

22nd May 2018



*Crossland Strategic Metals Limited
(ABN 64 087 595 980)*

Ms. Elizabeth Harris
Principal Adviser, Listings Compliance (Perth)
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

*Registered Office: Level 2, 470 Little Collins
St.,
Melbourne, VIC 3000
Mail: Suite 6, 61 Robinson St.,
Dandenong VIC 3175
Phone: +61 3 9867 7199,
Fax +61 3 9867 8587*

Dear Ms. Harris,

Crossland Strategic Metals Limited (“CUX”): Appendix 5B Query

We refer to your letter of 16th May, regarding the solvency of Crossland Strategic Metals Ltd, and subsidiaries, as “going-concerns”. In summary, the Directors, are confident that CUX has the financial means to support its projected cashflow. Provided below is an explanation of the company’s situation, its rationale, strategies and resources concerning financing the business.

We have responded below to your concerns, maintaining your queries in italics for ease of reference.

I refer to CUX’s Appendix 5B quarterly report for the period ended 31 March 2018 lodged on the ASX Market Announcements Platform on 26 April 2018 (the “Appendix 5B”).

ASX notes that CUX has reported:

- negative net operating cash flows for the quarter of \$135,000*
- cash at the end of the quarter of \$18,000; and*
- estimated cash outflows for the next quarter of \$425,000*

It is possible to conclude, based on the information provided in the Appendix 5B that if CUX were to continue to expend cash at the rate indicated by the Appendix 5B, CUX may not have sufficient cash to continue funding its operations.

CUX’s cashflow position, as shown in the Quarter 1, 2018 Appendix 5B cashflow report, does not consider the timing of funding pledges. The Appendix 5B did not reflect \$250,000 of funds received on 4th April, by way of a loan from Malaysian incorporated company EMMCO Mining Sdn. Bhd. (herein after referred to as EMMCO). Crossland did not foresee the ramifications of not mentioning the incoming funds to support ongoing programs and general working capital. Future Appendix 5B quarterly reports will report any forthcoming loan/or incoming funds as a footnote in Appendix 5B. In this instance, the Company has issued an addendum regarding the loan facilities entered into during Quarter 4, 2017 to current day. The receipt of \$250,000 covers the company’s outgoings for the June 2018 quarter, including development work. Some of this development work can be put on hold should funding delays occur. As explained in the Quarter 1, 2018 Quarterly Activities report, the company remains vigilant about keeping overhead costs

down and conserving funds for project advancement. Independent technical studies are in progress. These studies are a necessary requirement to justify and support further substantial capital raising for the Pre-Feasibility Study. Both Atlas Offshore Services (AOS) and EMMCO Mining Sdn. Bhd. (EMMCO), have provided interim financial support to fund this work.

At the company's 2018 AGM to be held on Tuesday 22nd May, shareholders will vote on the issue of new securities to generate further capital funding. The company can delay further expenditure on development work if Directors felt funding is in jeopardy. The Directors will, however, ensure that the company has adequate capital resources to cover normal operating cost base for personnel, regular regulatory functions and corporate governance, tenement payments and taxes. Current funding at hand, as of 18th May 2018, is \$190,000 after several creditors were paid from the initial \$250,000 deposited on 4th April. The company is aware of a major planned expense contained in Appendix 5b projected cashflow, namely that being a payment of \$192,140.75 to the Northern Territory, Territory Revenue Office for Stamp Duty. At the time of forecast this was estimated to be \$203,550. Both EMMCO Sdn. Bhd. and/or Atlas have pledged to support the company and fund this expense when due (6th June). The company will release information regarding any funding for this expense.

In view of that, ASX asks CUX to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does CUX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. Given current exploration and development operations, the company will continue to have negative operating cashflows which will be funded through a mixture of financial support from partners and a proposed capital raising. The company may incur a delay between incoming funds and proposed cash outflows, however lines of credit extend to cover these and the company can defer expended activities if necessary to avoid such a short-fall. The company will not make commitments without the necessary means to fund it and does have sufficient means through partners to fund on-going activities for the June 2018 quarter, and beyond.

2. Has CUX taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. The company is looking to reduce reliance on current shareholders and financial supporters and are seeking to expand the company's capital base via a capital raising to fund its development work. The company does recognise that raising funds for development work is only possible when adequate fieldwork and support documentation is created and available. The company continues to work towards completing this program to enable a capital raising for a planned pre-feasibility study. The company's Chairman stated in the current Annual Report (year ending 2017), "During this period, we also rationalized our tenement portfolio and have neared a practical threshold in paring our administrative cost base. Thankfully, with financial support from Atlas Offshore Services and EMMCO, we are able continue with the next leg of our journey. In 2017, we re-visited much of our prior technical data, changed some ideas and researched further opportunities. With limited resources we accomplished the creation of internal documents detailing our operational plan and compiled Scope of Work documents necessary for independent experts to undertake their work. By the end of the year, we announced we will progress to

re-issue a revised resource statement and update our Scoping Study in 2018. At the completion of this milestone, we will expect to be able to raise funds necessary for our Pre-Feasibility Study.”

3. Does CUX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. Cashflows are carefully managed to ensure there are no short-fall of funds to meet commitments. Funding from partners will allow the company to complete a Scoping Study and JORC Resource update. This is necessary justification for a larger capital raising to complete a pre-feasibility study which remains the primary business objective of the Directors.

4. Please confirm that CUX is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

No, as at the date of the ASX letter addressed to the company. The company received ASX approval for its 2018 notice of annual general meeting which was despatched to shareholders on 20th April 2018, however the company did not release the AGM notice to ASX at that time. The company received funding of \$250,000 on 4th April 2018 to meet ongoing capital commitments however did not report this to the ASX at that time. The company corrected these past disclosure errors by issuing announcements to the ASX on 22nd May 2018. The Directors are aware and have been reminded of the company’s continuous disclosure obligations under ASX Listing Rule 3.1 and the company’s continuous disclosure policy and confirm their understanding of the above and that such errors are not repeated in the future.

5. Please confirm that CUX’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CUX with delegated authority from the board to respond to ASX on disclosure matters.

The Board of Directors of CUX and authorised representatives of Atlas and EMMCO are aware of and support this response to the ASX, and the undertakings and statements provided hereinabove.

Please also provide any other information that CUX considers may be relevant to ASX forming an opinion on whether CUX is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

None.

Yours Sincerely,



Andrew Metcalfe
Company Secretary
On behalf of Crossland Strategic Metals Ltd.



Eric Vesel
CEO/Director
Crossland Strategic Metals Ltd.



16 May 2018

Andrew Metcalfe
Crossland Strategic Metals Limited
Level 2, 470 Collins Street
MELBOURNE VIC 3000

By email: andrew@accosec.com

Dear Mr Metcalfe

Crossland Strategic Metals Limited (“CUX”): Appendix 5B Query

I refer to CUX’s Appendix 5B quarterly report for the period ended 31 March 2018 lodged on the ASX Market Announcements Platform on 26 April 2018 (the “Appendix 5B”).

ASX notes that CUX has reported:

- negative net operating cash flows for the quarter of \$135,000
- cash at the end of the quarter of \$18,000; and
- estimated cash outflows for the next quarter of \$425,000

It is possible to conclude, based on the information provided in the Appendix 5B that if CUX were to continue to expend cash at the rate indicated by the Appendix 5B, CUX may not have sufficient cash to continue funding its operations. In view of that, ASX asks CUX to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does CUX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CUX taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CUX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CUX is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that CUX’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CUX with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that CUX considers may be relevant to ASX forming an opinion on whether CUX is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **7.30 am AWST on Monday, 21 May 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CUX's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CUX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to CUX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CUX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CUX's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and

-
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Elizabeth Harris

Principal Adviser, Listings Compliance (Perth)

T 08 9224 0011

E Elizabeth.Harris@asx.com.au