



Operator: Crossland Strategic Metals Limited

Charley Creek

EL 25657 Cloughs Dam

Annual Report for the period 30 August 2012 to 29 August 2013

Tenement Holders: Western Desert Resources Base Metals Ltd

M Buskas
October 2013

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Summary

This report covers activities carried out in relation to EL 25657 'Cloughs Dam' between 30 August 2012 and 29 August 2013. The licence is centred approximately 50 km northwest of Alice Springs, and extends along the northern edge of the West McDonnell Ranges. The northern boundary lies just south of the Tanami Highway.

The exploration licence is held by Western Desert Resources Base Metals Pty Ltd (WDRBM). In July 2010, Crossland Nickel Pty Ltd entered into a Farm-In arrangement with WDRBM to Joint Venture the licence. Crossland Nickel is a wholly owned subsidiary of Crossland Strategic Metals Ltd (Crossland). The latter company has been appointed 'The Operator' of the licence. EL 25657 now comprises part of Crossland's regional Charley Creek project. The project area is considered prospective for Rare Earths, uranium and other metals.

Crossland has been exploring the region since 2005, initially for nickel. During this period, the significance of the anomalous uranium content of the Teapot Granite became apparent and exploration efforts were concentrated in that terrane for several years. In 2008 on Crossland's EL 24281, an aircore program testing for paleochannel sedimentary uranium in the plains country immediately north of the ranges, discovered indications of Rare Earth Element (REE) mineralisation in both weathered bedrock and in the overlying alluvial material. Indications of REE were also discovered in the granite terrane. The significance of these discoveries was immediately realised, and since that time the principal focus has been on the exploration for these commodities, principally within the extensive outwash fans, which fringe the northern edge of the MacDonnell Ranges.

The main activity undertaken within the reporting period has been an airborne radiometric and magnetic survey along with pre-feasibility studies.

Eligible expenditure for the year as calculated from the Department of Mines and Energy (DME) guidelines ending 29 August 2013 is \$161,748.11.

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1.0 Introduction

Crossland commenced exploration activities on EL 25657 in 2010 following signing of a Heads of Agreement with WDRBM Pty Ltd. REE mineralisation is the main exploration target following the successful discoveries by Crossland on its adjacent Charley Creek licences. Prior to Crossland's involvement, three years of exploration activities were conducted by WDRBM.

The initial concepts employed by Crossland, following recommendations by Paradigm Geoscience, which utilised their confidential concepts of target identification, was to explore for nickel mineralisation within the Mount Hay Complex, situated near Milton Park homestead. These activities commenced in 2005. Increased geological knowledge of the region necessitated a change in emphasis with uranium exploration commencing on the Teapot Granite year or so later. The Teapot Granite covers an extensive area immediately north of the Heavitree Range, which forms the spectacular country now incorporated into the West MacDonnell National Park. The granite, which has an exceptionally high radiometric background due to primarily to its uranium content, was considered worthwhile as a target for large low grade uranium deposits.

The presence of anomalous REE in the basement metamorphics, which underlie the alluvium-covered plains immediately north of the MacDonnell Ranges, was determined by re-assaying samples from an aircore programme conducted by Crossland in 2008. Both the alluvial overburden and bedrock gave anomalous results. The significance of this find led to the commencement of a concentrated exploration effort. The presence of significant monazite was also discovered in the Teapot Granite terrane.

Stream sediment sampling in EL 25657 has determined the presence of REE mineralisation both in the alluvial material in the outwash fans and in the hard rock environment. An important discovery is that of the yttrium phosphate Xenotime, which has been identified during the sample processing. Xenotime is an important source of heavy Lanthanide rare earth elements such as Dysprosium.

Geologically the EL is located just within the Central Province (near its boundary with the Southern Province) of the Arunta Block on the southern margin of the North Australian Craton.

2.0 Location and General Description

EL 25657 is located in the Alice Springs region, and is centred 50 km NNW of the city. By road it is approximately 67 km. (Figure 1). It is situated on PPL1145 Hamilton Downs and PPL960 Bond Springs pastoral leases. Much of the licence area covers the rugged hilly country of the Chewings Range while the extreme northern section extends out into alluvium covered plains. Access to the licence can be gained via the Tanami Highway, which dissects the far northeastern corner and then runs parallel with the

northern boundary. Various station tracks provide access within the licence.

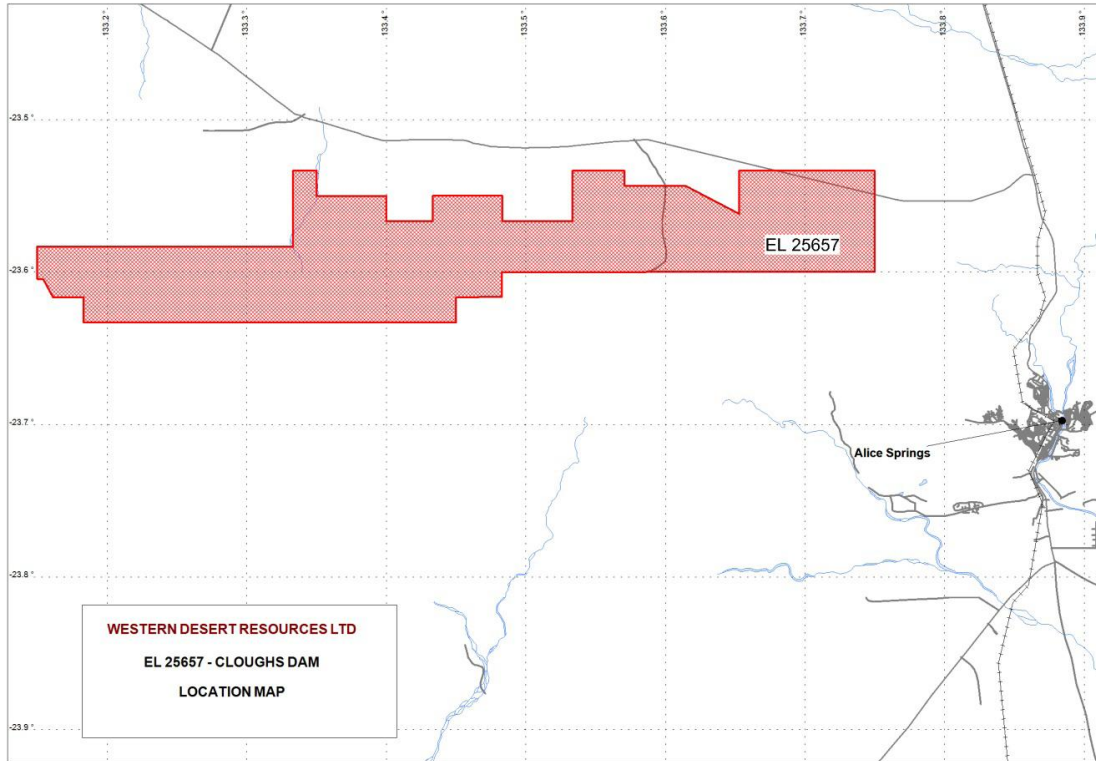


Figure 1. Regional location of EL 25657 (from WDRBM Annual Report 2009)

3.0 Tenure

EL 25657 was granted to Alistair Mackie on 30th August 2007. The licence was then transferred to WDR Base Metals Pty Ltd, a wholly owned subsidiary of Western Desert Resources Ltd, on 17th June 2008. The original area granted was 240 blocks (742.09 km²), which was subsequently reduced to the present area of 130 blocks (396.68 km²) after Year 2.

On July 1 2010, a Heads of Agreement relating to Crossland's Farm-In on the licence area was signed between Crossland Nickel P/L and WDRBM. Crossland is the operator of the licence.

On 17 October 2011, DoR Titles Division approved a Waiver of Reduction lodged by Crossland on 13 August 2011. On 14 August 2013 a renewal application for a period of 2 year was lodged with the DoR. At the time of this report the renewal application is still pending a decision.

Figure 2 illustrates the original outline of the licence and that part retained (shaded) after Year 2 (taken from WDRBM Annual Report 2009).

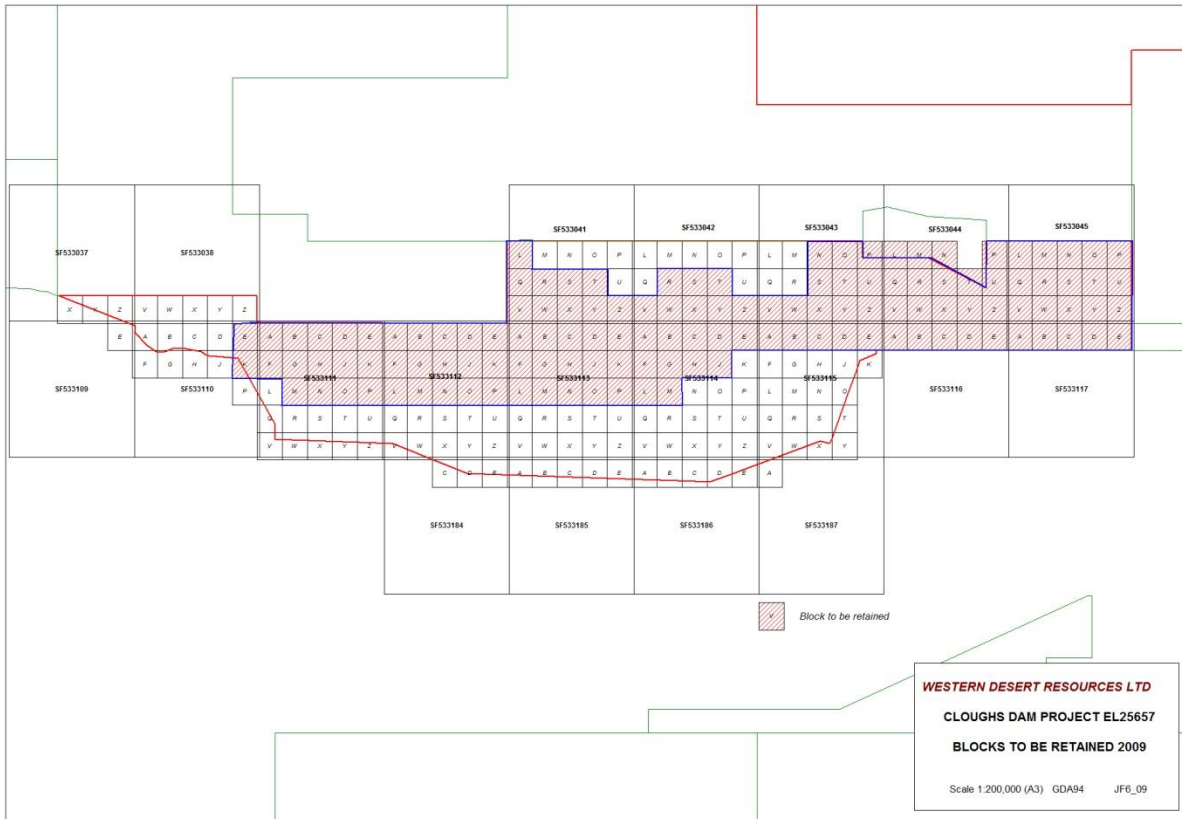


Figure 2. EL 25657 retained portion (from WDRBM Annual Report 2009)

4.0 Geology

4.1 Regional Setting

The project area straddles the contact between the Aileron Province and the Warumpi Province of the Palaeoproterozoic Arunta Block. The Aileron Province forms part of the North Australia Craton and is aged between 1865-1740 Ma. The Warrumpi Province is aged between 1690-1600 Ma and is thought to have accreted onto the craton at 1640 Ma.

4.2 Tenement Geology

The local geology is shown in Figure 3. The Aileron Province is represented by the Illyabba Metamorphics, consisting of biotite gneiss, amphibolites and granitic gneiss, and the Strangways Metamorphic Complex, consisting of granitic and basic gneisses. It is separated from the granitic gneiss and quartzite of the Warrumpi Province to the south by the Charles River Thrust/Fault zone. The Warrumpi Province is made up of the Iwupataka Metamorphic Complex, the Teapot Granite Complex and the Madderns Yard Metamorphic Complex. The Redbank Thrust Zone, which crosses the northern part of the licence consists of mylonitic rocks and forms a prominent scarp. Tertiary sediments occur north of the thrust with some isolated outliers of Arunta age rocks.

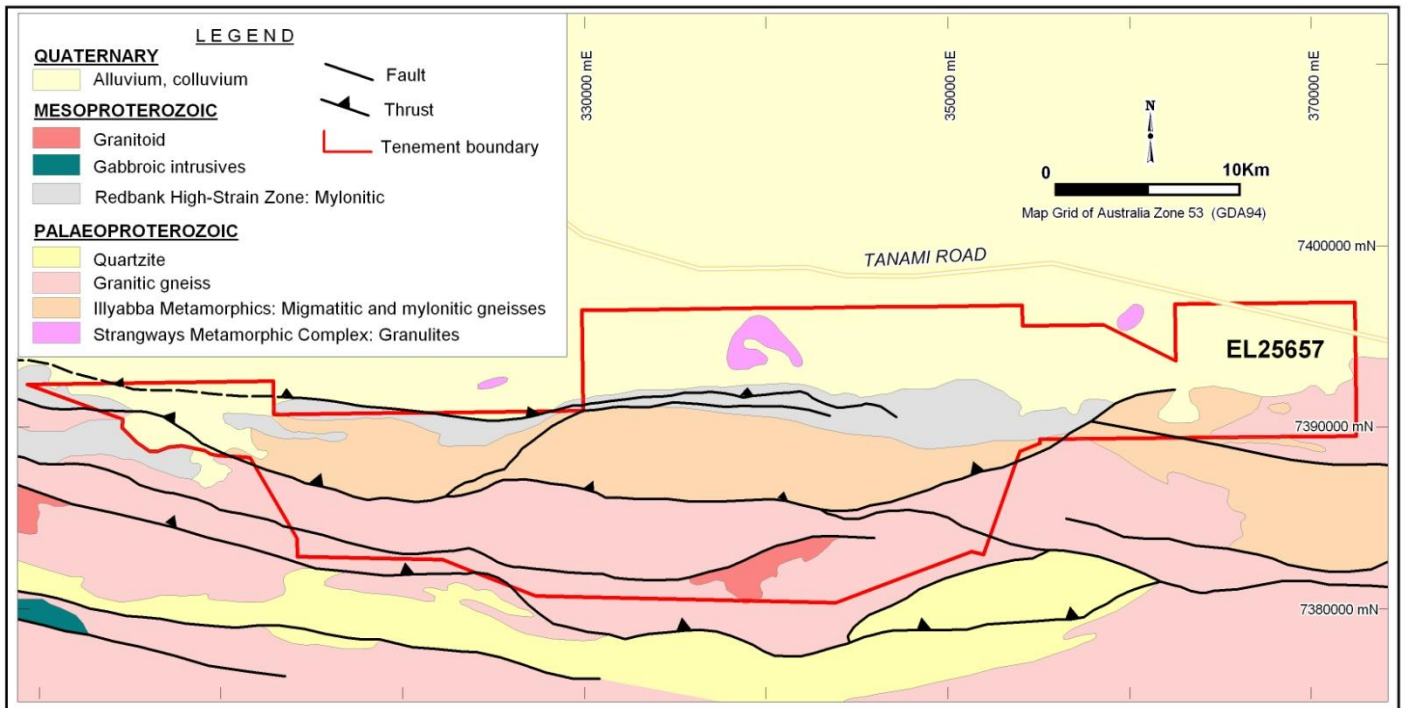


Figure 3. EL 25657 Tenement Geology (from WDRBM Annual Report 2009)

5.0 Previous Exploration Activities

5.1 Other Companies

CRA Exploration (1971-72) CR1972/64

CRA Exploration explored the northern and western parts of the area for uranium and base metals. A stream sediment survey was completed and station bores were sampled. Car-borne scintillometer traverses were completed during the collection of the station bore samples. No anomalous base metal or uranium values were reported from the stream sediment survey. Anomalous uranium and radon values were found in water samples from the Bulldust and New Well bores located within the current EL.

CRA Exploration (1981-82) CR1982/274

CRA Exploration explored EL3100 during 1982 for sedimentary-hosted uranium deposits. This tenement was situated immediately north of the current EL. Two holes were drilled south of Hamilton Downs homestead; neither intersected any uranium mineralisation.

5.2 Western Desert Resources Base Metals Pty Ltd

2007-2008 Year 1

- 134 stream sediment samples collected. BLEG sampling for Au; multi-element analysis by ICP-MS. ALS Chemex Laboratories.
- 3 water bores sampled.
- Results – no Au. Minor base metal response. Anomalous Ce, La, U and Th.
- Expenditure \$40,480

2008-2009 Year 2

- TEMPEST EM by Fugro covered the northern and eastern parts of the licence at 1 km line spacing with lines oriented east-west.
- GA/NTGS regional gravity survey on a 4 x 4 km grid.
- Reduction of EL.
- Expenditure \$42,991

2009-2010 Year 3

- Minimal work completed. Anomaly follow-up.
- Expenditure \$11,321

5.3 Crossland Uranium Mines Ltd

2010-2011 Year 4

- Stream sediment sampling.
- On-site sample processing.
- Multi-element analysis including REE
- Expenditure \$83,705.26

2011-2012 Year 5

- Stream sediment sampling.
- Metallurgical Test Work.
- Expenditure \$89,015.21

6.0 2012-2013 Work Program (Year 6)

6.1 Airborne Survey

UTS Geophysics was contracted by Crossland to conduct a low level airborne radiometric and magnetic survey. Acquisition for this survey commenced on 27 November 2012 and was completed on the 12 January 2013. A total of 2830 line-km were completed with EL 25657. The survey was flown in an east west orientation on 200 metre spacing with tie lines every 2000 metres at an elevation of 30 metres. Area covered by the Airborne Survey is shown in Figure 4. The logistics report and data from the Airborne Survey are attached as Appendix 1. Also located within Appendix 1 are images of K,Th,U,Mag and Mag1VD.

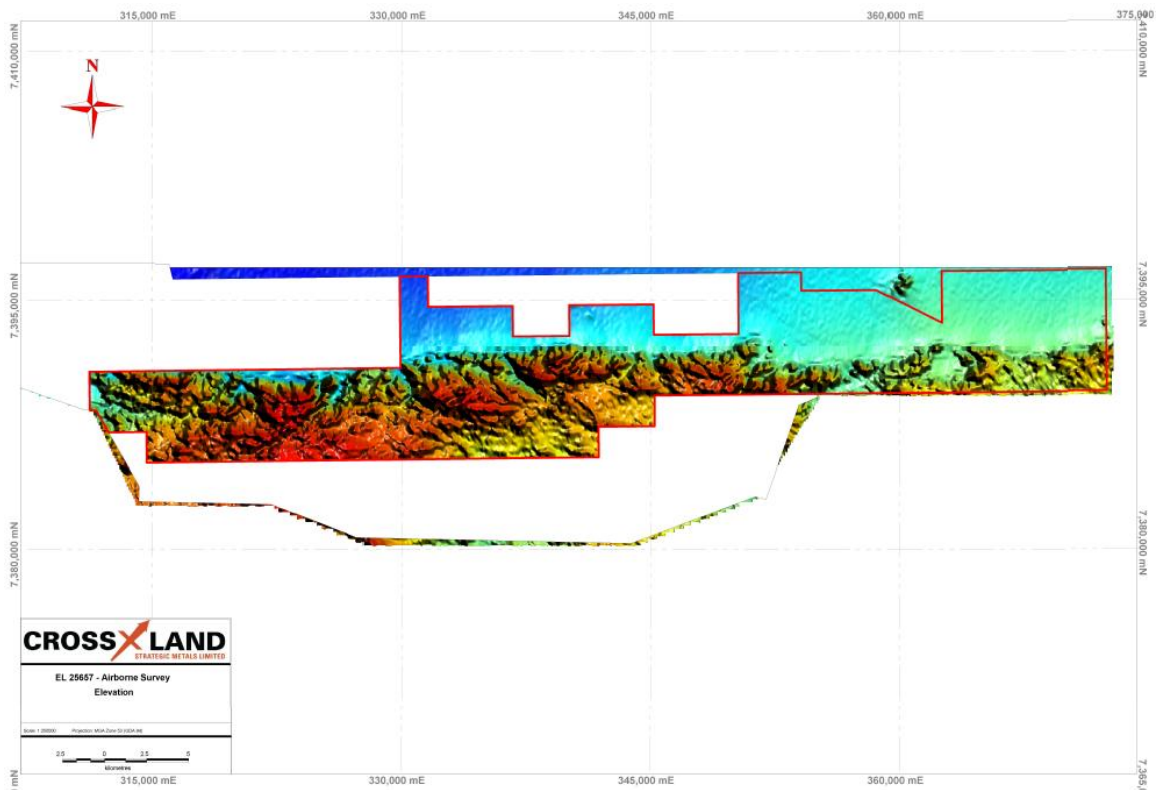


Figure 4. Airborne Survey Coverage - Elevation

6.2 Pre-feasibility Studies

During the period Crossland produced capital and operating cost estimates for all of the major facets of the Charley Creek project including mining operations, wet and dry plant mineral concentration facilities, REO refinery, infrastructure, accommodation, water supply, and draft environmental scoping documents (ESD).

6.2.1 Scoping Study

MSP Engineering was awarded the engineering scoping study in November 2012. The scoping study was released to the market on 15 April 2013. A full copy of the scoping study can be found either at crosslandstrategic.com or asx.com.

6.2.2 Metallurgical Study

ALS Metallurgy (Ammtec) has completed sulphuric acid bake and caustic 'crack' test work on a high grade Monazite/Xenotime concentrate sample from the Charley Creek project. Initial results indicate both process routes are technically feasible. Further optimisation test work on the production of concentrate and the refinery will be undertaken within the upcoming period.

6.2.3 Environmental Baseline Studies

GHD has been contracted for environmental assessment of the Project Area. To date field work for baseline flora and fauna studies has been conducted. Crossland is still awaiting results of this work. Surface water monitoring has commenced with sediment and surface water sampling. In addition, passive flow samplers have been installed, geomorphological cross sections have been surveyed and photo point monitoring has been established. Hydrogeological work has included sampling and testing of current bores with future plans to drill test bores for the purpose of sourcing sufficient underground water for mining and processing plants.

7.0 Proposed Work Programme

The proposed exploration programme for year 7 will include sediment sampling and aircore drilling. Sediment sampling will be completed to geochemically characterize selected alluvial fans that branch out of the ranges. Fans have been selected based on airborne radiometric results. Following sampling an aircore drilling programme will be completed across selected fans. Details of the aircore programme will be dependent on sampling results.

Eligible expenditure for Year 6 according to DME guidelines totalled \$161,748.11 (Appendix 2).

8.0 References

Western Desert Resources Ltd, 2008. Annual Report – Exploration Licence 25657 – Cloughs Dam – for the period 30/8/07 to 29/8/08, by J.F Fabray

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