

Cash Flows from First Iron Ore Sales at Posse Mine

Highlights

- First Sales made from Posse Iron Ore Project in Brazil
- Lump ore sale prices well above budget
- Large product stockpiles built up during March
- Processed volumes of high value hematite lump exceed expectations

The first iron ore sales at Crusader Resources Ltd's 100% owned Posse Iron Ore Project will begin today. Revenue is set to exceed expectations. Crusader is experiencing strong demand from domestic smelters with sales prices above budgeted forecasts.

Over 8,000t of lump and fines (both high and low grade) have been stockpiled and will be sold in coming weeks. Crusader has built the stockpile inventory during plant commissioning and is now running the plant at close to full throughput capacity.

Crusader Managing Director, Rob Smakman said, *"With the first sales today, Crusader graduates from an explorer into a mining company, with the resulting cash flows to follow. There has been strong demand from multiple customers for our high quality lump products which has resulted in better than forecasted prices. An added bonus for Crusader is the higher than expected volumes of lump ore being produced, so we couldn't have asked for a better start. Our focus now shifts to increasing production and delivering a consistently high quality product to the local market"*.

Crusader is aiming to increase production to 40,000t in April and 50,000t in May. Production will be further expanded up to 1.0 Mtpa with additional licensing.

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 ~\$38M
- Treasury \$4.5M (31 December 2012)
- Share price \$0.32 (12 month closing range: \$0.265 to \$0.935)

Board of Directors

Non-Executive Chairman
Stephen Copulos

Managing Director
Rob Smakman

Executive Director
Paul Stephen

Non-Executive Directors
Justin Evans
David Netherway

CAS Investment Opportunity in Brazilian Projects

- 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

The initial iron ore sales will consist of low contaminant, high-grade lump and medium sized lump iron ore. The ore will be sold at the mine gate and then transported by road to local customers which include pig iron smelters and steel mills.

The Posse iron ore project is located within Brazil's famous "Iron Quadrilateral" region which is home to many iron ore mines as well as pig iron and steel smelting operations, providing a very strong local market for Posse's products.

A Licence to Operate (LOP) for the Posse project was granted by the Minas Gerais state environmental council, COPAM, late in 2012, allowing Crusader to begin operations at an annual rate of 300,000t of run of mine ore using a simple, dry beneficiation process. An application for a full mining licence to increase annual production up to one million tonnes a year is currently being pursued.



Rob Smakman (MD) and Mauro Calado (Posse Mine Manager) amongst the Posse Stockpile

Posse background

The Posse iron ore project is located 30 km from Belo Horizonte in the "Iron Quadrilateral" region of Minas Gerais state, Brazil - one of the most prolific iron ore regions in the world. Posse is a low capital cost project, close to infrastructure with simple logistics as sales will be made at the mine gate to local customers.

Posse contains Indicated and Inferred Mineral Resources of 36 Mt @ 43.5% Fe. Low strip ratio (0.15:1 in early years), free digging (no blasting) and simple crushing and screening of the ore resulting in very low operating costs.

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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 produces 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.

Sales will commence in March 2013.

Competency Statement

The information in this report that relates to:

- a) Exploration Results is based on information compiled or reviewed by Mr Robert Smakman who is a full time employee of the company;
- b) Borborema gold Mineral Resources is based on information compiled by Mr Lauritz Barnes and Mr Brett Gossage and independent consultants to the company;
- c) Borborema gold Ore Reserves is based on information compiled by Mr Linton Kirk, independent consultant to the company;
- d) 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 who are all Members of the Australian Institute of Mining and Metallurgy (Rob Smakman and Linton Kirk being Fellows), and who all have sufficient experience that is relevant to the type of mineralisation and type of deposit under consideration, and to the activity which they are 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. Each of Mr Smakman, Mr Lauritz Barnes, Mr Kirk, Mr Viana and Mr Brett Gossage consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.