# **CROSS**

## **ASX ANOUNCEMENT**

31st July 2019

(ABN 64 087 595 980)

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# **QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE 2019**

Mail:

# **CORPORATE**

During the second quarter (period ending June 2019), no new corporate activity is reportable.

The Annual General Meeting of Shareholders of Crossland Strategic Metals Limited ("CUX" or the "Company") was held at 11.00 am AEST on Friday 31st May 2019. All resolutions were approved by shareholders, except those withdrawn at the meeting. Results were reported to ASX on 31st May 2019.

#### **FINANCE**

The Company continues to closely monitor and control available funds and ensures adequate financial coverage for creditors and forth-coming expense commitments.

The Company continues to investigate all available finance options, mindful of ASX and ASIC requirements. To reduce debt levels, the Company intends to convert existing loans to convertible equity notes in 2019, subject to shareholder approval. Both Atlas Offshore Services Pty Ltd. (AOS) and EMMCO Mining Sdn. Bhd. (EMMCO), a Malaysian incorporated company, have offered financial support for operational expenditures and current project study activity commitments as needed. On the 15th July 2019, a new loan of \$200,000 was accepted from EMMCO. Details of this loan and the roll-over of other loans was announced on the 22<sup>nd</sup> July 2019. Until capital is raised through an equity issue, funding will be progressively secured through further loans to reduce shareholder dilution. AOS and EMMCO are companies associated with Directors of Crossland.

## PROJECT DEVELOPMENT STRATEGY

Crossland's project development strategy remains focused on updating the Charley Creek Scoping Study, as a necessary step for further funding of the project prefeasibility study. Several significant work programmes are required:

1. Crossland completed an infill drilling programme at Cattle Creek in March. Drill data from this programme will be used to re-establish a resource model that meets with JORC 2012 resource reporting requirements.

- 2. The Company will be undertaking several mineralogical tests, in preparation to the resource modelling review. Over the forthcoming quarter, tests aim to determine specific characteristics of the ore:
  - a. re-examine the relationships between rare-earth elements and mineralogy,
  - b. undertake heavy media tests and analyse concentrates, to confirm indicative mineral process recovery for different lithologies, and
  - c. assess the significance of Scandium detected in the latest drilling programme. Scandium was identified but not assayed extensively in previous drill programmes.

Results from these mineralogical tests will be used to provide a process recovery overlay for the resource model and determine the likely mineral concentrate yields. This work provides support for JORC 2012 Resource Estimation requirement to establish reasonable prospects for eventual economic extraction (RPEEE). This test work programme is additional to the previously reported "proof of concept" programme that is planned for later this year.

3. Additional refinery product test-work is required to provide greater confidence in the refining process, product yields and specification. Large scale laboratory test-work, involving bulk material processing, is required to obtain sufficient concentrate for refinery test work. This work also serves to provide metallurgical and engineering "proof of concept" for several of the concentration processes; normally these tests are completed during the prefeasibility stage.

By completing the described work programmes, Crossland can update the Stage 2 Scoping Study. With this study in hand, the potential of the Charley Creek project can be independently substantiated, thereby allowing Crossland to seek equity funds at significantly higher market value. The total budgeted cost of the process/refinery test work programmes and the Stage 2 Scoping Study update are estimated to be \$750,000 to \$1M.

## PROJECT ACTIVITY

Following the drilling programme at Cattle Creek in the 1<sup>st</sup> Quarter 2019, Crossland's technical team logged drill cuttings and prepared collected samples for assay analysis and metallurgical testing. Sample preparation work was completed by mid-April. Samples submitted for assay testing were returned in late May. Results pertinent to the resource drilling and logging records have been sent to SRK Consultants (Perth) and await analysis. A lack of funding has hampered progress. SRK will act as competent persons to undertake resource estimation and reporting of mineral resources for the Cattle Creek work programme. As a requirement of the resource reporting process, the Company is preparing information for the competent person to establish

reasonable prospects for eventual economic extraction. Reporting of an updated resource model is expected to made by the final quarter of 2019.

Further funding is required to complete metallurgical test work, which is also necessary to complete the Scoping Study.

Commencing late 2018, the Company has worked on developing an innovative mobile mining and wet-primary concentration system in collaboration with Avantgarde Enterprises AG Labuan (AEAG), a company associated with Eric Vesel, Director of Crossland. The concept would significantly eliminate increasing material haulage costs throughout the mine-life, as the wet concentrator would follow the mining operation. An added benefit is the conservation of process water. AEAG retains the intellectual property for the system. With 3D concept designs and technical specifications, completed, several major mining equipment manufacturers and suppliers are assisting, to incorporate as much "off-the-shelf" equipment as possible, by way of technical advice, specifications and pricings. An engineering peer review is expected during the Q3, 2019 to independently substantiate its practicality and technical feasibility.

Further information about the Company is available at our website www.crosslandstrategic.com.

The market will be kept appraised of developments, as required under ASX Listing Rules and in accord with continuous disclosure requirements.

Eric Vesel,

CEO/ Executive Director.

**Crossland Strategic Metals Limited** 

# **About the Charley Creek (Mineral Sands) Project**

Crossland continues to develop its flagship Charley Creek project and surrounding tenements. The project, located 110km W-NW of Alice Springs NT Australia, is an alluvial sand mining development, currently at the study stage, refer Figure 1 below.

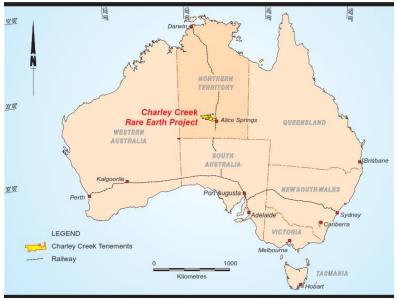


Figure 1 - Project Location

The Charley Creek project is well positioned to responsibly mine, extract and process rare earth minerals (monazite and xenotime) for many years to come.

Our target products are high purity rare earth oxide/hydroxide suitable for export to downstream high-purity product refiners, with by-products of industrial zircon and ilmenite. The project boasts a list of strengths:

- favourable project location:
  - situated on private pastoral land, with single owner,
  - topography is flat to gentle sloping, dry with sparse vegetation,
  - good site access from the regional centre (Alice Springs), via partly sealed road (Tanami Road), with practical proximity to critical resources (water, gas, service providers & suppliers),
  - few excluded areas. No potential issues of the development site encroaching on, or conflicting with, excluded areas,
  - positive community support with few local stakeholders,
- large holding of tenements (total area 1895 sq.km), with a relatively small fraction of the tenement areas is drilled so far.
- potential for multiple mining operations start-up sites,
- the mineralisation, contained in alluvial fans, of relatively consistent mineral distribution, an ideal situation for bulk low-cost mining,
- excellent conditions for low-cost mining; negligible overburden, high productivity "free-dig" conditions and shallow depth,
- low-cost mineral processing, using simple gravity separation processes (screening and spirals), yielding an exceptionally high-grade concentrate,
- de-watered tailings will be returned to the mining void, free of chemicals,
- no permanent tailings dams are planned so the land can be quickly restored after mining,

- high ratio of high value heavy rare-earth minerals in the concentrate,
- multiple saleable products, with growing world-wide demand for rare-earth products and industrial minerals,
- mature development concept, with years of experience invested in understanding the project, extensive test work, studies and planning to ensure success,
- established Scoping Study, which is undergoing refinement, with near-term advancement toward a high standard Pre-Feasibility Study,
- relatively low project capital costs with long mine-life potential.

#### **Disclaimer**

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This Announcement contains summary information about Crossland, its subsidiaries and their activities which is current as at the date of this Announcement. The information in this Announcement is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Crossland.

By its very nature exploration for minerals is a high-risk business and is not suitable for certain investors. Crossland's securities are speculative. Potential investors should consult their stockbroker or financial advisor. There are many risks, both specific to Crossland and of a general nature which may affect the future operating and financial performance of Crossland and the value of an investment in Crossland including but not limited to economic conditions, stock market fluctuations, commodity price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks, operational risks and reliance on key personnel.

Certain statements contained in this announcement, including information as to the future financial or operating performance of Crossland and its projects, are forward-looking statements that: may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Crossland, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and, involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

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All forward-looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantee of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. No verification: Although all reasonable care has been undertaken to ensure that the facts and opinions given in this Announcement are accurate, the information provided in this Announcement has not been independently verified.