

18 August, 2008

Posse Iron Project Update

- **Scoping evaluations highlight potential for Resource upgrade**
- **Licensing is being fast-tracked for early 2009 approvals**
- **Favourable metallurgical assessments**
- **Mining targeted for Q2 2009**

Crusader Resources Ltd (ASX:CAS) (Crusader) has made significant progress in bringing the Posse Iron project in Minas Gerais in Brazil towards production. This release aims to update shareholders on the current status of work on the project.

Scoping Study

Crusader has retained Coffey Mining as the author of a scoping study to investigate the mining, geology, marketing and economics of Posse. To date, Coffey's work has identified a number of areas where additional work could enhance the economics of the project. This includes updated metallurgical results and new information on the staged licensing process (see details below).

Coffey has advised, after analysing the work completed by Crusader and SRK that re-modelling the geology could increase the resource inventory at Posse. Coffey believes that the initial assessment may have under-estimated the total tonnage and Fe grade and over-estimated the silica content. Crusader has independently verified this and has agreed to a new set of terms for the scoping study which includes re-estimating the resource.

Preliminary pit optimisations were positive and Coffey has highlighted the potential to increase the tonnages of ore mined if the pit boundary is extended into the neighbouring tenement. Crusader has made an approach to the neighbour and has provided technical data to allow an assessment of the access proposal.

Finally, Coffey has suggested further work on the specific gravity which appears low in comparison to regional averages. Crusader will provide several new samples for further test-work to establish this number with more confidence.

Given the new information being incorporated into the scoping study, Crusader now expects the results to be ready in November.

Licensing

To achieve the planned production at Posse, Crusader needs to receive licenses from both the state environmental agency and mines department. A preliminary license has been sought which will allow Crusader to produce up to 300,000tpa from Posse, after which a full mining license should be granted and Crusader can then operate at the planned capacity of 800,000 - 1,000,000tpa, subject to the results of the scoping study.

Crusader has lodged the necessary documents to begin the approvals for both processes and expect to have approvals from both departments early in 2009. This is a little later than expected due to a recent strike at the mines department, which has delayed many applications, and an unprecedented level of activity in the mines department due to strong demand for resource development approvals.

Metallurgy

Crusader has received the results of three samples sent to an independent metallurgical laboratory. These samples were approximately 50kg each and covered three types of the mineralisation from drill core including Itabirite 1, Itabirite 2 and compact Itabirite.

The Itabirite 1 sample, which represents greater than 90% of the Posse deposit, showed excellent recoveries. The results show a high grade product (60-68% Fe) can be achieved for the sinter and pellet feed fractions and suggest that gravity separation and/or magnetic separation of the ore could be the optimal processing method. Crusader also expects to get good recoveries from the coarse or lump fraction from the high grade hematite mineralisation. Further work to further define the optimal beneficiation route is underway.

Summary

Progress at Posse has continued over the past few months with new information being constantly incorporated towards our goal of making a decision to mine. At this stage, Crusader anticipates that the scoping study will be delivered in November at which point it will be in a position to make a decision on mine development at Posse. Providing all the prerequisites are met, Crusader expects to be in a position to start mining in the second quarter of 2009.

About Crusader

Crusader Resources Ltd (ASX:CAS) (Crusader) is a minerals exploration company focussed on the identification, acquisition and development of projects in Brazil. The Company has a diverse portfolio of projects including iron ore, tin, gold, tungsten and uranium. Crusader applies leading edge exploration skills to the discovery of new assets and continues to utilise its strong networks in Brazil to identify new opportunities.

The company's most mature project is the Posse Iron Project which is located in the Iron Quadrilateral in the state of Minas Gerais, 30km from the regional capital and iron ore mining centre of Belo Horizonte. Crusader has recently completed a maiden inferred resource on Posse which defined 7.7Mt at 45% Fe. Crusader is now working through a scoping study.

Crusader recently strengthened its iron ore focus through a strategic partnership with Canadian company G4G Resources Ltd. The companies will work together to acquire iron ore fines in Brazil as feedstock for the production of saleable iron units utilising the Finesmelt™ process.

The Manga Tin-Indium project is in the Goias Tin province, located in the northeast of Goias state approximately 300km from the national capital of Brasilia. Several significant areas of garimpiero workings have been mapped, sampled and drilled. Crusader is using remote sensing techniques

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together with local knowledge to manage this prospective project. The project is also highly anomalous in indium, an emerging “new metal” with particular application in flat screen displays.

The Tarantula Tungsten project is located in Rio Grande do Norte state, northeast Brazil. The project comprises an area of 13.2 square kilometres within the Serido Tungsten Province and covers the geological extension to the mine sequence of several important tungsten mines.

Crusader also has an extensive portfolio of gold properties located in the state of Paraiba in the northeast of Brazil. These projects include significant historic production (to 150,000ozs) and display regional structural settings that are highly favourable for significant gold mineralisation.

In Australia, Crusader retains a portfolio of projects prospective for palaeochannel uranium and Archaean gold and nickel.

Crusader Resources Ltd has 44,560,749 ordinary shares on issue.

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