

Crusader Resources Limited

From Explorer to Producer - Posse Mine

Highlights

- Plant commissioning for production of direct shipping iron ore has begun at the Posse Iron Ore Project
- First sales of iron ore expected in March
- Definition and expansion drilling underway

Plant commissioning of direct shipping iron ore at Crusader Resources Limited's 100% owned Posse Iron Ore Project has begun, with first sales and revenue expected in March.



Figure 1: Posse Iron Project during plant commissioning, Feb, 2013

Construction of access roads, weighbridge, stockpile areas and office infrastructure began in December 2012 and is nearing completion.

A quantity of ore has already been stockpiled on the ROM pad in anticipation of processing starting in two weeks' time.

(See a video of the Posse plant in action – [click here](#))

Crusader has signed three sales letters of intent with domestic smelters and is concentrating on developing its marketing, commercialisation and sales processes. The demand from the smelter group is in excess of Posse's projected production.

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **126,646,041**
- Options **3,460,000**
(exercise prices: \$0.44 to \$1.30)
- Market Capitalisation ~\$47M
- Treasury **\$4.5M** (31 December 2012)
- Share price **\$0.375**
(12 month closing range: \$0.31 to \$0.98)

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

- Near term producing DSO asset - Posse
- Large Borborema gold project - BFS underway
- Underexplored and high potential exploration portfolio
- In-country Management (inc. MD, COO and Exploration Manager)
- Extensive network into new opportunities

A drilling program to better define the high-grade, DSO haematite ore distribution within the resource has begun. The drilling will aim to expand the resource along strike and down dip.

Crusader Managing Director, Rob Smakman, said,

"The start of mining at Posse and the generation of our first revenue will transform Crusader. Plant commissioning is well underway with several minor issues identified. These are being rectified and present no impediment to start-up. The construction of the last few items necessary to start mining is progressing well and the drilling program underway will help ensure we continue to optimise our mine planning for the project."

"Crusader has recruited a mine manager, plant foreman and mine foreman, with combined local industry experience of over 60 years and strong demand from highly qualified applicants for the remaining positions has been encouraging."



Figure 2: Inspecting the Product stockpile- Posse Iron Project, February 2013

Posse background

The Posse Iron Ore Project (100% Crusader owned) is located 30km from Belo Horizonte in the "Iron Quadrilateral" region of Minas Gerais state, Brazil - one of the world's most prolific iron ore regions. Posse is a low capital cost project. It is close to infrastructure and features simple logistics. Ore sales will be made to local customers at the mine gate.

Posse contains an Indicated and Inferred Mineral Resource of 36 Mt @ 43.5% Fe. It boasts a low strip ratio (0.15:1 in the early years); is free digging (no blasting); and simple crushing and dry screening of the ore results in very low operating costs of ~ A\$12 per tonne of ore mined.

Crusader was granted a Licence to Operate (LOP) for Posse in December 2012. The project will initially produce at a rate of 300,000 tonnes per annum based on this licence, but will be ramped up to one million tonnes per annum once the full mining licence is approved. The application for the full mining licence is currently being pursued.

As a stand-alone project, Posse is expected to generate profits of approximately A\$1 million a month after tax.



Figure 3: Drilling underway at Posse



Figure 4: Crusader COO Mike Schmulian and Engineer, Dan Hobbs in front of high-grade Haematite face at Posse

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About Crusader

Crusader Resources Limited (ASX:CAS) is a minerals exploration and mining 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 Borborema Gold Project in north eastern Brazil. The company has >4,400 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 Ore Project near Belo Horizonte which will produce high-quality iron ore for consumption in the Brazilian domestic iron industry.

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 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 Project's Maiden Ore Reserve was announced in November 2012. Proven and Probable Ore Reserves of 1.61Moz of mineable gold from 42.4Mt @ 1.18g/t (0.4 & 0.5g/t cut-offs for oxide & fresh). The Mineral Resource remains open in all directions.

A Pre-Feasibility Study (PFS), completed in September 2011, into the economic and technical merits of the Borborema Gold Project, revealed a robust investment case based on an open-cut mine development of 3Mtpa. A Bankable Feasibility Study is underway and will consider a larger throughput of 4Mtpa.

About Posse

The Posse Iron Ore Project is located 30km from Belo Horizonte, a city acknowledged as the mining capital of Brazil and the capital of Minas Gerais state. The project has a Mineral Resource of 36Mt @ 43.5% Fe.

With an experienced mining workforce amongst a population of over 2.3 million people, the infrastructure and access to the domestic steel market around the Posse Project is excellent.

First sales are expected in Q1 of 2013.

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 Posse Fe Mineral Resources is based on and accurately reflects, information compiled by Mr. Bernardo Viana who is a full time employee of Coffey Mining Pty Ltd and Member of the Australian Institute of Mining and Metallurgy. Mr. Viana has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking 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. Mr. Viana consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.