

Posse Iron Ore Mine Update

Crusader Resources has overturned a temporary injunction served late last week and recommenced production at the Posse Iron Ore Mine. The injunction, based on allegations that the correct operating licences were not in place, was served by a Brazilian government agency despite in the company's opinion and on legal advice, Crusader being in compliance with all required mines department, cultural and environmental agency requirements.

Crusader is pleased to report that the required information was presented and the injunction formally lifted on Saturday 29th June 2013. Mining re-commenced on Monday morning in Brazil.

Commenting on Posse, Managing Director Rob Smakman said,

"Whilst we were disappointed that the injunction was served in the first place, I am really pleased that we were able to overturn it so quickly. The ramp-up at Posse has seen the members of the Crusader team successfully pull together and the response from the customers has been fantastic."

A more detailed update on the licence progress is provided in the report below.

Operational Update – Posse Iron Project - Brazil

- Production - Ramp up on schedule. Steady state production anticipated August 2013
- Sales - Completed sales for all product categories
- Expansion - Phase 2 feasibility underway

Production

Production ramp-up is continuing with throughput increasing throughout April, May and June. Commissioning is ongoing with the plant achieving a maximum throughput rate of 139t/hr in June, marginally below the nameplate rate of 140t/hr.

A third shift has been commissioned with outputs expected to expand towards steady state production, anticipated in August 2013.

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **126,646,041**
- Options **13,457,000**
(exercise prices: \$0.34 to \$1.30)
- Market Capitalisation ~\$29M
- Treasury **\$1.2M** (31 March 2013)
- Share price **\$0.230**
(12 month closing range: \$0.210 to \$0.665)

Board of Directors

Non-Executive Chairman

Stephen Copulos

Managing Director

Rob Smakman

Executive Director

Paul Stephen

Non-Executive Directors

John 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

Sales

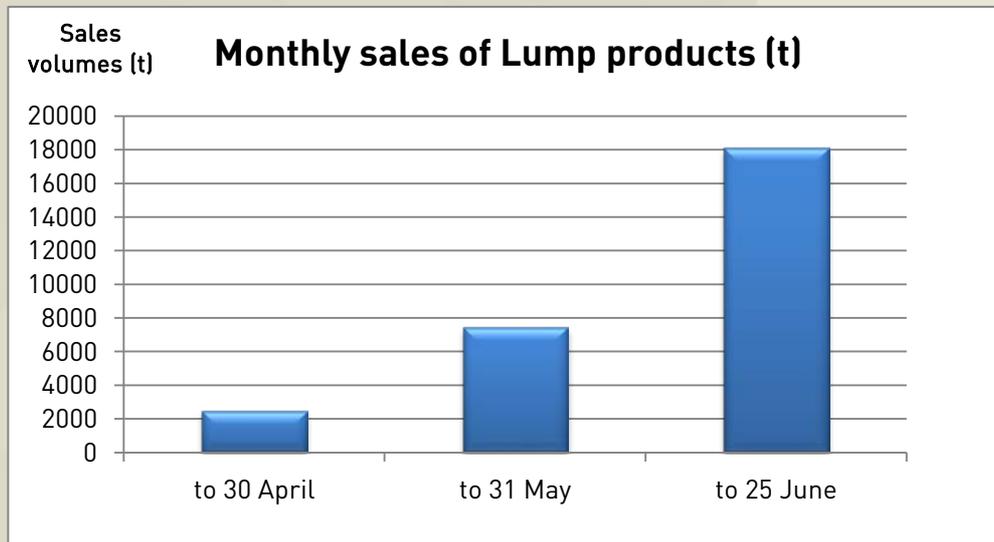


Figure 1: Monthly lump sales figures for Posse Iron Ore Mine

Sales from Crusaders Posse iron ore mine have now been achieved across all product specifications providing proof of concept for the Posse Sales team. Crusaders lump products are maintaining an average grade greater than 63% Fe with very low levels of impurities. Crusader has already achieved a B-class certificate rating (product equal or better than required specifications) from a particular customer and this endorsement has been accompanied by strong customer demand (see figure 1 above). This has resulted in low stockpile levels for the lump products.

Crusaders team have concluded sales with a range of international and domestically owned smelters including, Alterosa, Gerdau and Accelor-Mittal.

Phase 2 Feasibility study – Optimisation of the lower value fines material

Given the early success of both operations and sales, Crusader has brought forward the planned feasibility work on the treatment of the lower grade fines currently being stockpiled on site (Posse stage two).

The stage two feasibility will define the economics of using additional screening as well as magnetic separation to upgrade the Itabirite fines material, sized at <6mm and grading at 50% Fe. This is a common process in the Brazilian Iron industry and should achieve a +60% Fe product which has an active market.

Licensing

The Posse mine is operating under a trial mining and environmental licence which limits throughput to 300,000t/yr and restricts the beneficiation process to dry crushing and screening only. This licence will no longer be required assuming the granting of the full mining licence as described below.

The temporary injunction was served on the company by a local judge in response to the accusation that Crusader was acting without adequate licences. Following a detailed evaluation of the allegations by the company's external lawyers and environmental consultants, a defence was submitted to the State Supreme Court on the morning of June 29, and the injunction overturned later the same day.

The process will now proceed along normal municipal court procedures, but it is unlikely the matter will be heard this year. Crusader is able to maintain normal operations in the meantime.

Crusaders licensing team has continued to move the Posse project steadily through both the Environmental and the Mines department in Brazil. On the 28th May 2013, the LP and LI applications (the key environmental approvals required) for a full mining licence were approved by majority vote at the COPAM Monthly meeting. Out of a total 22 voting members the application received 19 in favour and one against, with two abstentions.

The LI/LP has since been lodged with the Mines department who should grant a Portaria de Lavra (Mining Right) which is required for the granting of the final Operational Licence (LO) by the environmental agency. This process is outlined in the diagram below.



Figure 2: Full mining licence process for Posse Iron Ore Mine



Figure 3: Stockpiled fines on site – Posse Iron Ore Mine, May 2013. (50% Fe <6mm material)

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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 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 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.