

12<sup>th</sup> October 2009

Dear Shareholder,

Crusader has recently decided to mine its Posse iron ore deposit in Brazil- a move which will move the company from the ranks of junior explorer to producer.

This decision was made in the context of improving economic conditions and demand for iron ore, our recent capital raisings which were supported by our largest shareholder- the Copulos Group and the positive conclusion of our engineering studies of Posse.

The move to develop the Posse iron project is a significant step forward for Crusader.

Six months ago, there was virtually no market for iron ore in Brazil. Almost all, (over 80%) of the small pig iron smelters were closed and larger smelters and development projects were also closed or stalled. Slowly this market is recovering and several smelters have re-ignited their furnaces.

The marketing of Posse ore remains the key to a successful development of the Posse mine and we are continuing discussions with several parties in order to secure off-take arrangements.

April 2010 is the target for the start of operations at Posse. This date, which is after the wet-season, has been chosen as the treatment at Posse is dry (wet sieves clog and can affect production) as well being after the inevitable distraction of Carnavale which is a major cultural event all around Brazil.

We are confident of the successful development of Posse for several reasons.

- The lump ore we will sell is high grade, averaging >62%Fe, with low contaminants e.g. phosphate <0.015%.
- The proposed route of contract mining and treatment means Posse should have very low capital costs. The proposed dry treatment process is a very simple and well understood circuit using two stage crushing and screening.
- The project is only 30 km from the city of Belo Horizonte and is very well serviced by excellent infrastructure. Financial modelling of Posse, while based on conservative numbers, still contains several areas where significant positive additions to the bottom line can be made.

In the second stage of production a more sophisticated treatment process is required.

The parameters of this second stage are not yet precisely defined, however the first stage of mining will aid Crusader in understanding the ore-body, its metallurgy and the market for the products produced. We believe for this project the mining process is a better route than an expensive and time consuming feasibility study.

It will also take time for a full mining license to be received from the Mines department. In addition, the environmental agency may require an environmental impact assessment - hence Crusader is allowing 2 years for the Stage 1 operations.

We look forward to keeping you, the owners of the company informed over the development period, with regular updates on progress both at Posse and our other projects.

In November, I will be travelling to Australia to attend the annual general meeting which this year will be held in Melbourne on Tuesday the 10<sup>th</sup>. I look forward to seeing many of you there where I intend to give a presentation on the recent progress made and future direction of the company.

Best regards

Rob Smakman

Further information

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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.

### About Crusader

Crusader Resources Ltd (ASX:CAS) is a minerals exploration company focussed on the identification, acquisition and development of projects in Brazil and Australia. 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, Australia and around the world to identify new opportunities.

The company's development project is the Posse Iron Project located in the Iron Quadrilateral of Minas Gerais state, Brazil. It is located 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 Mineral Resource of 4.83Mt at 47.39% Fe and Inferred Mineral Resource of 31.18Mt at 42.89% Fe (Refer to announcement made 11 May 2009 <http://www.asx.com.au/asxpdf/20090511/pdf/31hjb3wk8cvk3n.pdf>). A positive Scoping Study by international consultants Coffey Mining, has encouraged Crusader to continue pursuing this project towards production. Licensing, off-take agreements and further technical work are all being vigorously pursued. Crusader is aiming to have Posse in Production by April 2010.

Crusader also has an extensive portfolio of Au, Sn, In and W projects within Brazil.



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

The Lake Throssell Uranium project is 100% CAS owned, extensive (over 2,500km<sup>2</sup>) and highly prospective project, located 200km to the north east of Laverton in Western Australia. Crusader will initiate exploration in 2009 targeting uranium mineralisation in the extensive paleodrainage within the area.

Crusader Resources Ltd has 52,557,152 ordinary shares on issue.