

## SPECULATIVE BUY

12 February 2012

|                              |               |
|------------------------------|---------------|
| <b>Code:</b>                 | <b>CAS.AX</b> |
| Current Price:               | <b>\$0.91</b> |
| Price Target (unchanged):    | <b>\$1.27</b> |
| Shares on Issue (m):         | <b>110.1</b>  |
| Market Cap (m):              | <b>\$100</b>  |
| Net Cash (m as at 31/12/11): | <b>\$15</b>   |
| EV (m):                      | <b>\$85</b>   |
| Discount from Price Target:  | <b>39%</b>    |

### Directors:

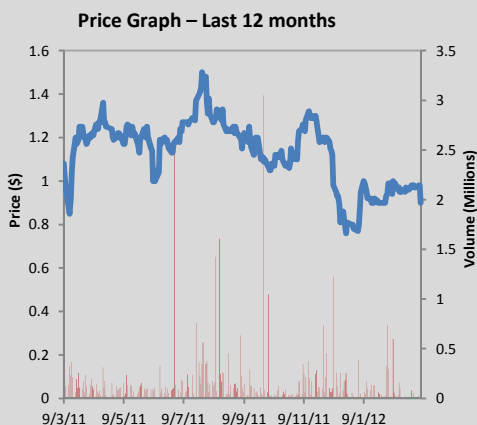
|                 |                    |
|-----------------|--------------------|
| David Archer    | Non-Exec Chairman  |
| Rod Smakman     | Managing Director  |
| Paul Stephen    | Exec. Director     |
| Justin Evans    | Non-Exec. Director |
| David Netherway | Non-Exec. Director |

### Substantial Holders:

|                     |     |
|---------------------|-----|
| Dundee Corporation  | 19% |
| Directors           | 10% |
| Copulos Group       | 10% |
| Northcape Capital   | 5%  |
| Bank of Nova Scotia | 5%  |

### Projects:

|           |          |
|-----------|----------|
| Borborema | Gold     |
| Posse     | Iron Ore |

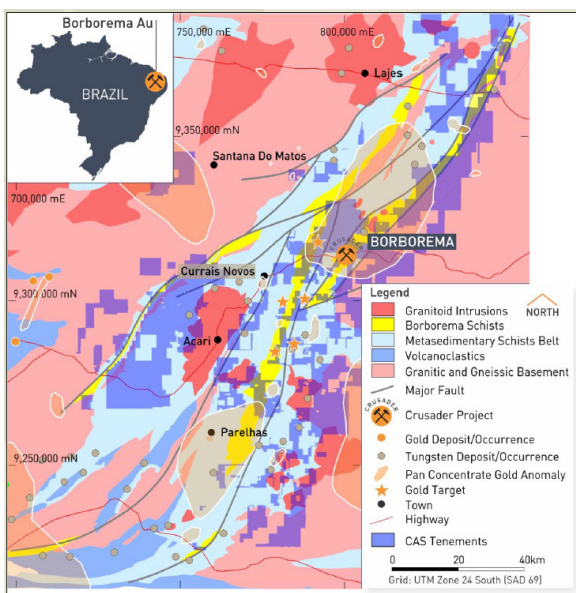


## NEWS UPDATE

### New exploration targets in Borborema region

Crusader has identified new exploration targets through a review of historical data from Brazilian Government datasets and independent exploration work covering their 3,500km<sup>2</sup> tenement package around the Borborema gold project. The key points are:

- similar rock units and geological structures as observed in the Borborema project.
- exploration targets show evidence of historical artisanal mining activity.
- sampling has commenced to establish the prospectivity of the targets.



Source: CAS

Geological map surrounding Crusader's Borborema project highlighting their tenement package

### Impact

Our current valuation ascribes a nominal \$5m to the exploration potential. While we have not updated our valuation, we see the long term exploration potential of these as significant and will be assessing news from the reconnaissance sampling program.

### Our View

Crusader has the "early mover" advantage in a region that has a similar tectonic setting (Proterozoic, shear-hosted mineralisation in metasediments) to West Africa, without the extent of exploration activity seen Ghana, Burkina Faso, Ivory Coast, Mali and Niger.

## Financial Model Summary

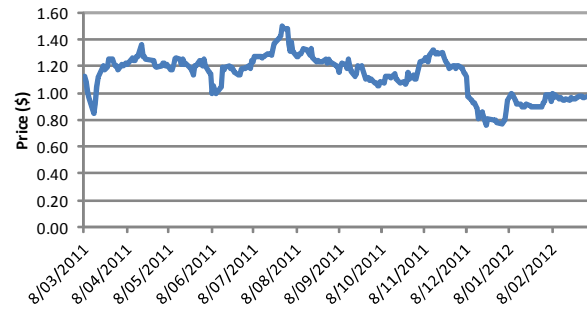
| Profit and Loss Statement   | 2010A | 2011A | 2012F | 2013F | 2014F |
|-----------------------------|-------|-------|-------|-------|-------|
| Revenue                     | 0.4   | 0.7   | 26.8  | 27    | 234   |
| Operating Expenses          | -2.2  | -9.4  | -13.3 | -13.3 | -82.3 |
| EBITDA                      | -1.8  | -8.7  | 13.6  | 13.8  | 151.7 |
| Depreciation & Amortisation | 0     | 0     | -1.7  | -19.7 | -18.4 |
| EBIT                        | -1.8  | -8.7  | 11.9  | -5.8  | 133   |
| Interest                    |       |       | 0.0   | -5.8  | -5.4  |
| PBT                         | -1.8  | -8.7  | 11.9  | -11.7 | 127.9 |
| NPAT                        | -1.8  | -8.7  | 7.7   | -10.7 | 98.3  |

| Balance Sheet                     | 2010A      | 2011A       | 2012F        | 2013F        | 2014F        |
|-----------------------------------|------------|-------------|--------------|--------------|--------------|
| Cash                              | 0.5        | 5           | 185          | 7            | 132          |
| Trade & Receivables               | 0.1        | 0.1         | 0.5          | 2.2          | 19.2         |
| Other Financial Assets            | 0.0        | 0.1         | 0.0          | 0.0          | 0.0          |
| <b>Total Current Assets</b>       | <b>0.6</b> | <b>5.2</b>  | <b>185.4</b> | <b>9.4</b>   | <b>151.7</b> |
| Property, Plant & Equipment other | 1.1        | 1.5         | 17           | 177          | 159          |
|                                   | 4.5        | 9.5         | 2            | 5            | 10           |
| <b>Total Non-Current Assets</b>   | <b>5.6</b> | <b>11</b>   | <b>19</b>    | <b>182</b>   | <b>169</b>   |
| <b>Total Assets</b>               | <b>6.2</b> | <b>16.2</b> | <b>204.4</b> | <b>191.5</b> | <b>320.4</b> |
| Payables                          | 0.5        | 1.3         | 0.4          | 1.1          | 6.8          |
| Interest Bearing Liabilities      | 0          | 0.1         | 97.1         | 95.3         | 93.5         |
| Other Liabilities                 | 0          | 0.4         | 0            | 0            | 0            |
| <b>Total Liabilities</b>          | <b>0.5</b> | <b>1.4</b>  | <b>97</b>    | <b>96.4</b>  | <b>100.3</b> |
| <b>Net Assets</b>                 | <b>5.7</b> | <b>14.8</b> | <b>107.0</b> | <b>95.1</b>  | <b>220.1</b> |
| Equity                            | 5.7        | 14.8        | 107.0        | 95.1         | 220.1        |
| Other                             | 0          | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>Shareholder Equity</b>         | <b>5.7</b> | <b>14.8</b> | <b>107.0</b> | <b>95.1</b>  | <b>220.1</b> |

| Cashflow Statement                | 2010A       | 2011A       | 2012F        | 2013F         | 2014F        |
|-----------------------------------|-------------|-------------|--------------|---------------|--------------|
| Cash flow from operations         | -0.9        | -3.2        | 13.6         | 13.8          | 151.7        |
| Net Interest                      | 0           | 0           | 0            | -5.8          | -5.4         |
| Other                             | 0           | 0           | -1.7         | -5.0          | -18          |
| Tax paid                          | 0.0         | 0.0         | 0.0          | 0.0           | 18.9         |
| Working Cap Adjustment            |             |             | 0            | -1            | -11          |
| <b>Operating Cashflow</b>         | <b>-0.9</b> | <b>-3.2</b> | <b>11.9</b>  | <b>2.0</b>    | <b>135.5</b> |
| Capex                             | -0.8        | -1.3        | -17          | -180          | -5           |
| Acquisitions & Investments        | 0           | 0           | 0            | 0             | 0            |
| Asset Sales                       | 0           | 0           | 0            | 0             | 0            |
| Other (exploration)               | -1.6        | -6.8        | -2           | 0             | -5           |
| <b>Investing Cashflow</b>         | <b>-2.4</b> | <b>-8.1</b> | <b>-19</b>   | <b>-180</b>   | <b>-10.2</b> |
| Dividends Paid                    | 0           | 0           | 0            | 0             | 0            |
| Equity Raised                     | 2.7         | 15.5        | 90           | 0             | 0            |
| Borrowings                        |             |             | 97           | 0             | 0            |
| Other                             | 0           | -0.1        | 0            | 0             | 0            |
| <b>Financing Cashflow</b>         | <b>2.7</b>  | <b>15.4</b> | <b>187.1</b> | <b>0</b>      | <b>0</b>     |
| <b>Total Cash Flow for Period</b> | <b>-0.6</b> | <b>4.1</b>  | <b>179.9</b> | <b>-177.8</b> | <b>125.3</b> |
| Cash at start of year             | 1.1         | 0.5         | 4.6          | 185           | 7            |

| Company                 |           | Crusader Resources |       | PCF SECURITIES  |       |       |
|-------------------------|-----------|--------------------|-------|-----------------|-------|-------|
| Code                    |           | CAS.AX             |       | Rating          |       |       |
| Share Price             | 7/03/2012 | \$                 | 0.92  | Speculative Buy |       |       |
| Valuation (DCF, geared) |           | \$                 | 1.59  |                 |       |       |
| Under Value Margin      |           |                    | 73%   |                 |       |       |
| Metrics Summary         |           | 2010A              | 2011A | 2012F           | 2013F | 2014F |
| EPS                     | c         | -                  | 0.01  | -               | 0.04  | -     |
| PER                     | x         | -100.0             | -20.7 | 23.4            | -16.9 | 1.8   |
| EV/EBIT                 | x         | n/a                | n/a   | n/a             | -     | 10    |
| ROE                     | %         | -32%               | -59%  | 7%              | -11%  | 45%   |
| D/E                     | %         | 0%                 | 1%    | 91%             | 100%  | 42%   |

### CAS.AX



12 Month Trading Range \$0.84 - \$1.50  
12 Month Return -16%

Crusader Resources is developing the Borboremba Gold project in Brazil. Production is planned for 2014. The project is forecast to produce 131,000tpa of Gold for 9 years. It also has the Posse Iron ore project which could produce 0.5mtpa of Iron ore for 8 years.

| Project Input Summary |                    |                   |                  |
|-----------------------|--------------------|-------------------|------------------|
| Product               |                    | Gold (Borboremba) | Posse (Iron Ore) |
| Head Grade            | g/t or Fe%         | 1.06              | 40               |
| Product Grade         | g/t                | n/a               | n/a              |
| Production rate       | kozpa or ktpa      | 131               | 510              |
| Capital Cost          | \$m                | 169               | 17               |
| Opex                  | \$/oz or t product | 558               | 25               |
| Cost of capital       | %                  | 10                | 10               |
| Tax rate              | %                  | 22.5              | 35               |
| Debt                  | \$m                | 85                | 0                |
| Project life          | years              | 9                 | 8                |

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