

29<sup>th</sup> January 2010**December 2009 QUARTERLY ACTIVITIES REPORT****HIGHLIGHTS;**

- **Borborema gold project optioned**
- **Posse Iron- Final approvals for trial mining received and ore sale agreement signed**
- **Posse production on track for start in 2<sup>nd</sup> Quarter 2010**

**Borborema Gold Project, RN, Brazil (CAS option over 100%)**

Late in 2009, Crusader signed an option to purchase 100% of the Borborema Gold Project (the "Project") in RN state Brazil. The Project has historical production of ~300,000 ozs from a combination of Garimpeiro and open pit mining. The Project has excellent infrastructure with grid power, on site water storage, established buildings and bitumen road access. The project is covered by three granted mining leases (for a total area of 2907 hectares) plus the freehold title to the property over the main prospect area- covering 752 ha. The Project is located approximately 300km from Crusader's headquarters in Joao Pessoa in Rio Grande do Norte state.

Due diligence work is underway at the Project with the logging and sampling of old drilling currently underway.

Better drilling intersections from historic exploration include;

**6m @ 13.74 g/t gold from 119.6m in hole 275-02**

**6m @ 11.98 g/t gold from 84.5m in hole 525-01**

**16m @ 3.92 g/t gold from 77.4m in hole 1000-02**

**4.75m @ 8.72 g/t gold from 116.8m in hole 821-02**

In 2006, Mineração Caraiba S/A (Caraiba) - a private Brazilian mining company, took an option over the area and performed systematic and modern exploration. The exploration during 2007 included 75 diamond drill holes, of which only 50 were logged, sampled and assayed. Many of the un-sampled holes are shallow and within the predicted mineralised area. Logging, sampling and assaying of these holes is currently underway and should provide a ready source of new information to Crusader during the due diligence process. The first four holes were dispatched to the lab last week.

Caraiba performed preliminary metallurgical testwork, regional mapping and estimated total resources within the area of detailed drilling of 10.1 million tonnes averaging 1.30g/t gold for a total of 420,000 ounces of gold (see Table 1). Although the estimate is not reported consistent with the JORC Code, the quality of the work is considered to be comparable with the work needed for qualification as a mineral resource under the JORC Code. A full audit of the technical work will be carried out during the due diligence period.

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Crusader has confirmed the excellent condition of the drill core and samples and the accurate location of the drill collars. The company believes that the reporting of this estimate is relevant as the work was completed relatively recently, follows modern practice and documentation is of a high standard.

Earlier exploration of the area was carried out in the 1980's by a variety of different companies. Crusader is incorporating this historical work into a digital database which includes over 200 diamond and RC drill-holes (these holes were mainly shallow and may include close spaced drilling in the open pit). This work will form an important part in evaluating the exploration potential of the project.

**Table 1 : Mineral Estimate (not reported in accordance with the JORC Code) reported by Caraiba in October 2007 for the Borborema Project, Rio Grande de Norte.**

Cutoff Grade Range	Classification	Tonnes x 1000	Au (g/t)	Au (kg)	Ounces*
>0.25g/t & < 0.50g/t	Measured	20	0.447	9	287
	Indicated	948	0.465	441	14,173
	Inferred	344	0.465	160	5,143
	Total	1,312	0.465	610	19,603
>0.50g/t & < 1.0g/t	Measured	120	0.709	85	2,735
	Indicated	2,642	0.686	1,812	58,270
	Inferred	687	0.673	462	14,865
	Total	3,449	0.684	2,360	75,871
>1.0g/t	Measured	746	1.880	1,402	45,091
	Indicated	4,364	1.905	8,313	267,283
	Inferred	221	1.795	397	12,754
	Total	5,331	1.897	10,113	325,127
Total	Measured	886	1.689	1,497	48,114
	Indicated	7,954	1.328	10,567	339,726
	Inferred	1,252	0.814	1,019	32,762
	Total	10,093	1.296	13,082	420,601

\*Added by Crusader Resources Limited

This is a foreign estimate and is not reported in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration the resource will ever be able to be reported in accordance with the JORC Code. Please see Annexure 1 for further information.

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Crusader is aiming to prepare a JORC compliant estimate in early 2010.

Metallurgical testwork will also be performed to determine the suitability of the in-ground oxide and sulphide mineralisation to various extraction techniques.

Crusader will also seek to define the exploration potential of the area, by detailed mapping, ground geophysics, trenching and drilling.

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

Crusader has continued to advance plans for development of the Posse Iron project in the 2<sup>nd</sup> quarter of 2010.

Final approvals from the Brazilian mines department and state environmental agencies allowing for trial mining were received during the quarter. Applications for a full mining license which will allow for the expansion of the project into Stage 2 are underway.

Crusader has also signed a letter of Intent to sell the ore from the Posse mine with the smelter-Siderúrgica Alterosa SA (Alterosa).

Alterosa has been continuously operating for over 40 years, and is based in Minas Gerais state, approximately 80km from the Posse project. Selling iron both domestically and internationally, Alterosa is self sufficient in vegetal coal- thanks to a long term environmental vision that saw them planting eucalyptus forests over 30 years ago. Alterosa is one of the only smaller smelters in Brazil accredited with the internationally recognised ISO 9001:2000 standard.

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

Ongoing negotiations with the Native Title claimants in regard to the Company's tenements at Lake Throssell are positive. A preliminary site investigation of priority exploration areas was undertaken in late 2009 and the Company is now in the final stages of agreeing the Native Title deeds.

The Company anticipates that approvals to commence exploration at Lake Throssell, including the signing of the Heritage deeds, gaining Ministerial approval to commence exploration and finalizing the Radiation Management Plan, will be received during the March quarter. An initial drilling program has been planned and will commence immediately approvals are in place.

### **Corporate**

Long term supporter of Crusader - Mr. Paul Stephen was appointed as an executive director of Crusader during the quarter. Mr. Stephen's primary role will be to assist with the marketing and shareholder communications of the company.

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## About Crusader

Crusader Resources Ltd (ASX:CAS) is focussed on the identification, acquisition and development of mineral projects in Brazil and Australia. The company's portfolio of projects includes 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 Posse iron project is located in the Iron Quadrilateral region of Minas Gerais state, Brazil, with first production due in the second quarter of 2010. Posse contains an Indicated Mineral Resource of 4.83Mt at 47.39% Fe and an Inferred Mineral Resource of 31.18Mt at 42.89% Fe. (Refer to announcement made 11 May 2009).

The Borborema gold project, located in Rio Grande do Norte, is the most significant gold mine in Brazil's northeast. The project has excellent exploration potential and is aided by good on-site facilities and excellent infrastructure – including grid power, water, roads, buildings and is in close proximity to major cities. A JORC compliant resource statement is expected in early 2010.

In Brazil, Crusader also has an extensive portfolio of gold, tin, indium and tungsten projects.

In Australia, its portfolio includes prospective uranium, gold and nickel projects. In Western Australia, the Lake Throssell uranium project is 100% CAS owned. The company holds highly prospective leases over more than 2,500 km<sup>2</sup> located 200km to the north east of Laverton in Western Australia.

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.

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.

*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.*

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## Annexure 1

### Notes in Regard to companies update 11/07

1. References to gold resources in this document refer to a foreign estimate that was not reported in accordance with the JORC Code. It is uncertain that future evaluation and/or exploration of the resource will ever be able to be reported in accordance with the JORC Code.
2. The gold resources reported in this document are detailed in a report prepared by Brazilian mining company MINERAÇÃO CARAIBA S/A. and dated October 2007. The report is titled; "Relatorio de Final de Pesquisa Modelamento Geologico e Obtenção de Recursos e Reservas " (Final Report on Research and Geological Modelling for Resources and Reserves). The report rigorously describes how the resource was calculated and follows procedures consistent with the standards set out in the JORC Code.
3. Crusader considers the foreign resource reported in this study as material because it demonstrates that the work done was both professional and extensive and that the findings indicate significant gold in the system over consistent intervals. Crusader has not previously published any gold mineral resources or reserves and non-disclosure of the information would represent the withholding of information that could be material to the Company's share price.
4. The foreign resources published in this document were estimated following construction of a 3D geological model from surface mapping and drillhole logging. Assays for the Caraiba drilling were reported from the internationally accredited SGS Geosol laboratory in Belo Horizonte. Caraiba routinely submitted duplicates (5% of the samples submitted, blanks and standards). The logging, sampling and submitting of samples is rigorously described. A statistical analysis was undertaken and variography estimated. A block model was produced and a resource estimated via ordinary kriging within polygons defined by varying cutoff grades. A top cut of 20g/t was applied and three envelopes were calculated for low (>0.25g/t and <0.5g/t), medium (>0.5g/t and <1.0g/t) and high grade (> 1.0g/t).
5. Crusader considers this foreign estimate material because:
  - a. The estimate is of a quantity and quality that is material to the asset value of the Company;
  - b. The Company will undertake due diligence of the underlying data on which the resources have been estimated and update the estimation to satisfy the JORC Code.
  - c. The work required under the due diligence program will be funded from internal funds.
  - d. The work is not expected to affect any other work programs budgeted by the Company.
6. The estimate is reported with classifications that use names identical to those used in the JORC Code. Crusader recommends that no reliance should be placed on the use of those classifications.
7. The report quoted in this announcement is the most recent geological report in the Brazilian Mines Department and Crusader is not aware of any more recent studies.
8. Crusader intends to complete due diligence and update the resource estimate to one consistent with the JORC Code within the six month option period under the agreement.
9. Crusader Resources is reporting the estimate consistent with ASX Companies Update 11/07 (December 2007) and 05/04 (March 2004).
10. 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, Mineral 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. Mr Smakman accepts responsibility for the accuracy of the statements disclosed in this report.

# 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 December 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	25	45
1.2 Payments for		
(a) exploration and evaluation	(200)	(393)
(b) development	-	-
(c) production	-	-
(d) administration	(245)	(438)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(403)</b>	<b>(752)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) exploration	-	-
(b) mining tenements	(191)	(191)
(c) other fixed assets	(1)	(1)
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>(192)</b>	<b>(192)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(595)</b>	<b>(944)</b>

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1.13	Total operating and investing cash flows (brought forward)	(595)	(944)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	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)
	<b>Net financing cash flows</b>	-	904
	<b>Net increase (decrease) in cash held</b>	(595)	(40)
1.20	Cash at beginning of quarter/year to date	1,677	1,122
1.21	Exchange rate adjustments to item 1.20	19	19
1.22	<b>Cash at end of quarter</b>	1,101	1,101

**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	68
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

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

**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	-	-

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**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	1,101	1,677
5.2 Term deposits	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,101</b>	<b>1,677</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			
6.2	Interests in mining tenements acquired or increased			

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**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				
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
	200,000	-	25 cents	1 October 2012
7.8 Issued during quarter	200,000	-	25 cents	1 October 2012
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter				
7.11 <b>Debentures</b>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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