CRUSADER HOLDINGS NL

A B N: 94 106 641 963

Annual Report

30 June 2007

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Corporate Information

This annual report covers both Crusader Holdings NL as an individual entity and the consolidated entity comprising Crusader Holdings NL and its subsidiaries. The Group's functional and presentation currency is Australian dollars ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 5 to 13. The directors' report is not part of the financial report.

Directors
David Archer (Chairman)
Robert Smakman (Managing Director)
Justin Evans
Murray Hodges

Company Secretary
Philip MacLeod

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20 Howard Street
Perth WA 6000
Australia

Principal place of business
20 Howard Street
Perth WA 6000
Australia

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Auditors
Stantons International
Level 1, 1 Havelock Street
West Perth WA 6005
Australia
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Share Register
Security Transfers Registrars Pty Ltd
770 Canning Highway
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Telephone: +61 8 9315 0933
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ASX Code:
Ordinary shares - CAS

Chairman's Letter to Shareholders

Dear Shareholder,

On behalf of the Board, I'm delighted to report that the first full year of operations as a focused international minerals explorer has been marked by a number of major milestones.

Of particular note is the Posse Iron Ore Project. This was secured earlier this month after Crusader exercised its option to acquire this very promising iron ore opportunity located in the Iron Quadrilateral of Minas Gerais State, the premier iron ore province of Brazil. Our evaluations of the deposit are continuing but early indications suggest that it could be developed within a relatively short time frame, with (in mining terms) a relatively modest capital outlay to produce high grade iron ore for domestic sales. Whilst the deposit appears to be relatively small the transport economics are very favourable being close to existing roads, customers and the major mining town of Belo Horizonte.

Posse has broadened the company's highly promising portfolio of mineral exploration projects in Brazil and Australia targeting gold, base metals, tin, indium and uranium.

We view Brazil as a premier minerals exploration and mining destination both because of its inherent prospectively for world class deposits and its relatively lower population of technically credentialed explorers operating in the country.

Meanwhile, in Australia, Crusader is keen to start exploration for paleochannel and deltaic hosted uranium at its promising Lake Throssell Project, near Laverton in Western Australia. The tenement applications cover some 1,110km² of ground "downstream" of the Thatcher Soak uranium deposit.

Post year end we completed a placement that raised a total of $7.125 million cash. This allowed the Company to exercise its option over Posse for approximately $3.4 million cash. The Company is now very well placed to continue both the evaluations of Posse and its other exploration projects.

As the tempo of Crusader's activities increase in Brazil, shareholders can look forward to the Company continuing to add to its pipeline of projects.

Finally, I would like to recognise Rob Smakman and his team whose efforts distinguish Crusader as a capable and respected minerals explorer and developer.

Yours sincerely,

David Archer
Chairman

Directors' Report

The directors of Crusader Holdings submit herewith the annual financial report of the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

David Archer B. Ec., Dip. Laws (BAB), F. Aus IMM. (Chairman)
Mr Archer has over 25 years experience in the resources industry in Australia and overseas. Mr Archer is currently the managing director of ASX listed company; Hillgrove Resources Limited - an emerging copper producer with significant gas assets. He is also the non-executive chairman of ASX listed InterMet Resources Limited. He is a barrister (non-practising) of the Supreme Court of New South Wales. He was the founder and Deputy Chairman of Savage Resources Limited and the founder and Executive Chairman of PowerTel Limited.

During the past 3 years Mr Archer has also served as a director of the following listed companies:

- Hillgrove Resources Limited*
- Intermet Resources Limited*
- Hostworks Group Limited
- MediVac Limited

* denotes current directorship

Robert Smakman BSc (Hons) M.AusI.M.M. FFIN
Mr Smakman is an honours graduate of Monash University, and has had a successful international career as a geologist over the past 10 years. Mineral discoveries he has been associated with include:

- The Southern Star gold deposit for Gasgoyne Gold NL-Southern Cross Western Australia -first drill hole to bankable feasibility study,
- Dikulushi Copper/Silver Deposit for Anvil Mining NL -DRC Africa- drillout of the deposit to 1.55mt @ 8.9% Copper and 9.5million oz silver for feasibility study and mining,
- Certej Gold Deposit for European Goldfields Ltd -Romania-project management from commencement to a resource of 2.6m oz gold and 13m oz silver.

During the past three years Mr Smakman has served as a director of the following listed companies:

- Mawson West Ltd

Justin Evans B.Bus
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.

During the past three years Mr Evans has not served as a director of any other listed company.

Directors' Report continued

Murray Hodges B.Sc (Geol)
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.

During the past three years Mr Hodges has not served as a director of any other listed company.

Company Secretary
Philip MacLeod CPA
Mr MacLeod has 20 years commercial experience and has held the position of company secretary with listed public companies since 1995.

Directors' Report continued

Interests in the shares and options of the company and related bodies corporate
As at the date of this report, the interests of the directors in the shares and options of Crusader Holdings NL were:

Director	Ordinary Shares	Options	Unlisted Options
D Archer	-	-	3,500,000
J Evans	1,000,000	-	1,000,000
M Hodges	1,213,332	-	1,000,000
R Smakman	1,990,664	-	2,000,000

Details of the terms and conditions of the options and unlisted options referred to above are included in the Directors' remuneration report.

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

Principal Activities
The principal activity during the year of entities within the Group was mineral exploration.

Operating and Financial Review

Group overview
Brazil
Brazil has been the main focus of an exciting year for Crusader. Several gold projects were drilled. New and highly prospective tin, gold and indium projects were acquired and recently, the purchase of the Posse Iron Ore project was finalised. Posse is Crusader's most significant project to date and is ideally located in the Iron Quadrilateral of Minas Gerais state, an area well known for it's iron ore exports. Posse has the potential to elevate Crusader into a mining company in the short term and gives the company valuable exposure into this important market and geographical area.

Australia
In Western Australia, Crusader is awaiting the grant of the Lake Throssell uranium project. The delay in granting has been with the Native Title Tribunal, however an acceptable resolution is expected this calendar year.

During the year, the company has divested the Kiaby Well project and expects to similarly divest other non-core assets in the future.

Corporate
Crusader successfully concluded the placement of 9,500,000 fully paid ordinary shares at an issue price of 75cents per share to raise a total of $7,125,000 before expenses. The newly issued shares have a free attaching one for two option exercisable at $1 per option with a term of three years from issue of the shares and will vest 12 months from issue of the shares. The funds raised will finance the progress of the Posse Iron Project through to resource status.

Operating Results for the year
The Group's operating loss after income tax for the year was $2,685,911 (2006 - $494,269) representing an increase of 443% from the previous year. The Group's basic loss per share for the year was (9.39) cents (2006: (2.38) cents).

Directors' Report continued
Operating and Financial Review continued

Segment Information

The following table presents the revenue and loss information regarding geographical segments for the years ending 30 June 2007 and 30 June 2006.

30 June 2007	Brazil $	Australia $	Total $
Segment revenue	12,686	177,816	190,502
Segment result	(1,510,877)	(1,175,034)	(2,685,911)

30 June 2006	Brazil $	Australia $	Total $
Segment revenue	-	192,462	192,462
Segment result	(366,942)	(127,327)	(494,269)

Review of financial condition
Liquidity and Capital Resources
The consolidated cash flow statement illustrates that there was a decrease in cash and cash equivalents in the year ended 30 June 2007 of $546,270 (2006: $462,286). The decrease in cash flow in comparison with the prior year is caused by a number of factors principally exploration activity in Brazil.

Asset and capital structure
The level of gearing in the group is nil%.

Share issues during the year
The Company issued 14,105,074 shares during the year. There were 12,605,074 shares issued during the year as a result of the exercise of options including the issue of 767,136 shares to the underwriter.

The Company issued 750,000 shares at an issue price of 20 cents to Helix Resources in consideration for the acquisition of tenements at Lake Throssell. The Company also issued 750,000 shares and 1,000,000 options exercisable at 30 cents each on or before 21 January 2010 to acquire the 6% interest in its Brazilian subsidiary, Crusader do Brasil Mineracao Ltda not previously held by the company. The options are escrowed for a period of 12 months from the date of issue being 20 April 2007. Crusader do Brasil is now a wholly owned subsidiary.

500,000 options were issued as part of the incentivisation and remuneration agreement provided to John Foreman, a Brazil based strategic consultant with the Company. The unlisted options are exercisable at 25 cents each on or before 22 August 2011.

Directors' Report continued
Operating and Financial Review continued

Risk management
The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes it is crucial for all Board members to be part of this process and as such the Board has not established a separate risk management committee and the Board as a whole acts in that role.

Significant changes in the State of Affairs
The state of affairs of the group was not affected by any significant changes during the financial year not otherwise stated in the report.

Environmental Regulation and Performance
The Group's activities are subject to environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group 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 group.

Significant events after the balance date
Since the end of the financial year the Company has placed 9,500,000 ordinary shares at an issue price of 75 cents per share to raise $7,125,000. The funds will be used to progress the Company's Brazilian and Australian exploration projects including the Posse Iron ore and Manga Tin Indium projects in Brazil.

The Company issued one free option for every two shares issued in the Placement with the following terms and conditions:

- a term of three years from the date of their issue;
- an exercise price of $1.00 per option on or before 12 September 2010; and,
- a vesting date of 12 September 2008.

The Company also issued 1,000,000 options for no consideration to R Smakman as part of his employment contract. The options are exercisable at 28 cents each on or before 22 August 2011.

Since the end of the financial year the Company has exercised its option to acquire the Posse Iron Ore project in Brazil at a cost of approximately AUD$3.4million.

Future developments
The Group will continue to focus on mineral exploration and development opportunities.

Directors' Report continued

Indemnification and insurance of officers and auditors
During the financial year the Company indemnified each of the directors against all liabilities incurred by them as directors of the Company (and subsidiary companies) and all legal expenses incurred by them as directors of the Company (and subsidiaries).

The indemnification is subject to various specific exclusions and limitations.

The Company did not provide any Directors and Officers liability insurance during the year.

The Company did not provide any insurance or indemnification for the auditor of the Company.

Remuneration Report

This report outlines the remuneration arrangements in place for directors and executives of Crusader Holdings NL (the Company).

Remuneration philosophy
The remuneration philosophy of the Company is to ensure that remuneration packages of directors and executives properly reflect the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating directors and executives of the Company.

Contracts for services of key management personnel
Robert Smakman is contracted as Chief Executive officer and Managing Director to the Group through his employment with Crusader do Brasil Mineracao Ltda. Mr Smakman is contracted for a minimum period of one year expiring 30 November 2007. The contract may be terminated by either party with 90 day's notice. Remuneration included in the contract is as follows:

- gross base salary of AUD$175,000 per annum
- a payment of either AUD$50,000 should the Crusader Holdings volume weighted average share price equal or exceed $0.50 during the last 10 trading days of November 2007 or $25,000 should the volume weighted average share price equal or exceed $0.40 during the last 10 trading days of November 2007
- Mr. Smakman has been granted 1,000,000 options exercisable at a price equivalent to the volume weighted average share price of Crusader Holdings NL in the 10 days prior to 1 March 2007 plus 15%. The options are to vest as follows, 500,000 on 1 December 2007 and 500,000 on 1 December 2008
- other in-country costs including relocation, return trips to Australia and reasonable expenses will also be met by the company
- should this contract be terminated, for the reasonable costs of relocating back to Australia

Directors' Report continued
Remuneration Report continued

Remuneration of directors
Directors' remuneration for the year ended 30 June 2007

	Short term employee benefits		Post employment benefits		Share-based payment		
	*Salary & Fees	Other benefits	Super-annuation	Retirement Benefits	Options	Total	% consisting of options
Directors	$	$	$	$	$	$	%
D.Archer (i)							
2007	-	-	-	-	373,560	373,560	100%
2006	-	-	-	-	-	-	-
M. Hodges							
2007	12,000	-	-	-	113,543	125,543	90%
2006	12,000	-	-	-	-	12,000	-
J. Evans							
2007	12,000	-	-	-	113,543	125,543	90%
2006	12,000	-	-	-	-	12,000	-
R.Smakman (ii)							
2007	207,610	13,564	-	-	113,543	334,717	34%
2006	95,700	-	-	-	-	95,700	-
M.Stowell (iii)							
2007	-	-	-	-	-	-	-
2006	1,000	-	-	-	-	1,000	-
Total Directors							
2007	231,610	13,564	-	-	714,189	959,363	74%
2006	120,700	-	-	-	-	120,700	-

(i) appointed 26 April 2006
(ii) appointed 2 August 2005
(iii) resigned 2 August 2005

*Included in Salary and Fees are amounts made available to related parties of directors. The amounts shown above in relation to Mr Smakman and Murray Hodges include the provision of their geological services. Directors Fees paid to directors during the year were M Stowell: $Nil, (2006: $1,000), J Evans: $12,000 (2006: $12,000), D. Archer $Nil (2006: $Nil).

Committee Memberships
The company does not have a Remuneration, Nomination or Audit Committee as these roles are undertaken by the full Board.

Corporate governance
In recognising the need for high standards of corporate behavior and accountability, the directors support and have substantially adhered to the best practice recommendation set by the ASX Corporate Governance Council.

Directors' Report continued
Remuneration Report continued

Share options
During the financial year 6,500,000 options were issued to the following directors of the Company and the Group as part of their remuneration

DIRECTORS	NO. OF OPTIONS GRANTED	ISSUING ENTITY	NO. OF SHARES UNDER OPTION	VALUE OF OPTIONS GRANTED
D. Archer	3,500,000	Crusader Holdings NL	3,500,000	$0.14
M. Hodges	1,000,000	Crusader Holdings NL	1,000,000	$0.14
J. Evans	1,000,000	Crusader Holdings NL	1,000,000	$0.14
R. Smakman	1,000,000	Crusader Holdings NL	1,000,000	$0.14

The options have an exercise price of 25 cents and an expiry date of 5 years from the date of issue. 2,000,000 options vested on issue, 2,000,000 options will vest 12 months from the issue date and 2,500,000 options will vest 24 months from the issue date.

None of the options lapsed or were exercised during or since the end of the financial year.

The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

At the date of this report, the unissued ordinary shares of Crusader Holdings NL under option are as follows:

Issue date	Number	Expiry date	Exercise price
28 July 2006	6,500,000	22 August 2011	$0.25

Value of options issued to directors
The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors:

DIRECTORS	VALUE OF OPTIONS GRANTED $(i)	VALUE OF OPTIONS EXERCISED AT THE EXERCISE DATE $	VALUE OF OPTIONS LAPSED AT LAPSE DATE $	TOTAL $
D. Archer	500,022	-	-	500,022
M. Hodges	142,863	-	-	142,863
J. Evans	142,863	-	-	142,863
R. Smakman	142,863	-	-	142,863

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards

Directors' Report continued

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

DIRECTORS	DIRECTORS MEETINGS	
	HELD	ATTENDED
D. Archer	5	5
M. Hodges	5	5
J. Evans	5	5
R. Smakman	5	5

All directors were eligible to attend all meetings.

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 6 to the financial statements.

Auditor Independence and Non-Audit Services

Auditor Independence
The auditor's independence declaration for the year ended 30 June 2007 has been received and is to be found on page 45.

Non-Audit services
No non-audit services were provided by the entity's auditor, Stantons International and no fees were paid or are payable to Stantons International for non-audit services for the year ended 30 June 2007.

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

Robert Smakman

Managing Director
Perth
28 September 2007

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Notes	Consolidated		Company	
		2007 $	2006 $	2007 $	2006 $
Revenue	3	190,502	192,462	177,816	192,462
Audit and accounting		(36,978)	(11,807)	(33,821)	(11,807)
Consulting fees		(85,753)	(61,727)	(85,753)	(61,727)
Depreciation	3	(20,110)	(785)	(1,823)	(785)
Legal and professional fees		(55,727)	(26,138)	(28,193)	(16,341)
Listing and share registry		(24,692)	(18,020)	(24,692)	(18,020)
Rental and office expenses		(15,145)	(22,773)	(15,145)	(21,636)
Insurance		(10,575)	(5,895)	(10,575)	(5,895)
Goodwill written off		(316,400)	-	-	-
Provisions against investments	3	(50,000)	-	(269,150)	-
Provisions against loans	3	-	-	(1,520,890)	(418,142)
Share options expensed	3	(764,041)	-	(764,041)	-
Travel and accommodation		(8,609)	(13,971)	(8,609)	-
Wages and salaries		(43,622)	-	-	-
Exploration expenditure written off	3	(1,429,142)	(449,613)	(29,149)	(170,903)
Other expenses from ordinary activities		(86,449)	(99,424)	(54,712)	(12,675)
Loss before tax		(2,756,741)	(517,691)	(2,668,737)	(545,469)
Income tax expense		-	-	-	-
Loss for the year		(2,756,741)	(517,691)	(2,668,737)	(545,469)
Attributable to					
Equity holders of the parent		(2,685,911)	(494,269)	(2,668,737)	(545,469)
Minority interest		(70,830)	(23,422)	-	-
Loss for the year		(2,756,741)	(517,691)	(2,668,737)	(545,469)
Basic loss per share (cents per share)					
Loss per share	17	(9.39)	(2.38)		

The above income statement is to be read in conjunction with the Notes to the Financial Statements.

BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Current Assets					
Cash and cash equivalents	23(a)	2,233,361	1,687,091	1,868,693	1,686,053
Trade and other receivables	8	27,958	22,467	26,117	22,467
Deposits		7,050	-	-	-
Total Current Assets		2,268,369	1,709,558	1,894,810	1,708,520
Non current Assets					
Other financial assets	9	111,000	50,000	111,003	50,001
Capitalised exploration costs	10	484,231	230,955	387,628	226,263
Loans	11	-	-	489,414	5,730
Plant and equipment	12	157,834	4,290	11,066	4,290
Total Non current Assets		753,065	285,245	999,111	286,284
Total Assets		3,021,434	1,994,803	2,893,921	1,994,804
Current Liabilities					
Trade and other payables	13	230,083	159,923	102,570	159,923
Total Current Liabilities		230,083	159,923	102,570	159,923
Total Liabilities		230,083	159,923	102,570	159,923
Net Assets		**2,791,351**	**1,834,880**	**2,791,351**	**1,834,881**
Equity					
Equity attributable to equity holders of the parent					
Issued capital	14	5,434,766	2,690,000	5,434,766	2,690,000
Reserves	14	901,618	33,674	943,096	62,655
Accumulated losses	15	(3,545,033)	(859,122)	(3,586,511)	(917,774)
Equity attributable to equity holders of the parent		**2,791,351**	**1,864,552**	**2,791,351**	**1,834,881**
Minority interest	16	-	(29,672)	-	-
Total equity		**2,791,351**	**1,834,880**	**2,791,351**	**1,834,881**

The above balance sheet is to be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Consolidated	Attributable to equity holders of the parent				Minority interest	Total equity
	Issued capital $	Accumulated losses $	Other reserves $	Total $	$	$
At 1 July 2005	2,690,000	(364,852)	55,648	2,380,796	(4,847)	2,375,949
Foreign currency translation	-	-	(21,974)	(21,974)	(1,403)	(23,377)
Total income and expense directly recognised in equity	-	-	(21,974)	(21,974)	(1,403)	(23,377)
Loss for the period	-	(494,269)	-	(494,269)	(23,422)	(517,691)
Total recognised income and expense for the period	-	(494,269)	(21,974)	(516,243)	(24,825)	(541,069)
At 30 June 2006	2,690,000	(859,122)	33,674	1,864,552	(29,672)	1,834,880

	Attributable to equity holders of the parent				Minority interest	Total equity
	Issued capital $	Accumulated losses $	Other reserves $	Total $	$	$
At 1 July 2006	2,690,000	(859,122)	33,674	1,864,552	(29,672)	1,834,880
Foreign currency translation	-		(12,497)	(12,497)	3,252	(9,245)
Total income and expense directly recognised in equity	-	-	51,000	51,000	-	51,000
Loss for the period	-	(2,685,911)	764,041	(1,921,870)	(70,830)	(1,992,700)
Total recognised income and expense for the period	-	(2,685,911)	815,041	(1,870,870)	(70,830)	(1,941,700)
Shares issued for tenement acquisition	150,000	-	-	150,000	-	150,000
Shares issued on exercise of options	2,521,016	-	-	2,521,016	-	2,521,016
Acquisition of minority interest	153,750	-	65,400	219,150	97,250	316,400
Less costs of issue	(80,000)	-	-	(80,000)	-	(80,000)
At 30 June 2007	5,434,766	(3,545,033)	901,618	2,791,351	-	2,791,351

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Company Attributable to equity holders of the parent

$	Issued capital $	Accumulated losses $	Other reserves $	Total equity
At 1 July 2005	2,690,000	(372,305)	62,655	2,380,350
Foreign currency translation	-	-	-	-
Total income and expense directly recognised in equity	-	-	-	-
Loss for the period	-	(545,469)	-	(545,469)
Total recognised income and expense for the period	-	(545,469)	-	(545,469)
At 30 June 2006	2,690,000	(917,774)	62,655	1,834,881

Attributable to equity holders of the parent

$	Issued capital $	Accumulated losses $	Reserves $	Total equity
At 1 July 2006	2,690,000	(917,774)	62,655	1,834,881
Foreign currency translation	-	-	-	-
Total income and expense directly recognised in equity	-	-	51,000	51,000
Loss for the period	-	(2,668,737)	764,041	(1,904,696)
Total recognised income and expense for the period	-	(2,668,737)	815,041	(1,853,696)
Shares issued for tenement acquisition	150,000	-	-	150,000
Shares issued for cash	2,521,016	-	-	2,521,016
Shares and options issued to acquire minority interest	153,750	-	65,400	219,150
Less costs of issue	(80,000)	-	-	(80,000)
At 30 June 2007	5,434,766	(3,586,511)	943,096	2,791,351

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Cash flows from operating activities					
Receipts from customers		-	82,167	-	82,167
Payments to suppliers		(376,846)	(131,561)	(268,169)	(59,777)
Cash generated from/(used in) operations		(376,846)	(49,394)	(268,169)	22,390
Interest received		120,502	107,172	107,816	105,559
Interest paid		(18)	-	(18)	-
GST receipts		52,036	14,854	52,036	14,854
Net cash provided by/(used in) operating activities	23(b)	(204,326)	72,632	(108,335)	142,803
Cash flows from investing activities					
Payment for equity investment		-	(50,000)	-	(50,000)
Payments for exploration		(1,411,406)	(448,389)	(137,093)	(170,903)
Payments for mining tenements		(101,683)	(18,332)	(9,771)	(18,332)
Payments for plant and equipment		(173,654)	(3,676)	(8,600)	(3,676)
Proceeds from sale of mining tenement		10,000	-	10,000	-
Loans to other entities		-	-	(2,004,576)	(297,233)
Net cash used in investing activities		(1,676,743)	(520,397)	(2,150,040)	(540,144)
Cash flows from financing activities					
Proceeds from issues of equity securities		2,521,015	-	2,521,015	-
Underwriters' costs		(80,000)	-	(80,000)	-
Net cash provided by financing activities		2,441,015	-	2,441,015	-
Net increase/(decrease) in cash and cash equivalents		559,946	(447,865)	182,640	(397,341)
Cash and cash equivalents at the beginning of the financial year		1,687,091	2,149,377	1,686,053	2,083,394
Effect of exchange rate fluctuations on cash held		(13,676)	(14,421)	-	-
Cash and cash equivalents at the end of the financial year	23(a)	2,233,361	1,687,091	1,868,693	1,686,053

The above Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Annual Financial Statements

1. REPORTING ENTITY

Crusader Holdings NL (the Company) is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company's registered office is 20 Howard Street, Perth, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is involved primarily in the mineral exploration industry.

The financial statements were authorised in accordance with a resolution of the directors on 28 September 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report has also been prepared on the accruals basis and historical cost basis, except for available for sale investments, which have been measured at fair value.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

(b) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies.

At the date of authorisation of the financial report, the following Standards and interpretations were in issue but not yet effective:

• AASB 7 'Financial instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue.	Effective for annual reporting periods beginning on or after 1 January 2007.
• AASB 101 'Presentation of Financial Statements' - revised standard	Effective for annual reporting periods beginning on or after 1 January 2007.
• Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006.

The Company's financial report does not comply with IFRSs as the Company has elected to apply the relief provided to parent entities by AASB 132 Financial Instruments: Presentation and Disclosure in respect of certain disclosure requirements.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of Crusader do Brasil Mineracao Ltda is Brasilian Reals (BRLs)

Notes to the Annual Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable loss; or

- in respect of taxable temporary differences, associated with investments in subsidiaries, associates and interests in joint ventures and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of all unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of any unused tax credits and any unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; or

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and reduced to the extent that it has become probable that future taxable profit will allow the deferred tax credit to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Notes to the Annual Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Exploration and evaluation expenditure

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred.

Costs of acquisition of exploration areas of interest 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) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

(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 shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

Notes to the Annual Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, sick leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(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 which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are recognised inclusive of GST. 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods
Revenue from the sale of goods is recognised when the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Dividend and interest revenue
Dividend revenue from investments is recognised when the share holders right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Notes to the Annual Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Earnings per share

Basic earnings per share is determined by dividing the operating profit/(loss) after tax by the weighted average number of ordinary shares outstanding during the financial year.

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

(m) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as the Group in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses, profit and losses resulting from intra-group transactions have been eliminated in full.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(n) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The estimated useful lives for plant and equipment are 3 to 5 years.

Notes to the Annual Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Crusader Holdings NL, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks ; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

(p) Share-based payments

Equity-settled share based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details of how the fair value of equity –settled share transactions has been determined can be found in note 5.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

(q) Comparatives

Certain comparatives have been reclassified where necessary to be consistent with the current year's disclosures.

Notes to the Annual Financial Statements

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
3. Revenue and Expenses				
Revenue				
Interest revenue:				
Bank interest	120,502	105,558	107,816	105,558
Profit on sale of mining tenement	70,000	86,904	70,000	86,904
	190,502	192,462	177,816	192,462
Expenses				
Depreciation	20,110	785	1,823	785
Provision against investments	50,000	-	269,150	-
Provision against loans	-	-	1,520,890	418,142
Exploration expenditure written off	1,429,142	449,613	29,149	170,903
Share based payments	764,041	-	764,041	-

4. Income tax	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable:				
Loss from ordinary activities before income tax expense	(2,685,911)	(517,691)	(2,668,737)	(545,469)
Prima facie tax benefit on loss from ordinary activities at 30%	(805,773)	(155,307)	(800,621)	(163,641)
Tax effect on amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	-	191	-	191
	(805,773)	(155,116)	(800,621)	(163,450)
Movement in unrecognised temporary differences	162,145	8,368	579,873	125,969
Tax effect of current year tax losses for which no deferred tax asset has been recognised	643,628	146,748	220,748	37,480
Income tax expense	-	-	-	-
(b) Unrecognised temporary differences				
Deferred Tax Assets (at 30%)				
Tax effect of current year tax losses for which no deferred tax asset has been recognised				
Loans (provisions)	-	148,355	604,622	148,355
Investments	-	-	65,445	-
Accrued expenses	575,552	31,992	19,301	31,992
Prepaid expenses	1,898	1,163	1,898	1,163
Capital raising costs	17,077	25,101	17,077	25,101
Carry forward revenue tax losses	392,498	192,859	413,606	192,859
Carry forward foreign tax losses	575,254	131,264	-	-
	1,562,279	530,734	1,121,949	399,470
Deferred tax liabilities (at 30%)				
Investments	300	-	-	-
Capitalised tenement acquisition costs	145,269	66,379	116,288	66,379
	145,569	66,379	116,288	66,379

Notes to the Annual Financial Statements

4. Income tax continued

No tax is payable by the consolidated Group. The Group has $1,308,327 in income tax losses and $1,917,513 in foreign losses.

The deferred tax asset and deferred tax liability have not been brought to account as it is unlikely they will arise unless the company generates sufficient revenue to utilise them.

5. Share-based payments

The expense recognised in the income statement in relation to share-based payments is disclosed in note 3.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2007 No.	2007 WAEP	2006 No.	2006 WAEP
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	8,000,000	0.25	-	-
Forfeited during the year	-		-	-
Exercised during the year	-		-	-
Expired during the year	-		-	-
Outstanding at the end of the year	8,000,000	0.25	-	-
Exercisable at the end of the year	3,500,000	0.26	-	-

The outstanding balance as at 30 June 2007 is represented by:

2,000,000 options over ordinary shares with an exercise price of $0.25 each, exercisable on or before 22 August 2011;

2,000,000 options over ordinary shares with an exercise price of $0.25 each, exercisable 12 months after issue date and until 22 August 2011;

2,500,000 options over ordinary shares with an exercise price of $0.25 each, exercisable 24 months after issue date and until 22 August 2011;

1,000,000 options over ordinary shares with an exercise price of $0.30 each, exercisable on or before 21 January 2010;

500,000 options over ordinary shares with an exercise price of $0.25 each, exercisable on or before 22 August 2011;

The weighted average remaining contractual life for the share options outstanding as at 30 June 2006 is between 4 and 5 years (2006: Nil).

The range of exercise prices for options outstanding at the end of the year was between $0.25 – $0.30 (2006: Nil).

The weighted average fair value of options granted during the year was $0.13 (2006: Nil).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes options pricing model taking into account the terms and conditions upon which the options were granted.

Notes to the Annual Financial Statements

5. Share-based payments continued

The following table lists the inputs to the model used for the year ended 30 June 2007:

	2007	2007	2007
	$0.30 Options	$0.25 Options	$0.25 Options
Dividend yield (%)	-	-	-
Expected volatility (%)	60	60	60
Risk-free interest rate (%)	6.15	5.96	6.15
Expected life of options (years)	4.33	5	4.33
Option exercise price ($)	0.30	0.25	0.25
Weighted average share price at grant date ($)	0.20	0.25	0.20

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes options pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

6. Key management personnel compensation

Details of Key Management Personnel:
Mr D Archer (Chairman, non-executive director)
Mr R Smakman (Managing Director)
Mr J Evans (non-executive director)
Mr M Hodges (non-executive director)

Compensation of key management personnel:
The aggregate compensation made to key management personnel of the company and the group is set out below:

	Consolidated		**Company**	
	2007	2006	2007	2006
	$	$	$	$
Short-term employee benefits	245,174	120,700	245,174	120,700
Share-based payment	714,189	-	714,189	-
	959,363	120,700	959,363	120,700

Notes to the Annual Financial Statements

6. Key management personnel compensation continued

The compensation of each member of the key management personnel of the Group is set out below:

	Short-term employee benefits		Post employment benefits	Share-based payments		
	*Salary & Fees	Other benefits	Super-annuation	Options	Total	% consisting of options
Non-executive directors	$	$	$	$	$	%
D Archer						
2007	-	-	-	373,560	373,560	100%
2006	-	-	-	-	-	-
M Stowell**						
2007	-	-	-	-	-	-
2006	1,000	-	-	-	1,000	-
M Hodges						
2007	12,000	-	-	113,543	125,543	90%
2006	12,000	-	-	-	12,000	-
J Evans						
2007	12,000	-	-	113,543	125,543	90%
2006	12,000	-	-	-	12,000	-
Executive director						
R Smakman						
2007	207,610	13,564	-	113,543	334,717	34%
2006	95,700	-	-	-	95,700	-
Total Directors						
2007	231,610	13,564	-	714,189	959,363	74%
2006	120,700	-	-	-	120,700	-

* Included in Salary and Fees are amounts made available to related parties of directors.
** Resigned 2nd August 2005

Notes to the Annual Financial Statements

6. Key management personnel compensation continued
Compensation Options Granted and Vested during the Year (Consolidated)

Compensation options issued to Key Management Personnel in 2007 and vested during that year are shown below:

	Vested Number	Granted Number	Terms & Conditions for Each Grant: Grant Date	Value per Option at Grant Date	Exercise Price $	First Exercise Date	Last Exercise Date
Directors							
D Archer	1,000,000	3,500,000	28 July 06	$0.14	$0.25	28 July06	22 Aug 11
M Hodges	333,333	1,000,000	28 July 06	$0.14	$0.25	28 July06	22 Aug 11
J Evans	333,333	1,000,000	28 July 06	$0.14	$0.25	28 July06	22 Aug 11
R Smakman	333,333	1,000,000	28 July 06	$0.14	$0.25	28 July06	22 Aug 11
Total	2,000,000	6,500,000					

During the 2006 financial year there were no share options issued to Directors and Named Executives of the Company.

Shares issued on Exercise of Compensation Options

During the financial year, there were no shares issued on the exercise of compensation options.

Options holdings of key management personnel

	Balance at 1 July 06'	Granted as remuneration	Options exercised	Options Purchased	Net Change	Balance at 30 June 07'	Vested at 30 June 07'	Exercisable
Directors								
D Archer	-	3,500,000	-	-	3,500,000	3,500,000	1,000,000	1,000,000
R Smakman	721,664	1,000,000	(721,664)		278,336	1,000,000	333,333	333,333
M Hodges	606,666	1,000,000	(606,666)	-	393,334	1,000,000	333,333	333,333
J Evans	550,000	1,000,000	(550,000)	-	450,000	1,000,000	333,333	333,333
Total Directors	1,878,330	6,500,000	1,878,330	-	4,621,670	6,500,000	1,999,999	1,999,999
	Balance at 1 July 05'	**Granted as remuneration**	**Options exercised**	**Options Purchased**	**Net Change**	**Balance at 30 June 06'**	**Vested at 30 June 06'**	**Exercisable**
Directors								
D Archer	-	-	-	-	-	-	-	-
R Smakman	506,665	-	-	214,999	214,999	721,664	721,664	721,664
M Stowell (i)	516,666	-	-	-	-	516,666	516,666	516,666
M Hodges	606,666	-	-	-	-	606,666	606,666	606,666
J Evans	550,000	-	-	-	-	550,000	550,000	550,000
Total Directors	2,179,997	-	-	214,999	214,999	2,394,996	2,394,996	2,394,996

(i) resigned 2 August 2005

Notes to the Annual Financial Statements

6. Key management personnel compensation continued
Share holdings of key management personnel

	Balance at 1 July 06'	Granted as remuneration	Allotted for tenement	Shares Purchased	Shares Sold	Net change	Balance at 30 June 07'
Directors							
D Archer	-	-	-	-	-	-	-
R Smakman	1,260,000	-	-	730,664	-	730,664	1,990,664
M Hodges	420,000	-	-	793,332	-	793,332	1,213,332
J Evans	450,000	-	-	550,000	-	550,000	1,000,000
Total Directors	2,130,000	-	-	2,073,996	-	2,073,996	4,203,996

	Balance at 1 July 05'	Granted as remuneration	Allotted for tenement	Shares Purchased	Shares Sold	Net change	Balance at 30 June 06'
Directors							
D Archer	-	-	-	-	-	-	-
R Smakman	1,260,000	-	-	-	-	-	1,260,000
M Stowell (i)	900,000	-	-	-	-	-	900,000
M Hodges	420,000	-	-	-	-	-	420,000
J Evans	450,000	-	-	-	-	-	450,000
Total Directors	3,030,000	-	-	-	-	-	3,030,000

(i) resigned 2 August 2005

Loans to Kay Management Personnel (Consolidated)

There were no loans to key management personnel during the year.

Contracts for services of key management personnel

Robert Smakman is contracted as Chief Executive officer and Managing Director to the Group through his employment with Crusader do Brasil Mineracao Ltda. Mr Smakman is contracted for a minimum period of one year expiring 30 November 2007. The contract may be terminated by either party with 90 day's notice. Remuneration included in the contract is as follows:

- gross base salary of AUD$175,000 per annum
- a payment of either AUD$50,000 should the Crusader Holdings volume weighted average share price equal or exceed $0.50 during the last 10 trading days of November 2007 or $25,000 should the volume weighted average share price equal or exceed $0.40 during the last 10 trading days of November 2007.
- Mr. Smakman has been granted 1,000,000 options exercisable at a price equivalent to the volume weighted average share price of Crusader Holdings NL in the 10 days prior to 1 March 2007 plus 15%. The options are to vest as follows, 500,000 on 1 December 2007 and 500,000 on 1 December 2008.
- Other in-country costs including relocation, return trips to Australia and reasonable expenses will also be met by the company.
- should this contract be terminated, for the reasonable costs of relocating back to Australia.

Notes to the Annual Financial Statements

6. Key management personnel compensation continued

Specific transactions with directors and director related entities

There were no specific transactions with directors and director related entities during the financial year or prior financial year.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
7. Remuneration of Auditor				
Auditing the financial report	28,661	11,807	28,661	11,807
Other services	-	-	-	-
	28,661	11,807	28,661	11,807
8. Trade and other receivables				
Current				
Trade and other receivables	27,958	22,467	26,117	22,467
9. Other financial assets				
Non-current				
Controlled entity	-	-	219,153	1
Provision against investment	-	-	(219,150)	-
Listed investment at market value	111,000	-	111,000	-
Unlisted investment at cost	50,000	50,000	50,000	50,000
Provision for impairment	(50,000)	-	(50,000)	-
	111,000	50,000	111,003	50,001

During the year the company acquired the remaining 6% shareholding in their Brazilian subsidiary, Crusader do Brasil Mineracao Ltda for a consideration valued at $219,150 consisting of 750,000 ordinary shares and 1,000,000 options exercisable at 30 cents on or before 21 January 2010.

The Company also acquired two subsidiary companies, Cascar Resources Pty Ltd and Atomico Pty Ltd for a consideration of $1 each. The companies had no assets or liabilities at the date of acquisition.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
10. Capitalised exploration costs				
Exploration assets:				
Costs brought forward	230,955	212,154	226,263	207,931
Expenditure during the year	1,682,418	466,414	190,514	189,235
Expenditure expensed	(1,429,142)	(449,613)	(29,149)	(170,903)
Costs carried forward	484,231	230,955	387,628	226,263

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
11. Loans				
Loan – controlled entities	-	-	2,504,821	500,247
Provision against loan	-	-	(2,015,407)	(494,517)
	-	-	489,414	5,730

Notes to the Annual Financial Statements

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
12. Plant and equipment				
Balance at the beginning of the year	4,289	2,183	4,289	2,183
Additions	173,655	2,891	8,600	2,891
Disposals	-	-	-	-
Depreciation	(20,110)	(785)	(1,823)	(785)
Carrying amount at the end of the year	157,834	4,289	11,066	4,289
Cost	179,001	5,346	13,947	5,346
Accumulated depreciation and impairment	(21,167)	(1,057)	(2,880)	(1,057)
Net carrying amount	157,834	4,289	11,066	4,289
13. Trade and other payables				
Current				
Trade payables and accruals	230,083	159,923	102,570	159,923

Trade payables are non-interest bearing and are normally settled on 30 day terms.

14. Contributed Equity and Reserves
Ordinary shares issued and fully paid
34,860,749 (2006: 20,755,675)

	Consolidated No.	Consolidated $	Company No.	Company $
Movement in ordinary shares on issue				
At 30 June 2006	20,755,675	2,690,000	20,755,675	2,690,000
At 30 June 2007	34,860,749	5,434,766	34,860,749	5,434,766

Fully paid ordinary shares carry one vote per share and the right to receive dividends.

Fully paid Ordinary Share Capital	2007 Number	2007 $	2006 Number	2006 $
Balance at the start of the financial year	20,755,675	2,690,000	20,755,675	2,690,000
Shares issued on exercise of options	12,605,074	2,521,016	-	-
Shares issued for tenement acquisition	750,000	150,000	-	-
Shares issued to acquire minority interest	750,000	153,750	-	-
Capital raising costs	-	(80,000)	-	-
Balance at end of the financial year	34,860,749	5,434,766	20,755,675	2,690,000

Notes to the Annual Financial Statements

14. Contributed Equity and Reserves continued

Share options on issue

Outstanding options at 30 June 2007 are as follows:

- 7,000,000 options exercisable at 25 cents each on or before 22 August 2011.
- 1,000,000 options exercisable at 30 cents each on or before 21 January 2010.

Nature and purpose of reserves
Share based payment reserve
The share based payment reserve is used to recognise the fair value of options issued.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

General reserve
This reserve is used to record movements in the fair value of available for sale investments.

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Reserves				
Share based payment reserve	892,096	62,655	892,096	62,655
Foreign currency translation reserve	(41,478)	(30,831)	-	-
General reserve	51,000	-	51,000	-
Minority interest	-	1,850	-	-
	901,618	33,674	943,096	62,655
Movements:				
Foreign currency translation reserve				
Balance at beginning of year	(30,831)	(7,454)	-	-
Currency translation differences arising during the year	(10,647)	(23,377)	-	-
Balance at end of year	(41,478)	(30,831)	-	-
Share based payments reserve				
Balance at beginning of year	62,655	62,655	62,655	62,655
Option expense	829,441	-	829,441	-
Balance at end of year	892,096	62,655	892,096	62,655
General reserve				
Balance at beginning of year	-	-	-	
Unrealised gain on available for sale investment	51,000	-	51,000	-
Balance at end of year	51,000	-	51,000	-
Minority Interest				
Balance at beginning of year	1,850	447	-	-
Minority interest acquired	(1,850)	1,403	-	-
Balance at end of year	-	1,850	-	-

Notes to the Annual Financial Statements

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
15. Accumulated Losses				
Movements in accumulated losses were as follows:				
Balance 1 July 2006	(859,122)	(364,853)	(917,774)	(372,305)
Net loss for the year	(2,685,911)	(494,269)	(2,668,737)	(545,469)
Balance 30 June 2007	(3,545,033)	(859,122)	(3,586,511)	(917,774)

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
16. Minority interests				
Movements in minority interests were as follows:				
Balance brought forward	(29,672)	(4,847)	-	-
Loss to date of sale	(70,830)	(23,422)	-	-
Translation reserve	3,252	(1,403)	-	-
Disposal of minority interest	97,250	-	-	-
Minority interest in subsidiary company	-	(29,672)	-	-

17. Earnings per share	2007	2006
	$	$
Basic loss per share amounts are calculated by dividing net loss for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.		
The following reflects the income and share data used in the basic loss per share computations:		
Net loss attributable to ordinary equity holders of the parent	(2,685,911)	(494,269)
	2007 Cents per share	**2006 Cents per share**
	(9.39)	(2.38)
	No. 000's	**No. 000's**
The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share	28,593	20,576

Shares to be issued under options are not considered to be dilutive. The diluted earnings per share is therefore the same as basic earnings per share.

Notes to the Annual Financial Statements

18. 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 Government authorities. 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 mineral 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, assuming all applications are granted, the company will be required to outlay in 2007/8 amounts of approximately $656,378. These are expected to be fulfilled in the normal course of operations.

19. Interests in Joint Ventures

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

		Ownership Interest	
Joint Venture	**Principal Activity**	**2007**	**2006**
Kiaby Well	Gold and metals exploration	-	Earning up to 60%
Parker Range	Gold Exploration	80%	80%
Fair Adelaide	Gold & base metals exploration	80%	80%

During the year the company disposed of its interest in Kiaby Well for a consideration of $70,000.

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.

The company has no expenditure commitments, beyond Mines Department Minimum expenditure to maintain its interests in the Parker Range and Fair Adelaide joint ventures.

20. Controlled entities

	Country of	Ownership Interest	
Name of entity	**Incorporation**	**2007**	**2006**
Parent entity			
Crusader Holdings NL	Australia		
Controlled entities			
Brazil Minerals Pty Ltd	Australia	100%	100%
Atomico Pty Ltd	Australia	100%	-
Cascar Resources Pty Ltd	Australia	100%	-
Crusader do Brazil Mineracao Ltda	Brazil	100%	94%

At acquisition date the controlled entities had no assets or liabilities other than those arising from the issue of nominal amount of share capital.

Notes to the Annual Financial Statements

20. Controlled entities continued

During the year the Company acquired the remaining 6% share capital of its Brazilian subsidiary, Crusader do Brasil Mineracao Ltda through the issue of 750,000 ordinary shares and 1 million options. The consideration amounted to $269,150 for which provision for impairment has been made in full. Disclosure relating to the 6% acquisition is set out in note 24.

21. Related party transactions

(a) Equity interests in related parties
Equity interests in subsidiaries
Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 to the financial statements

Equity interests in joint ventures
Details of interests in joint ventures are disclosed in note 19 to the financial statements.

(b) Transactions with key management personnel
i. Key management personnel compensation
Details of key management personnel compensation are disclosed in note 6 to the financial statements.

Notes to the Annual Financial Statements

22. Segment reporting

The economic entity operates in the minerals exploration industry in Australia and in Brazil.

The following table presents the revenue and loss information regarding geographical segments for the years ended 30 June 2007 and 30 June 2006.

Primary reporting —Geographical segments – 2007	Australia	Brazil	Total
REVENUE	$	$	$
External revenue	177,816	12,686	190,502
Total segment revenue	177,816	12,686	190,502
RESULT			
Segment loss	(1,175,034)	(1,510,877)	(2,685,911)
Income tax expense	-	-	-
Loss after income tax	(1,175,034)	(1,510,877)	(2,685,911)
ASSETS			
Segment assets	2,404,504	616,930	3,021,434
Acquisition of segment assets	260,895	246,036	506,931
LIABILITIES			
Segment liabilities	102,570	127,513	230,083
OTHER			
Depreciation and amortisation	1,823	18,287	20,110

Primary reporting —Geographical segments – 2006	Australia	Brazil	Total
	$	$	$
REVENUE			
External revenue	192,462	-	192,462
Total segment revenue	192,462	-	192,462
RESULT			
Segment loss	(127,327)	(366,942)	(494,269)
Income tax expense	-	-	-
Loss after income tax	(127,327)	(366,942)	(494,269)
ASSETS			
Segment assets	1,989,074	5,729	1,994,803
Acquisition of segment assets	71,692	-	71,692
LIABILITIES			
Segment liabilities	159,923	-	159,923
OTHER			
Depreciation and amortisation	785	-	785

Notes to the Annual Financial Statements

23. Notes to the cash flow statement

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
(a) Reconciliation of cash and cash equivalents				
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June				
Cash at bank	2,233,361	1,687,091	1,868,693	1,686,053

Cash at bank comprises a fixed rate one month term deposit of $1,000,000. The remainder earns interest at floating rates based on daily bank deposit rates

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
(b) Reconciliation of net loss after tax to net cash flows from operations				
Net loss	(2,685,911)	(494,269)	(2,668,737)	(545,469)
Adjustments for:				
Share based income	(60,000)	-	(60,000)	-
Depreciation	20,110	785	1,823	785
Exploration expenditure expensed	1,429,142	449,613	29,149	170,903
Provision against loans	-	-	1,520,890	418,141
Provision against investments	50,000	-	269,150	-
Share-based payments	764,041	-	764,041	-
Goodwill on acquisition	316,400	-	-	-
GST on exploration expenditure	(14,806)	6,580	(14,806)	-
Foreign currency translation	4,423	34,902	-	-
Minority interests	(70,830)	(23,422)	-	-
Changes in net assets and liabilities net of effect of acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	(10,700)	(4,736)	(3,650)	(4,736)
Increase/(decrease) in liabilities:				
Current payables	53,805	103,179	53,805	103,179
Cash from/(used in) operating activities	(204,326)	72,632	(108,335)	142,803

Notes to the Annual Financial Statements

24. Non-cash transactions

During the year the company settled on the acquisition of the Lake Throssell uranium tenement at a total cost of $155,000 plus GST. In addition to a cash deposit of $5,000 the acquisition was settled by the Company through the issue of 750,000 ordinary shares at a price of 20 cents per share.

During the year the company acquired the 6% equity share in its subsidiary, Crusader do Brasil Mineracao Ltda, which it did not already hold through the issue of 750,000 ordinary shares and 1,000,000 unlisted options exercisable at 30 cents per share on or before 21 January 2010.

During the year the company sold the Kiaby Well tenement for $70,000. The company received $10,000 cash and $60,000 through the transfer to the company of 300,000 fully paid ordinary shares in Silver Swan Group Limited at a deemed price of 20 cents per share.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Exploration assets	150,000	-	150,000	-
Investment in controlled entity	219,150	-	219,150	-
Cost of shares and value of options issued for acquisition of Crusader do Brasil Mineracao Ltda	219,150			
Net liabilities acquired	97,250			
Goodwill on acquisition	316,400			

A provision for impairment has been made in full for the 6% investment in Crusader do Brasil Mineracao Ltda during the year.

Goodwill on acquisition has been expensed in full during the year.

25. Subsequent events

Since the end of the financial year the Company has placed 9,500,000 ordinary shares at an issue price of 75 cents per share to raise $7,125,000. The funds will be used to progress the Company's Brazilian and Australian exploration projects including the Posse Iron ore and Manga Tin Indium projects in Brazil.

The Company issued one free option for every two shares issued in the Placement with the following terms and conditions:

- a term of three years from the date of their issue;
- an exercise price of $1.00 per option on or before 12 September 2010; and,
- a vesting date of 12 September 2008.

The Company also issued 1,000,000 options for no consideration to R Smakman as part of his employment contract. The options are exercisable at 28 cents each on or before 22 August 2011.

Since the end of the financial year the Company has exercised its option to acquire the Posse Iron Ore project in Brazil at a cost of approximately AUD$3.4million.

Notes to the Annual Financial Statements

26. Financial instruments

(a) Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(b) Credit Risk
The economic entity 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 economic entity makes adequate provisions where necessary.

(c) Interest Rate Risk
The following table details the economic entity's exposure to interest rate risk.

2007	**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 and cash equivalents	5.73%	1,233,361	1,000,000	-	-	2,233,361
Trade and other receivables	-	-	-	-	27,958	27,958
Deposits	-	-	-	-	7,050	7,050
Investments	-	-	-	-	111,000	111,000
		1,233,361	1,000,000	-	146,008	2,379,369
Financial Liabilities						
Trade and other payables	-	-	-	-	230,083	230,083
Net financial assets/(liabilities)		1,233,361	1,000,000	-	(84,075)	2,149,286

2006	**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 and cash equivalents	5.65	1,687,091	-	-	-	1,687,091
Trade and other receivables	-	-	-	-	22,467	22,467
Investments	-	-	-	-	50,000	50,000
		1,687,091	-	-	72,467	1,759,558
Financial liabilities						
Trade and other payables	-	-	-	-	159,923	159,923
Net financial assets/(liabilities)		1,687,091	-	-	(87,456)	1,599,635

Notes to the Annual Financial Statements

26. Financial instruments continued

Reconciliation of net financial assets to net assets

	2007 $	2006 $
Financial assets	2,379,369	1,759,558
Property, plant and equipment	157,834	4,290
Exploration expenditure	484,231	230,955
Total assets	3,021,434	1,994,803
Financial liabilities	(230,083)	(159,923)
Net assets	2,791,351	1,834,880

(c) Net Fair Values
The carrying amounts of bank term deposits, other debtors and accounts payable approximate net fair value.

(d) Foreign exchange risk
The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Approximately 70% of all purchases are made by the operating unit in Brasilian Reals (BRL). The exposure to foreign exchange fluctuations is managed by operating a bank account denominated in the local currency.

27. Contingent liabilities

The economic entity is not aware of any contingent liabilities which existed as at the end of the financial year or have arisen as at the date of this report.

DIRECTORS' DECLARATION

The directors declare that:

(a) 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;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2007 and performance of the company and the consolidated entity; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Robert Smakman

Managing Director
Perth
28 September 2007

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CRUSADER HOLDINGS NL

Report on the Financial Report

We have audited the accompanying financial report of Crusader Holdings NL, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2 (b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards, but that the financial report of the Company does not comply.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

1. In our opinion:

(a) the financial report of Crusader Holdings NL is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 2 (b).

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

J P Van Dieren
Director

West Perth, Western Australia
28 September 2007

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28 September 2007

Board of Directors
Crusader Holdings NL
20 Howard Street
PERTH WA 6000

Dear Directors

RE: CRUSADER HOLDINGS NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Crusader Holdings NL.

As Audit Director for the audit of the financial statements of Crusader Holdings NL for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

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 shareholder of 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.

Corporate Governance Statement and Compliance with Principles of Good Corporate Governance

Having regard to the above criteria, all non-executive directors are independent. Robert Smakman is the Managing Director and CEO and as such is not an independent director.
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 Archer, 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 chairman of the company is a non-executive, independent director.
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 non-executive 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.

Corporate Governance Statement
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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 managing director as chief executive officer and the chief financial officer 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.

Corporate Governance Statement
and Compliance with Principles of Good Corporate Governance

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.

Corporate Governance Statement and Compliance with 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.

ADDITIONAL STOCK EXCHANGE INFORMATION

The additional information dated 24 October 2007 is required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Distribution of Shareholders

	Number
1 - 1,000	10
1,001 - 5,000	67
5,001 - 10,000	87
10,001 - 100,000	271
100,001 and over	71
TOTAL	506

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

Twenty Largest Shareholders

Shareholder	Number of Shares	Percentage
HSBC Custody Nominees Limited	5,591,206	12.60
Copulos Super Pty Ltd	2,000,000	4.51
PR & JA Stephen	1,526,000	3.44
Vitor Pty Ltd	1,452,765	3.27
Gwynvill Trading Pty Limited	1,211,416	2.73
Race Capital Pty Ltd	1,068,133	2.41
Arnold Olschyna	1,000,000	2.25
R & M Stephen	1,000,000	2.25
Murray Hodges Pty Ltd	975,000	2.20
Blue Bone Enterprises Pty Ltd	900,000	2.03
Melselina Pty Ltd	720,000	1.62
Kaslam Pty Ltd	633,333	1.43
Vitor Pty Ltd	600,000	1.35
Ascot Park Enterprises Pty Ltd	500,000	1.13
Kathryn Yule	500,000	1.13
ANZ Nominees Limited	481,997	1.09
Melselina Pty Ltd	455,000	1.03
David Totterdell	450,000	1.01
Adams Securities Pty Ltd	415,000	0.94
Blue Bone Enterprises Pty Ltd	400,000	0.90
	21,879,850	49.32

Substantial Shareholders

Shareholder	Number of Shares	Percentage
HSBC Custody Nominees Limited	5,591,206	12.60

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 ASX Limited. The home exchange is Perth.

Schedule of Mining Tenements

Australia

Name	Ref	Ownership
Dev's Reward	M 77/948	80%
Constance Una	P 77/3415-1316	80%
Dulcie	P 77/3478-3479	80%
Lake Throssell	ELA 38/1902	100%
Lake Throssell	ELA 38/1904	100%
Lake Throssell	ELA 38/1910	100%
Lake Throssell	E 38/1476	100%
Lake Throssell	ELA 38/1775	100%
Lake Throssell	ELA 38/1807-1808	100%
Devlins Reward East	ELA 77/1233	80%
Mountain Devil	MLA 77/1011- 1012	80%
Cheritons	MLA 77/1037	80%
Dev's Reward	MLA 77/730	80%
Sue Elizabeth	MLA 77/806	80%
Dulcie	MLA 77/917	80%
Ripper	MLA 77/919-921	80%
Golden Cube	MLA 77/972	80%
Constance Una	PLA77/3548	80%
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	EL77/1153	80%
Fair Adelaide	P24/4051-P24/4059	80%

Brazil

Name	Ref	Ownership
Mara Rosa	860032	100%
Igaracy	846138	100%
Igaracy	846137	100%
Diamante- Ibiara	846124	100%
Diamante- Ibiara	846125	100%
Diamante- Ibiara	846133	100%
Diamante- Ibiara	846129	100%
Manaira	846132	100%
Manaira Princesa Isabel	846127	100%
Espinharas	846140	100%
Espinharas	846128	100%
Espinharas	846136	100%
Espinharas	846134	100%
Princesa Isabel	846139	100%
Princesa Isabel	846135	100%
Princesa Isabel	846130	100%
Princesa Isabel	846131	100%
Princesa Isabel	846126	100%

Schedule of Mining Tenements

Brazil

Name	Ref	Ownership
Alto Horizonte	860816	100%
Catingueira	846075	Option to earn 90%
Catingueira	846227	Option to earn 90%
Condado- Catingueira	846175	100%
Manaira	846187-88	100%
Manaira	840154	Option to earn 100%
Manaira	840367	Option to earn 100%
Mara Rosa	860815	100%
Mara Rosa	860814	100%
Monte Alegre	860274	100%
Monte Alegre	860861-66	100%
Monte Alegre	860942-43	100%
Monte Alegre	860945	100%
Nova Roma	860857-60	100%
Nova Roma	860867	100%
Nova Roma	860944	100%
Pilar de Goias	860275	100%
Pilar de Goias	860847-56	100%
Princesa Isabel	846121	100%
Princesa Isabel	846123	100%
Princesa Isabel	846186	100%
Princesa Isabel	840360	Option to earn 100%
Princesa Isabel- Tavares	846122	100%
Sao Jose de Princesa	846174	100%
Sao Jose de Princesa	846305	Option to earn 100%
Sao Jose de Princesa- Manaira	846184	100%