

## SPECULATIVE BUY

26 March 2012

<b>Code:</b>	<b>CAS.AX</b>
Current Price:	<b>\$0.94</b>
Price Target (unchanged):	<b>\$1.36</b>
Shares on Issue (m):	<b>110.1</b>
Market Cap (m):	<b>\$103.5</b>
Net Cash (m as at 31/12/12):	<b>\$15</b>
EV (m):	<b>\$88.5</b>
Discount from Price Target:	<b>44%</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

Price Graph – Last 12 months



**NEWS UPDATE**

**New Exploration Targets at Borborema Gold Project**

Continuing work on regional soil sampling surrounding the Borborema gold project has highlighted 5 new exploration targets.

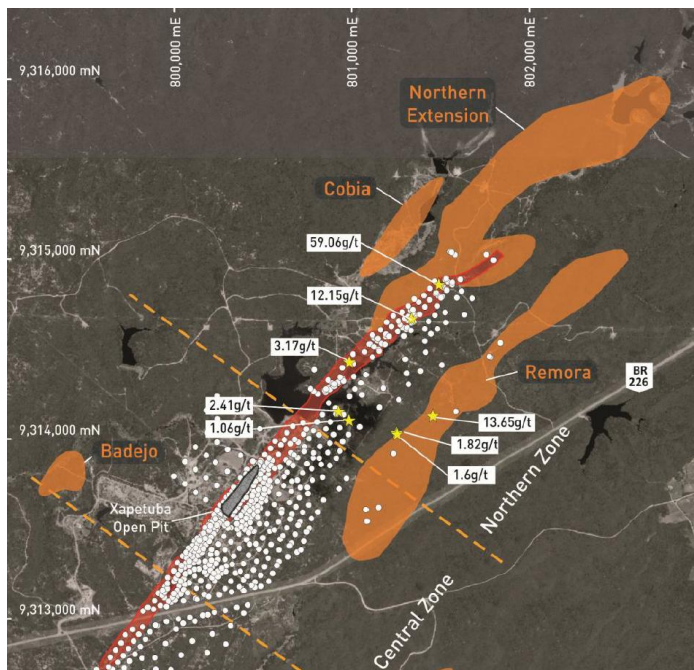
**Key Points:**

- Extension of the Borborema gold soil anomaly 1.2km NE of existing mineralisation. Potential for continuation of the main Borborema mineralisation
- Confirmation of the Remora soil anomaly to the East highlights the potential for repetition of parallel mineralisation
- Additional gold soil anomalies identified surrounding existing Borborema Resource (Remora East, Badejo, Cobia)

Drilling underway to test targets.

**Impact**

These early soil results have the potential to be significant, possibly extending the existing mineralisation immediately adjacent to the Borborema project.



**Our View**

The potential upside for additional gold discovery is increasing with the identification of these gold soil anomalies. The drilling of these targets will test the possibility mineralisation adjacent to the Borborema project, which has a current resource of 2.3Moz.

## Financial Model Summary

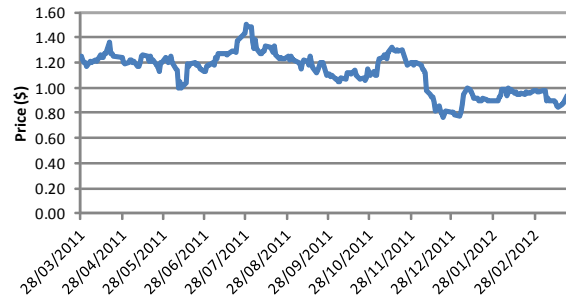
Profit and Loss Statement	2010A	2011A	2012F	2013F	2014F
Revenue	0.4	0.7	26.8	27	234
Operating Expenses	-2.2	-9.4	-13.0	-13.0	-82.1
EBITDA	-1.8	-8.7	13.8	14.1	152.0
Depreciation & Amortisation	0	0	-1.7	-19.7	-18.4
EBIT	-1.8	-8.7	12.1	-5.6	134
Interest			0.0	-5.8	-5.4
PBT	-1.8	-8.7	12.1	-11.4	128.2
NPAT	-1.8	-8.7	7.9	-12.1	106.4

Balance Sheet	2010A	2011A	2012F	2013F	2014F
Cash	0.5	5	185	8	124
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>185.7</b>	<b>9.9</b>	<b>143.2</b>
Property, Plant & Equipment other	1.1 4.5	1.5 9.5	17 2	177 5	159 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>204.7</b>	<b>192.0</b>	<b>311.9</b>
Payables	0.5	1.3	0.4	1.1	6.7
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>100.2</b>
<b>Net Assets</b>	<b>5.7</b>	<b>14.8</b>	<b>107.2</b>	<b>95.6</b>	<b>211.7</b>
Equity	5.7	14.8	107.2	95.6	211.7
Other	0	0.0	0.0	0.0	0.0
<b>Shareholder Equity</b>	<b>5.7</b>	<b>14.8</b>	<b>107.2</b>	<b>95.6</b>	<b>211.7</b>

Cashflow Statement	2010A	2011A	2012F	2013F	2014F
Cash flow from operations	-0.9	-3.2	13.8	14.1	152.0
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	9.7
Working Cap Adjustment			0	-1	-11
<b>Operating Cashflow</b>	<b>-0.9</b>	<b>-3.2</b>	<b>12.1</b>	<b>2.2</b>	<b>126.5</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>180.2</b>	<b>-177.6</b>	<b>116.3</b>
Cash at start of year	1.1	0.5	4.6	185	7

Company		Crusader Resources		PCF SECURITIES					
Code	CAS.AX								
Share Price	26/03/2012	\$	0.940						
Valuation (DCF, geared)			2.12						
Valuation (DCF, geared, risked adj.)		\$	1.70						
Under Value Margin			81%						
<b>Rating</b>					<b>Speculative Buy</b>				
Metrics Summary	2010A	2011A	2012F	2013F	2014F				
EPS	c	-	0.01	-	0.04	-	0.06	0.54	
PER	x	-	-102.2	-	-21.1		23.3	-15.2	1.7
EV/EBIT	x	n/a	n/a	n/a			-	10	1.5
ROE	%		-32%		-59%		7%	-13%	50%
D/E	%		0%		1%		91%	100%	44%

### CAS.AX



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

Crusader Resources is developing the Borborema 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 (Borborema)	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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