

CRUSADER RESOURCES LIMITED

A.C.N. 106 641 963

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2008

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CRUSADER RESOURCES LIMITED

CORPORATE INFORMATION

Directors

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

Company Secretary

Philip MacLeod

Registered office

Suite 2, Level 2,
35 Havelock Street
West Perth WA 6005
Australia

Principal place of business

Suite 2, Level 2
35 Havelock Street
West Perth WA 6005
Australia
Telephone: +61 8 9320 7500
Facsimile: +61 8 9320 7501

Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9375 7000
Facsimile: +61 8 9365 7001

Bankers:

Bank of Western Australia Limited
Perth Business Banking Centre
Level 30, Bank West Tower
108 St George's Terrace
Perth WA 6000

Share Register

Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6959
Telephone: +61 8 9315 0933
Facsimile: +61 8 9315 2233

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

ASX Code:

Ordinary shares - CAS

CRUSADER RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Crusader Resources Limited submit herewith the financial report of Crusader Resources Limited and its subsidiaries (the Group) for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name	
Mr. D. Archer	Chairman
Mr. R. M. Smakman	Managing Director
Mr. J. Evans	Non-executive Director
Mr. M. Hodges	Non-executive Director

The above named directors all held office during and since the end of the half-year.

REVIEW OF OPERATIONS

- (a). Overview
The Group operates as a mineral explorer in Brazil and Western Australia. Crusader's main development opportunity is the Posse Iron Project in the south eastern Brazilian state of Minas Gerais. Exploration projects include the Ouro Belo tin/indium/gold project and the Jurú-Belém Gold Project in the Borborema region of north eastern Brazil. Crusader has recently acquired a small tungsten project in the north eastern state of Rio Grande do Norte.

In Australia, Crusader has a uranium project at Lake Throssell and the Fair Adelaide gold nickel project, both located in Western Australia.

Exploration has slowed on most of our projects due to the changing economic conditions. Crusader is focusing on the Posse Iron Project as a potential early cash-flow operation.

- (b). Review of operations:
The Group incurred an after tax loss for the half-year ended 31 December 2008 of \$2,145,793 (31 December 2007: \$1,561,637).

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

Crusader has 100% ownership of the Posse Iron Project located within the northern part of the Iron Quadrilateral of Minas Gerais state, Brazil. The Posse project is located 30km from Belo Horizonte, the capital city of Minas Gerais state. Belo Horizonte is a major city providing infrastructure to the local mining industry which is well established in the area.

Crusader advanced the Posse Project during the half-year through the continued study of the Project's feasibility. A resource estimation, the initiation of a Scoping Study and preliminary metallurgical work has advanced the Project to the point where mining and environmental approvals are being sought.

On completion of the Scoping Study and the receipt of all of the necessary licensing, Crusader will consider the initiation of a mining operation at Posse.

CRUSADER RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Ouro-Belo tin/indium/gold Project, Goias, Brazil (CAS 100%)

The Ouro-Belo Project occurs within the larger Goias Tin province, and covers a significant area of over 200 square km. Despite no modern exploration previously being applied to the area, there is extensive evidence of alluvial and hard-rock garimpeiro activity for tin mineralisation.

The tin mineralisation at the Manga prospect also displays high indium levels, which has an increasingly significant economic value. RC drilling was completed and results announced during the half year. Significant results included;

3m@ 3,043ppm Sn, MNRC003 from 13m

1m@ 3,960ppm Sn, MNRC003 from 21m

1m@ 3,740ppm Sn, MNRC014 from 65m

The best indium results include;

2m@ 50ppm In, MNRC010 from 23m

1m@ 103ppm In, MNRC010 from 48m

4m@ 82ppm In, MNRC011 from 0m

Jurú-Belém Gold Project, Paraiba, Brazil (CAS 100%)

A regional soil, rock-chipping and mapping program was completed at the Jurú-Belém Gold Project during the half-year. The information has added to our overall knowledge of the area and the further definition of priority targets.

Tarantula Tungsten Project, Rio Grande do Norte, Brazil (CAS 100%)

A preliminary mapping and rock-chip sampling program was completed over the Tarantula Project. No results have yet been received, however several historical underground workings were discovered, mapped and sampled. These have also been extensively cleaned to allow for future access.

Lake Throssell Uranium Project, Western Australia, Australia (CAS 100%)

Negotiations with the native title owners and the mines department have advanced. Crusader is looking to get several key areas granted so that exploration for paleo-channel uranium mineralisation can commence.

Fair Adelaide Gold/Nickel Project, Western Australia, Australia (CAS 80%)

No exploration was completed during the half-year.

Corporate

During the period, the Group raised share capital in the amount of \$21,000 through the exercise of 70,000 options at an exercise price of 30 cents per option.

CRUSADER RESOURCES LIMITED

DIRECTORS' REPORT

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of this period the Group announced it 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. The impact of this transaction is not reflected in these financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 14 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



D. Archer
Chairman
Perth, 16 March 2009

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Half-year ended 31 Dec 2008 Consolidated \$	Half-year ended 31 Dec 2007 Consolidated \$
Other revenue from continuing operations			
Other revenue	2	132,585	131,231
Audit and accounting		(116,143)	(60,303)
Rental and office expenses		(129,978)	(35,242)
Depreciation		(32,934)	(16,716)
Listing and share registry		(13,368)	(40,339)
Salaries and directors' fees		(244,982)	(198,594)
Impairment of capitalised exploration costs		(172,863)	-
Insurance expense		(21,342)	(4,234)
Interest expense		(64)	(404)
Legal and professional fees		(55,847)	(50,273)
Share options expensed		(266,375)	(500,900)
Exploration expenditure written off		(658,777)	(672,821)
Travel and accommodation		(6,088)	(7,005)
Unrealised foreign exchange expense		(523,391)	-
Other expenses from ordinary activities		(36,226)	(106,037)
Loss before income tax expense		(2,145,793)	(1,561,637)
Income tax expense		-	-
Loss for the period attributable to equity holders of the parent		(2,145,793)	(1,561,637)
Earnings per share			
Basic loss per share (cents per share)		(4.81)	(3.75)
Diluted loss per share (cents per share)		(4.81)	(3.75)

Notes to the financial statements are included on pages 9 to 12.

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	<u>31 Dec 2008</u> Consolidated \$	<u>30 Jun 2008</u> Consolidated \$
Current assets			
Cash and cash equivalents		1,708,088	3,148,931
Trade and other receivables		27,888	52,497
Other current assets		31,259	22,266
Assets held-for-sale		68,560	-
Total current assets		<u>1,835,795</u>	<u>3,223,694</u>
Non current assets			
Other financial assets		116,746	159,585
Capitalised exploration costs		3,582,548	3,996,792
Plant and equipment		260,866	246,196
Total non current assets		<u>3,960,160</u>	<u>4,402,573</u>
Total assets		<u>5,795,955</u>	<u>7,626,267</u>
Current liabilities			
Trade and other payables		309,648	539,393
Provisions		28,101	25,630
Total current liabilities		<u>337,749</u>	<u>565,023</u>
Total liabilities		<u>337,749</u>	<u>565,023</u>
Net assets		<u>5,458,206</u>	<u>7,061,244</u>
Equity			
Share capital	3	12,162,343	12,141,343
Reserves	4	2,087,365	1,565,610
Accumulated losses		(8,791,502)	(6,645,709)
Total equity		<u>5,458,206</u>	<u>7,061,244</u>

Notes to the financial statements are included on pages 9 to 12.

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	<u>Half-year ended 31 Dec 2008 Consolidated \$</u>	<u>Half -year ended 31 Dec 2007 Consolidated \$</u>
Cash flows from operating activities		
Receipts from customers	54,157	-
Payments to suppliers and employees	(710,955)	(289,632)
Interest received	92,935	131,231
Interest paid	(10)	-
Net cash used in operating activities	<u>(563,873)</u>	<u>(158,401)</u>
Cash flows from investing activities		
Payment for tenement	-	(3,324,324)
Payments for exploration	(804,964)	(696,033)
Payments for plant and equipment	(58,296)	(13,324)
Net cash used in investing activities	<u>(863,260)</u>	<u>(4,033,681)</u>
Cash flows from financing activities		
Proceeds from issue of equity securities	21,000	7,175,000
Costs of raising capital	-	(427,500)
Net cash provided by financing activities	<u>21,000</u>	<u>6,747,500</u>
Net (decrease)/increase in cash and cash equivalents	(1,406,133)	2,555,418
Cash and cash equivalents at the beginning of the period	3,148,931	2,233,361
Effects of exchange rate changes on the balance of cash held in foreign currencies	(34,710)	-
Cash and cash equivalents at the end of the period	<u>1,708,088</u>	<u>4,788,779</u>

Notes to the financial statements are included on pages 9 to 12.

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Share capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2008	12,141,343	(6,645,709)	1,565,610	7,061,244
Foreign currency translation	-	-	300,380	300,380
Change in market value of investments	-	-	(45,000)	(45,000)
Net income/(expense) directly recognised in equity	-	-	255,380	255,380
Loss for the period	-	(2,145,793)	-	(2,145,793)
Total recognised income/(expense)	-	(2,145,793)	255,380	(1,890,413)
Share placement	-	-	-	-
Shares issued on exercise of options	21,000	-	-	21,000
Share issue costs	-	-	-	-
Recognition of share-based payments	-	-	266,375	288,840
Balance at 31 December 2008	12,162,343	(8,791,502)	2,087,365	5,458,206

	Share capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2007	5,434,766	(3,545,033)	901,618	2,791,351
Foreign currency translation	-	-	104,819	104,819
Change in market value of investments	-	-	(51,000)	(51,000)
Net income/(expense) directly recognised in equity	-	-	53,819	53,819
Loss for the period	-	(1,561,637)	-	(1,561,637)
Total recognised income/(expense)	-	(1,561,637)	53,819	(1,507,818)
Share placement	7,125,000	-	-	7,125,000
Shares issued on exercise of options	50,000	-	-	50,000
Share issue costs	(478,423)	-	50,923	(427,500)
Recognition of share-based payments	-	-	500,900	500,900
Balance at 31 December 2007	12,131,343	(5,106,670)	1,507,260	8,531,933

Notes to the financial statements are included on pages 9 to 12.

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2008. The adoption of the mandatory amending standards for annual periods beginning on or after 1 July 2008 are either not applicable or have no material impact on the group.

Going concern

As at 31 December 2008 the company had total cash and cash equivalents of \$1,708,088.

As confirmed in the Director's Declaration on page 13 the Directors have reached the conclusion that, based on all relevant facts, there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable and the company and the Group remains a going concern.

Since 30 June 2008 the financial markets have continued to remain volatile. This has the potential to impact on the ability of the Group to obtain funding in the future and for it to meet its liabilities as and when they fall due. In order to confirm the going concern assumption the Directors maintain short and medium term cash and commitments forecasts that indicate that the Group can meet its debts as and when they become due and payable.

2. Other revenue

	<u>31 Dec 2008</u> <u>Consolidated</u> <u>\$</u>	<u>31 Dec 2007</u> <u>Consolidated</u> <u>\$</u>
Bank interest	89,646	131,231
Rental income	42,939	-
	<u>132,585</u>	<u>131,231</u>

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Share Capital

	<u>Company</u>	<u>Company</u>
<i>Issued and paid up capital</i>	<u>Number</u>	<u>\$</u>
Fully paid ordinary shares	44,664,081	12,162,343
<i>Movements in fully paid shares on issue</i>		
At beginning of period	44,560,749	12,141,343
Issue of shares on exercise of options	103,332	21,000
At end of period	<u>44,664,081</u>	<u>12,162,343</u>

Share Options

At the reporting date there were 16,310,000 unlisted options over unissued ordinary shares. During the interim reporting period 1,000,000 options were issued to R. Smakman, an executive director of the Group as part of his remuneration contract. The options are exercisable at 65 cents per option on or before 31 December 2012. 1,000,000 options were also issued to Katina Law, Commercial Manager, for the Group. The options are exercisable at 76 cents per option on or before 5 May 2011. 250,000 options were issued to Shawn Crispin, Exploration Manager for the Group. The options are exercisable at 62 cents per option on or before 15 May 2010. Mr Crispin has since left the Group and the options, if not exercised before, will lapse on 15 March 2009.

310,000 options were issued to various staff members under the Group employee share option plan. The options have an exercise price of \$0.82 per option on or before 5 August 2011.

4. Reserves

	<u>31 December 2008</u>	<u>31 December 2007</u>
	<u>\$</u>	<u>\$</u>
Fair value reserve	1,500	-
Share-based payment reserve	2,004,250	1,443,919
Foreign currency translation reserve	81,615	63,341
	<u>2,087,365</u>	<u>1,507,260</u>

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Reserves (continued)

	<u>31 December 2008</u>	<u>31 December 2007</u>
	\$	\$
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	(218,765)	(41,478)
Foreign currency translation	300,380	104,819
Balance at end of period	<u>81,615</u>	<u>63,341</u>
<i>Share based payments reserve</i>		
Balance at beginning of period	1,737,875	892,096
Recognition of share-based payments	266,375	551,823
Balance at end of period	<u>2,004,250</u>	<u>1,443,919</u>
<i>Fair value reserve</i>		
Balance at beginning of period	46,500	51,000
Change in market value of investments	(45,000)	(51,000)
Balance at end of period	<u>1,500</u>	<u>-</u>

5. Dividends

No dividends have been paid or provided for in the period.

6. Contingencies and Commitments

In order to maintain current rights of tenure to exploration tenements, the Group 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 Group. The minimum exploration tenement commitments will be reduced should the Group 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 Group is not aware of any other contingent liabilities which existed as at the end of the half-year or have arisen as at the date of this report.

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Segment Information

The following table presents the revenue and results information analysed by geographical segments for the half-year periods ended 31 December 2008 and 31 December 2007. This is the Group's primary basis of segmentation.

31 December 2008	Brazil \$	Australia \$	Unallocated \$	Total \$
Segment revenue	-	42,939	89,646	132,585
Segment result	(1,350,452)	(795,277)	(64)	(2,145,793)

31 December 2007	Brazil \$	Australia \$	Unallocated \$	Total \$
Segment revenue	-	-	131,231	131,231
Segment result	(864,132)	(697,101)	(404)	(1,561,637)

8. Events after the balance sheet date

Subsequent to the end of this period the Group announced it 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. The impact of this transaction is not reflected in these financial statements.

CRUSADER RESOURCES LIMITED

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the director's opinion, the attached condensed consolidated 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 and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors



D. Archer
Chairman

Perth, 16 March 2009

The Board of Directors
Crusader Resources Limited
Suite 2, Level 2
35 Havelock Street
West Perth WA 6005

16 March 2009

Dear Board Members

Crusader Resources Limited

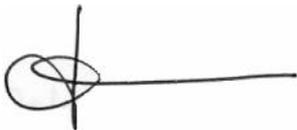
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Crusader Resources Limited.

As lead audit partner for the review of the financial statements of Crusader Resources Limited for the half-year ended 31 December 2008, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants

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Independent Auditor's Review Report to the members of Crusader Resources Limited

We have reviewed the accompanying half-year financial report of Crusader Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crusader Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Auditor's Independence Declaration

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

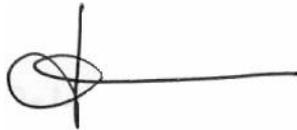
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crusader Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles

Partner

Chartered Accountants

Perth, 16 March 2009