

September 2012 Quarterly Activities Report

Highlights

- The Bankable Feasibility Study (BFS) is progressing well and nearing completion
- Drilling continued to deliver strong results from Borborema, with results including;

Borborema (Central Zone):

- 1m @ 26.30 g/t Au from 161m and 1m @ 6.48 g/t Au from 173m and 10m @ 2.16 g/t Au from 207m in CRDD-162
- 12m @ 1.25 g/t Au from 167m and 8m @ 2.93 g/t Au from 182m in CRDD-166

Borborema (Central Zone - Deeps):

- 10m @ 3.65 g/t Au from 304m and 25m @ 1.08 g/t Au from 317m in CRDD-160
- 16m @ 2.15 g/t Au from 239m in CRDD-159

- Exploration drilling around Borborema also returned significant results
- Exploration on the expanding highly prospective Serido gold belt continues
- A\$7.9M capital raising completed during the quarter
- Posse LOP license (Exploration Operational License) application was heard at the monthly meeting in late October

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **126,616,040**
- Options **4,460,000**
(exercise prices: \$0.44 to \$1.30)
- Market Capitalisation **\$68M**
- Treasury **\$8.4M** (30 September 2012)
- Share price **\$0.54**
(12 month closing range: \$0.35 to \$1.35)

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

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

Activities at Crusader's 100% owned Borborema Gold Project in Brazil have focused on the various aspects of the continuing feasibility study. Drilling continues on site with a combination of objectives, including near mine exploration targets, extensions to the Borborema main zone and ongoing sterilization of planned infrastructure locations.

Exploration drilling at Cobia, Remora and the Northern Extension intercepted some encouraging results during the quarter, with the Northern Extension returning an intercept of **1m @ 15.55 g/t Au** from 63m in hole CRRC541. Other significant exploration intercepts included (full table of results attached);

Exploration Drilling (Northern Extension):

- 1m @ 15.55 g/t Au from 63m in CRRC-541
- 1m @ 1.25 g/t Au from 22m and 2m @ 1.70 g/t Au from 29m in hole CRRC-543

Exploration Drilling (Cobia):

- 1m @ 2.27 g/t Au from 21m and 1m @ 0.55 g/t Au from 39m in CRRC-536

Exploration Drilling (Remora):

- 1m @ 0.81 g/t Au from 10m and 1m @ 0.82 g/t Au from 117m and 1m @ 0.53 g/t Au from 164m in CRRC-544
- 1m @ 1.12 g/t Au from 128m in CRRC-557
- 2m @ 0.96 g/t Au from 23m and 1m @ 0.84 g/t Au from 61m in CRRC-579

The drilling results from these exploration targets have encouraged Crusader to continue exploring in these areas.

Drilling at the main zone at Borborema continued to produce strong results, including some higher-grade intersections, which have the potential to build on the current total mineral resource inventory of 2.43 million ounces (Measured, Indicated and Inferred) of contained gold.

Reported during the quarter were results from 2,637m of diamond (10 holes) and 4,681m of RC drilling (39 holes), with better intercepts including;

Borborema (Central Zone):

- 1m @ 26.30 g/t Au from 161m and 1m @ 6.48 g/t Au from 173m and 10m @ 2.16 g/t Au from 207m in CRDD-162
- 12m @ 1.25 g/t Au from 167m and 8m @ 2.93 g/t Au from 182m in CRDD-166

Borborema (Central Zone - Deeps):

- 10m @ 3.65 g/t Au from 304m and 25m @ 1.08 g/t Au from 317m in CRDD-160
- 16m @ 2.15 g/t Au from 239m in CRDD-159

Sterilisation drilling designed to ensure that gold mineralisation is absent below the planned key infrastructure (like the waste dumps, plant site and tailings dam) was 'successful' in that no significant mineralisation was intersected in any of the drill-holes.

Drilling continues on site with a variety of objectives, including follow-up drilling on the soil anomalies and main zone extensions, as well as sterilisation for the Bankable Feasibility Study (BFS).

The BFS is progressing well and Crusader is working closely with Tetra Tech, the consultants compiling the report, to have the report finalised in coming months. Some delays have impacted the report progress; specifically, slow work at the pilot plant test facility in Sao Paulo, definition of the tailings dam location and slow responses from potential major equipment suppliers.

Community Relations

Crusader remains active in local communities with continuous project presentations in surrounding regions.

With local elections now complete and a new mayor elected, Crusader is working closely with the new mayor around a solution to the water supply for the planned operation. The partially treated grey water from the nearby town of Currais Novos is currently being discharged into the river system causing a negative social and environmental impact. Crusader is working closely with the municipality to present an effective win/win solution for the people of Currais Novos, the environment and the Borborema project.

Regional Exploration

Crusader has continued regional exploration activities on the large tenement package that surrounds the Borborema project. The 100% owned land package continues to expand and is now to >4,500km² 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.

Field mapping and sampling, soil sampling and stream-sediment programs are underway on four key areas; BF1, GF1, GF2 and GF3. Additionally, new areas designated as BF2, GF 4 and GF5 have also been recently defined and exploration activities will begin soon.

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 Federal Mines Department (DNPM) has re-opened for business after a general strike which recently paralysed activities for ~ 6 weeks.

The DNPM continues to analyse Crusader's amended mine plan (Plano de Aproveitamento Econômico- PAE or Economic Development Plan). This is considered one of the key approvals that needs to be received in order to present the full mining license application to the state Council monthly meeting.

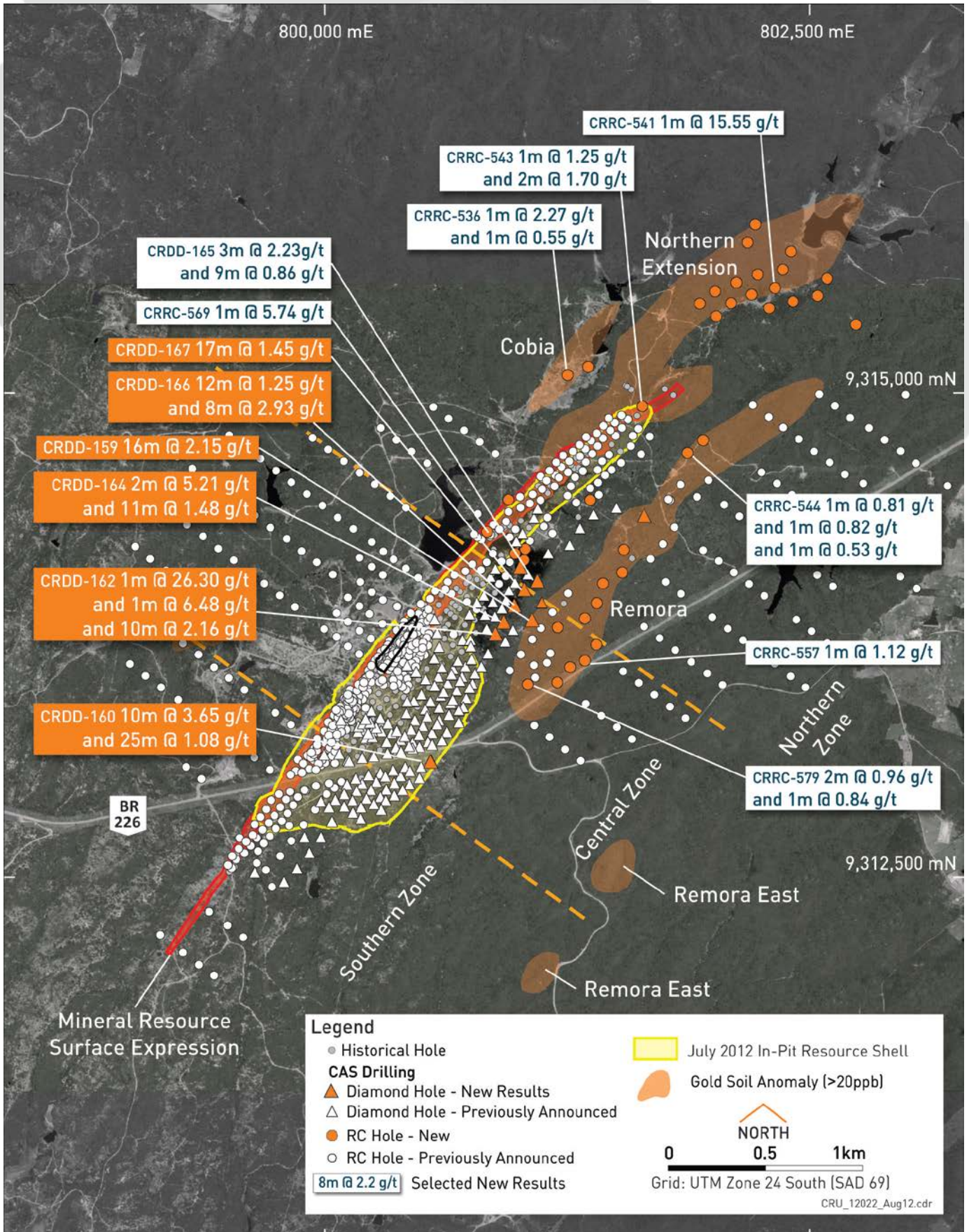
In parallel to the full mining license application described above, Crusader is also pursuing a LOP license (Licença Operacional de Pesquisa or Exploration Operational License) which, when coupled with Posse's current Guia de Utilização (GU or Trial Mining License) from the DNPM, would allow Crusader to start mining immediately at a rate of 300,000 tonnes of ROM material per calendar year. The LOP application was presented to the State Council meeting in late October where the Ministry in charge of Public Affairs requested more time to analyse the application.

Corporate

Crusader successfully completed a \$7.9 million capital raising to institutional and sophisticated investors during the quarter.

The placement (which was completed within the companies 15% rule) will provide funds for completion of the BFS and regional exploration within the surrounding Seridó Belt.

Figure 1: Selected Drill Results August 2012



For further information please contact:

Mr. Rob Smakman
Managing Director , Brazil
Mobile (Brazil): +55 83 8881 8608
Email: rob@crusaderdobrasil.com

Mr. Paul Stephen
Executive Director, Australia
Office: +61 8 9320 7500
Email: paul@crusaderresources.com

Mr. Ian Howarth
Media Relations, Australia
Collins Street Media
Mobile: +61 407 822 319
Email: ian@collinsstreetmedia.com.au

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.

Table 1 – Drill Hole Locations

Hole ID	Zone	Easting	Northing	RL	Dip	Azimuth
CRDD-159	Central Deeps	801,067	9,313,825	487	-60°	307°
CRDD-160	Central Deeps	800,544	9,313,093	498	-58°	307°
CRDD-161	Northern	801,006	9,314,096	478	-60°	307°
CRDD-162	Central	800,879	9,313,753	477	-60°	307°
CRDD-163	Northern	801,646	9,314,363	481	-60°	307°
CRDD-164	Central	800,922	9,313,813	483	-60°	307°
CRDD-165	Northern	801,095	9,314,026	473	-60°	307°
CRDD-166	Central	800,976	9,313,898	478	-60°	307°
CRDD-167	Central	801,027	9,313,982	482	-60°	307°
CRDD-168	Central	801,118	9,313,916	475	-60°	307°
CRRC-536	Cobia	801,253	9,315,096	490	-60°	307°
CRRC-537	Cobia	801,359	9,315,137	485	-60°	307°
CRRC-538	Northern Extension	802,018	9,315,399	487	-60°	307°
CRRC-539	Northern Extension	802,094	9,315,466	488	-60°	307°
CRRC-540	Northern Extension	802,202	9,315,509	490	-60°	307°
CRRC-541	Northern Extension	802,322	9,315,544	495	-60°	307°
CRRC-542	Northern Extension	802,541	9,315,504	490	-60°	307°
CRRC-543	Northern Extension	801,637	9,314,934	480	-60°	307°
CRRC-544	Remora	801,870	9,314,693	491	-60°	307°
CRRC-545	Remora	801,951	9,314,758	497	-60°	307°
CRRC-550	Remora	800,947	9,314,451	481	-60°	307°
CRRC-551	Remora	801,542	9,314,192	491	-60°	307°
CRRC-552	Remora	801,435	9,314,020	494	-60°	307°
CRRC-553	Remora	801,533	9,314,077	482	-60°	307°
CRRC-554	Remora	801,403	9,313,917	487	-60°	307°
CRRC-555	Remora	801,342	9,313,840	483	-60°	307°
CRRC-556	Remora	801,400	9,313,704	487	-60°	307°
CRRC-557	Remora	801,342	9,313,621	490	-60°	307°
CRRC-558	Remora	801,266	9,313,586	495	-60°	307°
CRRC-559	Remora	801,198	9,313,508	499	-67°	307°
CRRC-561	Northern Extension	801,933	9,315,463	490	-60°	307°
CRRC-562	Northern Extension	802,013	9,315,528	503	-60°	307°
CRRC-563	Northern Extension	802,122	9,315,572	503	-60°	307°
CRRC-564	Northern Extension	802,180	9,315,779	506	-60°	307°
CRRC-565	Northern Extension	802,362	9,315,639	496	-60°	307°
CRRC-566	Northern Extension	802,739	9,315,355	511	-60°	307°
CRRC-567	Northern Extension	802,291	9,315,441	485	-60°	307°
CRRC-568	Northern Extension	802,233	9,315,613	489	-60°	307°
CRRC-569	Northern	800,837	9,314,286	481	-60°	307°
CRRC-570	Northern	801,033	9,314,197	471	-60°	307°
CRRC-571	Northern Extension	802,415	9,315,474	491	-60°	307°
CRRC-572	Northern Extension	802,590	9,315,593	494	-60°	307°
CRRC-573	Northern Extension	802,404	9,315,733	501	-60°	307°
CRRC-574	Northern Extension	802,220	9,315,872	510	-60°	307°
CRRC-575	Remora	801,368	9,314,448	477	-60°	307°
CRRC-576	Northern Extension	800,981	9,314,175	472	-60°	307°
CRRC-577	Northern Extension	801,027	9,314,140	473	-60°	307°
CRRC-578	Remora	801,200	9,313,793	481	-60°	307°
CRRC-579	Remora	801,046	9,313,499	489	-60°	307°

Table 2 – Significant Intersections

SIGNIFICANT INTERSECTIONS (≥ 0.5 g/t Au)			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRDD-159	51	1	0.50
	159	1	2.31
	164	1	0.87
	180	3	0.56
	207	1	0.86
	212	3	0.97
	232	3	0.66
	239	16	2.15
	298	1	9.40
CRDD-160	266	1	0.71
	291	1	0.60
	295	3	0.53
	304	10	3.65
	317	25	1.08
CRDD-161	114	4	0.95
	128	3	1.01
	138	1	0.68
CRDD-162	124	2	1.33
	130	1	0.62
	138	1	2.83
	157	1	0.50
	161	1	26.30
	173	1	6.48
	185	1	0.81
	195	1	3.15
	207	10	2.16
	221	1	1.05
	226	1	1.30
	242	1	0.60
CRDD-163	2	1	4.07
	222	1	2.48
CRDD-164	125	2	5.21
	186	1	0.65
	191	1	1.89
	197	1	0.75
	203	11	1.48

SIGNIFICANT INTERSECTIONS (≥ 0.5 g/t Au)			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRDD-165	54	1	0.69
	60	1	0.52
	79	2	0.67
	103	1	0.98
	111	3	2.23
	145	1	0.74
	157	1	0.76
	162	1	0.51
	167	9	0.86
179	1	0.65	
CRDD-166	63	1	1.14
	111	1	1.49
	151	1	0.70
	167	12	1.25
	182	8	2.93
	197	1	0.59
	199	1	0.59
	202	1	0.74
CRDD-167	68	1	1.07
	103	1	0.56
	160	1	0.52
	165	17	1.45
	191	1	2.49
	198	1	2.23
CRDD-168	42	1	1.27
	148	1	0.69
	156	1	1.07
	184	1	0.73
	198	7	0.55
	209	1	0.94
	213	10	1.95
	251	1	0.63
	CRRC-536	21	1
39		1	0.55
CRRC-537			NSI
CRRC-538	15	1	0.62

Table 2 – continued

SIGNIFICANT INTERSECTIONS ≥ 0.5 g/t Au			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRRC-539			NSI
CRRC-540			NSI
CRRC-541	63	1	15.55
CRRC-542			NSI
CRRC-543	22	1	1.25
	29	2	1.70
CRRC-544	10	1	0.81
	117	1	0.82
	164	1	0.53
CRRC-545			NSI
CRRC-550			NSI
CRRC-551			NSI
CRRC-552			NSI
CRRC-553			NSI
CRRC-554			NSI
CRRC-555			NSI
CRRC-556			NSI
CRRC-557	128	1	1.12
CRRC-558			NSI
CRRC-559			NSI
CRRC-561			NSI
CRRC-562			NSI
CRRC-563			NSI
CRRC-564			NSI

SIGNIFICANT INTERSECTIONS ≥ 0.5 g/t Au			
Hole ID	From	Interval (m)	Av Grade (g/t Au)
CRRC-565			NSI
CRRC-566	64	1	1.72
CRRC-567	78	2	0.71
	85	1	0.60
CRRC-568	6	1	0.53
CRRC-569	0	1	5.74
	21	1	0.61
CRRC-570	9	1	0.55
	72	2	0.61
	78	1	0.50
	81	1	0.68
	94	2	0.66
	102	1	0.54
CRRC-571	121	1	0.67
CRRC-572	40	1	0.81
CRRC-573			NSI
CRRC-574			NSI
CRRC-575			NSI
CRRC-576			NSI
CRRC-577			NSI
CRRC-578			NSI
CRRC-579	23	2	0.96
	61	1	0.84