for an EL is \$4.55 per square kilometre per year.

An EL may not be assigned or otherwise dealt with either directly or indirectly, without the written consent of the Minister. We are instructed that the Kalabity Joint Venture Heads of Agreement has been lodged with the SA Department for Minister’s consent in relation to EL 3297. Crossland is not currently the applicant for any ELAs in South Australia.

#### 4.5 Other Obligations

The *Mining Act 1971* (SA), *Mining Act* (NT), and *Mining Act 1978* (WA) also impose obligations upon the holder of a mining title (including an EL) in relation to entry to and use of land, notice requirements and compensation to the landholder. The tenement holder must give written notice to landholders of the relevant land (including native title holders), before entering the land for exploration or mining purposes, and access arrangements are to be entered into in accordance with the requirements of the Act. The holder of a mining title is also required to compensate every person having an interest in any land upon which mining operations are carried out in pursuance of the Act, and which includes persons holding native title in the relevant land. Compensation may be by agreement or else determined by the Court. Obligations are also imposed in relation to compliance with environmental, conservation and heritage obligations and rehabilitation requirements.



### 4.6 Uranium Legislation

- (a) Mining of uranium is currently permitted only in South Australia and the Northern Territory.
- (b) There are no statutory restrictions in Western Australia on mining or exploring for uranium. Current State government policy does not prevent a company exploring and evaluation uranium prospects in Western Australia. However, current Western Australian State Government policy prevents uranium mining and all mining leases granted since 22 June 2002 have been issued subject to a condition prohibiting the mining of uranium. The development of any uranium discovered on the Tenements in Western Australia is contingent upon a change of policy by the Western Australian State Government.
- (c) Each of the South Australian ELs authorises the holder to explore for all minerals except for extractive minerals (sand, gravel, stone and so on) or precious stones (as defined) within the area of the EL.

*The Mining Act 1971 (SA)* defines 'minerals' to include any naturally occurring deposit of metal or metalliferous ore, precious stones or any other mineral. Accordingly, a licence issued under the *Mining Act 1971 (SA)* for exploration or mining of minerals applies also to uranium subject to, in the case of mining operations, the additional requirements set out below.

Section 10A provides as follows:

- (i) Subject to section 10A, mining operations (other than exploratory operations) for the recovery of uranium are prohibited, unless the responsible Minister has endorsed upon the relevant mining lease or retention lease, an authorisation to carry out mining operations for that purpose.
- (ii) An authorisation to carry out such mining operations for recovery of uranium may be granted upon such conditions as the Minister thinks fit, and may be ended upon breach of any condition.
- (iii) This section does not prevent recovery of uranium in the course of mining operations carried out for the recovery of other minerals provided that the uranium is stockpiled in accordance with the conditions stipulated by the Minister or is of such low concentration that, in the Minister's opinion, it may be (and is) safely discarded as waste.
- (iv) The property in any uranium recovered in pursuance of (ii) or (iii) above does not pass from the Crown unless and until the Minister authorises the relevant party to sell and dispose of the uranium.

The general objective of the *Radiation Protection and Control Act 1982 (SA)* is expressed to include the requirement that persons shall, in carrying on any activity related to uranium, endeavour to ensure that exposure of persons to radiation is kept as low as reasonably achievable, social and economic factors being taken into account. So far as principally concerns Crossland, this Act provides that a person is prohibited from carrying out operations for the mining (which expression includes *in situ* leaching) of uranium unless the operations are authorised by a licence granted by the responsible Minister who must be satisfied that the proposed operations would comply with the regulations which relate to persons who are subject to radiation exposure and to the transport of uranium. The Minister may attach conditions to the licence.



- (d) An EL granted under the *Mining Act* (NT) authorises the holder to explore for “minerals” in, on or under the licence area, subject to the conditions of the licence, the Act and the laws in force in the Territory.

The *Mining Act* (NT) defines “minerals” to include any naturally occurring inorganic element or compound, organic carbonate compounds obtained or obtainable from land by mining, and coal or lignite or other substance from time to time prescribed as a mineral, but does not include water or extractive minerals (such as sand, gravel, rocks or soil). Accordingly, a licence issued under the *Mining Act* (NT) for exploration or mining of minerals applies also to uranium subject to, in the case of mining operations, the additional requirement set out below.

Section 175(3) provides that the lessee of a mineral lease granted in respect of uranium is liable to pay a royalty to the Commonwealth in respect of uranium obtained from the land comprised in the lease in such manner and at such times, and at such rate on an amount calculated or assessed in accordance with such method, as are specified in the lease, or are varied or determined in accordance with the terms of the lease.

Section 175(1) also requires the relevant NT Minister to exercise his powers under the Act in respect of uranium in accordance with the advice of the relevant Commonwealth Minister. Pursuant to section 175(2), section 175(1) does not operate to prevent the Minister from acting without advice, or to require the Minister to take or give effect to advice, in relation to a matter arising under Part IV of the Act, which deals predominantly with exploration licences.

- (e) The *Atomic Energy Act 1953* (Cth) provides that a person who discovers uranium must report the discovery to the responsible Minister. The Minister may require a person to furnish written statements or returns at the specified times and in respect of specified periods, containing particulars relating to (among other things) uranium in that person’s possession or control. The Act also provides that the Commonwealth retains ownership of all uranium found in the Northern Territory and specifically reserves powers to the Commonwealth in relation to mining of uranium in the Northern Territory.

- (f) The 2005 *Memorandum of Understanding between the Commonwealth of Australia and the Northern Territory of Australia in Relation to Working Arrangements for the Regulation of Uranium Mining in the Northern Territory* as signed on 30 May 2005 replaces earlier Working Arrangements entered into (most recently in 2000) and sets out the current agreement of the Australian and Northern Territory governments in relation to their respective roles and responsibilities for the regulation of environmental impacts of uranium mining in the Northern Territory.

- (g) For the purpose of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) a ‘nuclear action’ includes mining or milling of uranium ore. This Act prohibits a person from taking a nuclear action that has, will have or is likely to have a significant impact on the environment unless the responsible Minister has approved the taking of such nuclear action. The approval must specify the period for which it has effect and set out the conditions attached to the approval.

- (h) Under the *Customs Act 1901* (Cth), via regulation 9 of the *Customs (Prohibited Exports) Regulations 1958* (Cth), the export from Australia of uranium is prohibited unless the responsible Minister has granted permission in writing to do so. A permission granted may specify conditions or requirements to be complied with by the holder of the permission and may, in respect of any such condition or requirement, specify the time (being a time before or after the exportation of the uranium to which the permission relates) at or before which the condition or requirement shall be complied with by the holder. The grant of export permission is based on Australia’s export policy which is administered to give effect to Australia’s obligations as a signatory to the Nuclear Non-Proliferation Treaty and is designed to ensure that exported uranium and its derivatives are used only for peaceful purposes and that there are safeguards in place to facilitate the maintenance and declaration of detailed accounting records of all movements and transactions involving nuclear material. This is achieved under the auspices of the International Atomic Energy Agency which was established by resolution of the United Nations.



### 4.7 Other Applicable Legislation

Other State and Commonwealth legislation applicable to Crossland's operations on the Tenements in each of Western Australia, Northern Territory and South Australia includes:

- 4.7.1 The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) provides for the preservation of areas and objects which are of particular significance to Aboriginals in accordance with Aboriginal tradition, and may have the potential to halt exploration activities in the event that the Minister makes a declaration for protection and preservation of an area of Aboriginal significance under the Act.
- 4.7.2 The *Aboriginal Heritage Act 1988* (SA) similarly provides for the preservation of Aboriginal heritage in South Australia, by the identification of sites of significance to Aboriginal people on a register maintained pursuant to the Act. Crossland must observe the provisions of the Act in relation to operations on its South Australian Tenements, including obligations to report to the Minister discovered Aboriginal sites, object or remains.

In South Australia, Aboriginal Heritage Agreements are often entered into with relevant Aboriginal groups providing for clearance of land upon which exploration or mining activities are to be undertaken, as well as agreements under Part 9B of the *Mining Act 1971* (SA). Although such Aboriginal Heritage Agreements are not recognised under the *Aboriginal Heritage Act 1988* (SA) and do not relieve the company of its obligations under that Act, they are used as a means of minimising a company's risk of contravening the provisions of the Act.

In Western Australia, the *Aboriginal Heritage Act 1972* (WA) applies to the protection of sites and objects of significance to the Aboriginal tradition in Western Australia. This Act is routinely drawn to the attention of all holders of mining tenements by an endorsement on the title. Section 17 provides that a person who excavates, destroys, damages, conceals or in any other way alters an Aboriginal site, or takes control of an object on or under an Aboriginal site commits an offence. It also imposes an obligation to notify of the existence of places or objects to which the Act applies, for entry on the register of Aboriginal sites.

The cost of conducting ethnographic and archaeological surveys can add significantly to the costs of exploration and mining. If an Aboriginal site is identified in an area needed for mining operations it will only be possible to remove or destroy that site following compliance with the procedures set out in section 18 of the *Aboriginal Heritage Act 1972* (WA), which generally means obtaining the consent of the relevant Minister.

Heritage surveys of the tenements will need to be conducted on an on-going basis to ensure compliance with heritage legislation. Ongoing heritage surveys will involve additional costs and could also involve time delays in working the tenements if the relevant cooperation or approvals are not forthcoming.

In the Northern Territory, the *Northern Territory Aboriginal Sacred Sites Act* (NT) requires consultation with the Aboriginal Areas Protection Authority prior to any relevant ground disturbance.

4.7.3 The *Mining Act 1971* (SA), the *Mining Act* (NT) and the *Mining Act 1978* (WA) each include obligations requiring tenements to be rehabilitated. In addition to the obligations imposed by the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), the provisions of South Australian and Western Australian environmental protection legislation applicable to Crossland's operations on the Tenements in each of those States are set out in the *Environment Protection Act 1993* (SA) and the *Environment Protection Act 1986* (WA) respectively.

We note also that conditions are imposed in relation to Northern Territory EL 23686 (NT) concerning exploration activities conducted in national park and reserve areas.

In addition Western Australian EL 80/3143 is endorsed with a condition that a portion of the area of the tenement (0.2%) is affected by a threatened Ecological System and the provisions of the *Conservation and Land Management Act 1984* (WA) are applicable to Crossland's operations in relation to these areas which require a flora survey to be conducted before undertaking any mining operations (including exploration) within the area.

Western Australian ELA 04/1443 is affected by a Conservation Reserve (22% of the total tenement). It is the current Labor party policy to allow mining within Class B and C conservation areas (the relevant reserve is class C) however the Labor Government is yet to change official government policy to align with the Labor party policy. This tenement is also completely within a proposed national park. If the national park is approved ELA 04/1443 will not be granted

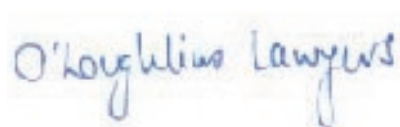
## 5. Consent and Declarations

The partners of O'Loughlins Lawyers and the staff involved in the preparation of this Report have no interest in or financial relationship with Crossland. Other than a time based fee for the preparation of this Report, no pecuniary or other benefit, direct or indirect, has been received by O'Loughlins Lawyers in connection with the making of this Report.

In providing this Report we have relied on (and have not sought to verify) the accuracy of information provided to us and to our agents by the Departments and the NNTT in response to our searches (and our agent's searches) of their records and registers. In reliance upon this information, we believe this Report does not contain anything which is false in a material particular or which is materially misleading in the form and context in which it appears. We have not undertaken any additional searches of other government agencies or of courts or tribunals.

We have given, and have not, before the lodgement of the Prospectus of which this Report forms part, withdrawn, our consent to the issue of the Prospectus with this Report in the form and context in which it is included.

Yours faithfully

A handwritten signature in blue ink that reads "O'Loughlins Lawyers". The signature is written in a cursive, flowing style.

SCHEDULE 1 – Tenements

Project Area	Tenement	Name / Location		Status	Date Granted	Renewal Date	Area (sq km) (unless otherwise specified)	Registered Holder / Applicant	Annual Statutory Expenditure Commitments	Material Agreements Section of Prospectus	Native Title Claims (* Application failed registration test)	Notes
Baines Project	EL 23686	Baines (NT)		Granted/Current	13/2/04	12/2/10	114 sub-blocks	Crossland Diamonds Pty Ltd	\$30,000 pa	13.3	DI 2004/044 (ILUA)	1, 13, 15
Chilling Project	EL 23682	Chilling (NT)		Granted/Current	18/9/03	17/9/09	48 sub-blocks	Crossland Diamonds Pty Ltd	\$50,000 pa	13.3	DC 01/28	1, 13
Chilling Project	EL 25076	Chilling 2 (NT)		Granted/ Current	18/9/06	17/9/12	189 sub-blocks	Crossland Mines Pty Ltd	\$48,000 pa	–	DC 01/28	1
Chilling Project	EL 25078	Chilling 3 (NT)		Granted/Current	18/9/06	17/9/12	73 sub-blocks	Crossland Mines Pty Ltd	\$36,000 pa	–	N/A	1
Chilling Project	EL 25077	Chilling 4 (NT)		Granted/ Current	09/11/06	08/11/12	99 sub-blocks	Crossland Mines Pty Ltd	\$48,000 pa	–	DC 05/8	1, 16
Chilling Project	ELA 22738	Buchanan (NT)		Application	N/A	N/A	162 sub-blocks	Buchanan Exploration Pty Ltd	N/A	13.9	DC 01/28	2, 4
Lake Woods Project	EL 23687	Lake Woods (NT)		Granted/Current	11/6/03	10/6/09	32 sub-blocks	Crossland Diamonds Pty Ltd	\$60,000 pa	13.3	DC 01/35 DC 01/37	1, 13
Lake Woods Project	EL 24520	Lake Woods Extension (NT)		Granted/Current	3/10/05	2/10/11	165 sub-blocks	Crossland Diamonds Pty Ltd	\$70,000 pa	–	DC 01/35 DC 01/36 DC 01/37 DC 02/32	1
Lake Woods Project	ELA 25631	Lake Woods East ( NT)		Application	N/A	N/A	500 sub-blocks	Crossland Mines Pty Ltd	N/A	–	DC 01/35 DC 01/36 DC 01/37 DC 01/39 DI 2004/003 (ILUA)	1, 4
Sylvester Project	EL 23683	Sylvester – Lower (NT)		Granted/Current	11/6/03	10/6/09	55 sub-blocks	Crossland Diamonds Pty Ltd	\$60,000 pa	13.3	DC 03/1*	1, 13
Sylvester Project	EL 23685	Sylvester – North (NT)		Granted/Current	11/6/03	10/6/09	46 sub-blocks	Crossland Diamonds Pty Ltd	\$50,000 pa	13.3	DC 03/1*	1, 13
Western Creek Project	EL 23684	Western Creek (NT)		Granted/Current	11/6/03	10/6/09	14 sub-blocks	Crossland Diamonds Pty Ltd	\$50,000 pa	13.3	DC 02/7 DC 02/8	1, 13
Western Creek Project	ELA 25605	Western Creek South (NT)		Application	N/A	N/A	500 sub-blocks	Crossland Mines Pty Ltd	N/A	–	DC 98/8* DC 02/7 DC 02/16 DC 02/27	1, 4
Western Creek Project	ELA 25607	Western Creek West (NT)		Application	N/A	N/A	450 sub-blocks	Crossland Mines Pty Ltd	N/A	–	DC 02/7 DC 02/8 DC 02/27	1, 4
Oldyard Project	EL 24279	Oldyard (NT)		Granted/Current	7/2/05	6/2/11	42 sub-blocks	Crossland Nickel Pty Ltd	\$20,000 pa	13.4	DC 02/10	1, 13
Charley Creek Project	EL 24281	Charley Creek (NT)		Granted/Current	7/2/05	6/2/11	63 sub-blocks	Crossland Nickel Pty Ltd	\$40,000 pa	13.4	N/A	1, 13
Charley Creek Project	EL 25230	Charley Creek South (NT)		Granted/Current	9/11/06	08/11/12	178 sub-blocks	Crossland Nickel Pty Ltd	\$50,000 pa	13.9	DC 01/47	2
Crossland Creek Project	EL 80/3143	Crossland (WA)		Granted/Current	15/4/04	14/4/09	210 km <sup>2</sup> (70 blocks)	Crossland Mines Pty Ltd	\$70,000 pa	13.2, 13.7	WC 99/11	1, 7, 8, 9, 10, 11, 13,
Crossland Creek Project	EL 80/3303	Crosslands Extension(WA)		Granted/Current	27/6/05	26/6/10	210 km <sup>2</sup> (70 blocks)	Crossland Mines Pty Ltd	\$70,000 pa	13.8	WC 99/11	1, 7, 9
Crossland Creek Project	ELA 04/1443	Mt Hann (WA)		Application	N/A	N/A	99 km <sup>2</sup> (33 blocks)	Crossland Nickel Pty Ltd	N/A	13.5	WC99/11, WC95/23	1, 4, 11, 12, 13
Kalabity Project	EL 3297	Kalabity (SA)		Granted/Current	18/1/05	17/1/07**	148 km <sup>2</sup>	Platsearch NL	\$240,000 pa	13.10	SC 99/1	3, 5, 6, 14
Mt Darling	EL 3228	Mt Darling (SA)		Granted/Current	3/8/04	2/8/07	166 km <sup>2</sup>	Crossland Nickel Pty Ltd	\$135,000 pa	13.6	SC 96/3	1, 5, 13

NOTES: In WA and NT, tenement areas are described by reference to graticular sections or blocks, and the area of these vary slightly. A general approach of 1 block = 3km<sup>2</sup> (approximate) has been adopted for the purposes of this report, unless otherwise specified in the relevant licence.

\*\* Renewal decision pending

## Notes

1. Crossland Diamonds Pty Limited and Crossland Nickel Pty Limited are wholly owned subsidiaries of Crossland Mines Pty Limited. Crossland Mines Pty Limited is a wholly owned subsidiary of Crossland Uranium Mines Limited.
2. Buchanan Letter Agreement (refer Material Agreements Section 13.9 of this Prospectus).
3. Kalabity Joint Venture Agreement – Heads of Agreement (refer Material Agreements Section 13.10 of this Prospectus).
4. Crossland has instructed us that the expenditure commitments in relation to the following tenements once granted are expected to be as follows:

### Western Australia

- ELA 04/1443 – \$33,000 pa for the first year

### Northern Territory

- ELA 25605 – \$ 140,000 pa
  - ELA 25607 – \$ 130,000 pa
  - ELA 25631 – \$ 96,000 pa
  - ELA 22738 – \$ 65,000 pa
5. Condition imposed whereby, unless the Minister otherwise determines, if the expenditure requirements under the EL are not met, the area of the tenement must be reduced by at least 25% by the end of the current term.
  6. Renewal decision pending.
  7. Native Title and Protection Agreements (unregistered) have been entered into in relation to these tenements (refer Material Agreements Sections 13.7 and 13.8 of this Prospectus).
  8. Portion of tenement affected by a condition relating to Threatened Ecological System under the Conservation and Land Management Act 1984 (WA) – refer to paragraph 4.7.3 of this Report for further details.
  9. EL 80/3303 and EL 80/3143 contain portions of the Canning Stock Reserve. No mining operations are to be conducted within this area which restrict the use of the reserve.
  10. An application for exemption from expenditure commitments has been lodged in relation to EL 80/3143. The WA Department has advised that the objection period in respect of this application has passed and no objection has been lodged. The application for exemption is still being considered by the WA Department.
  11. Tenement affected by a Conservation Reserve and proposed national park – refer paragraph 4.7.3 of this Report for further details.
  12. ELA 04/1443 has two registered Aboriginal sites and EL 80/3143 has one registered Aboriginal site. All of these sites are open and have no restrictions on access.
  13. Various Royalty Deeds are applicable, details of which are set out in Material Agreements Sections 13.2, 13.3, 13.4, 13.5 and 13.6 of this Prospectus.
  14. Conditions imposed in relation to certain exploration activity within Bimbowrie Station.
  15. Conditions imposed in relation to exploration activity within Gregory National Park.
  16. Conditions imposed in relation to exploration activity within Litchfield National Park.



## Solicitor's Report (continued)

### Summary Of Native Title Claims And Indigenous Land Use Agreements (ILUAs)

#### \*South Australia

*	SC 99/1	Accepted for registration	Adnyamathanha No. 1 Claim
*	SC 96/3	Accepted for registration	Eringa Claim

#### \*Northern Territory

*	DI 2004/044	Registered	Gregory National Park NLC ILUA
*	DC 01/28	Accepted for registration	Fish River Claim
*	DC 01/35	Accepted for registration	Tandiyidjee / Powell / Helen Springs Claim
*	DC 01/37	Accepted for registration	Powell Creek Claim
*	DI 2004/003	Registered	Powell Creek CLA ILUA
*	DC 01/36	Accepted for registration	Tandiyidjee Claim
*	DC 02/32	Accepted for registration	Newcastle Waters 2 Claim
*	DC 03/1	Application failed registration test	Rockhampton – Brunette Downs Claim
*	DC 02/7	Accepted for registration	New Lakefield Claim
*	DC 02/8	Accepted for registration	Dry River Claim
*	DC 02/10	Accepted for registration	Willeroo Delamere Claim
*	DC 05/8	Not yet tested for registration	Litchfield National Park Claim
*	DC 01/47	Accepted for registration	West MacDonnells Claim
*	DI 2004/029	Registered	West MacDonnell National Park ILUA
*	DC 98/8	Application failed registration test	Rail Corridor 8 Claim
*	DC 02/16	Accepted for registration	Buchanan Downs Claim
*	DC 02/27	Accepted for registration (subject to appeal)	Killarney Claim
*	DC 01/39	Accepted for registration	Helen Springs Claim

#### \*Western Australia

*	WC 99/11	Determined	Wanjina / Wunggurr-Willinggin Claim
*	WC 95/23	Determined	Ngarinyin Claim



# 12. Risk Factors



An investment in Crossland is speculative and prospective investors in the Company should consider the risk factors described in this section, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Uranium and diamond exploration, development and production have inherent risks which may have a material effect on the Company's future performance and the value of its securities.

Investors should consider whether the speculative Shares offered by this Prospectus are a suitable investment having regard to their own individual investment objectives, financial circumstances and the risk factors set out below.

This list is divided between general risks and risks relating to Crossland and is not exhaustive. If in any doubt, investors should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## 12.1 General Risks

Risk factors which may affect the Company and its business in general include:

**(a) General investment risks:** There are general risks associated with any investment and the share market. The price of Shares may rise or fall depending upon a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. Movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation, interest rates and royalties, legislation and other policy changes may affect the stock market generally and the market for the Company's Shares in particular.

**(b) Possible volatility of share price:** The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the stock exchange.

**(c) Government policy:** Changes in Government, monetary policies, taxation and other laws and actions (including such matters as access to lands and infrastructure and compliance with environmental regulations) can have a significant influence on the outlook for companies and returns to investors.

## 12.2 Risks relating to Crossland

There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. The specific risk factors are set out below:

**(a) Exploration and production:** The future success of Crossland and the value of its Securities will depend on the results of exploration. There are inherent risks in exploration activities. No assurances can be given that funds spent on exploration will result in discoveries that will be eventually viable.

**(b) Tenure rights:** Rights to ELs held by Crossland carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

If the licences are not granted or renewed, as appropriate, the Company's business plans and exploration programmes may require modification. However, the Directors are not aware of any reason why the granting or renewal of the term of any of these licences would be denied.

See Solicitor's Report on ELs held by the Company in Section 11 of this Prospectus.



## Risk Factors (continued)

- (c) **Environmental risks:** National and local environmental laws and regulations directly impact on the exploration, development and production activities of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for substantial costs for environmental rehabilitation, damage control and losses for the violation of such standards. Crossland proposes to minimise these risks by taking steps to ensure compliance with applicable environmental laws and regulations and where possible by carrying appropriate insurance.
- (d) **Exploration:** Exploration activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical failure, shortages or delays in the delivery of equipment. Whilst exploration activities may encounter deposits, these may not result in mining sites that achieve commercially viable results. The size of the deposits, extraction costs and recovery rates are key factors in determining commercial viability.
- (e) **Operations:** Exploration and potential future production activities may be affected by unforeseen operational failures and technical difficulties and breakdowns and repairs may be required to various plant and equipment, resulting in significant delays. Poor weather conditions over a prolonged period of time may also adversely affect the Company's operating performance, and thus, the value of the Company's Shares. Industrial and environmental accidents, industrial disputes and force majeure events may also affect the Company's operations.
- Additional operational risks inherent in the mining exploration industry may include failure to locate or identify deposits, failure to achieve estimated resources in exploration and unexpected shortages or increase in the cost of consumables, spare parts, plant and equipment, development drilling, facilities construction or increases in engineering and other consulting fees.
- (f) **Commodity price fluctuations:** Uranium and diamond prices fluctuate in response to the economic climate and market forces of supply and demand. The fluctuations in prices may adversely impact on the Company's exploration, planned production and future development, consequently affecting the value of the Shares.
- (g) **Commercialisation:** Even if the Company recovers commercial quantities of uranium source material and diamonds, there is no guarantee that the Company will be able to successfully transport such material to commercially viable markets, or sell the uranium and/or diamonds to customers, to achieve a commercial return.
- (h) **Mineral lease:** Before mining can commence in respect of any uranium and/or diamond deposit, it is necessary for a mineral lease to be granted.
- The grant of the mineral lease may be subject to requirements or delays that affect the viability of the project.
- (i) **Financing:** Additional funding may be required for further exploration, appraisal and development of the Company's exploration permits. In such event, appropriate funding options will be determined depending on the circumstances.
- In order to meet planned exploration expenditure and to expand its business, the Company may be required to raise additional equity and/or debt capital in the future or to farm out all or part of its tenement interests or reduce its commitments. There is no assurance that it will be able to raise such capital if it is required, or that the terms associated with providing such capital will be satisfactory to the Company.
- (j) **Insurance:** The Company intends to ensure that insurance is maintained with ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any claims.

**(k) Management:** In a small exploration organisation with few executives, the progress of the Company could be influenced by the loss of a key executive. The impact resulting from such an event would be dependent on the quality of the replacement.

**(l) Land access and native title:** Access to land is critical for exploration to succeed. In the first instance, a company can only explore if it holds or has rights to tenements on which it is able to engage in that activity. Access to tenements may be secured by purchase, option, joint venture or original application over open ground, pursuant to the relevant State or Territory Mining Act.

Once tenement rights are held, access to land for exploration purposes and, if exploration proves successful, the grant of tenure can be affected by land ownership, including private (freehold) land, pastoral lease and native title or claims under any native title legislation. For a discussion of these matters, please refer to the Solicitor's Report on tenements in Section 11 of this Prospectus.

**(m) Regulatory approvals:** The Company will require government regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies. This may from time to time affect timing and scope of work to be undertaken.

**(n) Resource estimates:** Resource estimates are estimates based on knowledge, experience and industry practice. Estimates are a necessary practice, and though valid when originally calculated, may change significantly and cease to be accurate when new information becomes available through additional fieldwork and analysis. Resource estimates are by their nature imprecise and to an extent depend on interpretation, which may result in inaccuracies. This may result in changes to exploration, development and production plans which may adversely affect the Company's operations.

**(o) Contractors:** The contractors and consultants engaged by the Company may experience insolvency or other managerial failure leading to further cost and delay as the Company appoints alternative contractors.

**(p) Approval process:** The approval processes for uranium mining are more rigorous than conventional mines, with Commonwealth, State

or Territory government legislation to satisfy. There is a risk that, should economic deposits of uranium be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

**(q) Government policy:** Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular government policies and regulations vary in different States and Territories and with different governing parties in relation to uranium exploration, mining and marketing.

The South Australian government currently has an official policy in place of "no new uranium mines".

The Company's activities will require compliance with various State, Territory and Commonwealth laws, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection of workers and the public against the dangers of radiation and the export of uranium. Changes in government policies and legislation could have a material adverse affect on the Company. For example, intending investors should note the Australian Labor Party (currently in opposition) in its "National Platform and Constitution 2004" advised (in Chapter 12 thereof) the following:

➤ "In relation to mining and milling [of uranium] Labor will ... prevent, on return to Government, the development of any new uranium mines ..." (paragraph 68).

➤ "In relation to exports, Labor will ... allow the export of uranium only from those mines existing on Labor's return to government ..." (paragraph 69).

**(r) Future capital needs:** While Directors are satisfied that upon completion of the Offer the Company will have sufficient working capital to meet its stated objectives, further funding of projects may be required to support ongoing activities and operations. There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance. A failure to meet joint venture obligations may, if not remedied, result in forfeiture of permits or concessions.

# 13. Material Agreements



## Introduction

The Directors consider that certain agreements are significant or material to Crossland or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares pursuant to this Offer (“**Material Agreements**”).

The main provisions of the Material Agreements are summarised below. As this Section only contains a summary, the provisions of each agreement are not fully described. To understand fully all rights and obligations pertaining to the Material Agreements, it will be necessary to read them in full. A copy of each of the Material Agreements may be inspected during normal business hours at the registered office of the Company.

### 13.1 Exploration Services Agreement

The Company, Eupene Exploration Enterprises Pty Limited (“**Contractor**”), Geoffrey Eupene and Sri Damayanti are parties to an Exploration Services Agreement dated 30 October 2006.

Under the Agreement, the Contractor agrees to provide geological and exploration services for the Company in all places for the period of two years commencing on 1 June 2006 (“**Term**”). The Contractor carries on a geological consultancy service through the employment of Mr Eupene and engagement of other employees and contractors.

The Company and the Contractor will negotiate in good faith six months prior to the expiration of the Term and as required thereafter with the aim of extending the Term for a further two years.

The Company will pay the Contractor a base rate of \$10,000 (plus GST) per month for the first year of the Term and \$10,500 (plus GST) per month for the second year of the Term. The base rates are calculated on the basis that Mr Eupene provides his labour in performing the services for a minimum of 12 days per month averaged over a two month period. The Company will pay the Contractor \$833 (plus GST) per day for any additional labour in excess of 12 days.

If:

- 13.1.1 the Contractor or Mr Eupene fails to observe or perform the Agreement;
- 13.1.2 the Contractor or Mr Eupene refuses or neglects to carry out any order, direction or determination by the Company under the Agreement;
- 13.1.3 the Contractor or Mr Eupene fails to pay its debts as and when they fall due, goes into any form of liquidation, winding up or administration, is declared bankrupt or is the subject of any form of enforcement proceedings for a judgment debt;
- 13.1.4 Mr Eupene becomes of unsound mind or under the control of any committee or officer under any law relating to mental health;
- 13.1.5 Mr Eupene ceases to be a director of the Company; or
- 13.1.6 Mr Eupene dies or becomes permanently incapacitated by accident or illness and is prevented from performing his duties under the Agreement for 60 days in any 12 consecutive calendar month,

the Company may serve written notice on the Contractor specifying the default and calling for it to be rectified within 14 days, if capable of rectification. If at the expiry of the 14 day period the default has not been remedied, the Company may terminate the Agreement by written notice to the Contractor.

The Company or the Contractor may terminate the Agreement on three months' prior notice to the other.

Mr Eupene and Ms Damayanti agree to cause the Contractor to perform the Agreement and provide all necessary services work and other assistance to the Contractor to ensure that the Contractor is able to perform the Agreement.

The Agreement is governed by the laws of the Northern Territory.

### 13.2. Paradigm North Royalty Deed – Western Australia

Crossland Mines Pty Limited ("**Crossland Mines**") (a wholly owned subsidiary of the Company), Paradigm Geoscience Pty Limited ("**Paradigm**"), the estate of the late Neville Walker AM ("**Walker Estate**"), Geoffrey Eupene and Peter Walker are parties to the Paradigm North Royalty Deed - Western Australia dated 31 October 2006, but effective from 17 September 2003.

Under the Deed, Crossland Mines must pay to Paradigm, Walker Estate, Mr Eupene and Mr Walker:

- 13.2.1 a royalty of 3% of the gross smelter returns of all gold, silver bullion and other products produced and sold from Western Australian ELA 80/2886, ELA 80/3137, ELA 80/3143 and ELA 80/3142 ("**WA Tenements**"), paid quarterly; and
- 13.2.2 a royalty of 3% of the actual proceeds received from the sale of diamonds from the WA Tenements less permitted deductions, paid annually.

Crossland Mines must also pay to Paradigm an additional royalty of 0.5% if any of the above royalties is derived from products (other than gold and silver bullion) originating from any mining tenement provided by Paradigm.

The Deed is governed by the laws of New South Wales.

### 13.3. Paradigm North Royalty Deed – Northern Territory and Queensland

Crossland Diamonds Pty Limited ("**Crossland Diamonds**") (a wholly owned subsidiary of Crossland Mines), Paradigm, Walker Estate, Geoffrey Eupene and Peter Walker are parties to the Paradigm North Royalty Deed - Northern Territory and Queensland dated 31 October 2006, but effective from 17 September 2003.

Under the Deed, Crossland Diamonds must pay to Paradigm, Walker Estate, Mr Eupene and Mr Walker:

- 13.3.1 a royalty of 3% of the gross smelter returns of all gold, silver bullion and other products produced and sold from Northern Territory EL 23682, EL 23684, EL 23683, EL 23685, EL 23686, EL 23687 and EL 23688 ("**NT Tenements**") and Queensland EPM 13652 ("**Qld Tenement**"), paid quarterly; and
- 13.3.2 a royalty of 3% of the actual proceeds received from the sale of diamonds from the NT Tenements and Qld Tenement less permitted deductions, paid annually.

Crossland Diamonds must also pay to Paradigm an additional royalty of 0.5% if any of the above royalties is derived from products (other than gold and silver bullion) originating from any mining tenement provided by Paradigm.

The Deed is governed by the laws of New South Wales.



## Material Agreements (continued)

### 13.4. Crossland / Geoscience Royalty Deed – Northern Territory

Crossland Nickel Pty Limited (“**Crossland Nickel**”) (a wholly owned subsidiary of Crossland Mines) and Paradigm are parties to the Crossland / Geoscience Royalty Deed Northern Territory dated 31 October 2006.

Under the Deed, Crossland Nickel must pay to Paradigm:

- 13.4.1 a royalty of 3% of the gross smelter returns of all gold, silver bullion and other products produced and sold from Northern Territory EL 24279 and EL 24281 (“**NT Tenements**”), paid quarterly; and
- 13.4.2 a royalty of 3% of the actual proceeds received from the sale of diamonds from the NT Tenements less permitted deductions, paid annually.

The Deed is governed by the laws of New South Wales.

### 13.5. Crossland / Geoscience Royalty Deed – Western Australia

Crossland Nickel and Paradigm are parties to the Crossland / Geoscience Royalty Deed Western Australia dated 31 October 2006.

Under the Deed, Crossland Nickel must pay to Paradigm:

- 13.5.1 a royalty of 3% of the gross smelter returns of all gold, silver bullion and other products produced and sold from Western Australia ELA 04/1443 (“**WA Tenement**”), paid quarterly; and
- 13.5.2 a royalty of 3% of the actual proceeds received from the sale of diamonds from the WA Tenement less permitted deductions, paid annually.

The Deed is governed by the laws of New South Wales.

### 13.6. Crossland / Geoscience Royalty Deed – South Australia

Crossland Nickel and Paradigm are parties to the Crossland / Geoscience Royalty Deed South Australia dated 31 October 2006.

Under the Deed, Crossland Nickel must pay to Paradigm:

- 13.6.1 a royalty of 3% of the gross smelter returns of all gold, silver bullion and other products produced and sold from South Australia EL 3228 (“**SA Tenement**”), paid quarterly; and
- 13.6.2 a royalty of 3% of the actual proceeds received from the sale of diamonds from the SA Tenement less permitted deductions, paid annually.

The Deed is governed by the laws of New South Wales.

### 13.7. Native Title and Protection Agreement – EL 80/3143

Kimberley Land Council Aboriginal Corporation (“**KLC**”) and Crossland Mines are parties to a Native Title and Protection Agreement dated 9 March 2005.

The Agreement relates to Western Australia EL 80/3143 and any new tenements relating to land in the Kimberley Region (“**Tenements**”). The term of the Agreement is for the life of the Tenements.

Under the Agreement, KLC agrees:

- 13.7.1 to Crossland Mines carrying out exploration on the land of the Wanjinia Wungurr Wilinggin;
- 13.7.2 to the grant of current and future application by Crossland Mines for Tenements affecting the traditional owners; and
- 13.7.3 that it will not object to the grant of any Tenement and will withdraw any objection lodged in respect of any Tenement.



In the course of its exploration on the Tenement, Crossland Mines must:

- 13.7.4 provide employment and economic opportunities to the traditional owners;
- 13.7.5 minimise the social and environmental impact of its activities;
- 13.7.6 provide community benefits to the traditional owners;
- 13.7.7 endeavour to meet with the traditional owners on an annual basis to provide information on work conducted or to be conducted or proposed and to discuss any issues related to the Agreement;
- 13.7.8 abide by the term of a heritage protection and work clearance protocol; and
- 13.7.9 if proposing to make an application for a mining lease or tenement for productive mining, enter negotiations for a comprehensive mining agreement with KLC and the traditional owners.

Crossland Mines must make the following payments to KLC which must hold the payments on trust for the traditional owners:

- 13.7.10 with respect to the first year of grant of the Tenement, 5% of the minimum expenditure requirements for each exploration licence (as prescribed in the *Mining Regulations 1981* (WA)) from the 12 months immediately preceding the grant date; and
- 13.7.11 on each anniversary of the grant date, 5% of the minimum expenditure requirements for the 12 months prior to that anniversary.

The traditional owners are entitled to move freely throughout the Tenement, use all roads thereon and to pursue customary or traditional activities. The Agreement does not affect any rights the traditional owners have to seek compensation under the *Native Title Act 1993* (Cth) in relation to the Tenement.

### 13.8. Native Title and Protection Agreement – EL 80/3303

KLC and Crossland Mines are parties to a Native Title and Protection Agreement dated 9 March 2005.

The Agreement relates to Western Australia EL 80/3303 and any new tenements relating to land in the Kimberley region (“**Tenements**”). The term of the Agreement is for the life of the Tenements.

The terms and conditions of the Agreement are identical to those of the agreement summarised in Section 13.7 of this summary of Material Agreements.



## Material Agreements (continued)

### 13.9. Buchanan Letter Agreement

Buchanan Exploration Pty Limited (“**Buchanan**”) and Crossland Mines are parties to a Letter Agreement dated 24 March 2006. Under the Agreement, Crossland Mines agrees to negotiate and do all other things necessary and appropriate to procure the grant of Northern Territory ELA 22738 (“**Tenement**”) to Buchanan and then purchase the Tenement from Buchanan.

The purchase price for the Tenement is \$1 and a 3% net smelter return royalty. The royalty is payable quarterly in arrears in respect of all mineral production from any mining tenure in which Crossland Mines (or any assignee) holds an interest that emanates from the Tenement either during the term of the Tenement (or any extension) or for five years after any part of the Tenement is surrendered by Crossland Mines.

Buchanan will transfer the Tenement within 30 days of the grant of the Tenement in exchange for a royalty deed:

- 13.9.1 which makes provision for the payment of the purchase price; and
- 13.9.2 by which Crossland Mines provides a consent sufficient to enable Buchanan to register and maintain a caveat on the Tenement while it has an interest in the Tenement.

The parties acknowledge that before the Tenement can be granted, certain access agreements must be negotiated and registered pursuant to the *Native Title Act 1993* (Cth). The parties must use all reasonable endeavours to negotiate the access agreements. If:

- 13.9.3 access agreements and the grant of the Tenement are not obtained within 24 months; or
- 13.9.4 access agreements have been refused prior to that date,

Crossland Mines may terminate the Agreement and Buchanan may resume the Tenement application in its own right.

If Crossland Mines wishes to surrender the Tenement it must first offer it to Buchanan for the consideration of \$1.

The Agreement is governed by the laws of the Northern Territory.

### 13.10. Kalabity Joint Venture Heads of Agreement

Crossland Mines, PlatSearch NL (“**PlatSearch**”) and Eaglehawk Geological Consulting Pty Limited (“**Eaglehawk**”) are parties to the Kalabity Joint Venture Heads of Agreement dated 31 October 2006, as varied by letters dated 28 November 2006, 8 February 2007 and 12 February 2007.

The Agreement relates to South Australia EL 3297 (“**Tenement**”) and is subject to the granting of Ministerial consent under the *Mining Act 1971* (SA) and Crossland being listed on the ASX on or before 31 May 2007. The Agreement commences on the date of the granting of the Ministerial consent (“**Commencement Date**”).

Crossland Mines must complete and fund a certain work programme (“**Stage One Work Programme**”) estimated to cost \$150,000 as a minimum commitment within 12 months of the Commencement Date.

Crossland Mines may earn a 60% interest by completing expenditure (including Stage One) of \$500,000 within two years of the Commencement Date (“**Stage Two**”). When Crossland Mines has earned a 60% interest, PlatSearch and/or Eaglehawk may elect to participate with their respective 32% and 8% interests or reduce to respective 16% and 4% interests free carried to a favourable bankable feasibility study. At the completion of a bankable feasibility study, PlatSearch and/or Eaglehawk may elect to participate in further expenditure in proportion to their respective 16% and 4% interests or reduce to net smelter royalty interests of 1.6% and 0.4% respectively.

Crossland Mines is responsible for statutory reporting for the Tenement and must keep the Tenement in good standing. Crossland Mines is not however required to complete the current statutory tenement expenditure by the Tenement expiry date of 17 January 2007, although during subsequent terms of the Tenement, Crossland Mines must meet the statutory tenement expenditure.

Crossland Mines cannot withdraw from the joint venture until it has completed the Stage One Work Programme and complied with its obligations described in the preceding paragraph. Subject to this, any party can withdraw from the joint venture on 30 days notice. If both Platsearch and Eaglehawk wish to withdraw prior to Crossland Mines earning its interest under Stage Two, Crossland Mines may elect to accept a transfer of the Tenement for \$1.

A management committee of one representative from each party will decide all matters relating to the management of the joint venture with the voting rights of each joint venturer being proportionate to its interest in the Tenement. Prior to it earning a 60% interest and while it is sole funding the joint venture, Crossland Mines has a casting vote. Thereafter all decisions will be by majority vote.

The Agreement is governed by the laws of South Australia.

### 13.11. Directors Deed of Access and Indemnity

As permitted by the Constitution, the Company has entered or proposes to enter a Deed of Access and Indemnity with each Director. The indemnity is subject to restrictions prescribed in the Corporations Act.

In summary, the Deed:

- 13.11.1 indemnifies a Director, while he is a Director and for seven years thereafter, against liabilities incurred as a result of acting as a Director subject to certain exclusions and provides for related legal costs to be paid by the Company;
- 13.11.2 requires the Company to use reasonable endeavours to maintain an insurance policy against any liability incurred by a Director in his capacity as a Director during that person's term of office and for seven years thereafter; and
- 13.11.3 provides a Director with a right of access to board papers and other documents while in office and for seven years thereafter.

### 13.12. Sponsoring Broker Agreement

On 13 February 2007, the Company entered into a mandate agreement with Tolhurst Noall Limited. Pursuant to this agreement, Tolhurst Noall Limited agrees to act as Sponsoring Broker for the Offer and will use its best endeavours to place the Shares offered, for which it will receive a fee of 4% of funds it raises in the Offer.

The mandate agreement contains terms and conditions which are considered standard in an agreement of this type.

### 13.13. Centram Letter Agreement

Crossland and Centram Exploration Limited ("**Centram**") (a Canadian company) are parties to a Letter Agreement dated 14 February 2007 by which they form the CCUA Joint Venture ("**Joint Venture**") effective from 8 February 2007 ("**Formation Date**"). The purpose of the Joint Venture is to establish a new uranium based exploration and development initiative.

Under the Letter Agreement, Crossland must contribute its entire interest in the Chilling, Charley Creek and Kalabity projects ("**Uranium Properties**") to the Joint Venture together with all prospects that are currently or subsequently available to or known by it.

Commencing on the later of:

- » the date Centram achieves tier 2 status on the TSX Venture Exchange (a Canadian stock exchange); and
- » the date on which Crossland achieves listing on the ASX,

("Active Date", which must be no later than 30 April 2007 unless extended by the parties), Centram may earn a 50% interest in the Joint Venture by spending \$8 million on the Uranium Properties (or such other uranium prospects as are designated by Crossland and as have been contributed to the Joint Venture) over four years with a minimum commitment of \$4 million over two years. Once Centram has earned a 50% Joint Venture interest, future funding will be provided in accordance with the parties' respective interests in the Joint Venture.



## Material Agreements (continued)

From the Formation Date, a management committee will be established with Crossland and Centram each appointing two representatives, with one of Crossland's representatives being the chairman. Decisions of the management committee will be by majority vote, with the chairman having a casting vote until Centram has earned a 50% interest in the Joint Venture. It is not anticipated that any functions of the management committee will take place until after the Active Date.

From the Formation Date to the Active Date, Crossland will continue to carry on exploration and expend funds on the Uranium Properties in the ordinary course and as contemplated by this Prospectus. Centram will reimburse Crossland for the expended funds from the proceeds of Centram's next equity financing, which will be credited to Centram for the purpose of earning its Joint Venture interest.

After the Formation Date, the parties will diligently and in good faith seek to negotiate and settle definitive legal documentation regarding the Joint Venture.

The board of directors of Centram will make arrangements to appoint two Crossland nominees to Centram's board.

At an appropriate time after Centram has earned a 50% interest in the Joint Venture, Crossland will transfer Centram's interest in the Uranium Properties to Centram. At that time, the parties will actively pursue the incorporation of an Australian company to hold the Uranium Properties as to 50% for each of the parties.

After the Active Date, the parties must each contribute \$2 million towards the incorporation and initial funding of a Canadian company which will:

- » conduct, on behalf of both Crossland and Centram, exploration for and development of uranium prospects worldwide outside Australia; and
- » at an appropriate time, seek to issue an initial public offering so as to achieve tier 2 status on the TSX Venture Exchange.

The obligations of Crossland under the Letter Agreement are conditional on Crossland confirming that its terms do not offend any of the ASX Listing Rules. If they do, the parties may agree to amend the Letter Agreement so that it does comply with the ASX Listing Rules or the Letter Agreement will terminate without further obligation to either party.

The obligations of Centram under the Letter Agreement are conditional on Centram obtaining satisfactory financing, or an indication of it, by the Active Date in form and substance satisfactory to Centram in its sole discretion, and as to the state of the capital markets. Failing satisfaction of such condition, the Letter Agreement will terminate without further obligation to Centram.

Both Crossland's and Centram's obligations under the Letter Agreement are conditional on:

- » the obtaining of such director, shareholder and regulatory approvals as may be necessary or desirable for the purposes of effecting the transactions evidenced by the Letter Agreement; and
- » definitive documentation and due diligence on all matters each party deems necessary or desirable for the purposes of evaluating the transactions evidenced by the Letter Agreement.

Failing satisfaction of these conditions by the Active Date (or such later agreed date), the Letter Agreement shall be null and void.

The Letter Agreement is governed by the law of Ontario, Canada.

# 14. Additional Information



## 14.1 Incorporation

Crossland was incorporated as a public company in New South Wales on 14 May 1999.

## 14.2 Stock Exchange Listing

The Company is presently listed on the National Stock Exchange of Australia ("NSX"), formerly known as the Stock Exchange of Newcastle, such listing taking place on 19 March 2004. Accordingly, the Company has been subject to continuous disclosure under the rules of the NSX since that time. The identifying code used by the Company is CUX.

Upon completion of the capital raising under this Prospectus, and subject to satisfaction of the entry requirements of the ASX, the Company expects to list all of its Shares on the ASX shortly after the Offer closes. The Company's present intention is to seek NSX's approval to suspend trading on the NSX approximately 20 days before the Company's expected date of admission to the Official List of ASX and quotation of the Shares on ASX, and to withdraw its listing on the NSX upon the Company being admitted to the Official List of ASX and quotation of the Shares on ASX.

## 14.3 Financial Year

The Company's balance date is 31 December.

## 14.4 Taxation Matters

### >> *Company Tax Status*

The Company is taxed as a public company.

### >> *Investors*

Different investors have different taxation circumstances. Accordingly, it is not appropriate for taxation advice to be set out in this Prospectus. Investors, whether Australian resident or non-Australian resident, should seek their own advice in regard to any initial and on-going investment in the Company.

## 14.5 Issued Capital

The share capital of Crossland is divided into ordinary shares each with such preferential, deferred, qualified, special or other rights, privileges or conditions attached to them as Crossland or the Directors, subject to any resolution, may decide. The issued capital of Crossland on completion of the Offer will be as shown in the table and notes at Section 3.2, and in Section 10.

The Shareholders of Crossland have approved the proposed issue of new Shares under the Offer, at a general meeting held on 18 January 2007.



## Additional Information (continued)

### 14.6.1 Constitution and Rights Attaching to Shares

The Company has adopted a constitution of a kind usually adopted by a public company that is proposing to list on ASX. The following is a summary of the key provisions in the Constitution in relation to rights attaching to Shares.

#### >> *Voting rights*

At a general meeting each shareholder present in person or by proxy, company representative or attorney is entitled to one vote on a show of hands. Upon a poll, every shareholder present in person or by proxy, company representative or attorney is entitled to one vote for each fully paid Share that the shareholder holds, except in respect of each partly paid share held by the shareholder, where the shareholder has a fraction of a vote for each partly paid Share they hold. This is subject to any rights or restrictions attached to any Shares.

A shareholder is only entitled to vote in respect of Shares on which, at the time the vote is cast, no moneys are due and payable to the Company.

A Shareholder is not entitled to vote on a resolution if under the Corporations Act or the Listing Rules the notice specified that the member must not vote or abstain from voting or its vote must be disregarded. This may occur, for example, where there is a breach of the Listing Rules or of a restriction agreement. The shareholder is not entitled to any votes in respect of the Shares while that breach continues.

#### >> *general meetings*

Each shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of the Company. Further, each shareholder is entitled to receive all notice, accounts and other documents required to be furnished to shareholders under the Constitution of the Company or the Corporations Act.

#### >> *Dividend rights*

Subject to any special rights or restrictions attached to a Share, the holder of a fully paid Share is entitled to the full dividend on the Shares (whether the issue price was paid or credited or both) and the holder of a partly paid Share is entitled to a proportion of the dividend that corresponds to the proportion paid up on the Share.

The Directors may deduct from any dividend payable to or for a shareholder any money presently payable by the Shareholder to the Company for calls or otherwise in respect of any Shares held by the Shareholder.

If Shares are classified as restricted securities in relation to which there is a breach of the Listing Rules or of a restriction agreement, the shareholder will not be entitled to receive any dividends in respect of the restricted securities while that breach continues.

#### >> *Rights on winding up*

Subject to any special rights or restrictions attached to Shares, if on a winding up there is not enough assets to repay all capital to shareholders, the available assets must be distributed among the shareholders in proportion to the numbers of Shares held by them irrespective of the amounts paid on their respective Shares before the winding up began (without the necessity of a call up).

Subject to any special rights or restriction attached to Shares, on a winding up the liquidator may, with the sanction of a special resolution of Shareholders, distribute among Shareholders the whole or any part of the property of the Company or decide how to distribute the property as between the Shareholder or different classes of Shareholders.



### **>> *Transfer of shares***

Subject to the Constitution of the Company, the Corporations Act and the Listing Rules, Shares in the Company are freely transferable. Shares may only be transferred by a proper instrument in writing delivered to the Company or in compliance with the CHES rules if a CHES Approved Security is transferred. Subject to the CHES Rules, the transferor is deemed to remain the holder of the Shares until the name of the transferee is entered into the Company's register of members.

### **>> *future increases, alteration and reduction of capital***

The allotment and issue of Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot, or otherwise dispose of new Shares on such terms and conditions as they decide.

The Company in general meeting may convert its Shares into a larger or smaller number of Shares, and subject to the Corporations Act and the Listing Rules, the Company may reduce its Share capital and buy-back shares in itself.

### **>> *Variation of rights***

The Company may only modify or vary the rights attaching to any class of Shares with the consent in writing of the holders of at least 75% of the issued Shares of the class or the sanction of a special resolution passed at a meeting of the holders of the issued Shares of that class.

Full details of the rights attaching to Shares are set out in the Constitution of the Company. The Constitution may be inspected during normal business hours at the registered office of the Company. The Shares to be issued pursuant to this Prospectus will rank equally with all of the Company's existing Shares.

## **14.6.2 Terms And Conditions Of Options**

- >>** Each Option entitles the holder to subscribe for one fully paid ordinary Share in the Company upon payment of the relevant exercise price.
- >>** There will be no issue price for the Options.
- >>** The Options shall expire at 5.00pm eastern standard time on the relevant expiry date.
- >>** An Option shall be exercisable at any time from the date the Option is granted and ending on its expiry date.
- >>** In the event of the death, or bankruptcy of a holder, the Options of that holder may be exercised only by the holder's legal personal representative or trustee in bankruptcy.
- >>** Options may be exercised by serving on the Company a completed and signed notice of exercise and stating therein the number of Options exercised. The notice of exercise shall be accompanied by a cheque in favour of the Company in the sum of the product of the number of Options exercised and the relevant exercise price.
- >>** After receipt of duly completed notice of exercise from a holder and upon clearance of the accompanying cheque, the Company shall immediately issue to the holder that number of Shares as corresponds to the number of Options exercised.
- >>** All Shares, allotted on the exercise of the Options, will rank equally in all respects with the Company's then existing fully paid Shares.
- >>** The Options are freely transferable. The instrument of transfer must be in writing, signed by both parties and otherwise in such form as the board of the Company from time to time approves.
- >>** The Company must apply for admission to quotation by NSX all Shares allotted pursuant to the exercise of Options (this will be amended to include ASX quotation).



## Additional Information (continued)

- » The holder of an option may only participate in new issues of securities to holders of Shares in the Company, if the Option has been exercised and Shares have been allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least seven business days notice to holders of any new issue before the record date for determining entitlements to the issue, in accordance with the NSX Listing Rules.
- » There will be no change to the exercise price of the Option in the event of the Company making a pro rata issue of Shares, or other securities to the holders of Shares in the Company (other than a bonus issue).
- » If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the options are exercisable will be increased by the number of Shares which the holder would have received, if the Option had been exercised before the record date for the bonus issue providing such an issue is in accordance with the Corporations Act and the NSX Listing Rules. The bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the bonus issue and upon issue, rank equally in all respects with the other Shares of that class in issue at the date of issue of the bonus Shares.
- » If, prior to the expiry of any Options, there is a reconstruction of the issued capital of the Company, Options are to be treated in the manner set out in the NSX Listing Rules.

There are presently five classes of Options on issue, as shown in the table at Note 5 of Appendix A of Section 10 of this Prospectus.

The above terms and conditions apply to all Options which expire on 31 December 2007. For commentary on terms applicable to Options issued under the Employee Incentive Option Plan, refer to Section 14.7.2.

## 14.7 Incentive Shares and Employee Incentive Option Plan

### 14.7.1 Incentive Shares\*

At the 2006 Annual General Meeting shareholders passed a resolution 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 date KSL acquired CMPL, being 26 June 2006 ("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 Crossland 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 ASX 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 its ownership of a JORC-compliant resource that contains no less than 10,000 tonnes of  $U_3O_8$  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.

The beneficiaries of the Incentive Shares are the five Directors, and details are shown in Section 14.8 which deals with interests of Directors in the Company's securities.

Once issued, Official Quotation of those Shares will be sought on the ASX and the Incentive Shares will have the same rights and terms as other Shares in the Company, details of which are set out in Section 14.6.

*\* Certain aspects of the terms pursuant to which the Incentive Shares are to be issued are currently under review. If, as a result of that review, changes to any Director's entitlement are considered necessary, Shareholders will be advised accordingly and their approval sought. It should be noted that this review will not, in any way, result in an easing of the criteria (as set out above) which must be met before any Incentive Shares can be issued. Further more, no Incentive Shares will be issued until this review has been completed and Shareholders have approved of any proposed amendments.*

#### 14.7.2 Employee Incentive Option Plan ("EIOP")

Crossland has established an EIOP to assist in the recruitment, reward, retention and motivation of qualifying directors, managers, consultants, officers and employees ("Eligible Employees") of the Crossland group.

The purpose of the EIOP is to provide incentive for Eligible Employees to participate in the future growth of the Company, and upon becoming Shareholders, to participate in the Company's profits and development.

The EIOP contains a number of rules, which are common to all classes of the Company's Options.

Specific rules applying to EIOP are as follows:

- » The Directors are empowered to operate the EIOP in accordance with the Rules, for the time being contained, in the instrument establishing it.
- » The Board may, from time to time, at its discretion, offer Options to Eligible Employees.
- » The maximum number of Options which may be on issue at any time, shall be 5% of the number of Shares on issue.

- » All Options shall have an expiry date and all Options with a common expiry date, shall have the same terms and conditions.
- » The holder of Founders Options will not be entitled to participate in the EIOP.
- » Options shall be issued free of charge to Eligible Employees.
- » Each Option granted and allotted to an Eligible Employee will entitle the holder to subscribe for one, fully paid, ordinary share in the Company at an exercise price which shall not be less than the greater of: 20 cents, or the weighted average price of a Crossland share over the five trading days immediately preceding the date of the exercise of the Option.
- » The Options expire at 5.00 pm on the fifth anniversary of the date of their issue ("Expiry Date"). Options that are not exercised before the Expiry Date will automatically lapse. A holder may only exercise an Option after the third anniversary of their issue date. An Option will also lapse after the holder ceases to be an Eligible Employee by reason of retirement, dismissal, resignation or termination of employment, subject to the Directors' discretion to extend in certain circumstances.
- » All Options shall become exercisable, notwithstanding any other provision, if any one of a number of defined "Trigger Events" occurs. These relate to notice under Section 411 of the Corporations Act 2001 and to changes in control of the Company.
- » The Options will not be quoted. However, the Company will make application for the quotation of any Crossland Share issued upon exercise of any Option.
- » Options issued under the EIOP are not transferable, except with the written approval of the Directors.



## Additional Information (continued)

### 14.8 Matters Relevant to the Directors

#### 14.8.1 Interests in Shares and Options

There are no shareholding requirements for Directors under the constitution of Crossland. As at the date of this Prospectus, the number of securities in the Company which are held by or on behalf of each Director and their related interests is as follows:

Director	Shares	Options
R.A. Cleary	1,892,326	875,779
G. S. Eupene	3,201,350	1,481,603
P. J. D. Elliott	3,692,399	2,137,388
P. W. Walker	2,179,482	1,008,677
R. L. Richardson	—	—

All options held by Directors as shown in the table above have an exercise price of 23 cents and an expiry date of 31 December 2007, except for 1,250,000 held by Mr Elliott which have an exercise price of 20 cents and an expiry date of 31 December 2007, and 600,000 held by Mr Elliott which have an exercise price of 20 cents and an expiry date of 31 December 2009.

Pursuant to the Incentive Share Plan approved by Shareholders on 31 May 2006 and described in Section 14.7.1, Directors have an interest in unissued Shares as shown in the table below. Reference should be made in this regard to the footnote in Section 14.7.1.

Director	Unissued shares
R.A. Cleary	6,000,000
G. S. Eupene	9,000,000
P. J. D. Elliott	1,000,000
P. W. Walker	1,000,000
R. L. Richardson	1,000,000
Total	18,000,000

Apart from those listed above, none of the Directors has any interest in securities of the Company or in securities of any entity associated with the Company. The Directors may apply for shares under this Prospectus. As at the date of this Prospectus, no Director has formed a view as to whether he will apply for Shares.

### 14.8.2 Remuneration

Under the Company's Constitution, each Director (other than a Managing Director or an Executive Director) may be paid remuneration for ordinary services performed as a Director.

The maximum amount of remuneration that may be paid to Non-Executive Directors is set at \$200,000 per annum. This remuneration may be divided among the Non-Executive Directors in such fashion as the Board may decide.

Under the ASX Listing Rules, the maximum fees payable to Directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time in relation to fees as they think appropriate.

Executive Directors are full time employees of the Company.

Geoffrey Eupene is to receive remuneration with a total cost to the Company not exceeding \$240,000 per annum. A summary of his executive service agreement is set out in Section 13. No Director's fees are paid to him in addition to his salary.

The Directors may be paid all travelling and other expenses properly incurred by them in attending meetings of the Directors or any committee of Directors or general meetings of Crossland or otherwise in connection with the execution of their duties as Directors.

In addition, any Director who is called to perform extra services or to make special exertions or to undertake any executive or other work for the Company beyond his ordinary duties or go to reside abroad or otherwise for the purposes of the Company may, subject to the law, be remunerated as determined by the Directors. This sum may be either in addition to or in substitution for his share in his remuneration for ordinary services.

### 14.8.3 Related Party Transaction

The Company is not aware of any related party transactions requiring disclosure in the Prospectus other than as set out below:

- » Messrs Cleary, Elliott, Walker and Richardson are Non-Executive Directors of the Company and will receive remuneration in respect of services rendered in that capacity. The maximum aggregate annual remuneration for Non-Executive Directors is \$200,000. Mr Smartt will act as company secretary and receive remuneration in that capacity;
- » The agreement referred to in Section 13.1 dealing with consultancy services provided by a company controlled by Mr Eupene.
- » The agreement referred to in Section 13.10 involving PlatSearch NL, a company in which Mr Richardson is a director.
- » Mr Walker has received and will receive remuneration in respect of legal services provided to the Company at commercial rates.
- » Mr Richardson has received and may receive in the future remuneration in respect of geophysical consulting services provided to the Company at commercial rates.
- » Messrs Eupene and Walker are also parties to the deeds referred to in Sections 13.2 and 13.3 of the Prospectus.

Except as set out above, no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director to induce them to become or to qualify as a Director or for services provided in connection with the formation or promotion of the Company or the Offer.

Except as set out above or elsewhere in the Prospectus, no Director has, or in the last two years has had, an interest in the formation or promotion of the Company, in property to be acquired by the Company in connection with its formation or promotion, or in the Offer.



## Additional Information (continued)

### 14.9 Expenses of the Offer

The expenses of the Offer are estimated as follows:

	<b>\$000</b>
Broking and Advisory Fees	<b>470</b>
Legal and Accounting Fees	<b>70</b>
Geologist and Technical Reports	<b>40</b>
Printing and Registry	<b>40</b>
ASX and ASIC Fees	<b>50</b>
GST non-recoverable	<b>40</b>
<b>Total</b>	<b>710</b>

These expenses have been paid or will be paid by the Company.

### 14.10 Litigation

Crossland is not involved in any legal or arbitration proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

### 14.11 Licensed Dealers

The Company does not hold an Australian Financial Services Licence or a dealers licence. Accordingly, the Company will only issue Shares pursuant to this Prospectus under an arrangement with dealers pursuant to Section 911A(2)(b) of the Corporations Act.

### 14.12 Consents

O'Loughlins Lawyers has given and before lodgement of the Prospectus has not withdrawn their consent to be named in the Prospectus as Legal Adviser in regard to the Offer in the form and context in which it is named, and the inclusion of its Solicitor's Report in the form and context in which it appears.

Barnes Dowell James has given and before lodgement of the Prospectus has not withdrawn its consent to being named in the Prospectus as Independent Accountant and Auditor for the Company in the form and context in which it is named, and to the inclusion of its Independent Accountant's Report in the form and context in which it appears.

Tolhurst Noall Limited has given and before lodgement of the Prospectus has not withdrawn its consent to being named in the Prospectus as Sponsoring Broker to the Offer in the form and context in which it is named.

Baron Partners Limited has given and before lodgement of the Prospectus has not withdrawn its consent to being named in the Prospectus as Corporate Adviser for the Company in the form and context in which it is named.

Registries Limited has given and before lodgement of the Prospectus has not withdrawn its consent to being named in the Prospectus as Share Registry for the Company in the form and context in which it is named.

Peter F Robinson and Associates Pty Ltd has given and before lodgement of the Prospectus has not withdrawn its consent to being named in the Prospectus as Independent Geologist (Uranium Report) for the Company in the form and context in which it is named and the inclusion of its report in the form and context in which it appears.

Global Diamond Exploration Services Pty Ltd has given and before lodgement of the Prospectus has not withdrawn its consent to being named in the Prospectus as Independent Geologist (Diamond Report) in the form and context in which it is named and the inclusion of its report in the form and context in which it appears.

None of the parties named above:

- has authorised or caused the issue of the Prospectus;
- has made, or purported to have made, any statement in this Prospectus, except in this Section 14.12 and their respective reports where applicable; or
- assumed responsibility for any part of this Prospectus except for statements in this Section 14.12 and their respective reports where applicable.

Each of these entities to the maximum extent permitted by the law, disclaim any responsibility or liability for any part of this Prospectus other than a statement included in this Section 14.12.

Copies of the consents to the issue of this Prospectus are available for inspection, without charge, during normal business hours at the registered office of the Company.



### 14.13 Disclosure Interests of Advisers

Other than as set out below, no person named in this Prospectus as a person performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus nor any firm in which such person is a partner or employed has any interest in this promotion of the Offer.

O'Loughlins Lawyers has acted as Legal Adviser in regard to the Offer and has performed work in relation to certain of the material contracts, preparing the due diligence programme and assisting the Company with due diligence enquiries on legal matters, and has prepared the Solicitor's Report. The Company estimates that it will pay approximately \$50,000 to O'Loughlins Lawyers in respect of this work.

Barnes Dowell James ("BDJ"), the Company's Auditor and Independent Accountant, has prepared the Independent Accountant's Report, including the pro forma financial statements. The Company estimates it will pay approximately \$6,500 to BDJ in respect of this work.

The Company will pay Tolhurst Noall Limited and any licensed securities dealer a lodgement fee of 4% with respect to valid and accepted Applications bearing the stamp of those dealers.

Representatives of Tolhurst Noall Limited have an interest in 1,025,000 Existing Shares and 437,500 Options on issue at the date of this Prospectus. In addition, a representative of Tolhurst Noall Limited will receive an issue management fee of 1% of a portion of the funds raised in the Offer by Tolhurst Noall Limited. Directors and representatives of Tolhurst Noall Limited may participate in the Offer.

Baron Partners Limited ("Baron") has acted as Corporate Adviser to the Company in connection with the Offer. The Company estimates it will pay Baron \$180,000 in respect of its work. The Company has paid or will pay Baron further fees for work not directly associated with the Offer.

Representatives and employees of Baron and their associates hold shares not exceeding 1% of Crossland's issued capital, and options not exceeding 1% of the options on issue. Those persons may participate in the Offer.

Registries Limited ("Registries") has acted and will act as Share Registry for the Company and has reviewed and approved the Application Form. The Company will pay Registries normal commercial rates in connection with Offer-related work.

Peter F Robinson & Associates Pty Ltd ("PFR") has prepared the Independent Geologist's Report on the uranium tenements. The Company estimates it will pay approximately \$25,000 to PFR in respect of this work.

Global Diamond Exploration Services Pty Ltd ("GDE") has prepared the Independent Geologist's Report on the diamond tenements. The Company estimates it will pay approximately \$5,000 to GDE in respect of this work.

The payments above exclude disbursements and GST.



## Additional Information (continued)

### 14.14 Corporate Governance

The composition of the Board is subject to shareholder approval. All nominations for appointment to the Company's Board are reviewed by the Board. Currently, the Board comprises Mr RA Cleary (Non-Executive Chairman), Mr GS Eupene (Executive Director), Mr PW Walker (Non-Executive Director) Mr PJD Elliott (Non-Executive Director) and Mr RL Richardson (Non-Executive Director).

At each annual general meeting one third of the Board of Directors (apart from the Executive Director) will retire and each retiring Director, if he or she so chooses, can offer themselves for re-election.

The Company's policies regarding the terms and conditions of remuneration of Board members are approved by the Board on the basis of independent professional advice.

The remuneration and terms and conditions of employment for the Executive Director are reviewed and approved by the Board of Directors after seeking professional advice.

Non-Executive Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. The Chairman's prior approval of any expenditure is required.

The Company has an established Audit and Risk Management Committee and a Corporate Governance and Compliance Committee.

The Board is the vehicle to facilitate the identification of significant areas of business risk to implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards. In relation to these matters, the Board specifically:

- Ensures compliance with legal requirements and ethical principles;
- Monitors the business environment;
- Identifies business risk areas;
- Identifies business opportunities; and
- Monitors systems established to ensure prompt and appropriate responses to shareholder complaints and enquires.

# 15. Directors' Statement



The Directors report that, in their opinion, since the date of the financial information set out in Section 10 of this Prospectus, there have not been any circumstances that have materially affected or will materially affect the value of the assets and liabilities of the Company, except as disclosed in the Prospectus.

The Directors state that they have made all enquiries that were reasonable in the circumstances and after doing so have reasonable grounds to believe that statements made by the Directors in this Prospectus are not misleading or deceptive. In relation to any statement made in this Prospectus by persons other than the Directors, the Directors have made enquiries that were reasonable in the circumstances and after doing so have reasonable grounds to believe that the persons making the statement or statements are reliable and competent in relation to the statements concerned. Those persons have given their consents to statements being included in this Prospectus in the form and context in which they appear and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is issued by Crossland Uranium Mines Limited. The issue of this Prospectus has been authorised by the Directors and this Prospectus has been signed by the Chairman on behalf of the Directors. Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed on behalf of Crossland Uranium Mines Limited by

**R. A. Cleary**

Chairman

# 16. Glossary (with Technical Glossary)



Term	Meaning
\$	dollars of the currency of Australia. All amounts in this Prospectus are in Australian dollars unless otherwise stated.
AFS Licence	Australian Financial Services Licence.
Applicant	a person who submits an Application Form under this Prospectus.
Application	an application under this Offer.
Application Form	an application form accompanying this Prospectus.
Application Monies	the amount of money in dollars and cents payable for Offer Shares at \$0.25 each pursuant to the Offer.
ASIC	the Australian Securities and Investments Commission.
ASX	Australian Securities Exchange Limited ACN 008 624 691.
ASX Listing Rules or Listing Rules	the official listing rules of ASX and any other rules of ASX which apply while the Company is an ASX-listed company, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.
ASX Public Offering	the Offer.
ASTC	ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.
ASTC Settlement Rules	the Settlement Rules of ASTC.
Board	the Board of Directors of the Company as constituted from time to time.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, and any other day that ASX declares is not a business day.
Centram	Centram Exploration Ltd, a company listed on the NEX trading board of the Toronto Stock Exchange in Canada.
Centram Transaction	the transaction(s) completed as set out in Section 13.13.
CHESS	the Clearing House Electronic Sub-register System.
Closing Date	the last date of receipt of completed Application Forms for the Offer which is 5.00pm (Sydney time) on 26 March 2007 or such other date and time as the Directors in their absolute discretion, may determine.
CMPL	Crossland Mines Pty Ltd ACN 099 478 127, a wholly-owned subsidiary of the Company.
Company	Crossland Uranium Mines Limited ABN 64 087 595 980.
Constitution	the Constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Crossland	the Company, defined above.
Directors	the Directors of the Company.

<b>EDST</b>	Eastern Daylight Saving Time.
<b>EL</b>	an Exploration Licence issued under the Mining Act 1980 (NT) of the Northern Territory, the Mining Act 1978 (WA) of Western Australia or the Mining Act 1971 (SA) of South Australia.
<b>Existing Option</b>	one of the 30,150,200 Options on issue at the date of this Prospectus, the terms and conditions of which are summarised in Sections 14.6.2 and 14.7.2.
<b>Existing Share</b>	one of the 76,160,942 Shares on issue at the date of this Prospectus.
<b>Existing Shareholder</b>	a holder of one or more Shares as at the date of this Prospectus.
<b>Exploration Licence</b>	one of the 22 Exploration Licences listed in Section 11.
<b>Exposure Period</b>	the period of seven days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act.
<b>Founders Options</b>	Options granted prior to 2006 to two former directors of the Company in recognition of their contribution in founding the Company.
<b>IAEA</b>	International Atomic Energy Agency.
<b>Incentive Shares</b>	the maximum of 18 million Shares which may be issued to Directors and their associates under the Company's Incentive Share Plan, the details of which are shown in Section 14.7.1.
<b>Interest or Interests</b>	the interest(s) that the Company has earned or proposes to earn in the Exploration Licences.
<b>KSL</b>	Klondike Source Limited, former name of the Company.
<b>Native Title Act</b>	Native Title Act 1993 (Cth).
<b>NSX</b>	National Stock Exchange of Australia Limited ABN 11 000 902 063 (formerly the Stock Exchange of Newcastle Limited).
<b>Offer</b>	the offer of 22.68 million new Shares pursuant to this Prospectus.
<b>Offer Price</b>	\$0.25 per Offer Share
<b>Offer Share</b>	a Share that is offered pursuant to this Prospectus.
<b>Offer Subscription</b>	the amount sought under the Offer.
<b>Official List</b>	the official list of ASX.
<b>Official Quotation</b>	has the same meaning as in the ASX Listing Rules.
<b>Opening Date</b>	the first date for receipt of completed Application Forms which is 9.00 am EDST on 26 February 2007 or such other date and time as the Directors in their absolute discretion may determine.
<b>Option</b>	an option to acquire a Share in the Company.
<b>Priority Entitlement</b>	an entitlement of Offer Shares available to certain Shareholders as described in Section 4.1.
<b>Priority Entitlement Application Form</b>	a separate personalised application form accompanying this Prospectus only when mailed to certain Shareholders as outlined in Section 4.1.
<b>Prospectus</b>	this Prospectus dated 15 February 2007.
<b>Securities</b>	Shares and Options.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	the holder of a Share.
<b>Subscription Amount</b>	the amount of money in dollars and cents payable for Offer Shares at \$0.25 each pursuant to the Offer.
<b>WNA</b>	World Nuclear Association.

## Technical Glossary

(terms found in Geologists' Reports and technical sections of the Prospectus)

AEM	airborne electromagnetic
Ag	elemental symbol for silver
Au	elemental symbol for gold
Ce	elemental symbol for cerium
Cu	elemental symbol for copper
EM	electromagnetic
Fe	elemental symbol for iron
GIS	Geographic Information System
IOCG	iron-oxide copper-gold
km	kilometre
km <sup>2</sup>	square kilometre
La	elemental symbol for lanthanum
m	metre
Ma	millions of years
Ni	elemental symbol for nickel
NTGS	Northern Territory Geological Survey
NTDPIFM	Northern Territory Department of Primary Industry Fisheries and Mines
Pb	elemental symbol for lead
PGE	platinum group elements
PIRSA	Department of Primary Industries and Resources, South Australia
ppb	parts per billion
ppm	parts per million
RAB	Rotary Air Blast
REE	rare earth element
Th	elemental symbol for thorium
TMI	Total Magnetic Intensity
U	elemental symbol for uranium
U <sub>3</sub> O <sub>8</sub>	triuranium octaoxide, commonly known as uranium oxide
Zn	elemental symbol for zinc



