CRUSADER HOLDINGS NL

A.C.N. 106 641 963

ANNUAL

FINANCIAL

REPORT

30 JUNE 2004

Table of Contents and Company Directory

	Pages
Company Directory	**1**
Chairman's Report	**2**
Directors' Report	**3-5**
Corporate Governance Statement	**6-10**
Independent Audit Report	**11-12**
Directors' Declaration	**13**
Statement of Financial Performance	**14**
Statement of Financial Position	**15**
Statement of Cash Flows	**16**
Notes to the Financial Statements	**17-25**
Additional Stock Exchange Information	**26-28**

Directors
Mark Stowell (Chairman)
Justin Evans
Murray Hodges

Company Secretary
Jonathan Asquith

Registered Office
Mezzanine Level
28 The Esplanade
PERTH WA 6000

Telephone: 61+8 481 7501
Facsimile: 61+8 9481 2394
Website www.crusaderholdings.com

Auditors
Stanton Partners
Level 1, 1 Havelock Street
West Perth WA 6005

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway

APPLECROSS WA 6959

Telephone: 61+8 9315 0933
Facsimile: 61+8 9315 2233

ASX Codes: Ordinary shares -CAS
Options - CASO

Chairman's Report

Dear Shareholder

This is the first Annual Report of the company, and shows the speed and momentum Crusader has generated since incorporation in October last year.

- Project acquisition October 03
- ASX approval for listing December 03
- Prospectus closed in January 04 and lists on ASX February 04
- First drill program starts day of listing
- Fair Adelaide Project acquired March 04 for nickel potential
- Fieldwork, mapping, reconnaissance discovers Puzzle Bear Nickel Gossan July 04

We are now heading into the exciting phase of EM (Electro Magnetic) Survey over the Puzzle Bear Nickel target to refine drill targets, and follow up with drilling later in the year.

Thanks to our Board and consultants and shareholders for a magnificent start to the company's life, and we are all working to make it continue at the same pace.

Yours faithfully

Mark Stowell
Chairman

Directors' Report

Your directors present their report on the company for the period from incorporation on 10 October 2003 to 30 June 2004.

Current Directors
The names and particulars of the directors of the company during or since the incorporation of the company are:

Mark Stowell B.Bus CA (Chairman)
Appointed 10 October 2003
Mr Stowell has been involved in the public company corporate sector for 15 years, formerly as a manager in the Corporate division of an international accounting firm and subsequently in the establishment and management of a number of successful ventures as principal in a wide variety of industries. He has been involved in the management of mineral companies operating locally and internationally for over 12 years.

Murray Hodges B.Sc (Geol)
Appointed 6 November 2003
Mr Hodges was involved for 15 years in his early working life exclusively in the mineral exploration industry, initially working as exploration geologist for major companies, then in a consultancy capacity. His primary experience is in base metal and gold exploration.

For the next 20 years Mr Hodges pursued a mixture of personal mining interests and general business interests. His personal mining interests primarily involved acquiring prospective tenements for evaluation purposes and, depending on success of exploration results, farming out or vending the tenements to mining companies. His general business interests are mainly in the fuel distribution industry, as a major beneficial shareholder of Link Energy Pty Ltd, a company with an annual turnover of over $100 million.

Justin Evans B.Bus
Appointed 6 November 2003
Mr Evans currently holds the position of General Manager of Sigma Chemicals Ltd manufacturing chemists and suppliers, a wholly Western Australian owned company. Prior to joining Sigma Chemicals in 1999 Justin worked in stockbroking for 12 years. He gained a wide range of experience in client financial advice and corporate capital raisings. He was a founding share holder of Montagu Stockbrokers Pty Ltd. He no longer has any interest in Montagu Stockbrokers Pty Ltd.

Robert Smakman BSc (Hons) AusIMM ASIA
Appointed 10 October 2003, Resigned 6 November 2003
Mr Smakman is an Honours graduate of Monash University, and has had a successful international career as a geologist over the past 10 years.

Jonathan Asquith BA (Hons) CA MBA
Appointed 10 October 2003, Resigned 6 November 2003
Mr Asquith is a chartered accountant with over 15 years corporate experience with major international accounting firms and commercial enterprises. He has held senior executive positions with a number of public and listed Australian companies. Mr Asquith continues in the role of the Company Secretary.

Principal Activities
The principal activity of the company is mineral exploration.

Operating Results
The operating loss after income tax of the company for the period was $12,704.

Dividends
The directors do not recommend that a dividend be paid. No dividend has been paid by the company.

Review of Operations
The company was incorporated on 10 October 2003. On 1 December 2003 , after an initial issue of shares to promoters, the company entered into two agreements to access exploration rights for tenements in Western Australia which are prospective for gold and base minerals.

The company raised $50,000 in seed capital in November 2003 and then a further $2,388,135 pursuant to prospectus in December 2003. Following the prospectus capital raising the company was admitted to listing on the Australian Stock Exchange in January 2004.

State of Affairs
The state of affairs of the company was affected by significant changes during the period referred to in the Review of Operations above.

Environmental Regulation
The company's activities are subject to environmental regulations under either Commonwealth or State legislation. However, the Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

Matters subsequent to the end of the financial period
Except for the foregoing, there has not been any matter or circumstance that has arisen since the end of the period, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments
The company will continue to focus on mineral exploration and development opportunities.

Share options
At the date of this report, the unissued ordinary shares of the company under option are as follows:

Grant date	Date of Expiry	Exercise Price	Number under option
6 November 2003	31 December 2006	20 Cents	4,500,000
2 December 2003	31 December 2006	20 Cents	1,500,000
7 May 2004	31 December 2006	20 Cents	6,230,074

No person entitled to exercise these options had or has any right by virtue of the options to participate in any share issue of any body corporate. During the period ended 30 June 2004 no ordinary shares of the company were issued on the exercise of options. No options were granted to directors either during or after the end of the financial period.

Directors' interests
The relevant interest of each director in the share capital of the company as at the date of this report is as follows:

Director	Ordinary Shares	Options
Mr M Stowell	940,000	516,666
Mr J Evans	350,000	550,000
M Hodges	420,000	793,332

The options referred to above are options exercisable at 20 cents per option before 31 December 2006.

Meetings of directors
The number of directors' meetings held during the period and the numbers of meetings attended by each director during the period were:

DIRECTORS	DIRECTORS MEETINGS	
	HELD	ATTENDED
Mr M Stowell	7	7
Mr J Evans	7	7
Mr M Hodges	7	7
Mr J Asquith	2	2
Mr R Smakman	2	2

Directors' benefits
No director of the company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or an entity in which the director has substantial financial interest made with the company or an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received, or became entitled to receive the benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 4 to the financial statements.

Directors' and senior executives' remuneration
The remuneration policy of the company is to ensure that remuneration packages properly reflect the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of emoluments of each director during the financial period are as follows:

	Primary			Post Employment			Equity		
Director	*Salary & Fees	Bonus	Non-Monetary	Super-annuation	Prescribed Benefits	Other	Options	Other Benefits	Total
	$	$	$	$	$	$	$	$	$
M Stowell	6,000	-	-	-	-	-	-	-	6,000
Mr J Evans	6,000	-	-	-	-	-	-	-	6,000
M Hodges	6,000	-	-	-	-	-	-	-	6,000
J Asquith	-	-	-	-	-	-	-	-	-
R Smakman	-	-	-	-	-	-	-	-	-

*Included in Salary and Fees are amounts made available to related parties of directors.

This report is signed in accordance with a resolution of the directors, made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors

M Stowell
Director

Perth
30 September 2004

Corporate Governance Statement
and Compliance with Principles of Good Corporate Governance

Principle 1:
Lay solid foundations for management and oversight

The board of directors is responsible for the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.
The primary responsibilities of the board include responsibility for:
• oversight of the company, including its control and accountability systems,
• appointing and removing the chief executive officer (or equivalent),
• ratifying the appointment and, where appropriate, the removal of the chief financial officer (or equivalent) and the company secretary,
• input into and final approval of management's development of corporate strategy and performance objectives,
• reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance,
• monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available,
• approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures,
• approving and monitoring financial and other reporting.

Directors consider that the company's procedures comply with Principle 1 of the Principles of Good Corporate Governance.

Principle 2:
Structure the board to add value

2.1: A majority of the board should be independent directors.
The names of the directors of the company in office at the date of this statement are set out in the Directors' Report. Directors are appointed based on their experience and on independence of their decision-making and judgement.

In considering the status of directors as independent directors the company has regard to the following
An independent director is a non-executive director (ie is not a member of management) and:

- is not a substantial shareholderof the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company,
- within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment,
- within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided,
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer,
- has no material contractual relationship with the company or another group member other than as a director of the company,
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company,
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Having regard to the above criteria, all directors are independent.
Directors consider that the company complies with Principle 2.1 of the Principles of Good Corporate Governance

2.2: The chairperson should be an independent director.
Mr Stowell, the chairman, is an independent director.
Directors consider that the company complies with Principle 2.2 of the Principles of Good Corporate Governance.

2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.
The company does not employ a chief executive officer.
Directors consider that the company complies with Principle 2.3 of the Principles of Good Corporate Governance.

2.4: The board should establish a nomination committee
The company does not have a formal nomination committee due to the scale and nature of the company's activities. The whole board meet to consider additional appointments to the board.
Directors consider that the company complies with the intentions of Principle 2.4 of the Principles of Good Corporate Governance.

2.5: Provide the information indicated in *Guide to reporting on Principle 2*
The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are disclosed in the directors' report included in the annual report.
All of the directors are considered by the board to constitute independent directors. The company does not have fixed materiality thresholds.
Each director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chair is required, which is not unreasonably withheld.
No directors have fixed terms of office.
The company does not have a nomination committee for the reasons outlined in 2.4 above.
Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 or 2.5 are included in those sections.
The board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the board would benefit from the services of a new director with particular skills, the board will select appropriate candidates with relevant qualifications, skills and experience.
Directors consider that the company complies with Principle 2.5 of the Principles of Good Corporate Governance.

Principle 3:
Promote ethical and responsible decision-making

3.1: Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:
3.1.1 the practices necessary to maintain confidence in the company's integrity
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
The board's policy for the directors and management is to conduct themselves with the highest ethical standards. All directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the company.
The company has not adopted a specific Code of Conduct due to the size of its operations and number of employees at this time.
Directors consider that the company does not comply with Principle 3.1 of the Principles of Good Corporate Governance.

3.2: Disclose the policy concerning trading in company securities by directors, officers and employees.
The policy is as follows:
Directors and senior executives (officers) must not buy or sell shares or securities in the company if they possess information which, if disclosed publicly, might have a material effect on the price or value of the company's shares. Directors through the company secretary must notify the ASX of any change in their share holdings within 3 business days of the transaction taking place.
No transaction should take place if the directors (or officers) are aware of any information which, if disclosed publicly, might have a material effect on the price or value of the company's shares.
Directors consider that the company complies with Principle 3.2 of the Principles of Good Corporate Governance.

3.3: Provide the information indicated in *Guide to reporting on Principle 3.*
This information is provided in this statement.
Directors consider that the company complies with Principle 3.3 of the Principles of Good Corporate Governance.

Principle 4:
Safeguard integrity in financial reporting

4.1: Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.
The company secretary provides the board with this statement in relation to financial reports.
Directors consider that the company complies with Principle 4.1 of the Principles of Good Corporate Governance.

4.2: The board should establish an audit committee.
Due to the company's size and structure at present it is not considered appropriate to have a formal audit committee.
Directors consider that the company does not comply with Principle 4.2 of the Principles of Good Corporate Governance.

4.3: Structure the audit committee so that it consists of:
- **only non-executive directors,**
- **a majority of independent directors,**
- **an independent chairperson, who is not chairperson of the board,**
- **at least three members.**

Directors consider that Principle 4.2 of the Principles of Good Corporate Governance is not applicable.

4.4: The audit committee should have a formal charter.
Directors consider that Principle 4.2 of the Principles of Good Corporate Governance is not applicable.

4.5: Provide the information indicated in *Guide to reporting on Principle 4.*
Directors consider that the company complies with Principle 4.5 of the Principles of Good Corporate Governance to the extent applicable to the Company.

Principle 5:
Make timely and balanced disclosure

5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.
All directors are required to have a general understanding of the matters that are to be, or not to be disclosed in accordance with the ASX Listing Rules.
All matters concerning compliance with the listing rules are to be reported to the chairman.

The chairman has primary responsibility for ensuring that the company complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed.
Directors are required to maintain confidentiality of corporate information to avoid premature disclosure.
The chairman is responsible for media contact and comment, external communications such as analyst briefings and responses to shareholder questions.
Directors consider that the company complies with Principle 5.1 of the Principles of Good Corporate Governance.

5.2: Provide the information indicated in *Guide to reporting on Principle 5.*
This information is provided in this statement.
Directors consider that the company complies with Principle 5.2 of the Principles of Good Corporate Governance.

Principle 6:
Respect the rights of shareholders

6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.
Information is communicated to shareholders as follows:

- notices of all meetings of shareholders;
- all documents that are released publicly are made available on the company's website at www.crusaderholdings.com.

Directors consider that the company complies with Principle 6.1 of the Principles of Good Corporate Governance.

6.2: Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
Directors anticipate that the company will comply with Principle 6.2 of the Principles of Good Corporate Governance.

Principle 7:
Recognise and manage risk

7.1: The board or appropriate board committee should establish policies on risk oversight and management.
The board monitors and if necessary receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.
Specific areas of risk, which are identified, will be regularly considered at board meetings include performance of activities, human resources, the environment and continuous disclosure obligations.

7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:
7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.
7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
Matters of risk management and compliance are currently addressed by the board as a whole at this stage of the development of the company.
Directors consider that the company complies with the intentions of Principle 7.2 of the Principles of Good Corporate Governance.

7.3: Provide the information indicated in *Guide to reporting on Principle 7.*
This information is provided in this statement.

Directors consider that the company complies with Principle 7.3 of the Principles of Good Corporate Governance.

Principle 8:
Encourage enhanced performance
8.1: Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.
At this stage of the development of the company does not have formal procedures in place for performance evaluation of the board, its committees and individual directors, and key executives.
Directors consider that the company does not comply with Principle 8.1 of the Principles of Good Corporate Governance.

Principle 9:
Remunerate fairly and responsibly
9.1: Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.
At this stage of the development of the company does not have formal remuneration policies in place.
The company does not comply with Principle 9.1 of the Principles of Good Corporate Governance.

9.2: The board should establish a remuneration committee.
At this stage of the development of the company does not have formal remuneration policies in place.
Directors consider that the company does not comply with Principle 9.2 of the Principles of Good Corporate Governance.

9.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.
The remuneration of each director is set out in the directors' report included in the annual report.
Directors consider that the company complies with Principle 9.3 of the Principles of Good Corporate Governance.

9.4: Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.
The company does not have equity-based executive remuneration
Directors consider that with Principle 9.4 of the Principles of Good Corporate Governance is not applicable

9.5: Provide the information indicated in *Guide to reporting on Principle 9.*
This information is provided in this statement.
Directors consider that the company complies with Principle 9.5 of the Principles of Good Corporate Governance.

Principle 10:
Recognise the legitimate interests of stakeholders
10.1: Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.
At this stage of the development of the company does not have formal Code of Conduct in place.
Directors consider that the company does not comply with Principle 10.1 of the Principles of Good Corporate Governance.

STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

Facsimile: (08) 9321 1204

e-mail: australia@stanton.com.au

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF CRUSADER HOLDINGS NL

SCOPE

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the director's declaration for Crusader Holdings NL (the Company), for the period from incorporation on 10 October 2003 to 30 June 2004.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

AUDIT OPINION

In our opinion, the financial report of Crusader Holdings NL is in accordance with:

a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2004 and of its performance for the period ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTON PARTNERS

Stanton Partners

JVanDi

J P Van Dieren
Partner

Perth, Western Australia
30 September 2004

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 14 to 25, are in accordance with the Corporations Act 2001 and

(a) comply with Accounting Standards, and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2004 and of the performance for the period ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and is signed by authority for and on behalf of the directors by Mark Stowell.

On behalf of the directors.

M Stowell
Director
Perth
30 September 2004

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2004

	Notes	$
Revenue from ordinary activities	2	57,483
Consulting fees		(25,439)
Listing and share registry		(11,316)
Rental and office expenses		(7,413)
Insurance		(11,644)
Other expenses from ordinary activities		(14,375)
Loss from ordinary activities before income tax		(12,704)
Income tax attributable to operating loss	3	-
Operating loss after income tax	11	(12,704)
Total changes in Equity other than those resulting from transactions with Owners as Owners		(12,704)
Basic Loss Per Share (cents)	12	(0.09)

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Notes	$
Current Assets		
Cash	16(a)	2,172,704
Receivables	6	12,920
Total Current Assets		2,185,624
Non Current Assets		
Exploration Expenditure	7	137,633
Total Non Current Assets		137,633
Total Assets		2,323,257
Current Liabilities		
Payables	8	45,680
Total Current Liabilities		45,680
Net Assets		2,277,577
Equity		
Contributed Equity	9	2,227,626
Option Premium Reserve	10	62,655
Accumulated Losses	11	(12,704)
Total Equity		2,277,577

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2004

	Notes	$
Cash Flows from Operating Activities		
Interest received		57,484
GST receipts		11,778
Payments to suppliers and employees		(58,894)
Net cash from operating activities	16(b)	10,368
Cash Flows from Investing Activities		
Payments for exploration expenditure		(122,945)
Net cash used in investing activities		(122,945)
Cash Flows from Financing Activities		
Proceeds from issue of shares and options		2,285,281
Net cash provided by financing activities		2,285,281
Net Increase in Cash Held		2,172,704
Cash at the Beginning of the Period		-
Cash at the End of the Period	16(a)	2,172,704

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Corporations Act 2001. The company is a listed public company incorporated and domiciled in Australia.

It has been prepared on the basis of historical costs and accrual accounting and, except where stated, does not take into account changing money values or current valuations of non-current assets.

(b) Corresponding prior period

The company was incorporated on 10 October 2003 and accordingly there are no corresponding prior period amounts.

(c) Taxation

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

(d) Joint Venture Operations

The company's interests in unincorporated joint venture operations are brought to account by including its interest in the following amounts in the appropriate categories in the financial statements:

- each of the individual assets employed in the joint venture;
- liabilities incurred by the company in relation to the joint venture and the liabilities for which it is jointly and/or severally liable; and
- expenses incurred in relation to the joint venture.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(e) Exploration

Exploration costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(f) Recoverable amounts of non-current assets

The carrying values of non-current assets are reviewed annually by directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

(g) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company.

(h) Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Debtors

Debtors are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(k) Revenue recognition

Interest income is recognised as it accrues.

The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

(l) Earnings per share

Basic earnings per share is determined by dividing the operating loss after tax by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is determined by dividing the operating profit/(loss) after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issue and potentially dilutive) outstanding during the financial period.

	$
2. Loss From Ordinary Activities	
Loss from ordinary activities before income tax includes the following item of revenue.	
Operating Revenue	
Interest revenue:	
Bank interest	57,483
3. Income tax	
(a) The prima facie income tax expense on pre-tax accounting income reconciles to the income tax expense in the financial statements as follows:	
Loss from Ordinary Activities	(12,704)
Income tax benefit calculated at 30% of the operating loss	(3,811)
Permanent differences:	
Non-deductible items	329
Timing differences:	
Exploration expenditure	(41,290)
Timing differences and tax losses not brought to account as future income tax benefits	44,772
	-
(b) Future income tax benefits not brought to account as assets	
Tax losses – revenue	44,772

The future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery is not virtually certain.
The taxation benefit will only be obtained if:
(i) the company derives assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
(ii) the company continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in the tax legislation adversely affect the company in realising the benefit from the deductions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

4. Directors' remuneration and equity holdings

The directors of Crusader Holdings NL during the period were:
Mr M Stowell
Mr R Smakman
Mr J Asquith
Mr M Hodges
Mr J Evans

Directors' remuneration was as follows:

	Primary			Post Employment			Equity		
	*Salary & Fees	Bonus	*Non-Monetary	Super-annuation	Prescribed Benefits	Other	Options	Other Benefits	Total
Specified Directors	$	$	$	$	$	$	$	$	$
M Stowell									
2004	6,000	-	-	-	-	-	-	-	6,000
J Asquith									
2004	-	-	-	-	-	-	-	-	-
R Smakman									
2004	-	-	-	-	-	-	-	-	-
M Hodges									
2004	6,000	-	-	-	-	-	-	-	6,000
J Evans									
2004	6,000								6,000
Total Specified Directors									
2004	18,000	-	-	-	-	-	-	-	18,000

*Included in Salary and Fees are amounts made available to related parties of directors.

Remuneration Options

No remuneration was provided to directors by way of options.

Options held by specified directors and related entities

	Issued on 6 November 2003	Granted as remuneration	Options exercised	Options Sold	Options Purchased	Net Change	Balance at 30 June 04	Vested at 30 June 04	Vested and exercisable	Un-exerciseable
Specified directors										
M Stowell	500,000	-	-	350,000	366,666	516,666	516,666	516,666	516,666	-
M Hodges	500,000	-	-	-	106,666	606,666	606,666	606,666	606,666	-
J Evans	500,000	-	-	-	50,000	550,000	550,000	550,000	550,000	
Total Specified Directors	1,500,000	-	-	350,000	523,332	1,673,332	1,673,332	1,673,332	1,673,332	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

4. Directors' remuneration and equity holdings (contd)

Ordinary shares held by specified directors and related entities

	Issued on 6 November 2003	Granted as remuneration	Shares Purchased	Shares Sold	Net change	Balance at 30 June 04
Specified directors						
M Stowell	750,000	-	150,000	-	900,000	900,000
M Hodges	100,000	-	220,000	-	320,000	320,000
J Evans	100,000	-	50,000	-	150,000	150,000
Total Specified Directors	950,000	-	420,000	-	1,370,000	1,370,000

Specific transactions with directors and director related entities
On 1 December 2003, the company entered into a joint venture agreement with Mawson West Ltd by which the company can earn 60% equity in Mawson West's Kiaby Well tenements by spending a minimum of $300,000 over three years and meeting DMPR requirements on each tenement once granted. Mr Stowell is a director of Mawson West Ltd.

On 16 February 2004 the company entered into an option agreement in relation to the Fair Adelaide tenements with entities associated with director Murray Hodges. The option was exercised on 16 August 2204 and following shareholder approval on 23 September 2004 the company is required to re-imburse the vendor for $36,370 costs of preliminary work and allot 350,000 ordinary fully paid shares.

The company has made payments at normal commercial rates for rental of office premises to a company related to director M Stowell. Total rental payments for the period were $7,136.

	$
5. Remuneration of Auditor	
Auditing the financial report	2,500
Other services	3,414
	5,914
6. Receivables	
Current	
Other debtors	12,920
7. Exploration Expenditure	
Expenditure during the period	137,633

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development, commercial exploitation or sale of the respective tenements. Some of the Company's exploration properties are subject to claim(s) under native title. As a result, exploration properties or areas within the tenements maybe subject to exploration and/or mining restrictions.

8. Current payables	
Payables	45,680

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

9. Contributed Equity

		$
18,690,675 Fully paid ordinary shares		2,227,626
	Number	
Fully paid Ordinary Share Capital		
Shares issued for cash	6,000,000	30,000
Shares issued for tenement acquisition	500,000	5,000
Shares issued for cash	500,000	50,000
Shares issued pursuant to prospectus	11,690,675	2,338,135
Capital raising costs	-	(195,509)
Balance at end of the financial period	18,690,675	2,227,626

10. Option Premium Reserve

Premium on issue of options	62,655

At the date of this report there were 12,605,074 options over unissued fully paid ordinary shares on issue. The options are exercisable at 20 cents per option before 31 December 2006.

11. Accumulated Losses

Net loss for the period	(12,704)

12. Earnings per share

	Cents per share
Basic Earnings per share	(0.09)
	No. 000's
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic earnings per share	13,674

13. Commitments for expenditure

In order to maintain current rights of tenure to exploration tenements, the company is required to perform minimum exploration work to meet the minimum expenditure commitments as specified by the State Government. These obligations are subject to renegotiations when application for a mining lease is made and at other times. The obligations will be met from normal working capital of the company. The minimum exploration tenement commitments will be reduced should the company enter into a joint venture on the tenements or extinguished should the tenement be abandoned because the directors decide that the project is not commercial.

The company has certain minimum obligations in pursuance of the terms and conditions of mining tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the company will be required to outlay in 2004/5 amounts of approximately $25,500. These are expected to be fulfilled in the normal course of operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

14. Interests in Joint Ventures

Details of the company's interests in joint venture operations are as follows:

Joint Venture	Principal Activity	Ownership
Kiaby Well	Gold & base metals exploration	Earning up to 60%
Parker Range	Gold Exploration	80%
Fair Adelaide	Gold & base metals exploration	Option to acquire 80%

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for sharing of exploration costs and do not in themselves generate revenues or profits.

On 1 December 2003, the company entered into a joint venture agreement with Mawson West Ltd by which the company can earn 60% equity in Mawson West's Kiaby Well tenements by spending a minimum of $300,000 over three years and meeting DMPR requirements on each tenement once granted.

On 1 December 2003 the company acquired an 80% interest in various tenements near Southern Cross (Parker Range). The company is required to fund expenditure of $400,000 for an Initial Period of three years commencing on the date of its admission to listing on the Australian Stock Exchange.

On 16 August 2004 the company exercised an option to acquire an 80% interest in tenements near Kalgoorlie (Fair Adelaide). The company is required to fund expenditure of $300,000 for an Initial Period.

15. Segment Reporting

The company operates in Western Australia in the minerals exploration industry as outlined in the directors' report.

16. Notes to the statements of cash flows

(a) Cash Reconciliation

For the purposes of the statement of cash flows, cash includes cash on hand in banks and investments in short term money market instruments. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	$
Cash at bank	14,637
Cash on deposit	2,158,067
	2,172,704

(b) Reconciliation of Net Cash from Operating Activities to Operating Loss:

Operating loss	(12,704)
Exploration creditors	(9,689)
Changes in net assets and liabilities net of effect of acquisition and disposal of businesses:	
(Increase)/decrease in assets:	
Current receivables	(12,921)
Increase/(decrease) in liabilities:	
Current payables	45,682
Cash used in operating activities	10,368

(c) Non-cash Transactions

During the period the company issued 500,000 ordinary shares at a deemed value of $5,000 as consideration for the acquisition of tenements in Southern Cross.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

17. Subsequent events

On 23 September 2004 shareholders approved the acquisition of 80% of the Fair Adelaide tenements including the Puzzle Bear Nickel prospect. Except for the foregoing, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of an unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in subsequent financial years.

18. Financial Instruments

(a) Credit Risk

The company has adopted the policy of only dealing with counterparties it believes to be credit worthy as a means of mitigating the risk of financial loss from default. The company makes adequate provisions where necessary.

(b) Interest Rate Risk

The following table details the company's exposure to interest rate risk.

(c) Net Fair Values

The carrying amounts of bank term deposits, other debtors and accounts payable approximate net fair value.

	Average Interest Rate %	**Variable Interest Rate** $	**Fixed Interest Rate** *Maturity Less than 1 Year* $	**Fixed Interest Rate** *Maturity 1-5 Years* $	*Non Interest Bearing* $	**Total** $
Financial Assets						
Cash	5.3%	2,172,704	-	-	-	2,172,704
Other	-	-	-	-	12,920	12,920
		2,172,704	-	-	12,920	2,185,624
Financial Liabilities						
Payables	-	-	-	-	45,680	45,680

(d) Reconciliation of net financial assets/(liabilities) to net assets

	$
Financial Assets	2,185,624
Exploration Expenditure	137,633
Total Assets	2,323,257
Financial Liabilities	(45,680)
Net assets	2,277,577

19. Impact of adopting AASB equivalents to IASB standards

The Australian Accounting Standards Board is adopting the Standards of the International Accounting Standards Board for application to reporting periods beginning on or after 1 January 2005. Pending Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' prescribes transitional provision for first-time adopters.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date and will apply for June 2004 reporting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2004

19. Impact of adopting AASB equivalents to IASB standards (contd)

The company has allocated internal resources and in conjunction with its auditors is assessing those accounting policies and key areas that are likely to be impacted by the transition to International Financial Reporting Standards (IFRS). As the company has a 30 June year end, priority has been given to the consideration of the impact of the Australian equivalents to the IFRS and the preparation of a balance sheet in accordance with those Australian equivalent standards as at 30 June 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the company prepares its first fully IFRS compliant report for the year ended 30 June 2006. As required by AASB 1047, the key accounting policies which will change and may have an impact on the financial report of the company are set out below.

Exploration and evaluation expenditure
In terms of the exposure drafts issued by the International Accounting Standards Board (IASB) and the Australian Accounting Standards Board (AASB) on exploration and evaluation expenditure, entities are permitted to continue their previous accounting policies but all exploration and evaluation expenditure would be subject to an annual impairment test. Under the impairment test, exploration and evaluation expenditure would be carried at recoverable value which will be determined at the higher of fair value less costs to sell, and value in use. The likely impact is that exploration and evaluation expenditure will not meet the recoverable value test and will need to be written off in the year incurred.

Taxation
Under the Australian equivalent to IAS 12 "Income Taxes", a balance sheet approach will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognizes deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position or performance.

Financial Instruments
Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- Financial asset or financial liability measured at fair value through the statement of financial performance
- Held to maturity investments measured at amortised cost, subject to impairment
- Loans and receivables measured at amortised cost, subject to impairment
- Available for sale assets measured at fair value with changes in fair value measured directly in equity
- Financial liability measured at amortised cost

This will result in a change in the current accounting policy that does not classify financial instruments.

Impairment of Assets
Under the Australian equivalent to IAS 36 "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in the company's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cashflows. Under the new policy it is likely that the impairment of assets will be recognized sooner and the amount of write downs.

ADDITIONAL STOCK EXCHANGE INFORMATION

The additional information dated 22 September 2004 is required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Distribution of Shareholders

	Number
1 - 1,000	3
1,001 - 5,000	7
5,001 - 10,000	78
10,001 - 100,000	171
100,001 and over	34
TOTAL	293

There were 3 holders of less than marketable parcel of ordinary shares.

Twenty Largest Shareholders

Shareholder	Number of Shares	Percentage
Husif Nominees Pty Ltd	1,170,000	6.26
Mathew Walker	1,000,000	5.35
Blue Bone enterprises Pty Ltd	900,000	4.82
Ascot Park Enterprises Pty Ltd	750,000	4.01
Kathryn Yule	550,000	2.96
Vernon Wesley Strange	500,000	2.68
Gwynvill Trading Pty Ltd	500,000	2.68
Lundy Nominees Pty Ltd	500,000	2.68
Paul Stephen	425,000	2.27
Real Socks Pty Ltd	400,000	2.14
Corless Farms Pty Ltd	300,000	1.16
Vitor Pty Ltd	300,000	1.61
Linear A Pty Ltd	280,000	1.50
Paul Richard Stephen	275,000	1.47
Birrang Investments Pty Ltd	250,450	1.34
R George Investments Pty Ltd	250,000	1.34
Peter Nelson	208,266	1.34
Melselina Pty Ltd	203,500	1.11
D F Lynton Brown Pty Ltd	200,000	1.09
Robert Smakman & I Somaia	200,000	1.07
	9,162,216	48.88

Substantial Shareholders

Shareholder	Number of Shares	Percentage
Husif Nominees Pty Ltd	1,170,000	6.26
Mathew Walker	1,000,000	5.35

Voting Rights

The voting rights attaching to each class of equity securities are set our below:

(a) Ordinary Shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options: No voting rights.

Stock Exchange Listing

Crusader Holdings NL's ordinary shares are quoted on the Australian Stock Exchange Limited. The home exchange is the Australian Stock Exchange (Perth) Limited.

ADDITIONAL STOCK EXCHANGE INFORMATION

Distribution of Quoted Optionholders

Distribution of Holders of Listed Options:

	Number
1 - 1,000	-
1,001 - 5,000	70
5,001 - 10,000	76
10,001 - 100,000	66
100,001 and over	11
TOTAL	223

Twenty Largest Optionholders

Optionholder	Number of Options	Percentage
Husif Nominees Pty Ltd	496,666	7.97
Blue Bone Enterprises Pty Ltd	400,000	6.42
Ascot Park Enterprises Pty Ltd	366,666	5.89
Real Socks Pty Ltd	344,999	5.54
Linear A Pty Ltd	178,330	2.86
Illington Pty Ltd	166,667	2.68
Vernon Wesley Strange	166,667	2.68
Gwynvill Trading Pty Ltd	166,666	2.68
Kelvin James Timmins	158,332	2.54
Paul Stephen	141,666	2.27
Unswinger Holdings Pty Ltd	103,333	1.66
Centreace Pty Ltd	100,000	1.61
Kathryn Yule	100,000	1.61
Tongzi Pty Ltd	100,000	1.61
Paul Richard Stephen	99,999	1.61
Lundy Nominees Pty Ltd	93,266	1.50
Largesse Corporation Pty Ltd	89,998	1.44
Alan Stephen	87,697	1.41
Murray Hodges Pty Ltd	86,666	1.39
R George Investments Pty Ltd	83,333	1.34
Total	3,530,951	56.71

Schedule of Mining Tenements

Name	Ref	Ownership
Kiaby Well	E59/934	Earning 60% (JV Mawson West Ltd)
Janetta (Parker Range)	P77/3204	80%
Cheritons (Parker Range)	P77/3260	80%
Mountain Devil (Parker Range)	P77/3201	80%
Dulcie (Parker Range)	P77/3111	80%
Dulcie North (Parker Range)	M77/581	100%
Greenmount	ELA77/1153	80%
Fair Adelaide	P24/3681 to P24/3689 (inc)	Option to purchase 80%