
CRUSADER RESOURCES LIMITED

ACN 106 641 963

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00 am (WST)

DATE: Friday, 19 November 2010

PLACE: The University Club of Western Australia
Hackett Entrance No. 1
Hackett Drive, Crawley WA 6009

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9320 7500.

CONTENTS PAGE

Notice of Annual General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	8
Schedule 1 – Terms and Conditions of Director Options	9
Proxy Form	11

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00 am (WST) on Friday, 19 November 2010 at:

The University Club of Western Australia
Hackett Entrance No. 1
Hackett Drive, Crawley WA 6009

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Crusader Resources Limited, West Perth BC, PO Box 692, West Perth WA 6872; or
- (b) facsimile to the Company on facsimile number (+61 8) 9320 7501,

so that it is received not later than 11:00 am (WST) on Wednesday, 17 November 2010.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 11:00 am (WST) on Friday, 19 November 2010 at The University Club of Western Australia, Hackett Entrance No. 1, Hackett Drive, Crawley, WA.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at the close of business on 15 November 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2010 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2010.”

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MURRAY HODGES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Mr Murray Hodges, a director of the Company who retires by rotation and, being eligible for re-election, is re-elected as a Director of the Company.”

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PAUL STEPHEN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 13.4 of the Constitution and for all other purposes, Mr Paul Stephen, a director of the Company retires, and being eligible for re-election, is re-elected as a Director of the Company.”

5. RESOLUTION 4 – GRANT OF OPTIONS TO MR PAUL STEPHEN UNDER SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to grant 1,000,000 options to Mr Stephen (or his nominee) on the terms and conditions in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Stephen and any associate of Mr Stephen. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

DATED: 19 OCTOBER 2010

BY ORDER OF THE BOARD



**ANDREW BEIGEL
CRUSADER RESOURCES LIMITED
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 11:00 am (WST) on Friday, 19 November 2010 at The University Club of Western Australia, Hackett Entrance No. 1, Hackett Drive, Crawley, WA.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2010 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2010.

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MURRAY HODGES

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one third of the Directors for the time being shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Mr Hodges retires by rotation and offers himself for re-election.

Information about Mr Hodges is available in the 2010 annual financial report and on the Company's web site at www.crusaderresources.com.

4. RESOLUTION 3 - RE-ELECTION OF DIRECTOR – MR PAUL STEPHEN

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not exceed the maximum number specified by the Constitution.

Any Director so appointed holds office until the next following General Meeting and is then eligible for re-election.

Mr Stephen retires and offers himself for re-election.

Information about Mr Stephen is available in the 2010 annual financial report and on the Company's web site at www.crusaderresources.com.

5. RESOLUTION 4 – GRANT OF OPTIONS TO MR PAUL STEPHEN UNDER SCHEME

5.1 Background

The Company has agreed, subject to shareholder approval, to grant a total of 1,000,000 Options (**Director Options**) to Mr Paul Stephen (**Related Party**) pursuant to the Scheme and on the terms and conditions set out below.

The full terms and conditions of the Scheme may be obtained free of charge by contacting the Company.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Board (other than Mr Stephen) has formed the view that Shareholder approval under Chapter 2E of the Corporations Act is not required for the proposed issue of Director Options because the issue of Options is considered to be reasonable remuneration for the performance of services by Mr Stephen in his capacity as a Director. The proposed issue will therefore fall within the exception provided by Section 211(1) of the Corporations Act to the requirement to obtain shareholder approval for the giving of a financial benefit to a related party in accordance with Chapter 2E of the Corporations Act.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

5.2 Shareholder Approval - ASX Listing Rule 10.14

ASX Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.14. The following information is provided to shareholders for the purposes of ASX Listing Rule 10.15:

- (a) the maximum number of Director Options to be issued is 1,000,000 Options;
- (b) the Director Options are proposed to have a term of five years expiring on 22 August 2015 with an exercise price of 70 cents each and are proposed to vest as to 50% after 18 months and as to 50% after 36

months. The exercise price of the options was negotiated in August 2010 and the exercise price is twice the price at which the Company made a recent placement and offered shares under a shareholder share purchase plan and represents a 44% premium to the 10 day VWAP up to and including 23 August 2010;

- (c) the Director Options will be granted for nil cash consideration as consideration for performance of work, both previous and into the future by Mr Stephen for the Company and to secure the ongoing commitment of Mr Stephen to the continued growth of the Company. Accordingly no funds will be raised;
- (d) no Shares have previously been issued under the Scheme to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained;
- (e) any person who is a full-time or part-time employee or officer of the Company (including a nominee of the employee or officer) or an Associated Body Corporate, who is invited by the Board to participate in the Scheme is entitled to participate in the Scheme. As at the date of this Notice of Annual General Meeting the Directors, being Rob Smakman, Justin Evans, Murray Hodges and Paul Stephen are eligible to participate in the Scheme.
- (f) the terms and conditions of the Options are set out in Schedule 1;
- (g) the Director Options will be issued no later than one month from the date of approval of the Resolution (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Options will be issued on one date; and
- (h) the primary purpose of the grant of the Director Options to Mr Stephen is to provide a market linked incentive package in his capacity as an Executive Director and for the future performance by him in this role. The Board (other than Mr Stephen) considered the extensive experience and reputation of Mr Stephen within the equity capital markets, the current market price of Shares and current market practices when determining the number and exercise price of the Director Options to be issued to Mr Stephen. In addition, the Board considers the grant of the Stephen Options to Mr Stephen to be reasonable given the necessity to attract the highest calibre professionals to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed.

Approval pursuant to Listing Rule 7.1 is not required in order to grant the Options to the Related Party as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the grant of the Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. ENQUIRIES

Shareholders are required to contact Andrew Beigel on (+ 61 8) 9320 7500 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means any:

- (a) Related body corporate of the Company under Section 50 of the Corporations Act; or
- (b) A body corporate that has voting power in the Company of not less than 20%; and
- (c) A body corporate in which the Company has voting power of not less than 20%.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Crusader Resources Limited (ACN 106 641 963).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Annual General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Scheme means the Employee and Officer Share Option Plan adopted by the Company at the general meeting of the Company held 10 June 2008.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time.

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (d) Each Director Option gives the Optionholder the right to subscribe for one Share.
- (e) 500,000 of the Options will automatically vest on 22 February 2012 and the remaining 500,000 Options will vest on 22 August 2013.
- (f) The amount payable upon exercise of each Director Option will be \$0.70 each (**Exercise Price**).
- (g) An Option will lapse upon the first to occur of the Expiry Date;
 - (i) the Stephen Options will expire at 5.00pm (WST) on 22 August 2015 (**Expiry Date**). Any Stephen Option not exercised before the Expiry Date will automatically lapse on the Expiry Date;
 - (ii) the Optionholder acting fraudulently or dishonestly in relation to the Company;
 - (iii) 60 days after Mr Stephen ceases to be a Director of the Company;
 - (iv) the day which is 30 days following any person or corporation having a relevant interest in not less than 90% of the Shares; or
 - (v) the day which is 10 days following the Company issuing a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented, would result in a person or corporation having a relevant interest in not less than 90% of the Shares.
 - (vi) If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company that would potentially enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an option to be free of any conditions of exercise and/or vesting. Options which are so declared may be exercised at any time before they lapse.
- (h) The Director Options held by the Optionholder may, once vested, be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (i) An Optionholder may exercise their Director Options by completing an application form for shares (**Exercise Notice**) delivered to the Company's share registry and received by it any time prior to the Expiry Date.
 - (j) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (k) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
 - (l) The Director Options are not transferable.

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- (m) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
 - (n) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (o) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (p) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
 - (q) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.

PROXY FORM

APPOINTMENT OF PROXY
CRUSADER RESOURCES LIMITED
ACN 106 641 963

ANNUAL GENERAL MEETING

I/We

of

being a member of Crusader Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 11:00am (WST), on Friday, 19 November 2010 at The University Club of Western Australia, Hackett Entrance No. 1, Hackett Drive, Crawley, WA 6009, and at any adjournment thereof.

Voting on Business of the Annual General Meeting

ABSTAIN

- Resolution 1 – Adoption of the Remuneration Report
- Resolution 2 – Re-election of Director – Mr Murray Hodges
- Resolution 3 – Re-election of Director – Mr Paul Stephen
- Resolution 4 – Grant of Options to Mr Paul Stephen under Scheme

FOR **AGAINST**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s):

Date:

Individual or Member 1

Member 2

Member 3

**Sole
Secretary**

Director/Company

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

For personal use only

**CRUSADER RESOURCES LIMITED
ACN 106 641 963**

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Crusader Resources Limited, West Perth BC, PO Box 692, West Perth WA 6872; or
 - (a) facsimile to the Company on facsimile number +61 8 9320 7501,

so that it is received not later than 11:00 am (WST) on Wednesday 17 November 2010.

Proxy forms received later than this time will be invalid.