EL25078
Partial Relinquishment Report
Chilling Project
18 September 2006 – 17 September 2011

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NT 1:100,000 Map Sheets: Daly River 5070 & Reynolds River 5071
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SUMMARY

This report covers work conducted between 18 September 2006 and 17 September 2011 on the relinquished portion of EL 25078, held by Crossland Mines Pty Ltd (Crossland). The EL was granted for a six year term on 18 September 2006 covering an area of 73 sub-blocks (216.2 km²). The license has undergone two reductions, currently consisting of 16 sub blocks. This report covers the second reduction which was granted on 17 September 2011. EL 25078 is located within southern part of Litchfield Park. The license is easily accessed by road however access within the Park is limited due to regulations prohibiting off road driving.

During the tenure, exploration within the relinquished portion of EL25078 has consisted of:

Office studies:

- Literature research of previous exploration, geological and geophysical surveys over the EL and surrounding district
- Data compilation
- Acquisition and reinterpretation of NTGS airborne geophysical data sets
- Planning for field program, additional field work and liaison with stake holders
- Processing and interpretation of results

Field work undertaken includes:

- Automobile reconnaissance
- Airborne radiometric and magnetics surveys
- Ground based radiometric surveys of airborne anomalies
- Aircore drilling of radiometric anomalies
- Geological reconnaissance

Majority of the field work completed within EL 25078 has taken place within the retained portion of the licence.

1 INTRODUCTION

Exploration Licence 25078 was initially selected as part of the Chilling Project area. The ELs of this project were selected because of the presence of a Primary Hub within, EL 23682, which was identified using proprietary Intellectual Property supplied by Paradigm Geoscience, renamed Global Geoscience Limited. The aim of the technology is to identify targets for mineral exploration with the same signatures as major mineral deposits. The method offers a means to identify important mineral resources without the need to acquire title to broad areas, with the resultant demanding access and land use challenges. Because of the restricted areas selected, more intensive exploration than would be normal in greenfields exploration can be focused on the limited area by even junior mineral explorers such as the holders. The Hubs respond to the selection process in a similar fashion to major mineral deposits. It is expected that in most cases the target deposits do not outcrop, or it would already have been discovered, and it will be necessary to penetrate the overburden to make discoveries. The selection technique does not permit identification of target commodities, and these must be determined by consideration of regional metallogenic factors and field reconnaissance.

EL 25078 was acquired, along with EL25077 and EL25076 with the intention of exploring for unconformity related uranium deposits (URD). The ELs cover an extensive arcuate unconformity between the Palaeoproterozoic metamorphic basement and the gently dipping Mesoproterozoic platform sedimentary cover rocks and provide an excellent target zone. The length of unconformity covered by the tenements is about 90 km long and is up to 10 km wide. As well as URDs the area also has the potential to host iron-oxide breccia-related deposits, base metals and gold deposits. The Chilling Project offers an excellent opportunity to conduct a comprehensive exploration program over the area where previous exploration programs 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 improved evaluation of the project.

2 TENURE

EL 25078 (Tipperary) was granted for a six year period on 18 September 2006 (expiring 17 September 2012). The title originally covered an area of about 73 sub-blocks (216.2 km^2). A Waiver of Reduction was granted on 17 September 2009 allowing all sub-blocks to be retained. In 2010, 24 sub-blocks were relinquished leaving a total of 49 sub-blocks (145.12 km^2). On 17 September 2011 a further 33 sub-blocks were relinquished with the current total of 16 sub blocks remaining under license.

3 LOCATION AND GENERAL DESCRIPTION

The approximate geographic centre of EL 25078 is located about 28 km northeast of the Daly River Crossing (Fig 1). Its northernmost border is coincident with parts of the southern and eastern boundaries of EL 25077. At the same time about 1.9 km of its southernmost western margin is coincident with the most northerly 1.9 km of the western side of EL 25076. Access may be gained from Darwin by following the Stuart Highway to Adelaide River and then following the Dorat Road to the Daly River Road and continuing west towards the Daly

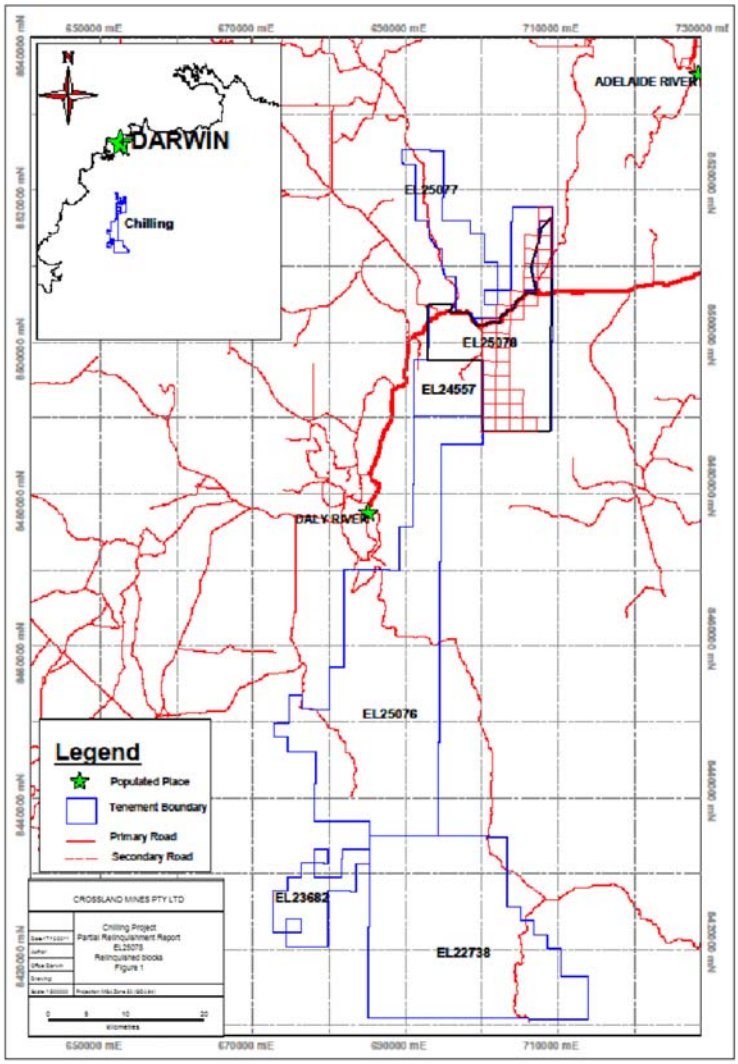

Figure 1. EL 25078 Relinquished and Retained Portions Location Map

River Crossing (Fig 1). Access within the property is limited in part due to Park regulations prohibiting off road driving with 4WD vehicles within Litchfield Park The only access track within the EL is the Reynolds River Road a 4WD dirt road which joins the Daly River Road about 31 km east of the Daly River Crossing. This road, which is maintained by the Park Authority, follows the western border of the tenement quite closely leaving the vicinity of the EL north of Mistake Creek. A station track which joins the Daly River Road about 15 km east of the Reynolds River Road is present, running north-northeast within about 3 km of the Park's eastern boundary.

Access within the northern most limb of the tenement north of the Daly River Road and west of Litchfield Park is excellent as a station track traverses the area. Likewise access to the westernmost part of the EL is good as this area is crossed by both the Daly River Road and a station track which leads south from the Daly River Road about 35 km east of the Daly River Crossing. Tracks allowing access to the eastern part of the property have yet to be found.

4 GEOLOGY

The EL is covered by two mapping sheets the most recent of which are:

• NTGS 1:100,000 Wingate Mountains Sheet, published along with explanatory notes, in 1989 (Edgoose *et al*, 1989).

• NTGS 1:100,000 Daly River Sheet, published along with explanatory notes in 1987 (Dundas *et al*, 1987).

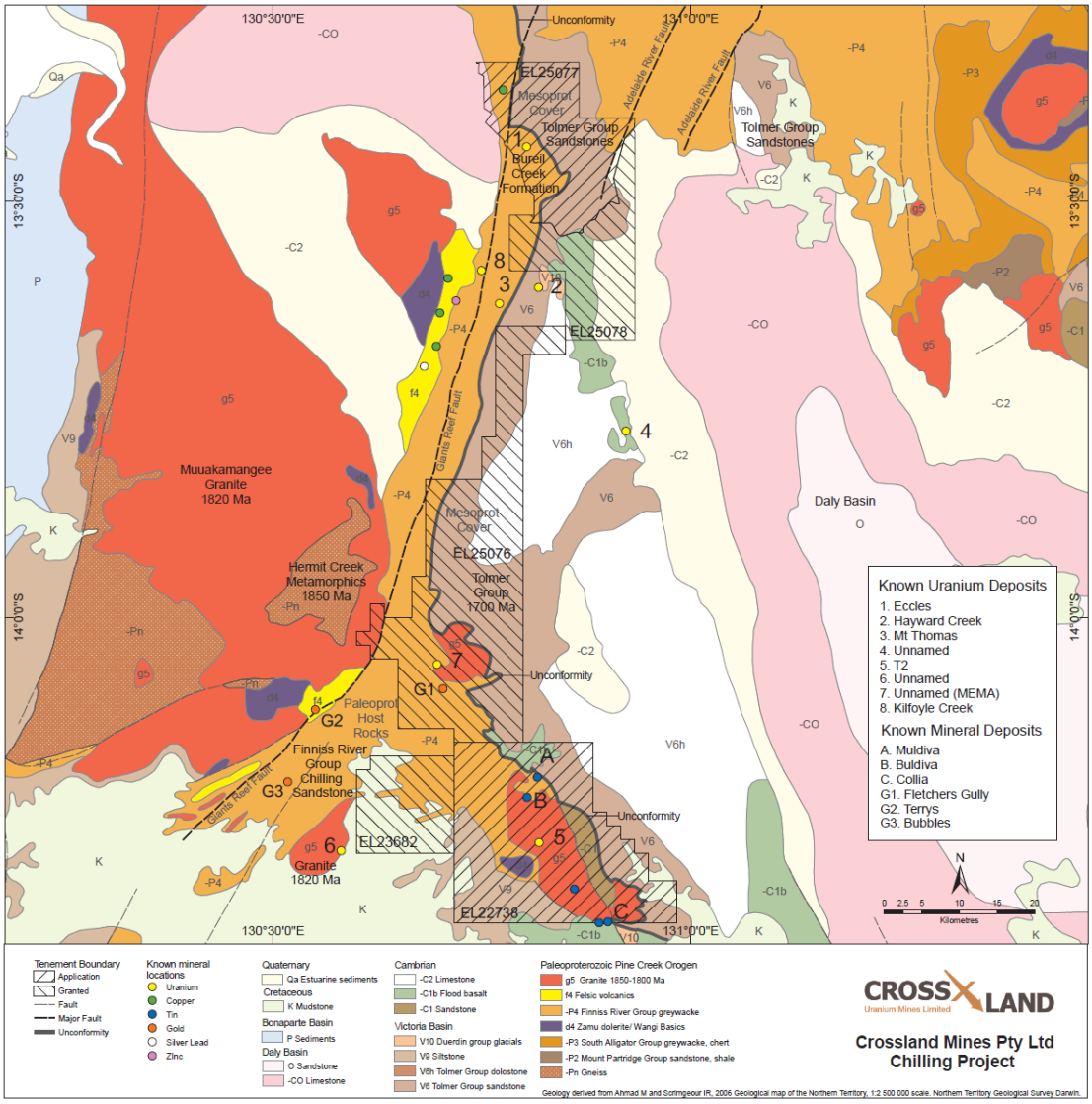

Figure 2. Regional Geology Map

From oldest to youngest and from west to east, the dominant geological features are the lower proterozoic Burrell Creek Formation, Tolmer Group arenites, Uniya Tillite and the lower to middle Cambrian rocks comprising the Antrim Plateau volcanics and the Daly River Group sediments. The Burrell Creek metasediments are tightly folded and have a regional strike to the north-northeast. They are partially covered by the unconformably overlying, shallow dipping Depot Creek Sandstone. To the east the sandstone is progressively obscured by Uniya Tillite and younger volcanics. Tertiary palaeosoils cover much of the Daly River

Group, however occasional exposures of the Tindal Limestone member have been mapped in this part of the tenement.

3 EXPLORATION

3.1 EXPLORATION RATIONALE

The geological setting of the Chilling Project area suggests that a wide variety of deposit styles could be present. The district has produced gold and tin, from granite-related mineralization the best known example of gold mineralization within the project area is the old Fletcher's Gully Mine. Located to the south of EL 25078 it produced 70 kg or 2250 oz gold, although production records are incomplete. There are also numerous instances of tin and tantalum mineralisation present in the area, the mineralisation associated with pegmatites which intrude the Burrell Creek Formation. The district also has basic intrusives which might host nickel- copper- or platinoid mineralisation. There is also potential for lead and zinc mineralisation as found at Woodcutters Mine near Batchelor. Some minor uranium mineralization is known within the project area which includes the MEMA Prospect to the south of EL 25078 and the Eccles Prospect located within the adjacent tenement.

3.2 EXPLORATION CONDUCTED BY CROSSLAND

During the period Crossland held EL 25078 exploration undertaken included:

Office Studies:

- Literature research of previous exploration, geological and geophysical surveys over the EL and surrounding district
- Data compilation
- Acquisition and reinterpretation of NTGS airborne geophysical data sets
- Planning for field program and liaison with stake holders

Field work:

- Airborne radiometric and magnetics surveys
- Ground based radiometric surveys of airborne anomalies
- Aircore drilling of radiometric anomalies
- Geological reconnaissance

3.3 OFFICE STUDIES

3.3.1 LITERATURE RESEARCH

A search of the Northern Territory Geological Survey's "STRIKE" (Spatial Territory Resource Information Kit for Exploration) data base reveals that 9 historical APs (Application to Prospect) and 79 historical ELs overlap geographically with the four current ELs of the Chilling Project. Naturally a large number of companies and individuals have explored for a variety of commodities including gold, base metals,

barite, cobalt, chromium, diamonds, fluorite, limestone, nickel, PGE's, silver, tin, tantalum and uranium. The "STRIKE" database indicates that there are 234 open file annual reports describing exploration undertaken by lease holders on these historical tenements. To summarize all this work is well beyond the scope of this report. However there were several exploration programs undertaken within the district that are worth noting.

In the early 1970s Kewanee Australia Pty Ltd undertook an extensive exploration program primarily for base metals, their tenement holdings overlapping with the northern part of the project area. Towards the end of their program Kewanee conducted an airborne radiometric survey during which they discovered two weak radiometric anomalies. In the mid-seventies Le Nickel Exploration Pty. Ltd. was engaged in exploration for base metals to the west of the northern part of the project area.

In the 1980s Sutton's Motors acquired a substantial ground holding within the district and engaged in joint ventures with other companies to explore for a variety of commodities including diamonds, gold, tin and uranium. The Sutton's Motors / Mobile Energy Minerals Australia joint venture explored for gold tin and uranium to the north of Fletcher's Gully within EL 25076. This work identified the presence of alluvial gold and tin as well as identifying an uraniferous showing referred to as Binn's Shear. Within this report Binn's Shear is referred to as the MEMA Prospect or Showing.

Also in the 1980s both Ashton Mining Ltd and Stockdale Prospecting Ltd. sampled the area for diamonds, but the results were negative. Carpentaria Exploration Company completed quite intensive investigations of Terry's Prospect, a series of narrow but in places high grade veins in and around the outcropping area of Berinka Volcanics to the west of the project area. They also conducted regional gold exploration over an area which included the western parts of the project area, and in the process identified the Bubbles Prospect about 5km west of the western boundary of EL 23682, and the Anniversary Ridge Prospect, which is associated with a breccia zone which trends beneath Cretaceous cover on the western margin of the EL. Another area of elevated BLEG and As results were found overlapping with the southwest corner of EL 25076, and is perhaps an extension of the Fletcher's Gully mineralisation.

From the late 1980s to the early 1990s both Renisons Goldfields Consolidated Ltd and Northern Gold NL explored within the district including parts of the project area for gold. Although these companies identified sites with anomalous gold geochemistry none were judged to be significant enough to undertake extensive follow up work. Also during this period Total Mining Australia Pty Ltd in joint venture with PNC Exploration (Australia) Ltd conducted a program of uranium exploration which took in part of the northern Chilling Project area. During the course of their work they renamed Kewanee's A2 radiometric anomaly Eccles I and during the course of their work discovered Eccles II which within this report is referred to as the Eccles Prospect.

The results of the literature research indicate that within the project area exploration has been carried out to varying degrees, with some areas more highly explored than others. This is due in part to differences in the prospectivity over the area but it also reflects the difficulty of gaining access to certain areas.

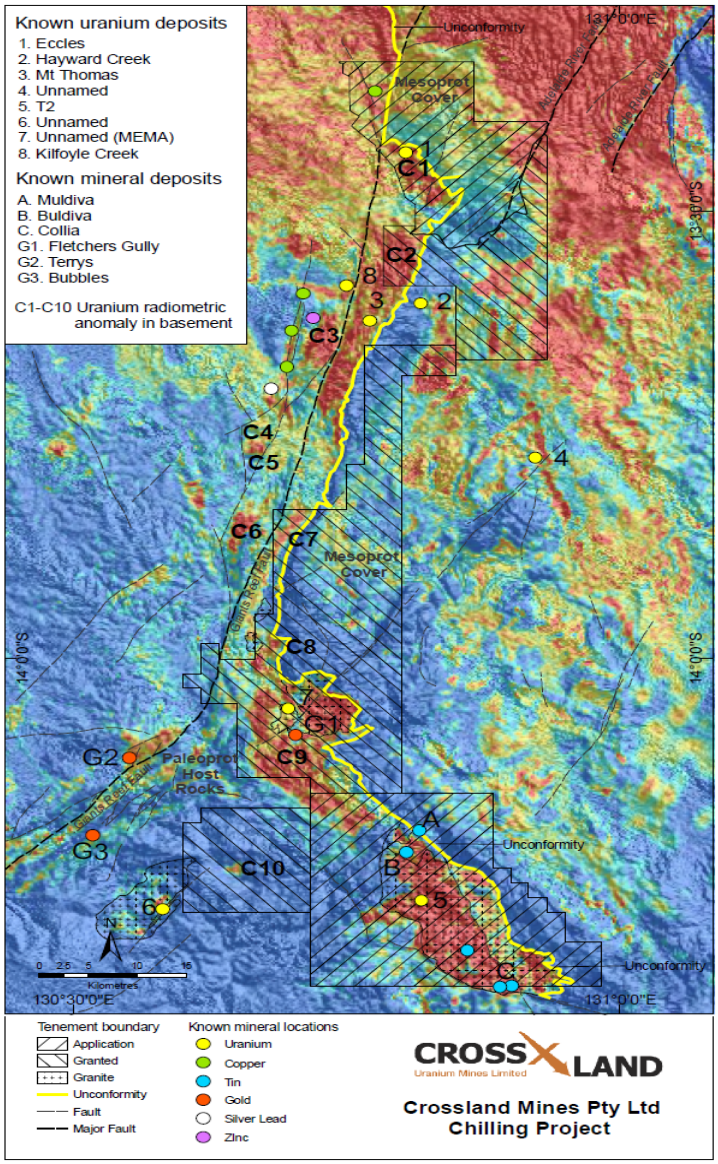

Figure 3. Regional Airborne Radiometric Data U Channel

3.3.2 REPROCESSING OF NTGS AIRBORNE GEOPHYSICAL DATA SETS

Geophysical data covering the title was acquired by NT Geological Survey in 1984. This was flown on 500m line spacing at 100m ground clearance. The area of the EL was also covered by PNC in their 1995 survey at 200m line spacing and 80m terrain clearance, which covered a much larger area.

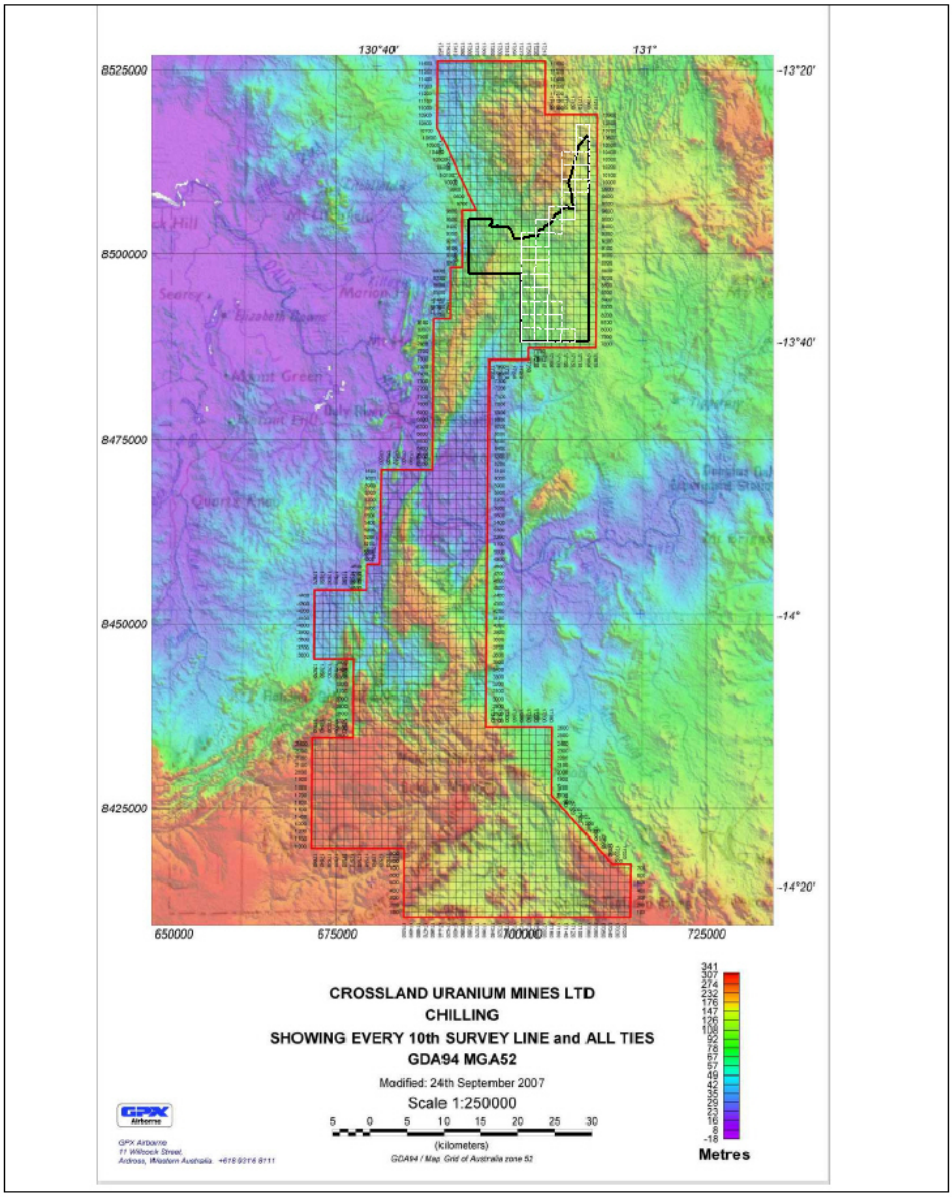

Figure 4 Map of Selected Airborne Geophysical Survey Flight Lines

3.4 FIELD WORK

3.4.1 TENURE YEAR 1 (18 September 2006 – 17 September 2007)

During this period work undertaken on EL 25078 included automobile reconnaissance to identify road access and undertake some first pass radiometric prospecting.

3.4.2 TENURE YEAR 2 (18 September 2007 – 17 September 2008)

During the second year of tenure an airborne geophysical survey was conducted. A number of the strongest anomalies identified from the airborne survey were later followed up with ground based radiometric surveys.

AIRBORNE GEOPHYSICAL SURVEYS

During late 2007, a detailed airborne magnetic survey was completed over the entire Chilling project area. Crossland Uranium Mines contracted GPX Aeroscience Pty Ltd (GPX) of Perth WA to conduct the surveys. The survey was carried out between November 9 2007 and December 4 2007 with the crew operating out of the town of Batchelor.

The surveys were flown using a Cessna 210 fixed wing aircraft. Equipment used to conduct the survey included a Billingsley Ultra Miniature TFM 100G2 fluxgate magnetometer, a Pico Envirotec G-Mag with Scintrex CS-3 Cesium vapour sensor base magnetometer, a Pico Envirotec GRS-410 gamma ray spectrometer and a Rockwell Collins ALT-50A radar altimeter.

The survey was originally planned to be on 100m line spacing but because the survey was started late in the season after rains had commenced the line spacing was increased to 200m. For the part of the survey that covered EL 25078 all lines were spaced at 100m intervals running east – west with tie lines spaced at 1000m intervals running north – south. The survey was conducted at a height of 60 m. A map of selected flight path lines for the survey is given in Figure 4.

Additional information on the survey including general survey information, survey equipment specifications, equipment calibrations and data acquisition checks, in field data verification and data processing can be found in GPX's logistic report which has been included herein as Appendix 1.

Digital Terrain Model

During the course of the airborne geophysical survey a Rockwell Collins ALT-50A radar altimeter was used to collect altitude data. The digital terrain model was generated by subtracting the data collected by the radar altimeter from the GPS heights. The digital terrain model is displayed in Figure 5.

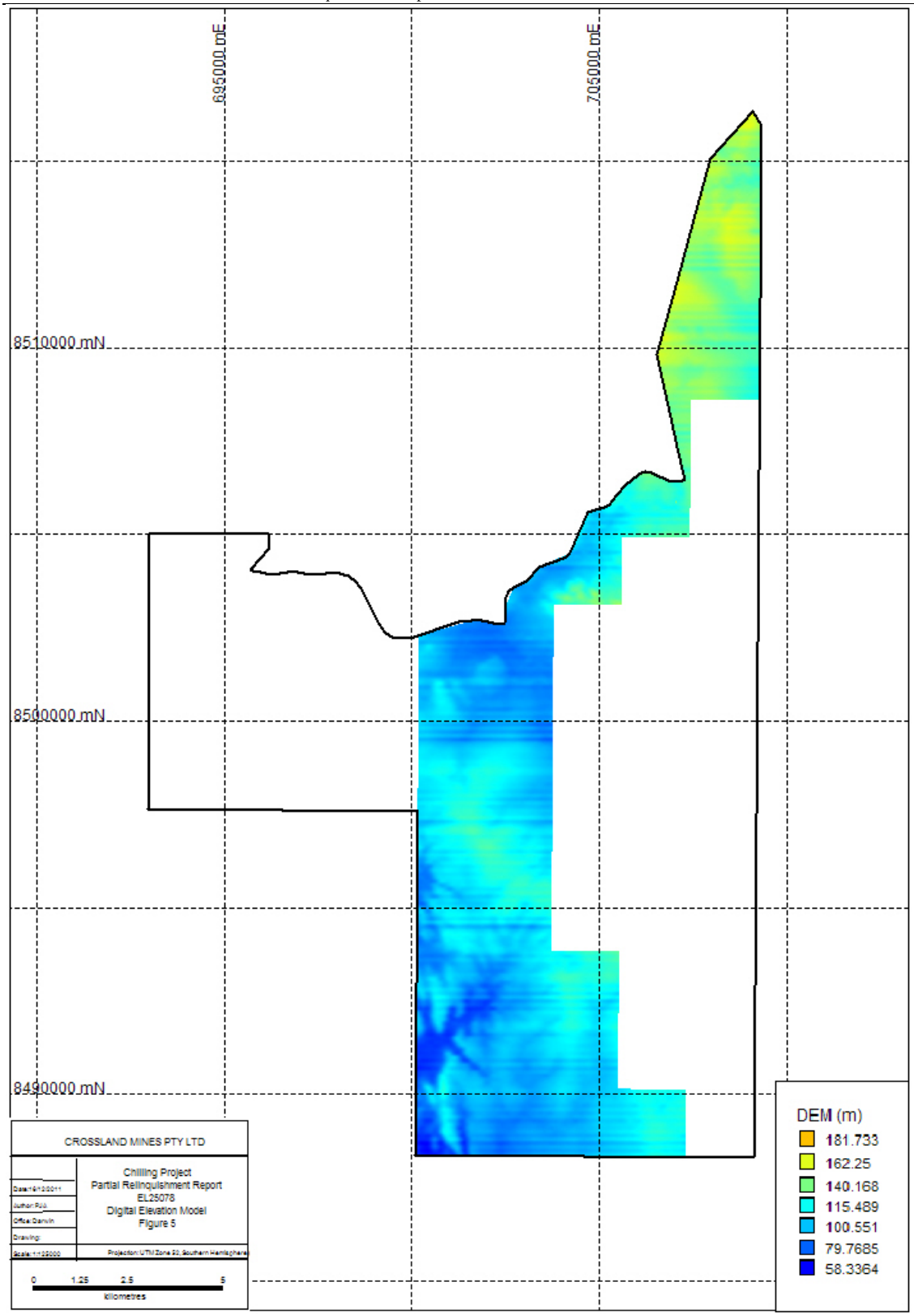

Figure 5. Digital Elevation Model Image

Magnetometer Survey

A Total Magnetic Intensity (TMI) image (Figure 6) has been generated from the magnetometer survey. This diagram shows that the relinquished part of the EL is dominated by moderate magnetics with the exception of a high region in the south of the tenement. There are no obvious linear structures visible in the relinquished parts of the tenement.

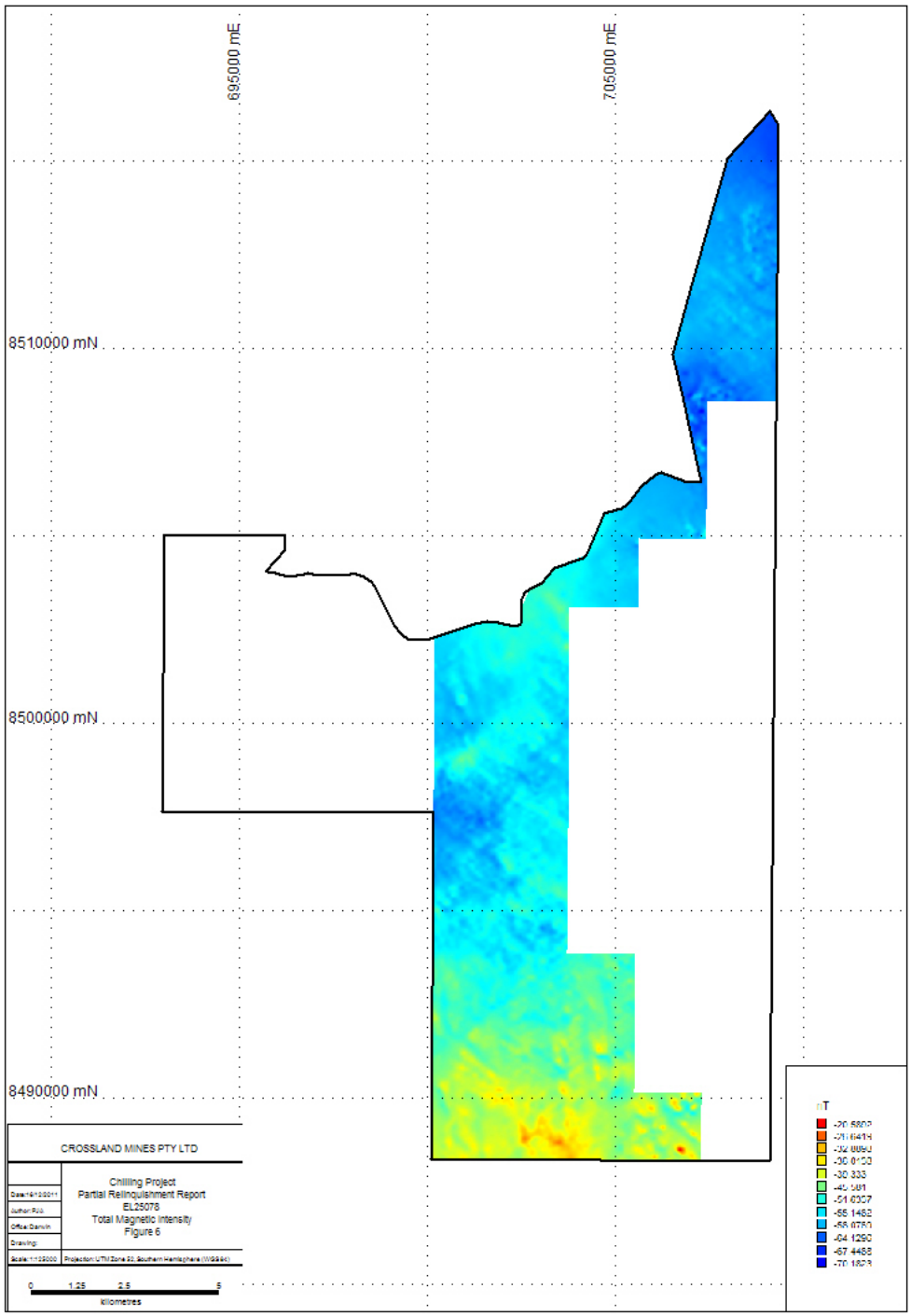

Figure 6 Total Magnetic Intensity Image

Radiometric Survey

The results of the radiometric survey for Potassium Count, Thorium Count and Uranium Count are displayed as Figures 7 – 9 respectively. The images show varied counts across the relinquished area with Potassium, Thorium and Uranium following a broadly similar trend with slightly elevated values in the centre and northeast of the relinquished blocks.

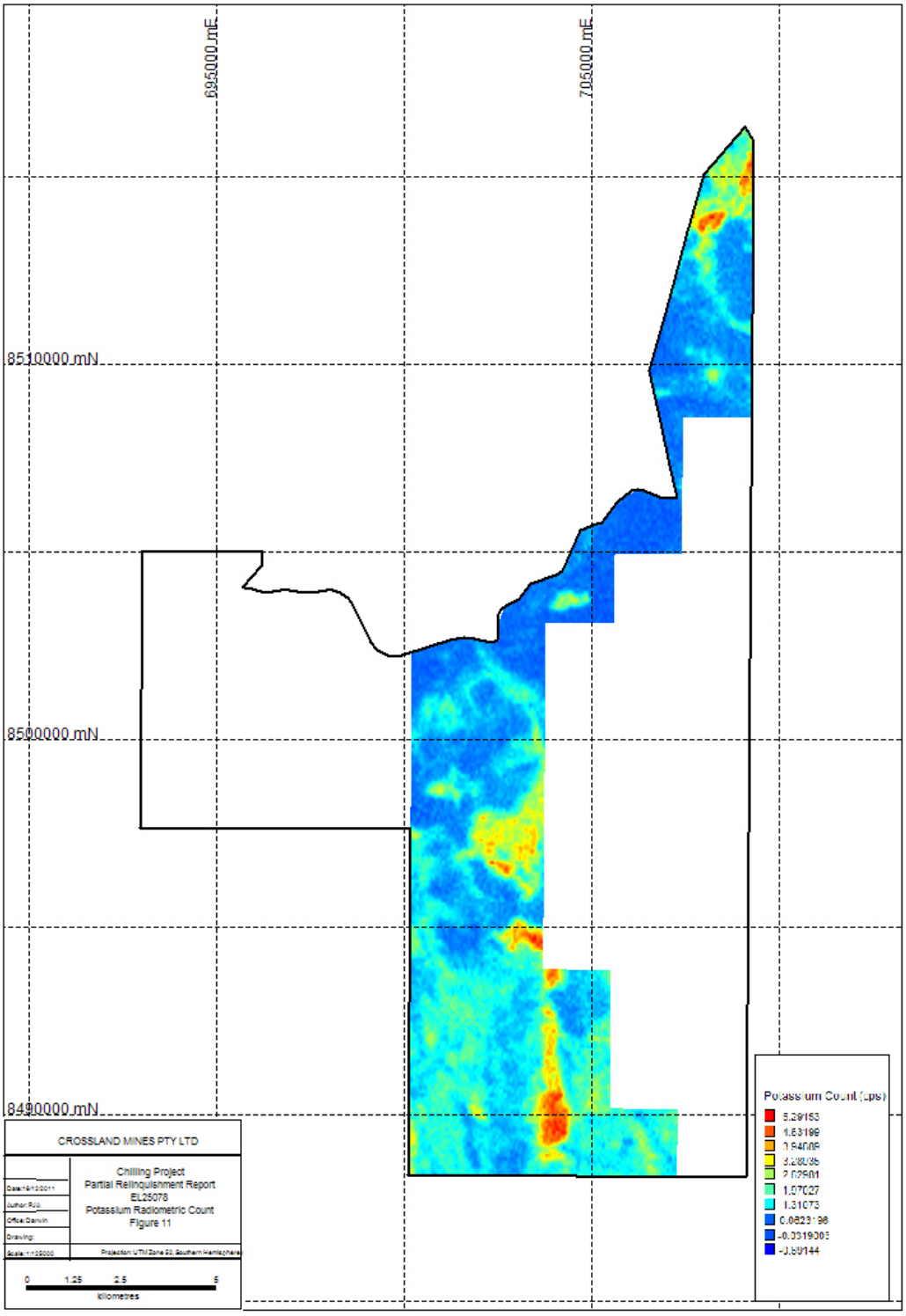

Figure 7. Potassium Radiometric Count Image

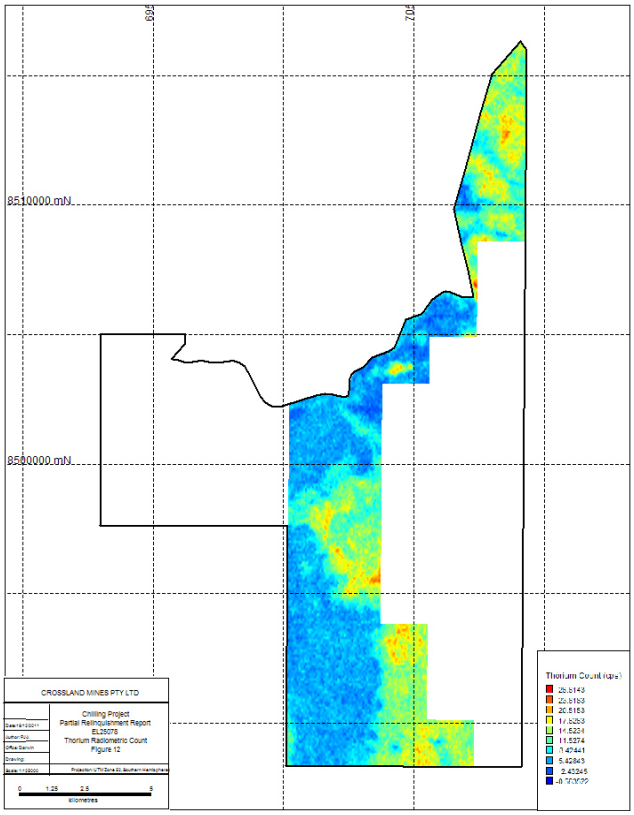

Figure 8. Thorium Radiometric Count Image

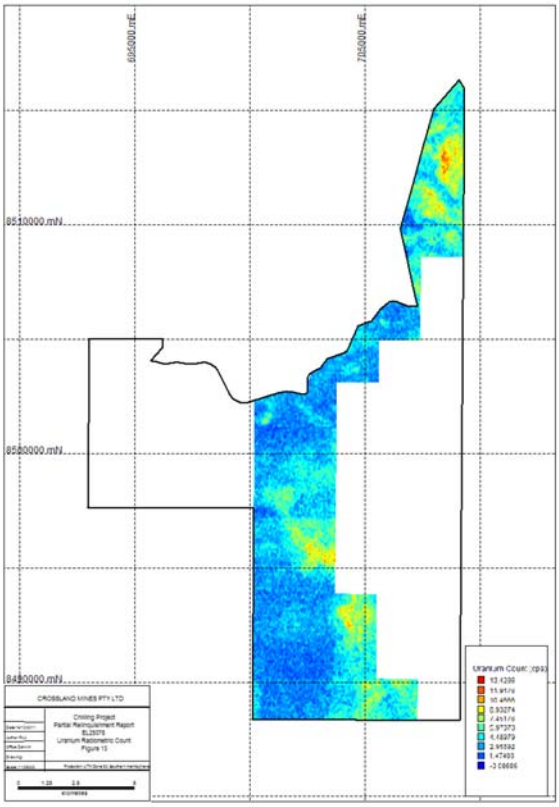

Figure 9. Uranium Radiometric Count Image

GROUND BASED GEOPHYSICAL SURVEYS

Following processing of the airborne radiometric data, one anomaly (C15) was identified near the boundary of the relinquished area. Follow up was undertaken by helicopter in April 2008 with the anomaly being identified on the ground by traversing with a spectrometer. The geological environment was also described.

Close-spaced spectrometer surveys were carried out on the anomaly and carried over into the relinquished area. The survey was done using Pico Envirotec PGIS 21 continuous reading spectrometer with dedicated Garmin GPS. If the terrain allowed, the operator utilised an ATV with the equipment mounted on the front of the vehicle. C15 ground survey is shown in Figure 10.

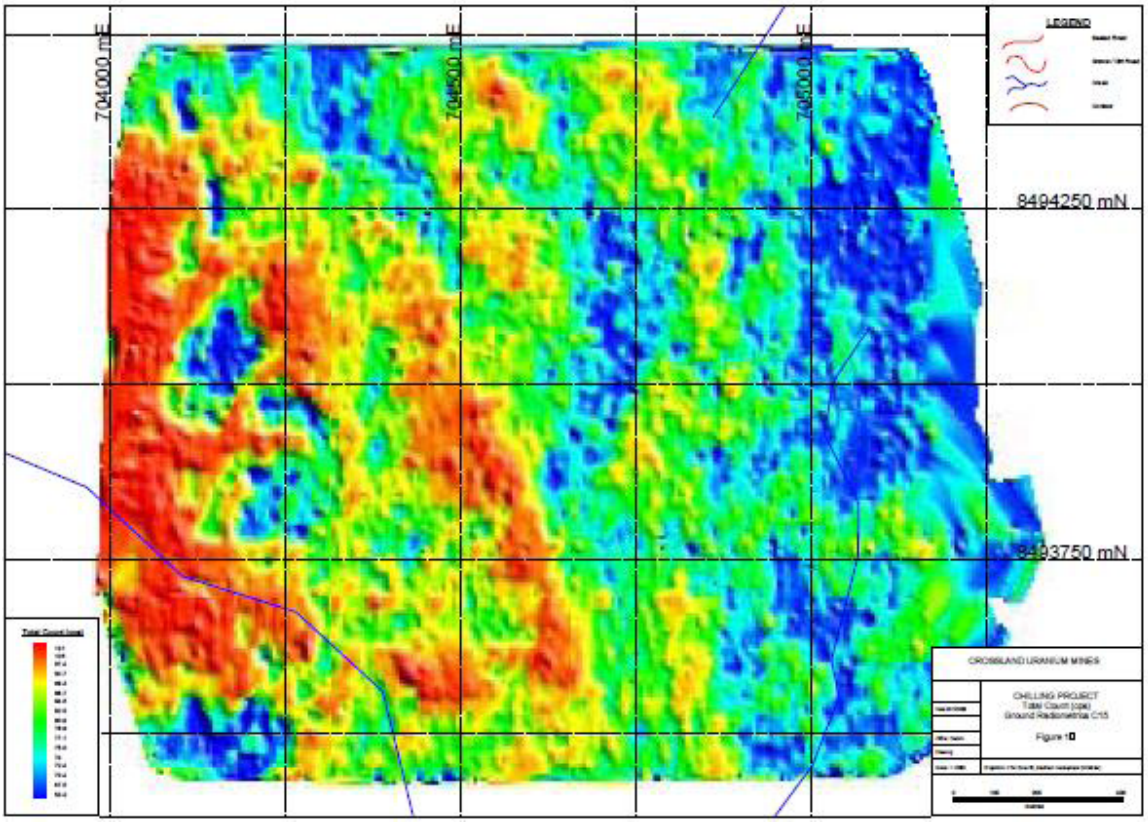

Figure 10.; C15 anomaly

3.4.3 TENURE YEAR 3 (18 September 2008 to 17 September 2009)

An aircore program was commenced and completed in November 2008 by McCleod Drilling of Roxby Downs, South Australia. 2 holes related to C15 lie within the relinquished blocks, holes C15I and C15H. Lithology logs and other data for these drill holes are included in Appendix 2 and photos of the chips retained from the drilling are presented as Appendix 3.

3.4.4 TENURE YEAR 4 (18 September 2009 to 17 September 2010)

The final TEMPEST EM data was received from Geoscience Australia in the latter half of the reporting period for the subject EL. Preliminary in-house processing was carried out and some interpretation finalised. Follow up work was not conducted within the relinquished area.

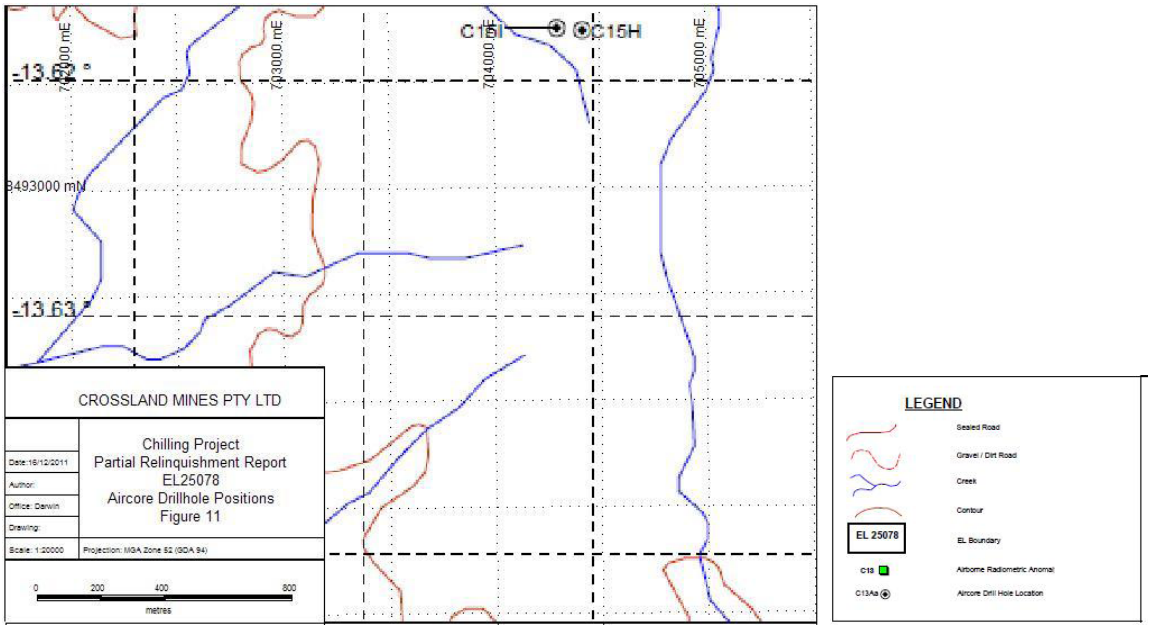

Figure 11. C15 drillhole locations

3.4.5 TENURE YEAR 5 (18 September 2010 to 17 September 2011)

No on ground activities were carried out on the tenement in 2011 due to the excessive wet season experienced and the delays that were caused. The priority for the current season was to gain access to the southern tenements and prepare for the two drilling programs and associated field work.

4 CONCLUSIONS

Crossland has relinquished the ground covered within this report to limit cost and pursue other more prospective area.

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