

CRUSADER RESOURCES LTD (CAS-ASX - \$1.12)

Recommendation: Overweight; Target: \$1.70

Crusader Resources Limited

ASX: CAS	\$1.12
Rating	Overweight
Risk	Above Average
Target Price	\$1.70
Projected Total Return	51.8%

Market Data

52-Week Trading Range	\$0.84-\$1.50
Shares Outstanding, Diluted (mm)	112.9
Market Capitalization (mm)	\$126.4
Cash FY1Q (mm)	(\$18.9)
Enterprise value (mm)	\$107.5

Forecasts

FYE: June	2011A	2012E	2013E
Fe Production (k t)	N/A	206.4	546.0
High-grade sales price (US\$/t)	N/A	75.0	75.0
Cash cost (US\$/t)	N/A	20.6	20.6
Capex (mm)	8.4	77.6	139.6
Free cash flow (mm)	(11.2)	(69.8)	(118.9)
Per Share (\$)			
CFPS (fd)	(0.03)	0.08	0.22
FCFPS (fd)	(0.12)	(0.75)	(1.27)

Current Valuation

P/NAV	0.9
EV/R&R	0.7

Target Valuation

NAV; EV/R&R

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All figures in A\$ unless noted otherwise

Borborema Resource Increased by 24%; Raising Target to \$1.70 from \$1.50

See New Target as Conservative

Crusader Resources Ltd. issued a JORC-compliant resource update for its **Borborema** gold project in Brazil.

Based on a 0.5 g/t cutoff, the project contains 68mm t of mineable ore with an average grade of 1.06 g/t yielding 2.31mm oz, 52% of which is indicated with the remainder inferred (see Appendix I).

This contained gold is based on drilling through Sept. and marks a 24% increase from the previously reported 1.86mm oz which was based on drilling through March, highlighting both CAS's active exploration activity, as well as Borborema's gold potential. The current resource utilized the ~16,000m drilled in the interim.

Moreover, the company has drilled an additional 17,000m since Sept. with five rigs running, yet the deposit, which now extends down to 350m below surface, remains open in all directions. CAS anticipates a further resource update in 1H12.

The updated resource is being utilized for a Bankable Feasibility Study. We expect first gold pour in 1Q of FY14.

We are increasing our price target, a rough weighted average of NAV and trading multiple-derived targets (Appendix II), to \$1.70 from \$1.50.

Notably, the NAV portion of our revised target still utilizes the 1.18 mm oz resource used in a pre-feasibility study released in Sept (given that we await the new mine plan to be provided in the upcoming BFS).

Our NAV/sh would be \$1.53 if based on the latest 2.31mm oz resource, which would result in a \$2.00 target.

As result, we see our \$1.70 target as conservative.

We reiterate our Overweight rating on the shares.

Please see back pages for important disclosures

APPENDIX I

	Cut-off Grade (g/t)	Indicated			Inferred			Total		
		Tonnes (Mt)	Average Grade (g/t)	Contained Gold (Moz)	Tonnes (Mt)	Average Grade (g/t)	Contained Gold (Moz)	Tonnes (Mt)	Average Grade (g/t)	Contained Gold (Moz)
Prior Report	0.5	21.49	1.32	0.91	23.16	1.28	0.95	44.64	1.30	1.86
	1.0	12.51	1.75	0.70	12.40	1.75	0.69	24.91	1.75	1.40
Current Report	0.5	31.57	1.18	1.20	36.1	0.96	1.11	67.68	1.06	2.31
	1.0	15.77	1.65	0.84	12.67	1.35	0.55	28.44	1.52	1.39

APPENDIX II

Crusader Resources- Price Target

	<u>Equity Value</u>	<u>Weighting</u>	<u>Premium</u>	<u>Equity Value Contribution</u>
NAV	\$1.24	60%	1.50	\$1.12
Enterprise Value/Resources	\$1.53	40%	N/A	\$0.61
Price Target				~\$1.70

APPENDIX III

Company	Price	% of 52-week high	Enterprise value	EV/
				Reserves & Resources
Allied Gold	\$2.85	59.4%	\$554.40	\$63.80
La Mancha Resources	2.75	98.6%	322.0	65.8
St. Andrew Goldfields	0.45	29.8%	161.5	40.7
Timmins Gold	2.17	62.9%	346.9	141.8
Red 5	2.14	89.2%	238.1	175.5
Mean				\$97.5
Median				\$65.8
Crusader Resources	\$1.14	76.0%	\$108.1	\$46.8

ANALYST CERTIFICATION

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RECEIPT OF COMPENSATION

Casimir Capital L.P. and its affiliate Casimir Capital Ltd. intend to seek compensation for investment banking services from Crusader Resources Ltd. during the next 3 months.

PERCENTAGE OF ALL SECURITIES RATED

Overweight: 86.36% (26.32% of which are investment banking clients), Equal Weight: 9.09% (0% of which are investment banking clients), Underweight: 0%, Not Rated: 4.55% (100% of which are investment banking clients).

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