Charley Creek – Everard

Arunta Region
Partial Cancellation Report for EL 28866 for the period 21 February 2012 to 28 April 2014

Tenement Holders: Crossland Nickel Pty Ltd and Panconoz Pty Ltd

Paul Melville
6th August 2014
Summary

EL 28866 was granted to Crossland Nickel Pty Ltd and Panconoz Pty Ltd on 21 February 2012 for a period of 6 years. Given the name Everard by Crossland, EL 28866 is one of 20 tenements that comprise Crossland’s Charley Creek Rare Earth Element (REE) Project. The company has recently progressed to a Scoping Study and a preliminary Environmental Impact Assessment for the Project.

Cancellation of seven (7) sub-blocks was necessitated due to a shortfall in exploration spending within the subject tenement. No on-ground work was completed within the cancelled blocks for the period covered by this report.
### Bibliographic Data

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<th>Partial Cancellation Report for EL 28866 for the period 21 February 2013 to 28 April 2014</th>
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<tr>
<td><strong>Author</strong></td>
<td>Paul Melville</td>
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<td><strong>Project Name</strong></td>
<td>Charley Creek – Everard</td>
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<tr>
<td><strong>Tenement Number</strong></td>
<td>EL 28866</td>
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<td><strong>Tenement Holder</strong></td>
<td>Crossland Nickel Pty Ltd (56%), Panconoz Pty Ltd (44%)</td>
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<td><strong>Operator</strong></td>
<td>Crossland Strategic Metals Limited</td>
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<td><strong>Commodities</strong></td>
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<td><strong>Tectonic Unit</strong></td>
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<tr>
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<td>Hermannsburg (SF53-13)</td>
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data.
1 Introduction

Exploration Licence (EL) 28866, “Everard”, originally comprising 56.7 km², is located approximately 100 kilometres northwest of Alice Springs, along the Tanami Road. The tenement lies within the Anburla 1:100,000 and Hermannsburg SF53-13 1:250,000 map sheets. The location is illustrated in Figure 1. Access is via sealed roads leading 10 km north of Alice Springs and then 65 km west northwest along the Tanami Road. From this point access is via station track.

EL 28866 is one of twenty (20) licences that comprise Crossland’s Charley Creek Project. The primary target has been REE.

This report deals with seven (7) sub-blocks that were cancelled by NTDME under Section 105 (1) (b) of the act. The cancellation was necessitated due to a shortfall in the required exploration expenditure within the subject tenement.

2 Tenure Details

EL 28866 was originally granted to Crossland Nickel Pty Ltd and Panconoz Pty Ltd on 21 February 2012 for a period of six years. The license comprised 18 sub-blocks, an area of approximately 56.7 square kilometres. Each of the title holders originally had a 50% stake in the licence as registered with the Department of Mines and Energy. Since that time there has been some dilution by Panconoz. Crossland Nickel Pty Ltd is a fully owned subsidiary of Crossland Strategic Metals Limited (formerly Crossland Uranium Mines Ltd) and Panconoz is a fully owned subsidiary of Canadian-based Pancontinental Uranium Corporation.

On 15 April 2014, Crossland was advised that their request for variation of expenditure condition for Year Two was approved. The expenditure condition for Year Three was set at $19,000 for the 18 sub-blocks.

On 22 April 2014, Crossland received a Partial Cancellation Notice (Loss of Block Penalty). The penalty was for a total of seven (7) sub-blocks to be surrendered. Crossland nominated the following sub-blocks for cancellation:

<table>
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<tr>
<th>Map Sheet</th>
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<th>Sub-Blocks</th>
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<td>1:1,000,000</td>
<td>2968</td>
<td>l m n q v w x</td>
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EL 28866
Partial Cancellation Report 2014
The total area nominated for cancellation was 20.0522 km².

The reduction in size of the tenement meant that Crossland’s expenditure commitment for year 3 was reduced from $19,000 to $15,500.

See Figure 2 for plan of surrendered blocks.
Figure 1  Everard  EL 28866 prior to reduction
Figure 2  Everard EL 28866 showing cancelled blocks
3 Regional Geology

The majority of the Charley Creek Project ELs are located within the Hermannsburg 1:250,000 scale geological map sheet (SF 53-13) including all of EL 28866. The regional geology is shown in Figure 3 and the lithology legend is given in Figure 4.

The project area lies within the Central Province of the Arunta Block on the southern margin of the North Australian Craton. The southern margin of this block is marked by a high strain zone, the Redbank Thrust Zone, which contains several mapped units. Most of the Central Province is granulite facies metamorphic grade with some retrograde zones of amphibolite facies. The oldest rocks are dated as Lower Proterozoic.

Much of the plains country to the north of the ranges is composed Quaternary and to a lesser degree Tertiary sediments. The Tertiary sediments have been described as sands, clays, siltstone, and conglomerates with some lignitic horizons. The Quaternary sediments are characterised by shallow alluvial fans of coarse gravels, sandy ephemeral creek deposits, sand and clay with a surficial covering of aeolian silts and sand with minor calcrete and carbonate deposits. The degree of cover formed by these sediments varies regionally.

The original licence covered sections of the easternmost extension of the Mount Hay Granulite complex (Ceilidh Hill). Most of this country is now within the surrendered blocks. Elsewhere the licence covers undifferentiated Quaternary and Tertiary units.
Figure 3    1:250,000 Hermannsburg Geology showing location of original licence
Figure 4  Legend for Regional Geology (Figure 3)
4 Previous Exploration

Regionally there have been exploration activities undertaken by Conzinc Rio Tinto Australia Exploration (CRAE) for sedimentary uranium targets in the 1970s and nickel, copper and PGE in the mid to late 1990’s.

Esso Australia Limited explored the Teapot Granite in 1977 for uranium following an airborne radiometric survey.

CRA conducted exploration on and around the Mount Hay Complex for several years. This work would have covered the area of the current licence and the surrendered blocks. Some regional drilling was conducted by CRA, but as far as can be ascertained, not within the subject blocks.

5 Exploration Rationale and Work Completed

Initially, Crossland entered the region to explore for nickel-copper within the Mount Hay complex.

The recognition of the Teapot Granite with its anomalously high radiometric background caused a shift in exploration strategy. Due to the high uranium content of the granite, it was considered an ideal source rock for the formation of sedimentary uranium deposits. Crossland proposed that this mass of ‘hot’ granite could potentially supply sufficient uranium to form these types of deposits in the plains to the north of the foothills. Therefore, the underlying alluvial fans and buried paleochannels were considered prospective targets for calcrete hosted uranium and “redox” zone-related concentrations respectively.

Crossland acquired several tenements north of the MacDonnell Ranges initially to explore for these types of sedimentary-hosted uranium deposits. Following the discovery of anomalous Rare earth Elements (REE) in aircore drillhole samples, the emphasis shifted again from uranium to alluvial-hosted concentrations of Rare Earths. Sections of EL 28866 have the potential to host such mineralisation.

There have been no exploration activities carried out by Crossland within the subject cancelled blocks.
6 References


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Wembenyui, E.W. and Buskas, A.J., 2011. Combined Annual Report ELs 24281, 25230, 27283, 27284,