

June 2012 Quarterly Activities Report

Work has remained focussed on the Borborema Gold Project with the main highlights being drilling, feasibility study work, an imminent resource update and the continuation of regional exploration.

Highlights

- Measured and Indicated Mineral Resources were increased by 61% to **50.9 Mt @ 1.14 g/t Au for 1.87 Moz Au** (ASX: CAS announcement 26 July 2012)
- The new Mineral Resource estimate has delineated optimised in-pit resources of **42.9 Mt @ 1.20 g/t Au for 1.66 Moz Au¹** for a 10.5 year initial mine life
- Drilling has continued to return strong results from Borborema with the better results including;
 - **34m @ 2.77 g/t Au** from 287m in CRRDD-146
 - **20m @ 2.87 g/t Au** from 194m in CRDD-151
 - **17m @ 2.55 g/t Au** from 304m and **15m @ 3.61g/t Au** from 327m in CRDD-134 (a combined interval of **38m @ 2.60 g/t Au from 304m**)
- The Bankable Feasibility Study (BFS) underway on the Borborema Gold Project is now ~70% complete and due to be fully completed in the second half of 2012
- Crusader has expanded the 100% owned tenement portfolio to >4,100 km² and identified multiple gold targets in the surrounding, potentially world-class, Seridó Belt.

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **110,146,040**
- Options **4,460,000**
(exercise prices: \$0.44 to \$1.30)
- Market Capitalisation **\$69M**
- Treasury **\$5.3M** (30 Jun 2012)
- Share price **\$0.63**
(12 month closing range: \$0.57 to \$1.50)

Board of Directors

Non-Executive Chairman

David Archer

Managing Director

Rob Smakman

Executive Director

Paul Stephen

Non-Executive Directors

Justin Evans

David Netherway

CAS Investment Opportunity in Brazilian Projects

- Underexplored and high potential portfolio
- In-country experienced management (inc. MD, COO and Exploration Manager)
- Extensive network into new opportunities

¹The pit optimisation parameters may change for the BFS study

Borborema Gold Project- North-East Brazil (CAS 100%)

Activities at Crusader’s 100% owned Borborema Gold Project in Brazil continued at a pace during the quarter. Drilling, exploration, feasibility study work and a new Mineral Resources estimate were the focus and all significantly advanced.

A new Mineral Resources estimate increased the Measured and Indicated portion by 61% from the November 2011 estimate to **50.9 Mt @ 1.14 g/t Au for 1.87 million ounces** of contained gold. Preliminary Whittle pit optimisations on the updated Resource were subsequently completed and indicate that 42.9Mt @ 1.2 g/t Au for 1.66 Moz Au are contained within an economic pit-shell, constrained using parameters detailed in the Appendix 1. This pit shell returned the highest average discounted cash flow for the project with a projected life of 10.5 years at a throughput rate of 4 Mtpa.

The starter pit shell has a three year life, a strip ratio of 3.0 and a grade of 1.30g/t.

Two other pit shells have been selected as guides for progressive pits. The results, including the contained tonnages and grades are presented below.

Borborema Gold Project Mineral Resource Estimate by Multiple Indicator Kriging (MIK)			
Category	Tonnes (Mt)	Grade (Au g/t)	Contained Gold (Moz)
Measured Resources	8.2	1.22	0.32
Indicated Resources	42.8	1.12	1.55
Total Measured + Indicated	50.9	1.14	1.87
Inferred Resources	17.6	1.00	0.57
Total- All Categories	68.6	1.10	2.43

Table 1: July 2012 Mineral Resources Estimate Summary Table, reported at a 0.5 g/t cut-off. Parent Block 25mE x 25mN x 5mRL. Selective Mining Unit 5mE x 6.25mN x 2.5mRL. Note, appropriate rounding has been applied, subtotals may not equal total figure.

Pit Shell #	Tonnes (Mt)	Grade (g/t Au)	Contained Gold (Moz)	Strip Ratio	Final Bench (mRL)	Mine Life (Years)	In-pit Inferred Resources (%)
7	12.2	1.30	0.51	3.0	340	3	0.11
11	21.1	1.19	0.81	3.6	295	5	0.41
13	42.9	1.20	1.66	6.3	190	10.5	1.23

Table 2. Whittle 4D Pit Optimisation results for Borborema Gold Project. Optimisation parameters are detailed in Appendix 1.

Drilling completed during the quarter was focussed around the planned Mineral Resource update and an additional 28,258m of drilling (of both diamond and RC) were added to the database.

The drilling was successful in converting 77% of the contained metal in the total Resource, into the higher confidence measured and indicated categories, an excellent result from the intense drilling programs undertaken in the first half of the year.

Some of the better results included:

- **34m @ 2.77 g/t Au** from 287m in CRRDD-146
- **20m @ 2.87 g/t Au** from 194m in CRDD-151
- **17m @ 2.55 g/t Au** from 304m and **15m @ 3.61g/t Au** from 327m in CRDD-134 (a combined interval of **38m @ 2.60 g/t Au** from 304m)
- **34m @ 1.58 g/t Au** from 279m in CRRDD-129
- **27m @ 1.33 g/t Au** from 279m in CRDD-158
- **23m @ 1.48 g/t Au** from 258m in CRRDD-154
- **15m @ 3.60 g/t Au** from 307m in CRDD-156
- **12m @ 2.79 g/t Au** from 12m in CRRC-470

In addition to the resource drilling, RC drilling was used to test the Remora and the Northern Extension soil anomaly targets, as well as for sterilisation drilling of the planned footprint of the mine and infrastructure. The sterilisation drilling was successful in that no significant mineralisation was intersected in any of the drill-holes. The drilling results at Remora, although identifying intervals of mineralisation, were disappointing, whilst the majority of results from drilling of the Northern Extension anomaly are still awaited.

Drilling continues on site on a variety of targets, including brownfield soil anomalies, and main zone extensions, sterilisation for infrastructure and mining plant necessary for the Bankable Feasibility Study (BFS).

The BFS is progressing as planned with activities now over 70% complete and on track to be completed during the second half of 2012.

Basic engineering and capital cost estimation for a 4Mtpa treatment plant and associated infrastructure, including tailings disposal, is substantially complete. Metallurgical pilot plant testwork designed to assist in defining final ball mill specifications is due for completion in late July.

Infrastructure trade-off studies are underway for power supply, water supply and the road relocation. These studies are vital to determine the best action plan for infrastructure from both a cost and timeliness perspective.

Geotechnical studies have been completed and final pit design is underway. Fleet selection and mine capex estimation will be refined after completion of the final pit design.

Environmental studies are at an advanced stage, with the Environmental Impact Statement (EIS) scheduled for completion early in Q4 of 2012. Acid rock drainage (ARD) studies indicate

low potential for ARD generation, and fauna, flora and related studies have not identified the presence of any endangered species or highlighted any potential areas of concern.

Filtering tests and the social and economic risk assessment have all been completed.

Metallurgical studies are nearing completion with the pilot plant test (to determine power consumption) in Sao Paulo completed, but reporting is still awaited.

Community Relations

Crusader remains active in local communities with a series of project presentations made in the local area. These presentations have been very well received, with job creation the main area of interest for many local residents. Sourcing of water and usage is also of high local importance.

Regional Exploration

Crusader has continued regional exploration activities on the large tenement package that surrounds the Borborema project. The 100% owned tenement package has grown to >4,100km² and covers the extensions of the host unit and important north-east trending structures that host Borborema.

The Seridó region has never been systematically explored for gold and the potential for discovering similar mineralised systems is considered high.

In the June quarter a proprietary ranking system to develop a "prospectivity score" based on all key known factors (lithology, structural setting, geochemical anomalism, evidence of garimpo workings, etc.) has been developed. This has allowed a "league table" of over 90 defined gold-anomalous drainages in the Seridó Belt to be developed and allows a semi-quantitative approach to prioritising these regional targets.

Field mapping and sampling, soil sampling and stream-sediment programmes that were already initiated have been modified accordingly with this new data and Crusader has defined four key areas to concentrate its resources on whilst other prospects are further investigated. These are shown highlighted as areas BF1, GF1, GF2 and GF3 in Figure 1 and further detailed in Figure 2.

Areas GF1 and GF3 show multiple catchments associated with strong gold anomalism straddling interpreted F2 thrusts within the Borborema schist. Geological mapping of several of these anomalies shows evidence of multiple historic garimpos. Mapping and geochemical sampling will start immediately in these areas.

The work completed to-date in area BF1 includes over 2,000 soil samples and mapping over a cluster of anomalies (Anomalies 6, 20, 21 and 22 in Fig. 2) to the west of Borborema. The full sampling programme should be complete by the end of July and assay results are expected from mid-August.

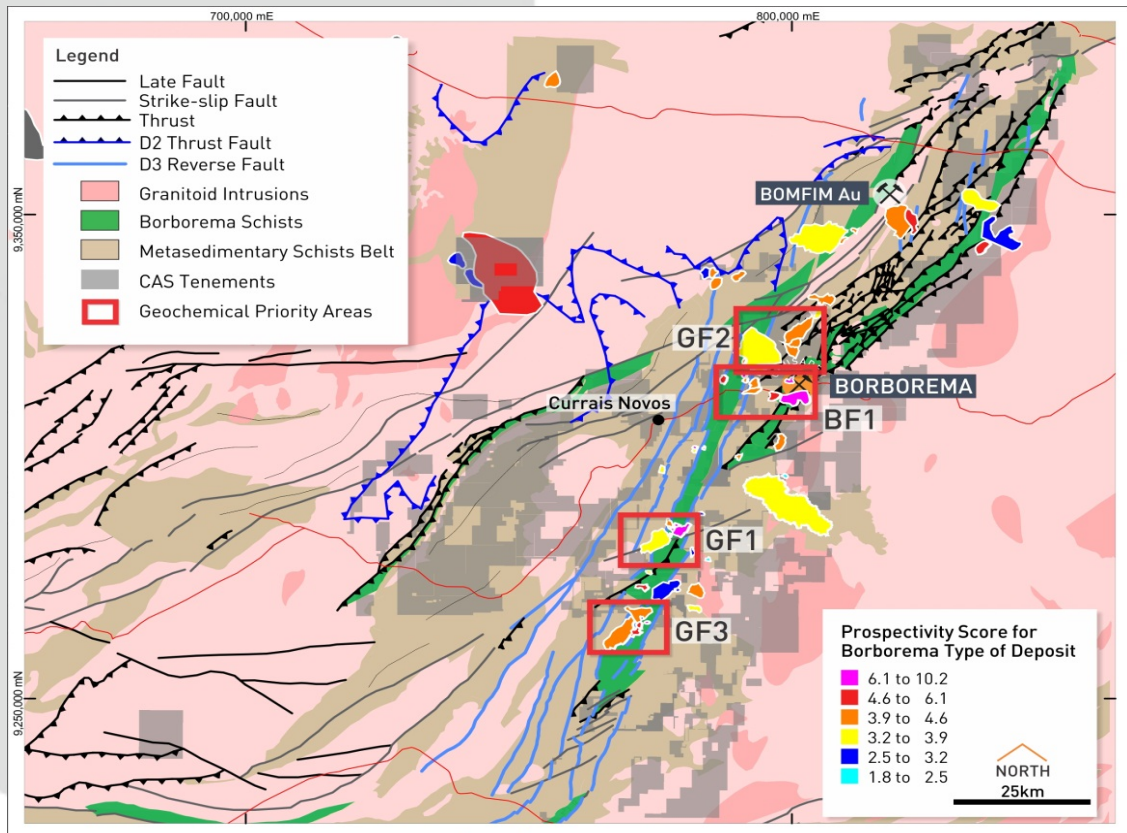


Figure 1: Seridó Belt with geophysical structural interpretation and ranked geochemical anomalies.

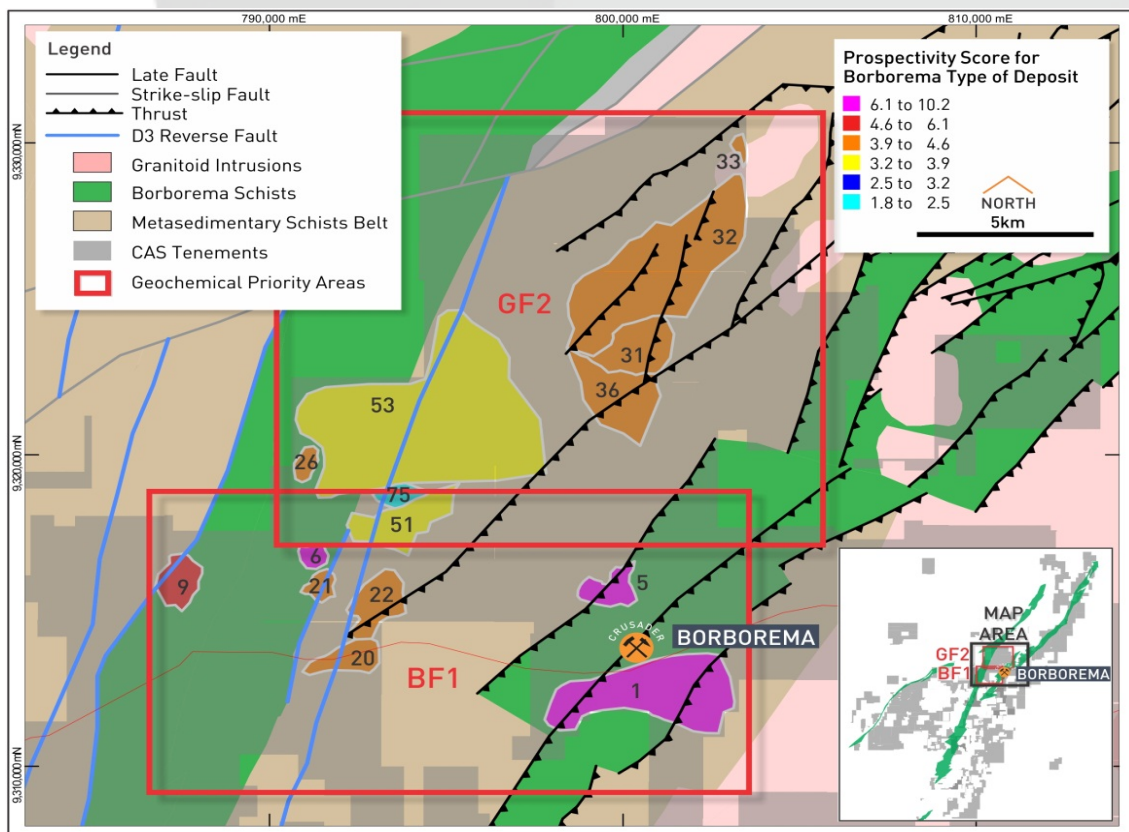


Figure 2: Regional priority targets BF1 and GF2.

Although the priority for the current exploration phase is for Borborema-style deposits, Crusader is keeping an open mind as to what other styles of gold mineralisation may exist in the region, with existing skarn-related tungsten/gold/bismuth deposits being mined at the nearby Bomfim mine and several significant anomalies lying outside the current interpretation of the Borborema schist belt. These prospects / opportunities will also be assessed as part of the exploration strategy.

To complement the increased level of exploration work whilst feasibility studies continue at the flagship Borborema Project, a new Chief Geologist has been appointed to co-ordinate and expedite the regional program.

The new Chief Geologist, Mr Andrew Thompson, is an experienced exploration geologist who has played a key role in several significant Western Australian discoveries. The Chief Geologist's role will focus squarely on finding new gold mineralisation within the region.

Posse Iron Project- Central-South Brazil (CAS 100%)

Crusader continues to pursue a number of approvals prerequisite to start mining and treatment at the Posse Iron Ore project in Minas Gerais state, Brazil. The project is ready to go into production subject to the DNPM's approval of an amended mine plan and SUPRAM approving the environmental license application.

The DNPM has recently entered into a strike. It remains unknown when they will return to work.

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About Crusader

Crusader Resources Limited (ASX:CAS) is a minerals exploration company listed on the Australian Securities Exchange. Its major focus is Brazil, a country Crusader believes is vastly underexplored with high potential for the discovery of world class mineral deposits.

Crusader's key asset is the 2.43 million ounce Borborema Gold Project in north eastern Brazil. The company has 4,100 km² of exploration tenements in the Seridó Belt, a highly prospective geological structure which hosts the Borborema Gold Project. This region is under explored and could provide Crusader with a pipeline of high growth, greenfields gold discoveries.

Crusader also owns the Posse Iron Project near Belo Horizonte which will, subject to licensing, produce high-quality iron ore for consumption in Brazil's domestic iron industry. Production will commence once licences have been obtained from the mines and environment departments.

About Borborema

The Borborema gold project is in the Seridó area of the Borborema province in north-eastern Brazil.

It is 100% owned by Crusader Resources Ltd and consists of three mining leases covering a total area of 29 km² including freehold title to the property over the main prospect area.

The Borborema Gold Project benefits from existing on-site facilities and excellent infrastructure, such as buildings, grid power, water, sealed roads and is close to major cities and regional centres. The current JORC compliant Indicated and Inferred Mineral Resource estimate, using a 0.50 g/t cut-off grade, is 68.6 million tonnes at 1.10 g/t for 2.43 million ounces of gold. . Drilling continues to define and expand the gold mineralisation, which remains open at depth and along strike.

Crusader completed a Pre-Feasibility Study (PFS) in September 2011 into the economic and technical merits of the Borborema Gold Project. The PFS results revealed a robust investment case based on an open cut mine development of 3Mtpa.

A Bankable Feasibility Study is now underway and will consider a larger throughput of 4Mtpa.

Disclaimer

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr. Robert Smakman, who is a Fellow 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.

The information in this report that relates to Mineral Resources is based on information compiled by Mr. Lauritz Barnes and Mr. Brett Gossage who are both Members of The Australasian Institute of Mining and Metallurgy. Messrs Barnes and Gossage are both independent consultants to Crusader Resources Limited. Both Messrs Barnes and Gossage have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messrs Barnes and Gossage consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Appendix 1: Pit Optimisation Parameters

Pit optimisation of the Borborema Gold Project was completed by consultants working on the BFS.

The optimisations were completed on the updated MIK block model containing all Mineral Resources categories using Whittle software. The main optimisation inputs are as per Appendix Table 1 below, as provided by Crusader and the study team and are preliminary parameters only.

Borborema BFS Pit Optimisation Inputs	
Gold price	US\$1,350/oz
Government royalty	1% revenue
Discount rate	5%
Mining recovery	98%
Overall Pit slopes	36 FW, 52 HW degrees
Milling rate	4Mtpa
Average processing recovery	95.8%
Average mining cost	US\$2.71/t mined
Average mill throughput cost	US\$14.68/t milled

Appendix Table 1: Borborema BFS Pit Optimisation Inputs

The summary results for the maximum, average discounted pit shell, to be used for ongoing BFS mining engineering work, are as per Appendix Table 2 below.

Borborema BFS Pit Optimisation Results	
Optimal in-pit Resources (all categories)	42.9Mt
Resources grade	1.20g/t
Gold produced (after ore loss and processing)	1.56Moz
Strip ratio	6.3:1 (t:t)
Max pit depth	300m
NPV ²	US\$426M

Appendix Table 2: Borborema BFS Pit Optimisation Results

The MIK block model is a recoverable mining model which replicates the grade tonnage likely in mining but an additional 2% ore loss has been allowed for mining operations. Within the pit shell effectively all the Measured and Indicated Resources are contained within the selected shell plus less than 0.5Mt of Inferred Resources.

²Based on in-pit resources for all categories and assumptions in Appendix 1, Table 2

Table 1 – Drill Hole Locations

Hole ID	Zone	Easting	Northing	RL	Dip	Azimuth
CRDD-126	Central Deeps	800,351	9,313,052	496	-60°	307°
CRDD-129	Central Deeps	800,715	9,313,374	498	-60°	307°
CRDD-132	Central Deeps	800,690	9,313,299	495	-60°	307°
CRDD-134	Central Deeps	800,487	9,313,010	500	-60°	307°
CRDD-135	Central Deeps	800,603	9,313,205	493	-60°	307°
CRDD-143	Southern	800,194	9,312,982	498	-60°	307°
CRDD-144	Central	800,311	9,313,019	498	-60°	307°
CRDD-145	Southern	800,099	9,312,929	500	-60°	307°
CRDD-146	Southern	800,358	9,312,923	499	-60°	307°
CRDD-147	Southern	800,164	9,312,945	500	-60°	307°
CRDD-148	Southern	800,022	9,312,860	500	-60°	307°
CRDD-149	Southern	800,188	9,312,860	498	-60°	307°
CRDD-150	Southern	800,265	9,312,992	499	-60°	307°
CRDD-151	Southern	800,143	9,312,895	494	-60°	307°
CRDD-152	Central Deeps	800,358	9,312,985	499	-60°	307°
CRDD-153	Southern	800,145	9,312,832	489	-60°	307°
CRDD-154	Southern	800,254	9,312,877	499	-60°	307°
CRDD-155	Central Deeps	800,552	9,313,183	490	-66°	307°
CRDD-156	Central Deeps	800,545	9,313,093	498	-58°	307°
CRDD-157	Southern	800,286	9,312,914	498	-60°	307°
CRDD-158	Southern	800,313	9,312,894	494	-64°	307°
CRRC-462	Central	800,158	9,313,383	484	-90°	307°
CRRC-463	Central	800,168	9,313,394	485	-90°	307°
CRRC-464	Central	800,167	9,313,408	485	-90°	307°
CRRC-465	Central	800,123	9,313,348	481	-90°	307°
CRRC-466	Central	800,157	9,313,369	483	-90°	307°
CRRC-467	Central	800,127	9,313,329	485	-90°	307°
CRRC-468	Central	800,108	9,313,328	483	-90°	307°
CRRC-469	Central	800,144	9,313,363	482	-90°	307°
CRRC-470	Central	800,139	9,313,351	482	-90°	307°

Table 2 – Significant Intersections

SIGNIFICANT INTERSECTIONS (≥ 0.5 g/t Au)			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRDD-126	240	1	2.88
	244	14	1.98
	261	11	1.20
	280	1	0.53
CRDD-129	261	1	6.43
	274	1	0.80
	279	34	1.58
	316	1	1.07
CRDD-132	111.5	1	3.82
	285	17	1.47
	305	17	1.18
	325	3	0.68
CRDD-134	304	17	2.55
	327	15	3.61
	346	5	1.68
	360	1	1.84
CRDD-135	281	4	0.94
	288	6	2.27
	297	1	5.24
	302	21	0.90
CRDD-143	191	3	1.79
	197	6	1.05
	210	1	0.85
	216	6	1.42
CRDD-144	235	8	1.37
	246	5	0.64
	254	1	1.15
	260	2	1.18
CRDD-145	163	19	0.85
	187	1	0.59
	197	1	0.60
CRDD-146	287	34	2.77
CRDD-147	195	4	0.81
	202	1	0.56
	214	1	0.55
	218	4	0.64
CRDD-148	153	1	0.54
	158	16	0.98
	178	1	1.56
	184	1	0.82

SIGNIFICANT INTERSECTIONS (≥ 0.5 g/t Au)			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRDD-149	233	22	0.86
	258	8	0.74
CRDD-150	224	15	1.28
	242	15	0.64
	261	1	0.75
CRDD-151	194	20	2.87
	218	5	1.24
CRDD-152	238	1	0.53
	269	8	2.65
	280	6	3.58
	289	2	0.68
	295	5	2.36
CRDD-153	210	1	0.87
	220	16	0.89
	242	3	1.51
	251	1	0.88
CRDD-154	244	1	1.22
	258	23	1.48
	284	1	1.61
	288	4	0.85
CRDD-155	234	1	1.87
	261	1	0.74
	263	1	0.55
	271	15	1.98
	290	3	1.46
	298	1	0.99
	302	4	0.74
	313	1	0.61
CRDD-156	302	1	0.93
	307	15	3.60
	326	6	1.24
CRDD-157	262	1	0.72
	266	3	1.02
	272	6	2.24
	281	14	0.93
	298	1	0.60
CRDD-158	274	1	2.41
	279	27	1.33
	313	2	0.81

Table 2 – continued

SIGNIFICANT INTERSECTIONS (≥ 0.5 g/t Au)			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRRC-462	6	3	0.50
	13	10	1.02
	26	1	0.98
	37	1	1.97
	44	1	0.54
	47	1	1.06
	51	1	0.84
CRRC-463	10	12	1.05
	28	2	1.33
	38	1	0.54
	51	2	0.53
CRRC-464	8	3	0.50
	15	1	1.10
	21	1	0.62
	32	1	0.66
	39	2	0.79
	44	1	0.74
	47	1	0.51
CRRC-465	11	6	0.87
	35	1	1.52
	44	1	0.65
CRRC-466	8	1	0.51
	12	9	1.91
	27	2	0.74
	36	1	0.68
	42	3	6.46
	52	9	0.64

SIGNIFICANT INTERSECTIONS (≥ 0.5 g/t Au)			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRRC-467	8	1	0.77
	13	15	1.26
	37	1	1.15
	42	1	2.59
CRRC-468	3	1	3.12
	9	9	0.97
	38	1	1.15
	45	1	0.84
CRRC-469	13	4	2.51
	20	1	0.77
	27	1	0.81
	35	1	3.43
	47	5	1.05
CRRC-470	13	12	2.79
	33	5	1.11
	52	2	2.84