

30<sup>th</sup> October 2009

## SEPTEMBER 2009 QUARTERLY ACTIVITIES REPORT

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

In early October 2009, Crusader Resources Ltd ("Crusader", ASX:CAS) announced that the Posse project will be put into production in early 2010. This follows the recent announcement of the granting of the environmental permit and the positive scoping study on the project.

Crusader is moving the project forward vigorously and has recently appointed a high level consultant – Mr. Mike Schmulian to the development team. This week, Crusader has also appointed a Mr. Antonio Carvalho, a mining engineer, as Project Manager to run the development of the project. Mr Carvalho has over 25 years' experience in the mining industry and has held similar project management roles for both junior and major companies. His extensive experience in iron, gold, phosphate and diamonds will assist moving Posse into production in a timely and cost effective manner. Mr Carvalho is a resident of Belo Horizonte which is close to Posse. He holds a post graduate degree in business administration.

The planned development of Posse will be in two phases; commencing with the dry treatment of high-grade hematite producing a premium lump ore for domestic sale. This phase is expected to treat 300,000 tonnes per annum (tpa) and extend over 2 years. The capital cost of the project will be minimised through the use of contract mining and treatment services.

The second phase will see the mining expanded and the beneficiation process complemented with wet separation including spirals, jigs and magnetic separation. The rate of production following this expansion will continue to be reviewed in response to new information and market conditions during the Stage 1 mining. The expanded version of the mine is planned to produce several products, all of which share the commercially sought-after characteristics of high-grade and low contaminants.

Crusader continues to seek off-take agreements for the products of the first phase. Negotiations with a number of smelters are underway with associated evaluations of the sizing and quality of Crusader's intended products.

### **Juru-Belém Gold- Brazil (CAS 100%)**

Crusader has offered for sale or JV the Juru-Belém gold project in Paraiba state in Brazil. Several interested parties have approached Crusader and have signed confidentiality agreements in order to gain access to the information memorandum and additional project data.

### **Tarantula Tungsten - Brazil (CAS 100%)**

Crusader has offered for sale or JV the Tarantula tungsten project in Rio Grande do Norte state in Brazil. Several interested parties have approached Crusader and have signed confidentiality agreements in order to have access to the information memorandum and additional data.

### **Ouro-Belo Sn/Au/In/P - Brazil (CAS 100%)**

During the quarter, a review of the Ouro-Belo project resulted in Crusader choosing to significantly reduce the area under tenure. This reduced the project holding costs whilst the most prospective areas were retained. Crusader now has ~9,000 hectares at Ouro-Belo - which include the Manga tin and indium project, various other tin and gold garimpeiro mining areas and some newly identified sedimentary phosphate occurrences.

The phosphate occurrences are situated in the same geological unit that hosts significant direct shipping phosphate mining operations to the north.

Crusader has signed several confidentiality agreements with regard to sale or JV of this project.

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

The large, 100% Crusader owned Lake Throssell Uranium project is situated approximately 200 km to the NE of Laverton in WA. Crusader is pursuing palaeochannel uranium mineralisation which is known to exist in the area.

Crusader has developed an initial exploration program for Lake Throssell and negotiations are in progress with representatives of the native title claimants with the aim of commencing on ground clearance surveys this quarter.

### **Fair Adelaide, Western Australia (CAS 80%)**

An independent review was commissioned on the Fair Adelaide ground during the quarter. The principal focus for the review is gold anomalies surrounding an intrusive stock which may be prospective for Tarmoola style gold mineralisation associated with a granite contact. The review will be received in November 2009.

### **Corporate**

During the quarter, Crusader raised \$50,000 as part of the shortfall from the recent placement and rights issue. This shortfall is now closed. Crusader had a cash balance of \$1.68MAUD at quarter end, with 52,557,152 ordinary shares on issue.

### 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 is developing the Posse Iron Project located in the Iron Quadrilateral of Minas Gerais state, Brazil. It is 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 develop the project with first production expected by April 2010.

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

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

The Lake Throssell Uranium project, 200 km north east of Laverton in WA, is 100% CAS owned. Exploration will target uranium deposits in the extensive paleo-drainage system known to exist in the area.

Crusader Resources Ltd has 52,557,152 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.*

# 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")

30 September 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	20	20
1.2 Payments for (a) exploration and evaluation	(193)	(193)
(b) development	-	-
(c) production	-	-
(d) administration	(193)	(193)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(349)</b>	<b>(349)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) exploration	-	-
(b) mining tenements	-	-
(c) other fixed assets	-	-
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>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(349)</b>	<b>(349)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(349)	(349)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	963	963
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	(59)	(59)
	<b>Net financing cash flows</b>	904	904
	<b>Net increase (decrease) in cash held</b>	555	555
1.20	Cash at beginning of quarter/year to date	1,122	1,122
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,677	1,677

**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	55
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 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

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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

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**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	-	-

+ See chapter 19 for defined terms.

### 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	1,677	1,122
5.2 Term deposits	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,677</b>	<b>1,122</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	846.184 – Juru Belém	Area Dropped	100%	0%
	860.275 – Ouro Belo			
	860.847 – Ouro Belo			
	860.849 – Ouro Belo			
	860.851 – Ouro Belo			
	860.852 – Ouro Belo			
	860.853 – Ouro Belo			
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	860.859 – Ouro Belo			
	860.860 – Ouro Belo			
	860.861 – Ouro Belo			
	860.863 – Ouro Belo			
	860.864 – Ouro Belo			
	860.865 – Ouro Belo			
	860.866 – Ouro Belo			
	860.867 – Ouro Belo			
6.2 Interests in mining tenements acquired or increased	846.149 - Barra de Santa Rosa	Application	0%	100%
	846.150 - Barra de Santa Rosa			

+ See chapter 19 for defined terms.

**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>	52,557,152	52,557,152		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,018,071	6,018,071		
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
	896,668	-	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
	310,000	-	82 cents	5 August 2011
	1,000,000	-	65 cents	31 December 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

