

# Quarterly Activities Report

## March 2013

### Highlights

- Posse mining underway, first sales achieved prices above budget
- Large stockpiles built up during March/April include higher than expected volumes of lump products
- Sales made to five different customers- marketing work advancing
- Borborema feasibility study continues
- Stephen Copulos and Mauricio Ferreira appointed to the board of directors
- Credit approval received for the first tranche of a \$20M Macquarie Bank debt facility
- Exploration in the Seridó gold belt continues

The first quarter of 2013 witnessed Crusader transform into a mining company with mining and first sales from its Posse Iron Ore mine. Crusader has also made important changes to the board of directors and has secured the balance sheet through a loan facility to ensure a strong platform for growth.



Figure 1: View of Posse Iron Ore Mine during production in March 2013

### 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 ~\$37M
- Treasury \$1.2M (31 March 2013)
- Share price \$0.29  
(12 month closing range: \$0.245 to \$0.895)

### Board of Directors

Non-Executive Chairman  
**Stephen Copulos**

Managing Director  
**Rob Smakman**

Executive Director  
**Paul Stephen**

Non-Executive Directors  
**Justin Evans**  
**David Netherway**  
**Mauricio Ferreira**

### 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

**Posse Iron Project- Minas Gerais, Brazil (CAS 100%).**

The Posse Iron Ore mine was brought on stream during the quarter after the mining licence was received in December of 2012. Key infrastructure items including the completion of the highway entrances, modification of the stockpile areas and expansion of the office facilities were completed during the quarter as the plant was commissioned.

A total of 11,705 tonnes of ore were mined and 6,764 tonnes processed during the quarter, the products of which are detailed in Table 1 below.

Table 1. March Actual and April Forecast Production Posse Iron Ore Mine				
Product (tonnes)	March	Product %	April (forecast)	Product %
Coarse Lump (+19mm, - 32mm)	1,723	25%	3,000	30%
Lump (+6.25mm, - 19mm)	2,023	30%	2,700	25%
Fines (-6.25mm)	3,018	45%	4,800	45%
<b>Total Products</b>	<b>6,764</b>		<b>10,500</b>	

Processing throughput is approaching nameplate capacity; however the plant has encountered several teething issues during the commissioning process. These are being managed and overall mine performance has not been impacted.



Figure 2: Weighbridge construction nearing completion



Figure 3: Loading direct shipping Iron Ore at Posse Iron Ore Mine

A careful focus on sales and marketing to domestic customers was a significant focus during April, with test batches sent to five different customers. These batches were between 400t and 5,000t each and the prices negotiated were beyond what has been budgeted for the lump products and slightly below budget expectations for the fines.

Posse is ideally located within the "Iron Quadrilateral" of Minas Gerais and is surrounded by a significant number of iron ore smelters. This varied customer base reduces transport costs and creates competition for the high-quality products.

Customer feedback has been very good, with the focus now on delivering consistent and high quality product. The additional drilling that was undertaken during the quarter will allow more accurate mine planning and grade control which in turn should enable better product quality control.

The weighbridge is the final item of infrastructure that is outstanding and should be completed during the current quarter.

### **Borborema Gold Project- Rio Grande do Norte, Brazil (CAS 100%)**

Activities at Crusader's 100% owned Borborema Gold Project in Brazil have focussed on the various aspects of the continuing BFS. The trade-off studies described in the previous quarter are advancing well however, given the current state of the international financial markets, Crusader is critically reviewing all areas of the study to ensure the maximum NVP and IRR are achieved.

Preliminary financial results indicate a positive project which could be enhanced even further if the trade-off studies are successful. Crusader is now also considering an option for a staged production project which would have a positive impact on the amount of capital required to commence production.

Licensing activities, infrastructure studies, social interaction and communication, and environmental monitoring are all ongoing.

### **Regional Exploration- Rio Grande do Norte, Brazil (CAS 100%)**

Crusader has continued regional exploration activities on the large tenement package that surrounds the Borborema Gold Project, denominated as the Seridó Project. Data capture of all available historical data was completed in 2012 and the results were ranked based on geological prospectivity, geochemical signature, proximity to major regional shear zones and/or structures identified from geophysical interpretation.

Exploration has initially focussed on the traditionally successful activities such as soil and stream sediment geochemical sampling, geological mapping and trench/rock-chip sampling, which also have the benefit of being relatively low cost.

The Seridó Project area has never been systematically explored for gold and the potential for discovering similar systems to Borborema is considered high.

Results are starting to flow and several areas have returned anomalies that require follow-up. These areas are being pursued and results will be released as required.

## Corporate

Crusader has appointed Mr. Stephen Copulos to the board of directors as the non-executive Chairman following the resignation of Mr. David Archer. Mr. Copulos brings a wealth of business and investment experience across a variety of industries. Being a strong supporter of Crusader for a number of years, Mr. Copulos is aligned to improving shareholder returns. An initial focus on the core activities of Crusader and seeking opportunities to reduce costs, has made an immediate impact on the company in the current market environment, where prudent financial management is required.

Crusader has also strengthened its ties to Brazil through the appointment of ex-Vale executive Mr. Mauricio Ferreira as a non-executive director. Mr. Ferreira has had a long and decorated career within the mining industry. His local knowledge, contacts and understanding of the mining, regulatory and investment industries within Brazil will be invaluable for the company going forward.

Crusader sees 2013 as a transitional year where management needs to respond to the change from explorer to miner and large project developer. The two appointments described above reflect Crusader's clear strategy towards its changing position. Further changes to management and the board of directors may be required to meet the challenges ahead.

During the quarter Crusader also announced credit approval had been received from Macquarie Bank Limited for a \$20 million debt financing facility. The facility will strengthen the Company's financial position and provide flexibility of funding for the development of the Borborema Gold Project, exploration and working capital.

Crusader will be able to draw down the first tranche of up to \$10 M upon the completion of legal due diligence, documentation and satisfying conditions precedents.

## 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 (Aus): +61 8 9320 7500

Email: paul@crusaderresources.com

### Mr. Ian Howarth

Media Relations, Australia

Collins Street Media

Mobile: +61 407 822 319

E: ian@collinsstreetmedia.com.au

## 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 km<sup>2</sup> 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 Mine 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 km<sup>2</sup> 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 Mine 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 Mine is excellent.

Sales commenced 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, 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. Barnes, Mr. Kirk, Mr. Viana and Mr. Gossage, consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.