

18 July 2012

Crusader Resources

CAS

\$0.60/share

Buy

Multiple gold targets identified

Work has begun on multiple new exploration targets identified within the same mineralised system that hosts the 2.3Moz Borborema project (Figs. 1-2). CAS has appointed a new Chief Geologist to coordinate and expedite the regional program. Four anomalies to the west of Borborema have been prioritised and are undergoing soil sampling with assay results expected mid-August. Most of the anomalies show evidence of historical artisanal gold workings. An updated resource for Borborema is due out this month, followed by a maiden reserve in August. We recommend buying CAS which is trading on forward PEs of 1x and 80% discount to NPV of A\$3.01/share.

Multiple new gold targets

- Targets situated along the Borborema trend.
- Same rock units and structural setting to Borborema.
- Evidence of historical artisanal gold workings exists.
- Soil sampling and mapping is underway.
- Assay results expected mid August.
- Potential exists to find Borborema type repeats.
- New Chief Geologist Andy Thompson (ex Lionore) appointed to expedite the exploration program.
- CAS now has >4,100km² tenements under application or licence.

Borborema (100%) - Indicated resources to rise

- Total resources equate to 2.3Moz (68Mt @ 1.06g/t Au)
- Indicated resources are 1.2Moz (32Mt @ 1.18g/t Au).
- Drilling points to a significant rise in Indicated resources.
- Resource upgrade expected this month.
- Maiden reserve of at least 1Moz targeted in August.
- Drilling continues at Borborema with 3 rigs in action.

BFS progressing

- Targeted production of 4Mtpa for 150kozpa.
- Cash costs of ~US\$650/oz.
- EBITDA of ~A\$150Mpa for 2 year payback.
- BFS on track for completion early Q4 2012.

Key Dates

- Q3 2012 – Drill results Borborema.
- Q3 2012 – Resource update Borborema.
- Q3 2012 – Maiden reserve Borborema.
- Q4 2012 – Borborema BFS.
- Q4 2012 – Financing and construction.
- Q2 2014 – Production.

Company Data

Shares – ordinary (free float)	110.1M
Unlisted Options	4.5M
Total (fully diluted)	114.6M
Market capitalisation (fully diluted)	A\$68.8M
12 month low/high	\$0.57/ \$1.50
Monthly turnover	\$3.5M
Monthly volume	3.3M

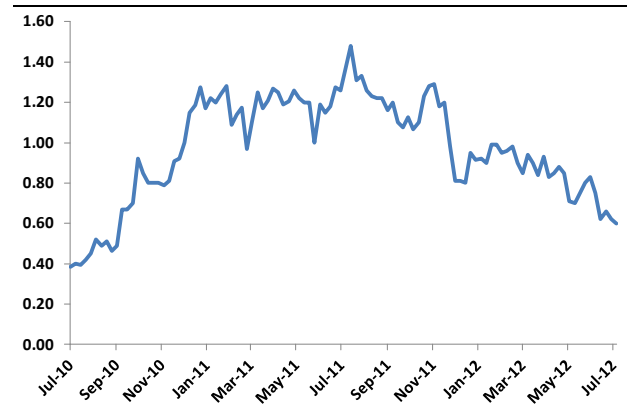
Financial Summary

Year end June	2011A	2012F	2013F	2014F	2015F
Revenue (\$M)	0.1	0.0	6.1	71.2	261.1
Costs (\$M)	6.9	6.3	5.7	35.4	109.0
EBITDA (\$M)	-6.8	-6.3	0.4	35.8	152.1
NPAT (\$M)	-6.6	-6.0	-4.0	12.5	77.8
EPS (¢ps)	-7.3	-5.5	-3.6	11.4	70.7
PER (x)	na	na	na	5.3	0.8
Cashflow (Gross-\$M)	-2.9	-4.5	-3.5	26.4	138.6
CFPS (¢/sh)	-3.2	-4.1	-3.2	23.9	125.8
PCFPS (x)	na	na	na	2.5	0.5
Enterprise Value (\$M)	102	59	213	257	124
EV / EBITDA (x)	na	na	na	7.2	0.8

Substantial Shareholders (FPO)

Substantial Shareholders (FPO)	Shares (M)	(%)
Dundee	20.5	18.8%
Copulos Group	9.9	9.0%
Northcape	7.9	7.3%
Goodman and Company	5.9	5.4%

CAS (A\$ps) – performance over two years



Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was a broker to the issue of 13.5M shares at \$1.20/share in July 2011, raising A\$16.2M. A fee was received.

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Analysis

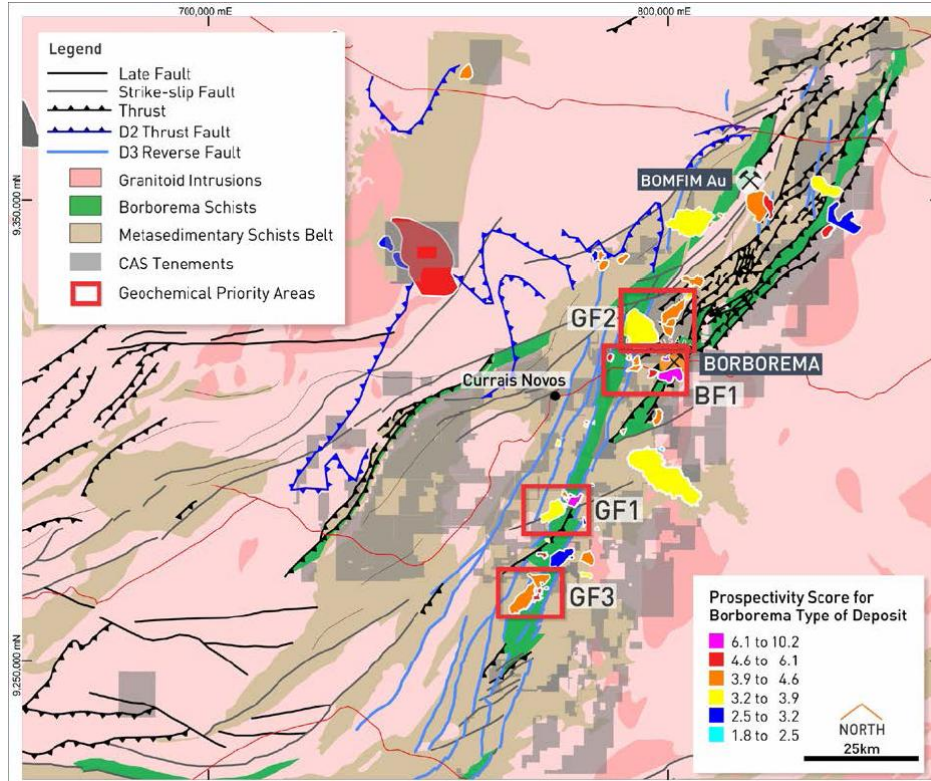
CRUSADER RESOURCES (CAS)							Share Price (\$)		17-Jul-12						
Year End 30 June A\$							Iss. Shares (M)		Unlisted Options (M)		Mkt Cap. (\$M)		Fully diluted for ops		
PROFIT & LOSS	2011A	2012F	2013F	2014F	2015F	2016F	RESERVES & RESOURCES	2011A	2012F	2013F	2014F	2015F	2016F		
Sales Revenue	\$M	0.0	0.0	6.1	71.2	261.1	250.3	Reserves - Borborema							
Other Income	\$M	0.1	0.0	0.0	0.0	0.0	0.0	Tonnes	Mt	0.0	27.0	36.0	35.0	31.0	27
Operating Costs	\$M	4.5	4.8	5.7	35.4	109.0	110.9	Grade - Au	g/t	0.00	1.39	1.20	1.20	1.20	1.20
Exploration	\$M	2.4	1.5	0.0	0.0	0.0	0.0	Contained Gold	oz	0	1,206,618	1,388,912	1,350,331	1,196,008	1,041,684
Other	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Reserves - Posse							
EBITDA	\$M	(6.8)	(6.3)	0.4	35.8	152.1	139.4	Tonnes	Mt	7.0	7.0	6.8	6.0	5.2	4.4
Dep. & Amort.	\$M	0.1	0.0	0.4	7.4	27.1	27.8	Grade - Fe	%	46.5	46.5	46.5	46.5	46.5	46.5
EBIT	\$M	(6.9)	(6.3)	(0.0)	28.4	125.0	111.6	PRODUCTION (100%)							
Net Interest	\$M	(0.3)	(0.3)	3.9	9.4	7.1	1.0	Borborema							
Pre-Tax Profit	\$M	(6.6)	(6.0)	(4.0)	19.0	117.9	110.6	Ore Milled	Mt	0.00	0.00	0.0	1.0	4.0	4.0
Tax	\$M	0.0	0.0	0.0	6.4	40.1	37.6	Grade	g/t	0.0	0.0	0.0	1.2	1.2	1.2
Minorities	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Recovery	%	0%	0%	95%	95%	96%	96%
Net Profit	\$M	(6.6)	(6.0)	(4.0)	12.5	77.8	73.0	Gold Produced	oz	0	0	0	36,652	148,151	148,151
Abnormal	\$M	(2.2)	0.0	0.0	0.0	0.0	0.0	Posse							
Reported Profit	\$M	(8.8)	(6.0)	(4.0)	12.5	77.8	73.0	Sales - Lump	Mt	0.00	0.00	0.20	0.08	0.08	0.08
Dividends Paid	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Sales - Fines	Mt	0.00	0.00	0.00	0.48	0.48	0.48
Adjustments	\$M	0.0	0.0	0.0	0.0	0.0	0.0	REVENUE (attributable)							
Retained Earning	\$M	(19.8)	(25.8)	(29.8)	(17.3)	60.5	133.5	Borborema	\$M	0.0	0.0	0.0	60.8	249.0	237.0
CASH FLOW								Posse	\$M	0.0	0.0	6.1	10.4	12.1	13.3
Revenue	\$M	0.0	0.0	6.1	71.2	261.1	250.3	Other	\$M	0.1	0.0	0.0	0.0	0.0	0.0
Costs	\$M	(3.2)	(4.8)	(5.7)	(35.4)	(109.0)	(110.9)	Total	\$M	0.1	0.0	6.1	71.2	261.1	250.3
Net Interest	\$M	0.3	0.3	(3.9)	(9.4)	(7.1)	(1.0)	COSTS (attributable)							
Tax Paid	\$M	0.0	0.0	0.0	0.0	(6.4)	(40.1)	Cash costs	A\$/oz	0	0	0	575	600	615
Gross Cash Flow	\$M	(2.9)	(4.5)	(3.5)	26.4	138.6	98.3	Borborema	\$M	0.0	0.0	0.0	22.9	96.4	98.2
Net Capex	\$M	(1.5)	(8.2)	(150.5)	(70.0)	(6.0)	(6.0)	Posse	\$M	0.0	0.0	2.4	9.0	9.1	9.2
Exploration	\$M	(6.9)	0.0	0.0	0.0	0.0	0.0	Other	\$M	4.5	4.8	3.3	3.5	3.5	3.5
Dividends	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Total	\$M	4.5	4.8	5.7	35.4	109.0	110.9
Other	\$M	0.1	0.0	0.0	0.0	0.0	0.0	CAPEX (attributable)							
Free Cashflow	\$M	(11.2)	(12.7)	(154.0)	(43.6)	132.6	92.3	Borborema	\$M	1.3	8.0	150.0	69.5	5.5	5.5
Equity Issues	\$M	15.3	15.2	0.0	0.0	0.0	0.0	Posse	\$M	0.2	0.2	0.5	0.5	0.5	0.5
Net Borrowings	\$M	0.2	0.0	160.0	45.0	(110.0)	(90.0)	Other	\$M	0.0	0.0	0.0	0.0	0.0	0.0
Net Investments	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Total	\$M	1.5	8.2	150.5	70.0	6.0	6.0
Surplus Cash Flo	\$M	4.2	2.5	6.0	1.4	22.6	2.3	DEPRECIATION (attributable)							
BALANCE SHEET								Borborema	\$M	0.0	0.0	0.0	6.4	26.1	26.8
Cash	\$M	4.8	7.3	13.2	14.6	37.2	39.5	Posse	\$M	0.0	0.0	0.4	1.1	1.0	1.1
Other Current	\$M	0.2	2.0	3.1	3.6	13.1	25.0	Other	\$M	0.1	0.0	0.0	0.0	0.0	0.0
Total Current	\$M	5.0	9.3	16.3	18.2	50.2	64.5	Total	\$M	0.1	0.0	0.4	7.4	27.1	27.8
Fixed Assets	\$M	5.5	13.7	163.8	226.4	205.3	183.5	EBITDA (attributable)							
Exploration	\$M	5.5	4.0	3.0	2.0	1.0	7.0	Borborema	\$M	0.0	0.0	0.0	37.9	152.6	138.8
Intangibles	\$M	0.0	0.0	0.0	0.0	0.0	0.0	Posse	\$M	0.0	0.0	3.7	1.4	3.0	4.1
Other	\$M	0.4	0.4	0.4	0.4	0.4	0.4	Other (incl. writedowns)	\$M	-6.8	0.0	0.0	0.0	0.0	0.0
Total NC Assets	\$M	11.5	18.1	167.2	228.8	206.7	190.9	Total	\$M	-6.8	0.0	3.7	39.3	155.6	142.9
TOTAL ASSETS	\$M	16.5	27.4	183.5	246.9	256.9	255.4	HEDGING (attributable)							
Total Debt	\$M	0.2	0.2	160.2	205.2	95.2	5.2	Gold hedged	oz	0	0	0	0	0	0
Current Liab	\$M	1.4	1.4	1.4	7.8	41.5	39.0	Hedged price	US\$/oz	0	0	0	0	0	0
Non Current Liab	\$M	0.2	1.9	2.0	1.5	10.0	27.9	Hedged price	A\$/oz	0	0	0	0	0	0
TOTAL LIAB	\$M	1.8	3.5	163.5	214.5	146.6	72.1	Sales hedged	%	0%	0%	0%	0%	0%	0%
NET ASSETS	\$M	14.7	23.9	20.0	32.5	110.3	183.3	Ave. deliverable price	US\$/oz	1373	1698	1663	1575	1513	1400
SH/HLDRS FUND	\$M	14.7	23.9	20.0	32.5	110.3	183.3	Ave. deliverable price	A\$/oz	1,386	1,626	1,634	1,658	1,681	1,600
RATIO ANALYSIS								ASSUMPTIONS							
EPS	¢	(7.3)	(5.5)	(3.6)	11.4	70.7	66.2	Exchange Rate	A\$/US\$	0.99	1.04	1.02	0.95	0.90	0.88
PER	x	na	na	na	5.3	0.8	0.9	Exchange Rate	3RL\$/US	0.62	0.54	0.54	0.52	0.50	0.50
EPS Growth	%	119	(25.0)	(34.1)	(415)	522.3	(6.3)	Gold Price	US\$/oz	1373	1698	1663	1575	1513	1400
EBITDA per share	¢	-7.6	-5.7	0.4	32.5	138.1	126.6	Gold Price	A\$/oz	1386	1626	1634	1658	1681	1600
EBITDA Multiple	x	-15.6	-10.5	165.2	1.8	0.4	0.5	Silver price	US\$/oz	28.94	33.45	30.00	30.00	29.00	27.50
EV/EBITDA	x	-15.0	-9.4	532.4	7.2	0.8	0.2	Iron ore - lump	JS¢/dmmt	258.75	246.20	222.75	217.25	211.75	204.88
CFPS	¢	(3.2)	(4.1)	(3.2)	23.9	125.8	89.2	Iron ore - fines	JS¢/dmmt	245.75	221.50	202.50	197.50	192.50	186.25
PCFR	x	na	na	na	2.5	0.5	0.7	90 day Bank Bills	%	4.91	4.60	4.50	4.50	4.50	4.50
DPS	¢	0.0	0.0	0.0	0.0	0.0	0.0	10 Yr Bond rate	%	5.32	4.17	4.00	4.00	4.00	4.00
Yield	%	0.0	0.0	0.0	0.0	0.0	0.0	Interest Rate Charged	%	5.82	4.67	4.50	4.50	4.50	4.50
Franking	%	0	0	0	0	0	0	VALUATION (fully diluted)							
Payout Ratio	%	0%	0%	0%	0%	0%	0%	Borborema	\$M					295.2	\$ 2.68
Gearing D/E	%	na	na	736.3	587.1	52.6	na	Posse	\$M					19.3	\$ 0.18
Interest Cover	x	20.8	23.5	na	3.0	17.6	107.8	Other	\$M					5.0	\$ 0.05
EBITDA Margin	%	na	na	6.6	50.2	58.3	55.7	Net Cash (Debt)	\$M					12.0	\$ 0.11
EBIT Margin	%	na	na	(0.4)	39.8	47.9	44.6	Total	\$M					331.6	\$ 3.01
Return On Assets	%	(628.4)	(23.0)	(0.0)	11.5	48.7	43.7								
Return On Equity	%	na	(25.2)	(19.9)	38.5	70.6	39.8								
Eff Tax rate	%	0	0	0	34	34	34								

Source: Petra Capital

Figure 1: Serido Belt with geophysical interpretation and geochemical anomalies

CAS has identified four key areas to concentrate regional exploration on: -BF1, GF1, GF2 & GF3.

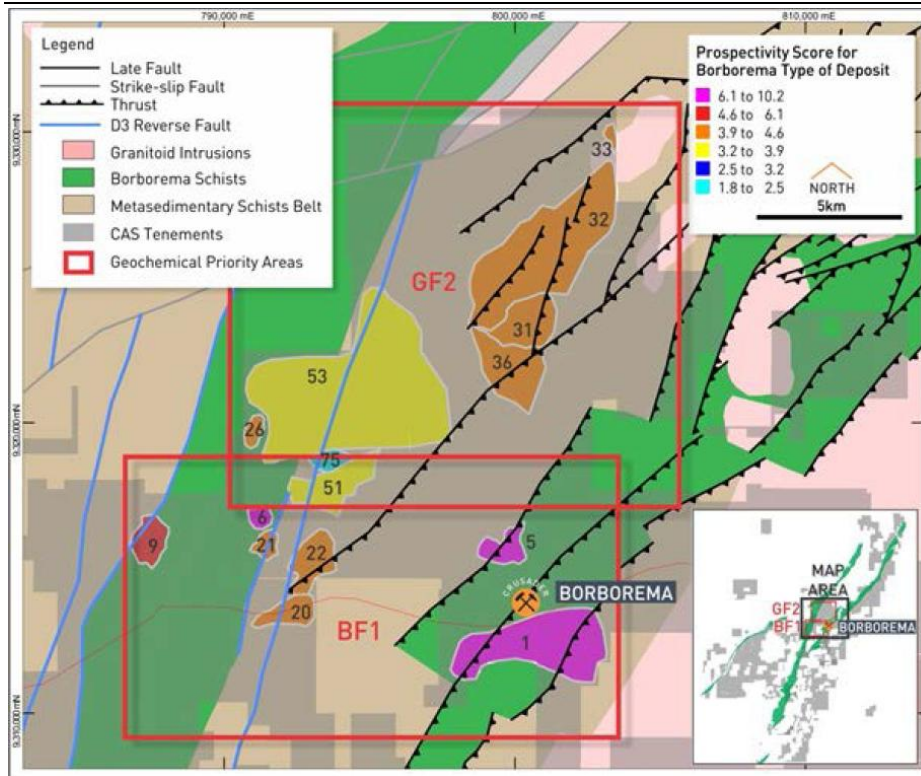
These were based on a prospectivity score reflecting:
 -lithology
 -structural setting
 -geochemical anomalism
 - artisanal workings.



Source: CAS

Figure 2: Regional priority targets

CAS has prioritised anomalies 6, 20, 21 and 22 within BF1. Mapping plus >2,000 soil samples have been completed across those anomalies to date.



Source: CAS

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