



30th January 2017

Company Announcements Office
Australian Securities Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR PERIOD ENDED 31 DECEMBER 2016

CORPORATE

Crossland's Joint Venture Partner, Essential Mining Resources Pty Ltd. ("EMR"), is a private Australian-based company which is majority owned by EMMCO Mining Sdn Bhd (EMMCO), a private Malaysian company and 0.008% owned by Mr. Stanislaw Wassylko, a director of Crossland. EMR and Crossland intend to merge EMR's 43.72% interest in the CCUA joint venture into Crossland, so that Crossland will once more control 100% of the Charley Creek Project.

Preparation of a Notice of EGM to seek Shareholder approval of the transactions has not yet been finalised. The Company is currently responding to ASIC queries in advance of regulatory approvals of the draft Notice of Meeting for the intended EGM to approve the acquisition.

EMMCO, EMR's parent, further advanced loans via EMR to fund studies and to cover operating expenses of the Company pending the conclusion of the acquisition. This process has taken considerably longer than expected. In November, Atlas Offshore Services Pty Ltd, a company associated with director Mr Stanislaw Wassylko, advanced a loan to fund studies and to cover operating expenses of the Company pending the conclusion of the acquisition. The loan of \$350,000 is for a period of 6 months from the date funds are received. Interest is payable at a flat rate of 7.5%.

TESTWORK

The Company received results of a series of studies directed at optimising the Charley Creek Alluvial Rare Earth Project workflow and operating costs during the Quarter from IHC Robbins Pty Ltd. While subject to confirmation on larger and more representative samples, this work indicated:

- The bulked sample from 14 sites across the alluvial fans at Charley Creek contained 10.5% oversize (+2.0mm) and 17.1% slimes (-38µm).

CROSSLAND STRATEGIC METALS LIMITED

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- Detailed sizing and heavy liquid analysis has confirmed that a finer grain size split, amenable to concentration using spirals, contains over 90% of valuable heavy minerals in initial feed. Screening readily separates this fraction.
- The feed preparation test work indicates that a typical feed preparation process consisting of a scrubber/trommel stage to remove oversize, hydro-cyclones to remove slimes, and vibrating screen stage to remove coarser sand material should be appropriate. This process would remove 45- 50% of the mass whilst maintaining TREO recoveries contained within the recovered fraction at >90%. **This results in an effective doubling of the ROM head grade into half of the initial feed.**
- A comparison of the performance of an Up Current Classifier "UCC" process to a spiral separator process indicates that the spiral separator process is the preferred upgrade method.
- Processing of the sand fraction through a standard spiral separator produced a concentrate representing 3.3% of the ore feed and containing 4,478ppm TREO with a TREO distribution of 74.9%. It is likely that a multi-stage process (3-4 stages) would produce a high-grade TREO concentrate at high recoveries, but is subject to further testing.
- Metallurgical test results confirm that it is likely that the adoption of the feed preparation process indicated by the study and the use of suitable spiral separators would result in a reduction in the size (footprint) of the wet concentration process thereby resulting in a reduction in capital cost.

The IHC Robbins work provides support for the pre-concentration concept. This will reduce the estimated spiral separator concentrator plant size and cost, as well as operating expenses. In brief, this confirms that the run of mine material can be upgraded at low cost prior to spiral processing. The next step would be for a large scale continuous process test, based on the "sighter test" report recommendations, for "proof of concept". This will confidently establish the process circuit efficacy at scale, mass and water balances and design production rates.

DRILL ASSAYS

Assay results from 341 samples, including reference materials and duplicates, from resource extension drilling conducted in 2013, were received on 16th September 2016, and await completion of data processing and interpretation.

Ultimately, this will lead to a revised JORC compliant Resource Statement for the Charley Creek Project. This work is proceeding as funds permit.

PROPOSED SHORT TERM STUDIES

The Company is reviewing the refining process to produce high-grade saleable products from Charley Creek described in the 2013 Charley Creek Scoping Study. Meetings have been held with potential test work providers to look at further test work on our high grade REE concentrates, in particular to look for advances in

technology and their applicability to the refinery process with an aim of further lowering the capital and operating cost of this vital section of the Charley Creek process.

The additional "Proof of Concept" test work on mining, pre-concentration, and heavy mineral concentrate production will require additional sample beyond that available from stocks. The Company's proposed Mining Management Plan for 2017 has been adjusted to incorporate this work, as well as additional site work to locate adequate underground water supplies, selection and testing of initial mining volumes etc, as part of the on-going pre- feasibility study.

These studies will require significant funding and investor support. It is expected the timing of these expenditures will be after finalisation of the approval of the acquisition of EMR by Crossland shareholders at the EGM, and Directors are working to present a staged funding plan to generate investment in the Company.

Our proposed work program for 2017 covers many operational areas, with the objective to enhance the project economics and to create investor awareness of the potentially exciting competitive position of the Charley Creek Project.

The Charley Creek base at Milton Park Homestead remained continuously manned and rehabilitation work and environmental studies were maintained throughout the Quarter.

The market will be kept appraised of developments as required under ASX Listing Rules and, in particular, Continuous Disclosure.



Eric Vesel,
CEO/ Executive Director.

*The information in this report that relates to Exploration Targets, Exploration Results, or Mineral Resources is based on information compiled by **Geoffrey S Eupene FAusIMM CP**, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. He is a director of the Company and a full-time employee of Eupene Exploration Enterprises Pty Ltd, which is engaged by the Company. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration, and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Geoffrey S Eupene has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.*