

30<sup>th</sup> January 2009

## DECEMBER 2008 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS:

- Posse iron deposit Indicated and Inferred Resource quadrupled to 36 million tonnes at an average grade of 43.5% iron (May 2007 Resource 7.7M t)
- Sale of Southern Cross gold project.

### Posse Iron Ore Project, Minas Gerais, Brazil (CAS 100%)

During the quarter, Crusader Resources Ltd (ASX:CAS) (Crusader) reported a major increase in the JORC compliant resource estimate at the Posse Iron project in Minas Gerais. An Indicated and Inferred Mineral Resource of 36.02 million tonnes at an average grade of 43.5% iron has been estimated by Coffey Mining.

This new estimate is more than four times the previous estimate of 7.7Mt @ 45% iron which was prepared in May last year. The increase is largely due to the re-modelling of the geology and the extension of the inferred resource boundary to the south and at depth. This increase in tonnes has been achieved without a significant change in the overall resource grade.

**Table 1. January 2009 Mineral Resource table for Posse Iron Project**

	Tonnes	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Mn	P	LOI*
	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
<b>Indicated Resources</b>	<b>4.83</b>	<b>47.39</b>	27.56	1.82	0.25	0.020	1.38
<b>Inferred Resources</b>	<b>31.18</b>	<b>42.89</b>	36.17	0.61	0.17	0.026	0.73
<b>Total</b>	<b>36.02</b>	<b>43.50</b>	35.02	0.77	0.18	0.024	0.82

\*LOI is the loss on Ignition.

*The Inverse Power of Distance (IDW2) method of estimation has been used to obtain estimates of iron (Fe), silica (SiO<sub>2</sub>), aluminium (Al<sub>2</sub>O<sub>3</sub>), manganese (Mn), phosphorus (P) and loss of ignition (LOI) grades. The grade estimate has been classified as an Indicated and Inferred Mineral Resource based on the guidelines set out in the JORC Code (2004). No cutoff was applied to the estimation.*

*Grade was estimated within a mineralised envelope based on geological interpretation, measured bulk density values and drill assay results from the SGS Geosol Laboratory located in Belo Horizonte- Brazil.*

The new estimate has been incorporated in the Scoping Study which Coffey Mining is close to completing. Licensing of the project at the mines and environmental departments is continuing.

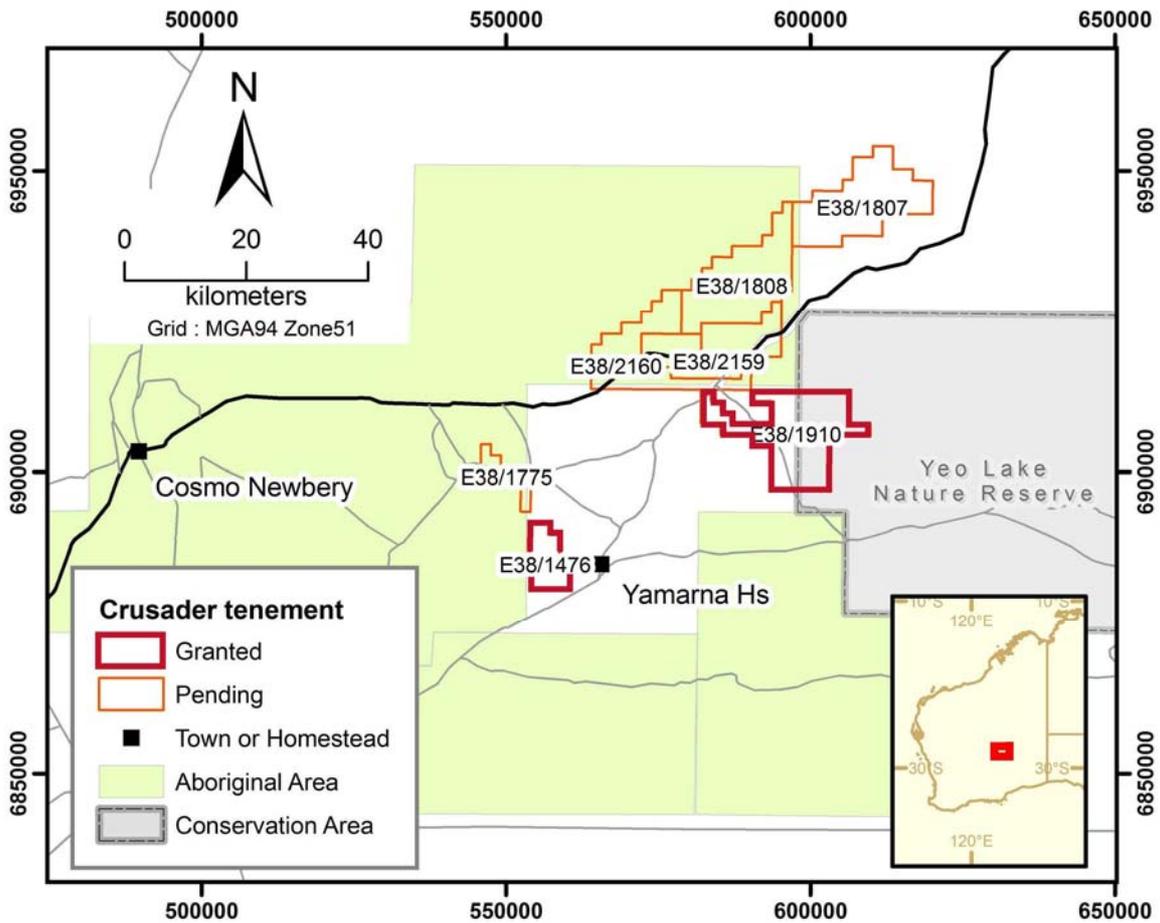
### Other projects in Brazil (CAS 100%)

No exploration work was carried out on these projects during the quarter. While Crusader continues to believe in the geological potential of these projects, it believes that shareholders would be better served through the sale or joint venture of these projects. To this end, Information Memorandums have been prepared on the Juru Belem gold project, the Tarantula tungsten project and the Ouro Belo tin/gold/indium project.

### Lake Throssell, Western Australia (CAS 100%)

In November 2008, one of Crusader’s Lake Throssell tenements (E38/1910) was granted.

The tenement is located to the south of the Laverton – Warburton Road and extends into the Yeo Lake Nature Reserve. Crusader’s Lake Throssell tenements are shown on the diagram below:



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## Southern Cross Gold, Western Australia (CAS 80-100%)

Crusader has agreed to sell all of its tenements in the Parker Range district near Marvel Loch to the ASX listed Southern Cross Goldfields (ASX:SXG). Crusader will receive 750,000 Southern Cross Goldfields ordinary shares on transfer of the title. The sale is expected to be completed in the first quarter of 2009. A list of the tenements to be sold is shown below:

Tenement Number	Area (Ha)	Interest Being Sold
M77/581	10	100%
E77/1153	7 blocks	80%
M77/806 (P77/3660)	10	80%
M77/921 (P77/3661)	2	80%
M77/972 (P77/3662)	8	80%
P77/3416	186	80%
P77/3478	1	80%
P77/3479	5	80%
P77/3548	9	80%
P77/3654	74	80%
P77/3655	3	80%
P77/3656	184	80%
P77/3657	10	80%
P77/3658	8	80%
P77/3659	10	80%
E77/1233	1 block	90%
M77/730 (P77/3663, P77/3664)	283	90%
M77/948	20	90%

## Corporate

Crusader has a cash balance of AUD\$1.7 million at 31<sup>st</sup> of December. There are 44,664,081 ordinary shares on issue. Crusader continues to carefully monitor the cash balance of the company and has made a number of important operating reductions including significant cuts in board fees, executive salaries and staff numbers.

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## About Crusader

Crusader Resources Ltd (ASX:CAS) 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 upgraded the Mineral Resource estimate at Posse to 36Mt at 43.5% Fe which is now the subject of a scoping study.

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

The Ouro Belo Tin-Indium-Gold project covers more than 400km<sup>2</sup> 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 identified, mapped and sampled. Crusader has recently drilled the Manga prospect and continues exploration activities at other regional prospects.

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 44,664,081 ordinary shares on issue.

*The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr. Robert Smakman, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of the company. Mr. Smakman has sufficient experience in the type of deposits under consideration and the activities being undertaken to qualify as a Competent Person as defined in the December 2004 Edition of the Australasian Code for reporting of Exploration Results, Minerals Resources and Ore Reserves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears*

*The information in this report that relates to Mineral Resources is based on and accurately reflects, information compiled by Mr Bernardo Viana who is a full time employee of Coffey Mining Pty Ltd and a Member of the Australian Institute of Geoscientists. Mr Viana has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Viana consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**Crusader Resources Limited**

ABN

94 106 641 963

Quarter ended ("current quarter")

31 December 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	30	55
1.2 Payments for (a) exploration and evaluation	(294)	(805)
(b) development	-	-
(c) production	-	-
(d) administration	(276)	(711)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	39	93
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(501)</b>	<b>(1,368)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) exploration	-	-
(b) mining tenements	-	-
(c) other fixed assets	(7)	(58)
1.9 Proceeds from sale of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(7)</b>	<b>(58)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(508)</b>	<b>(1,426)</b>

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1.13	Total operating and investing cash flows (brought forward)	(508)	(1,426)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	21
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital raising costs	-	-
	<b>Net financing cash flows</b>	-	21
	<b>Net increase (decrease) in cash held</b>	(508)	(1,405)
1.20	Cash at beginning of quarter/year to date	2,232	3,149
1.21	Exchange rate adjustments to item 1.20	(16)	(36)
1.22	<b>Cash at end of quarter</b>	1,708	1,708

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	89
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of accrued salary and benefits to managing director. Payment of directors' fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

A bank guarantee for \$25,000 in favour of Sons of Gwalia Limited has been executed by the Companys' bankers

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
<b>Total</b>		<b>250</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	758	1,232
5.2 Term deposits	950	1,000
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,708</b>	<b>2,232</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
	<u>Brazil</u> 846124 846125 846129 846122 846131	Direct ownership in wholly owned subsidiary.	100%	0%
6.2	Interests in mining tenements acquired or increased			

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	44,664,081	44,664,081		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	6,800,000	-	25 cents	22 August 2011
	1,000,000	-	30 cents	21 January 2010
	4,950,000	-	\$1.00	12 September 2010
	1,000,000	-	28 cents	22 August 2011
	1,000,000	-	76 cents	5 May 2011
	250,000	-	62 cents	15 May 2010
	310,000	-	82 cents	5 August 2011
	1,000,000	-	65 cents	31 December 2012
7.8 Issued during quarter	1,000,000	-	65 cents	31 December 2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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