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ASX Release

Positive Scoping Study Results for Posse Mine Development

- **Crusader Resources' Posse iron project in Brazil is poised for development following a positive scoping study from independent consulting group, Coffey Mining.**
- **The scoping study proposes development in two stages designed to lower project risk and takes into account lower expected iron ore prices.**
- **Final licensing of the project is underway with Brazilian authorities and sales contracts for Posse's Stage 1 premium iron ore product are being sought.**

Crusader Resources Limited (ASX:CAS) has received the Scoping Study from international consultants Coffey Mining for the 100% owned Posse Iron Project in Minas Gerais, Brazil. The main proposals from the report recommend a two stage development.

- Stage 1 envisages contract mining for up to 3 years at a production rate of between 300,000 tonnes per annum (300ktpa) and 600ktpa run of mine (ROM). Beneficiation during this stage is by dry sieving only to produce a premium quality lump ore. Capital costs are estimated at A\$1.64 million.
- Stage 2 recommends an increase in production to 800ktpa ROM for up to a further 13 years and treats material through an expanded wet beneficiation plant.

The Study generates a positive outcome assuming a sale price "at the mine gate" of approximately A\$¹ 44.5/t for lump ore and A\$34/t for pellet feed. This modelled price structure incorporates a 40% drop in price, relative to 2008 Brazilian domestic prices.

Most importantly, the positive study gives Crusader the confidence to pursue mining as soon as licences are obtained, favourable contracts for the sale of product have been negotiated and the necessary finance is in place. During the interim, several technical recommendations from Coffey to further improve the understanding of the project will be undertaken.

Operational Plan.

The proposal for a two stage operation at Posse allows for a rapid start-up to the project via what is referred to in Brazil as a "trial mining" license (Stage 1). The capital cost estimated by Coffey at A\$1.64 million (through a combination of actual quotes and local market knowledge) minimises the project risk.

The treatment circuit proposed includes primary and secondary crushing and dry screening. The product for this first stage will be the +8mm lump fraction, which, according to current test work will be a premium +62% Fe product with low contaminants. Approximately 30% of the ROM is expected to be classified as lump.

¹ All costs are in AUD having been converted from Brazilian Reals at an exchange rate of BRL:AUD = 1:0.64

The medium and high grade -8mm fractions will be stockpiled for treatment through a wet beneficiation plant in Stage 2. The study has not incorporated revenue from the possible sale of all or some of these fractions during Stage 1. Low grade ore will also be stockpiled during Stage 1 and treated during Stage 2.

The strip ratio for Stage 1, in which low grade ore has been assigned as waste, is estimated at 0.9:1.

The estimated operational cost structure for Stage 1 is presented below in Table 2.

Stage 2 involves mining at an increased production rate of 800ktpa, following the successful conversion to a full mining license.

During Stage 2, the beneficiation plant will be upgraded to include a more rigorous crushing and wet screening circuit, with a gravity concentration and or magnetic separation circuit. The product during this operation has been modelled as pellet feed only (<0.15mm- >0.034mm), however planned testwork may extend the range of sale products.

The estimated capital expenditure for the second stage is ~A\$8.25 million and the strip ratio is estimated at 1.4:1. Further detailed studies will also examine the mining rate, which could be increased to 1.5Mtpa.

Current Work

Crusader is in the process of completing the Mines Department and Environmental Agency licensing requirements to enable Stage 1 of the operations to start. All of the necessary licenses are expected to be received in the next 4-6 weeks.

Crusader has commenced meetings with various potential domestic customers, including larger and smaller smelters within trucking distance (between 60-150km). Bulk samples of the material from the planned Stage 1 of operations have been delivered to several customers for individual testing.

Study parameters;

The following parameters were considered as part of the study;

- The database was imported and mathematical pit modelling performed. The optimal pit was selected for both the first stage and second stage of the planned mining. All resources were included (including the inferred category), however the inferred resource within the first stage pit was <10% of the resource.
- Mine sequencing was completed, which defined the schedule and tonnages of the product stream.
- A fleet determination was made, as was the type and size of the beneficiation plant.
- Estimates of capital and operating costs were made, both from quoted parties (for stage 1) and using industry experience (for stage 2).
- Cash flow forecasts were made for various scenarios, including owner operated versus contract mining and the 300ktpa versus 600ktpa for the first phase of mining.

In concluding the study, Coffey made the following observations and recommendations.

- Increasing stage 1 from 300ktpa to 600ktpa shows only a marginal increase in the economic performance of the project. It is suggested that maintaining the lower throughput will also decrease the risk.
- Contract mining was significantly more cost effective relative to owner operated in all of the scenarios examined.
- Additional drilling is needed to upgrade the resources envisaged being mined in Stage 2. This will be done during the first phase of mining.
- Sensitivity analysis on the cash flow clearly demonstrates the most important factor to increasing the economics of the project is the sale price achieved for the various products.
- The two stage approach allows for a greater understanding of the deposit especially the later stages. The risk of the project is significantly decreased through this strategy.
- Several additional metallurgical tests have been suggested, allowing for further information about the ore product stream and potential beneficiation routes.

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

	Tonnes	Fe	SiO₂	Al₂O₃	Mn	P	LOI*
	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)
Indicated Resources	4.83	47.39	27.56	1.82	0.25	0.020	1.38
Inferred Resources	31.18	42.89	36.17	0.61	0.17	0.026	0.73
Total	36.02	43.50	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 (SiO₂), aluminium (Al₂O₃), 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.

Table 2. Estimated Operating costs from Coffey Scoping Study.

Posse Project- Stage 1 Operating Cost Summary	
	A\$ / tonne ROM
Mining : Ore	\$2.64
Mining : Waste and Low Grade	\$2.56
Processing	\$3.91
Other (transport, administration etc)	\$1.99
Taxes and royalties ²	\$1.40
Total	\$12.50

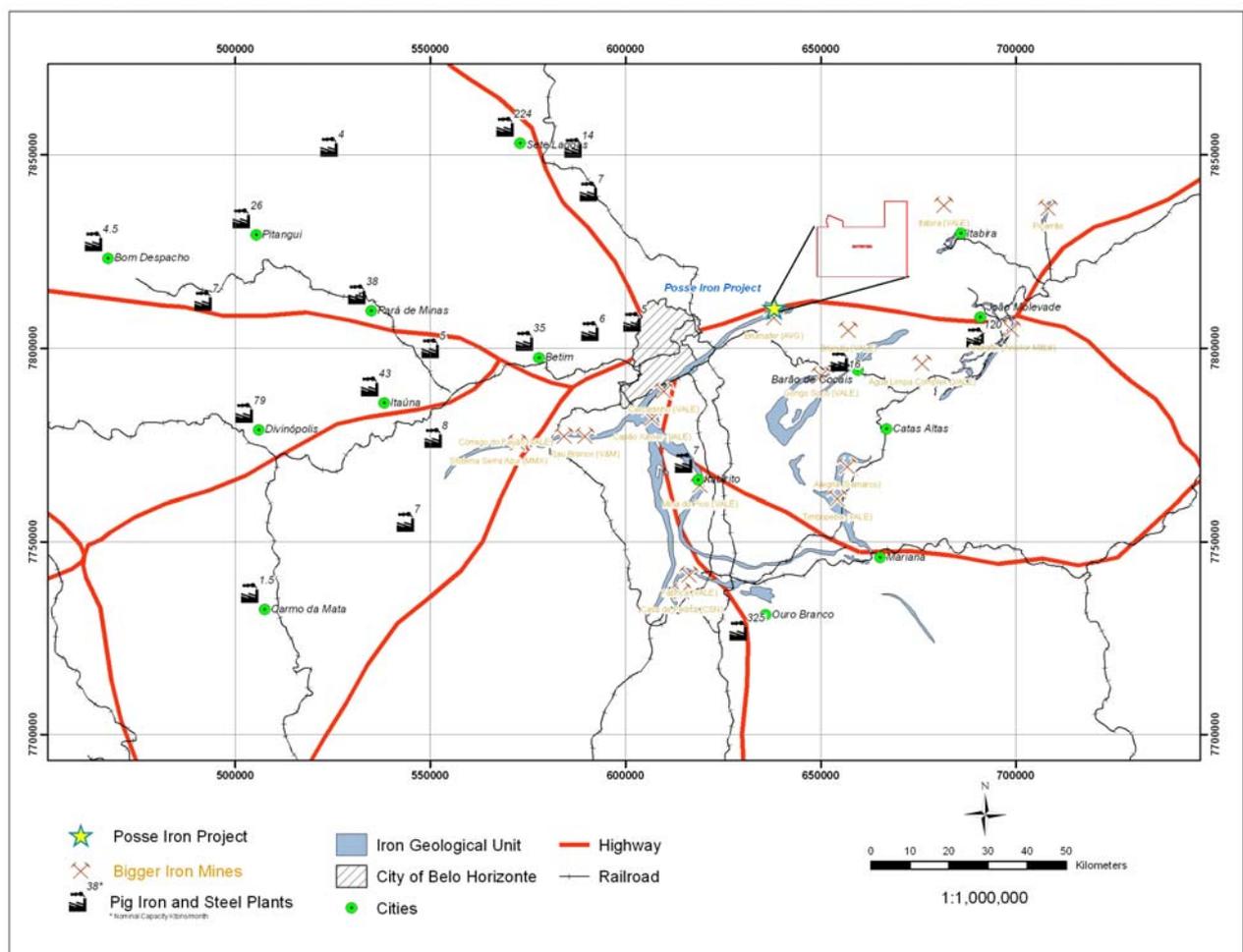


Figure 1. Posse location map. Regional mines and smelters (with approximate capacity- as at Oct 2008) are also shown. Several of these smelters are no longer operating

² Calculated on the taxes and charges which are applied to the gross margin before operating costs including PIS (1.65%), Confins (7.6%) and those which are applied to the net cash after capital and operating expenses including, royalties (CFEM 2%, land owner 1%), Commercialization tax (2%). Income tax (IR=15-25%) and the social contribution tax (CSSL of 9%) which are applied to the groups taxable income, have not been included. ICMS (Sales tax) which can vary from 0-12%, has not been included.

About Posse

Crusader finalised the 100% purchase of the Posse Iron Project in September of 2007 from private parties. At the time of first encountering the project, there was no mapping, drilling and very limited sampling. Crusader has completed drilling, mapping, topographical surveying and extensive sampling which led to the release of an Indicated and Inferred Resource of 36Mt @43.5% Fe early in 2009.

The project is located approximately 30km from the major mining city of Belo Horizonte, Minas Gerais (General Mines) state in south central Brazil. The project is close to transport infrastructure and several potential customers- both major smelters and smaller operators.

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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.

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 recently updated the resource inventory at Posse to an Indicated and Inferred Mineral Resource of 36Mt at 43.5% Fe which is the subject of a scoping study due to be released shortly.

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 400km² in the Goias Tin province, located in the northeast of Goias state approximately 300km from the national capital of Brasilia. Several significant areas of garimpeiro 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 has a portfolio of projects prospective for palaeochannel uranium and Archaean gold and nickel.

Crusader Resources Ltd has 46,539,081 ordinary shares on issue.