

Quarterly Activities Report

June 2013

Highlights

- Posse mining, production and sales ramping up- Posse Mine cashflow positive with total sales of A\$2.1 million
- Steady state production expected in August 2013
- Sales network increasing, strong demand for lump products
- Multiple, near surface, massive Haematite zones intercepted in drilling with highlights including;
 - **14m @ 66.43% Fe** intercepted from 8m in PORC-003
- Borborema opportunity and optimisation analysis continues
- Exploration in the Seridó gold belt

The Posse Iron Ore mining project was the principal focus during the June quarter of 2013, with a string of milestones achieved during the ramp-up of mining, processing and product sales. Posse is cash-flow positive and should achieve steady state production in August.

Exploration continued at Seridó and activities at the Borborema Gold Project were focused on maximising opportunities and optimisations for the planned development.

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

The Posse Iron Ore mine achieved a string of milestones during the quarter and is now cash-flow positive.

A total of 79,362 tonnes of ore were mined and 72,245 tonnes processed during the quarter. Total sales for the quarter were A\$2.1 million which generated A\$1.0 million in sales receipts and an increase in trade receivables of A\$1.1 million.

Processing throughput has increased strongly since inception and is expected to reach steady state of 65,000 tonnes per month in August.

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 ~\$28M
- Treasury \$2.85M (30 June 2013)
- Share price \$0.22 (12 month closing range: \$0.210 to \$0.645)

Board of Directors

Non-Executive Chairman
Stephen Copulos

Managing Director
Rob Smakman

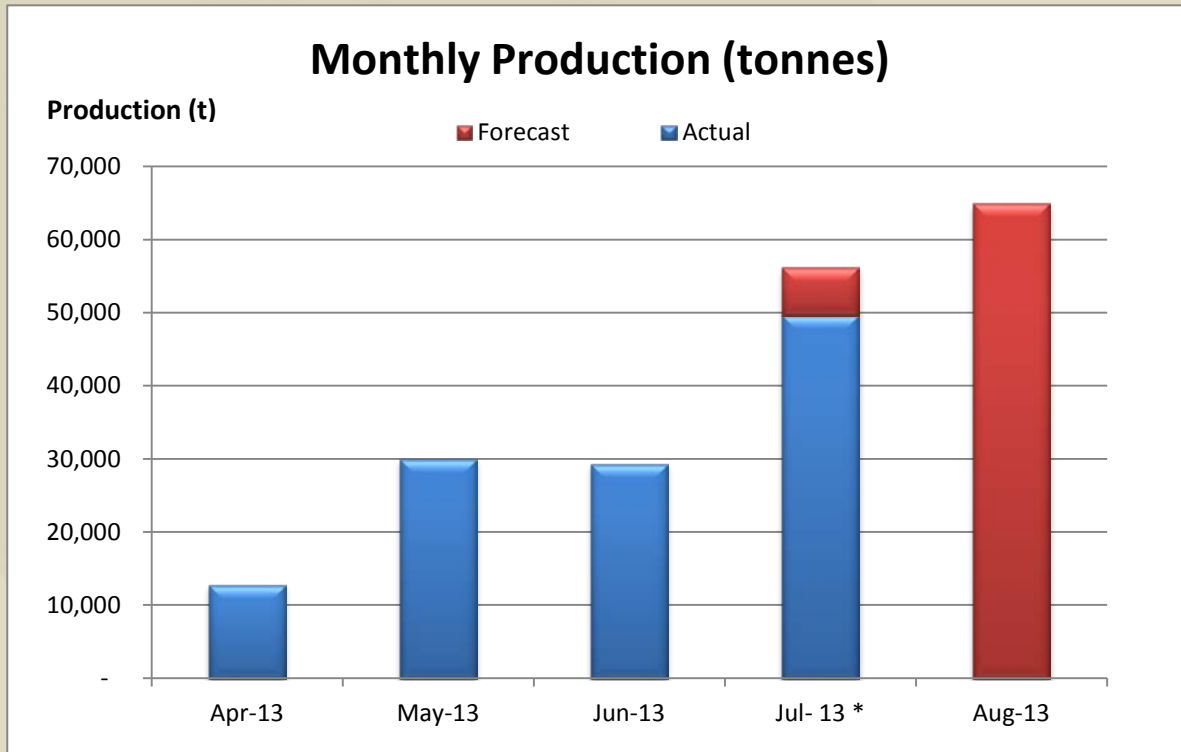
Executive Director
Paul Stephen

Non-Executive Directors
David Netherway
Mauricio Ferreira
John Evans

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

Production was adversely impacted during the quarter with the replacement of the secondary crusher and the temporary injunction from the local judge, however each of these impacts were minimised with the implementation of a third plant operating shift.



*Includes actual production to 27 July 2013

Figure 1: Actual and forecast production for Posse since inception

Sales

Posse is ideally located within the "Iron Quadrilateral" of Minas Gerais, an area renowned for high-quality iron ore and significant steel production. This extensive domestic customer base for iron ore reduces transport costs and creates competition for Posse's low-contaminant and increasingly rare lump products.

A strategy aimed to deliver consistent high-quality products aligned with a strong focus on developing a diverse customer base has resulted in the securing of multiple customers for each lump product and universal praise for the product specifications. Work is continuing on developing a customer base for the fines product, however this is proving to be more challenging with beneficiation required to make the product useable. The fines are currently being stockpiled at Posse, but due to the limited available space, this is neither optimal, nor a long-term solution.

As a consequence, an updated study into Phase 2 of the project where the fines are subject to additional beneficiation is being fast tracked. Metallurgical sampling is currently underway and Crusader is looking to complete the Stage 2 study in the second half of 2013.

Drilling

RC drilling results were reported during the quarter, with broad zones of high-grade, massive haematite ore intercepted near surface. The lenses of haematite-rich ore are the principal component of the lump ore products that are currently being sold into the domestic Brazilian iron ore market.

Better intercepts included;

- 136.6 m @ 45.23% Fe from surface in PORC-003, including:
 - 44 m @ 56.60% Fe from surface which includes:
 - 14 m @ 66.43% Fe from 8 m and
 - 10 m @ 58.48% Fe from 34 m; and

- 120 m @ 45.26% Fe from surface in PORC-004, including:
 - 28 m @ 61.40% Fe from surface, which includes:
 - 8 m @ 63.33% Fe from 0 m and
 - 14 m @ 63.81% Fe from 12 m

The drilling has also intercepted thick zones of the friable Itabirite (see figures 2 & 3) which comprises the bulk of the current mineral resource estimate and will be the principal ore to feed the planned Stage 2 beneficiation plant. Subject to additional licensing and metallurgy, Stage 2 processing will upgrade the Itabirite ore into high-grade sinter and pellet feed products, both saleable into the local market. The full table of significant intercepts is detailed in Tables 1 & 2 below.

Results of the remaining drilling will be released during the current quarter.

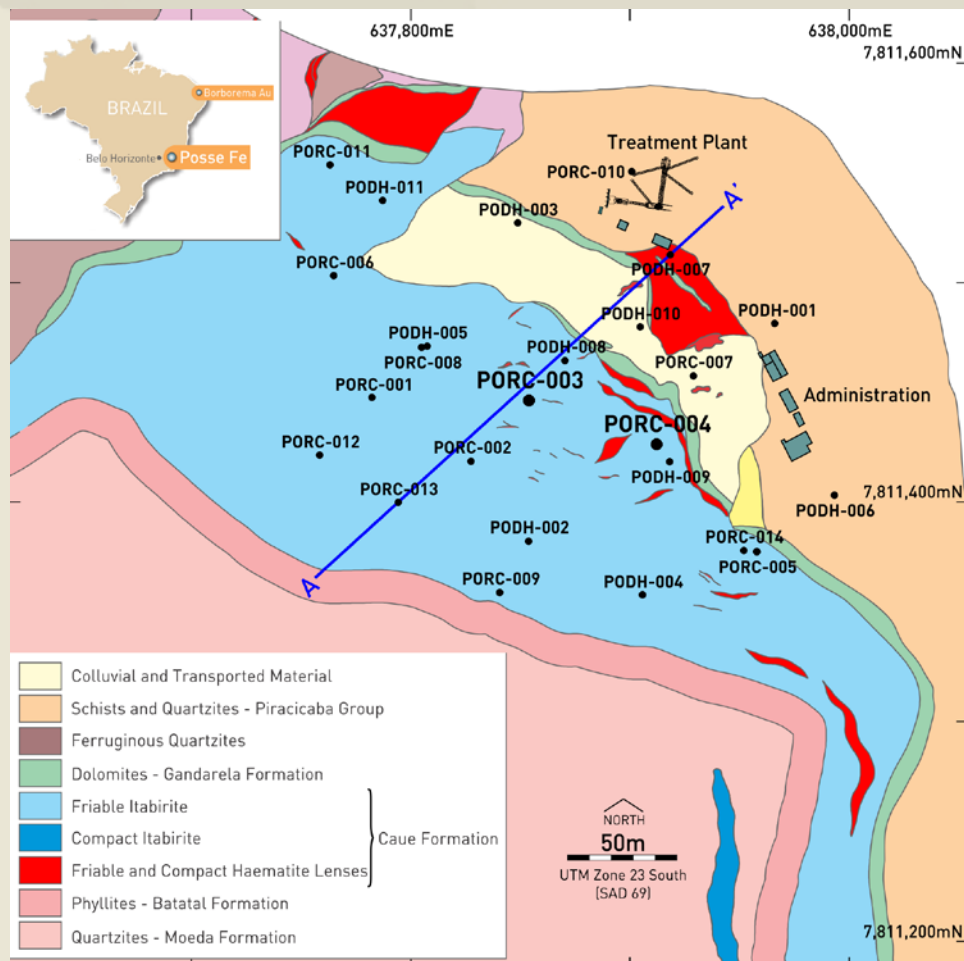


Figure 2: Posse Iron Ore Geological Plan with Drillhole Locations

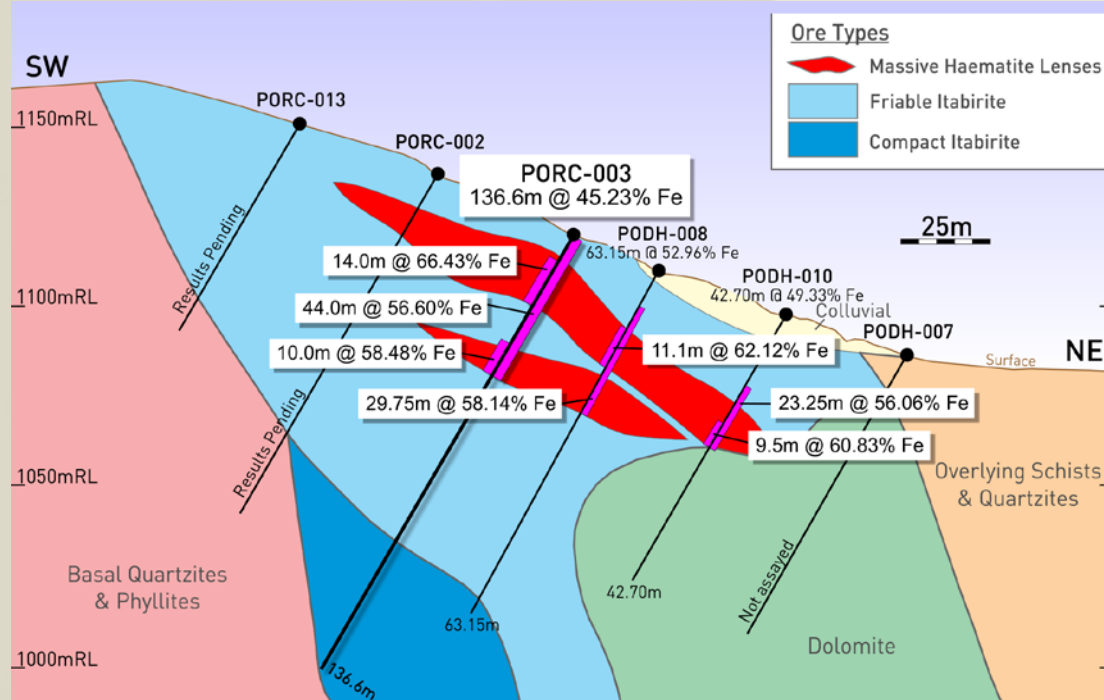


Figure 3: Section A-A' from the Posse Iron Ore Project

| Hole ID | Easting | Northing | RL | Final Depth (m) | Dip | Azimuth | Hole Type |
|----------|---------|-----------|-------|-----------------|------|---------|-----------|
| PODH-001 | 637,966 | 7,811,481 | 1,088 | 120.35 | -60° | 228° | DD |
| PODH-002 | 637,854 | 7,811,382 | 1,143 | 55.05 | -59° | 222° | DD |
| PODH-003 | 637,849 | 7,811,527 | 1,096 | 68.40 | -60° | 223° | DD |
| PODH-004 | 637,906 | 7,811,358 | 1,139 | 24.00 | -60° | 220° | DD |
| PODH-005 | 637,808 | 7,811,471 | 1,128 | 97.90 | -60° | 225° | DD |
| PODH-006 | 637,993 | 7,811,403 | 1,086 | 82.30 | -59° | 237° | DD |
| PODH-007 | 637,918 | 7,811,513 | 1,087 | 88.70 | -60° | 224° | DD |
| PODH-008 | 637,870 | 7,811,464 | 1,110 | 108.30 | -60° | 242° | DD |
| PODH-009 | 637,918 | 7,811,418 | 1,110 | 45.90 | -90° | 225° | DD |
| PODH-010 | 637,905 | 7,811,480 | 1,098 | 83.80 | -60° | 225° | DD |
| PODH-011 | 637,787 | 7,811,537 | 1,110 | 77.90 | -60° | 225° | DD |
| PORC-001 | 637,782 | 7,811,448 | 1,138 | 102.00 | -60° | 225° | RC |
| PORC-002 | 637,828 | 7,811,419 | 1,136 | 108.00 | -60° | 225° | RC |
| PORC-003 | 637,854 | 7,811,446 | 1,120 | 136.62 | -60° | 225° | RC |
| PORC-004 | 637,912 | 7,811,426 | 1,110 | 120.00 | -60° | 225° | RC |
| PORC-005 | 637,952 | 7,811,378 | 1,104 | 54.00 | -60° | 225° | RC |
| PORC-006 | 637,765 | 7,811,503 | 1,115 | 50.00 | -60° | 225° | RC |
| PORC-007 | 637,929 | 7,811,457 | 1,098 | 156.00 | -60° | 225° | RC |
| PORC-008 | 637,805 | 7,811,470 | 1,127 | 124.00 | -60° | 225° | RC |
| PORC-009 | 637,840 | 7,811,359 | 1,147 | 40.00 | -60° | 225° | RC |
| PORC-010 | 637,901 | 7,811,551 | 1,084 | 129.00 | -60° | 225° | RC |
| PORC-011 | 637,763 | 7,811,554 | 1,101 | 40.00 | -60° | 225° | RC |
| PORC-012 | 637,758 | 7,811,421 | 1,153 | 120.00 | -60° | 225° | RC |
| PORC-013 | 637,794 | 7,811,400 | 1,151 | 67.00 | -60° | 225° | RC |
| PORC-014 | 637,958 | 7,811,377 | 1,104 | 98.00 | -55° | 145° | RC |

*All coordinates are in SAD69, UTM 23 S. Drillholes with PODH prefix are diamond drilling from 2008

Table 1: Drill Hole Locations – Posse Iron Ore Mine

| Hole ID | From (m) | Interval (m) | % Fe | % SiO ₂ | % Al ₂ O ₃ | % Mn | % P | % LOI |
|-----------------|-----------------|---------------|--------------|--------------------|----------------------------------|-------------|-------------|-------------|
| PORC-001 | Awaiting Assays | | | | | | | |
| PORC-002 | Awaiting Assays | | | | | | | |
| PORC-003 | 0 | 136.62 | 45.23 | 32.40 | 0.72 | 0.17 | 0.03 | 0.69 |
| inc. | 0 | 44 | 56.60 | 16.28 | 1.27 | 0.17 | 0.01 | 0.72 |
| inc. | 8 | 14 | 66.43 | 3.34 | 0.88 | 0.10 | 0.02 | 0.45 |
| and | 34 | 10 | 58.48 | 10.79 | 2.57 | 0.19 | 0.01 | 1.47 |
| PORC-004 | 0 | 120 | 45.26 | 33.06 | 0.53 | 0.21 | 0.02 | 0.67 |
| inc. | 0 | 28 | 61.40 | 10.57 | 0.96 | 0.21 | 0.02 | 0.62 |
| inc. | 0 | 8 | 63.33 | 6.82 | 1.62 | 0.42 | 0.02 | 1.32 |
| and | 12 | 14 | 63.81 | 7.24 | 0.81 | 0.15 | 0.02 | 0.37 |
| PORC-005 | Awaiting Assays | | | | | | | |
| PORC-006 | Awaiting Assays | | | | | | | |
| PORC-007 | Awaiting Assays | | | | | | | |
| PORC-008 | Awaiting Assays | | | | | | | |
| PORC-009 | Awaiting Assays | | | | | | | |
| PORC-010 | Awaiting Assays | | | | | | | |
| PORC-011 | Awaiting Assays | | | | | | | |

*All intersections are down-hole intersections, which for holes oriented -60° to 225° represent approximately 115% of true width

Table 2: Significant Intersections from Posse 2013 RC drilling

Licensing

The Posse mine is currently operating under a trial mining and environmental licence which limits throughput to 300,000 tonnes per year and restricts the beneficiation process to dry crushing and screening only. These trial mining licences were the subject of a temporary injunction which was served on the company during the quarter, briefly halting production (see ASX announcements in June and July). These licences will no longer be required assuming the granting of the full mining licence. Crusader's licensing team continues to move the Posse project steadily through the full licensing process and the grant is expected during the second half of 2013.

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

Crusader continues to work through options to optimise development plans for the Borborema Gold Project. The draft BFS is being used as a source for opportunities and optimisations which are being systematically evaluated. The difficult environment for junior mining companies and in particular the financing of major projects like Borborema, is an opportunity to consider multiple development options.

Licensing is advancing, with the final environmental impact assessment report due for submission in August.

A full update on the project status will be presented in August.

Seridó Gold Project, Northeastern Brazil (CAS 100%)

Crusader has continued regional exploration activities on the Seridó Project, a large and mostly contiguous land package that surrounds the Borborema Gold Project.

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

Exploration has focused on early stage exploration 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.

Results continue to flow and several areas have returned anomalies that require follow-up. These areas are being pursued and results will be released as required. Crusader also continues to evaluate several strategic areas within the Seridó, which have the potential to be walk-up drilling targets.

Corporate

The Company will change its financial year end, subsequent to the annual financial reporting period ending 30 June 2013, to 31 December. This is to align the Company's financial year with its Brazilian subsidiaries. As a consequence, the Company will prepare an Annual Financial Report for the period 1 July 2013 to 31 December 2013, with subsequent Annual Financial reporting periods being every 12 months ending 31 December.

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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 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 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 different sized plants.

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.