

High-grade fines (62% Fe) to boost Posse iron production and cashflow

- Posse fines return 61.8% Fe product with over 60% recovery in dry magnetic testing
- Wet metallurgical tests demonstrate +68% Fe product potential
- No additional licensing needed for dry magnetic process production
- All products report with very low impurities
- Posse plant exceeds August production and sales forecasts

Preliminary metallurgical tests on iron ore fines, currently being stockpiled at Crusader's 100% owned Posse iron ore mine in Brazil, have returned excellent results.

Unprocessed fines, generated during the production of the direct shipping ore, have a limited market and are currently being stockpiled on site.

The fines are scheduled to be upgraded in Stage 2 of the development of the Posse project.

Recent metallurgical tests indicate there are processing routes available which may have positive capex, timeframe, licensing and cash flow implications.

Crusader's Managing Director, Rob Smakman said, *"These results are very significant and offer Crusader some important options to increasing Posse cash flows in the short term. The high mass recovery of the dry magnetic separation tests and the resultant high grade product mean that implementation and costs for Stage 2 could be significantly reduced. Equally important is that no further licences would be required to start dry magnetic separation."*

"In the short term, we are considering adding an additional screen which would separate a new -6mm, +2mm coarse sinter product (called 'feijao' or 'beans' in the local market) which could produce high-grade material of 62% Fe which is in strong demand."

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares 126,646,041
- Options 16,447,000
(exercise prices: \$0.34 to \$1.30)
- Market Capitalisation ~\$30M
- Treasury \$2.7M (30 June 2013)
- Share price \$0.24
(12 month closing range: \$0.18 to \$0.56)

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

Metallurgical sampling and testwork was carried out on a 1,500kg composite sample of fines from Posse.

These tests are more comprehensive than the previous tests (in 2011) and are based on the actual feed which will be treated by the planned plant. This sample was tested for gravimetric wet separation (spirals and jigs), wet magnetic separation and dry magnetic separation by a variety of Brazilian specialist laboratories.

The results are presented in a simplified diagram below. The results, while preliminary, are considered excellent for most process routes and all produce saleable products. Further testing is underway to assist in optimising the flow sheet, taking into consideration site logistics, licensing implications and capital and operating costs as well as recoveries and product specifications.

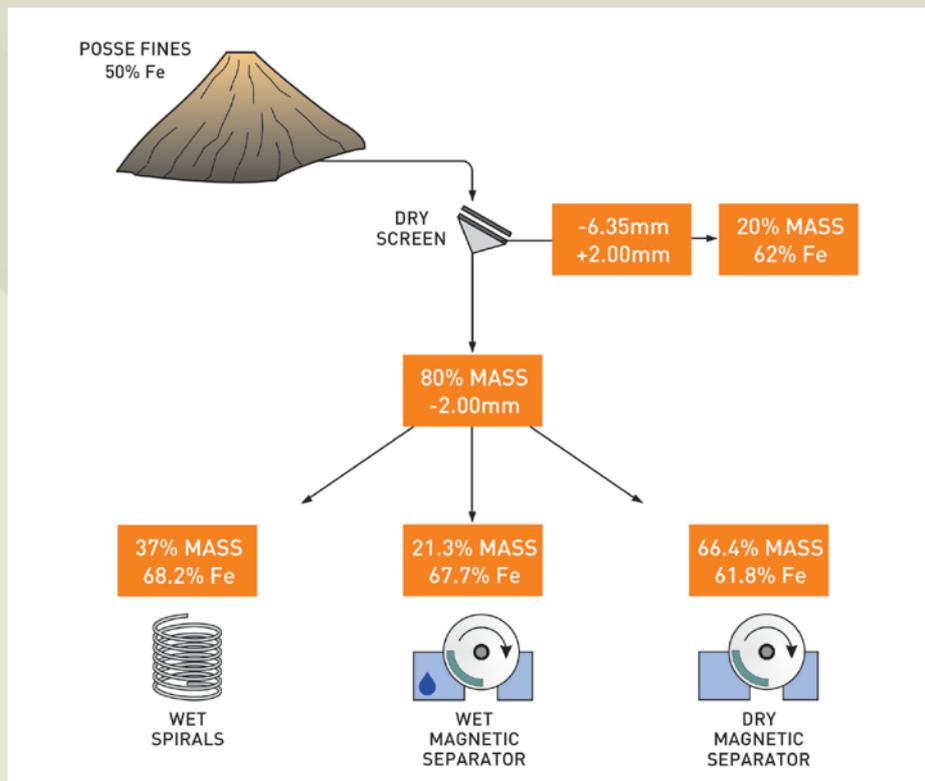


Figure 1: Preliminary metallurgy results from Posse Iron Ore Fines

A report into the planned process route is planned for the December quarter.

| | % rec. | % Fe | % SiO2 | % P | % Mn | % Al2O3 | Overall % rec (incl. 1) | Rejects % Fe |
|----------------------------|--------|------|--------|-------|------|---------|-------------------------|--------------|
| 1. Screening (+2mm) | 21.4 | 64.5 | 6.3 | 0.010 | 0.12 | 0.8 | | |
| 2. -2mm; spirals (2 stage) | 36.9 | 68.2 | 2.0 | 0.008 | 0.22 | 0.4 | 50.4 | 39.8 |
| 3. -2mm; wet map sep. | 21.3 | 67.7 | 2.9 | 0.009 | 0.06 | 0.5 | 38.1 | 46.6 |
| 4. -2mm; dry mag sep. | 66.4 | 61.8 | 8.4 | 0.018 | 0.11 | 1.6 | 73.6 | 31.8 |
| 5. +2mm; jigging | 43.1 | 62.4 | 9.2 | 0.012 | 0.13 | 1.3 | 55.3 | 60.8 |

Table 1: Posse preliminary metallurgical testwork results

Posse August Production

Production is continuing at Posse with August production and sales figures exceeding expectations. A total of 67,161t were treated in the plant vs. a forecast of 65,000t. Sales of the high grade NPO (coarse lump) and Hematitinha (lump) totaled 22,740t vs. forecast of 21,125t.

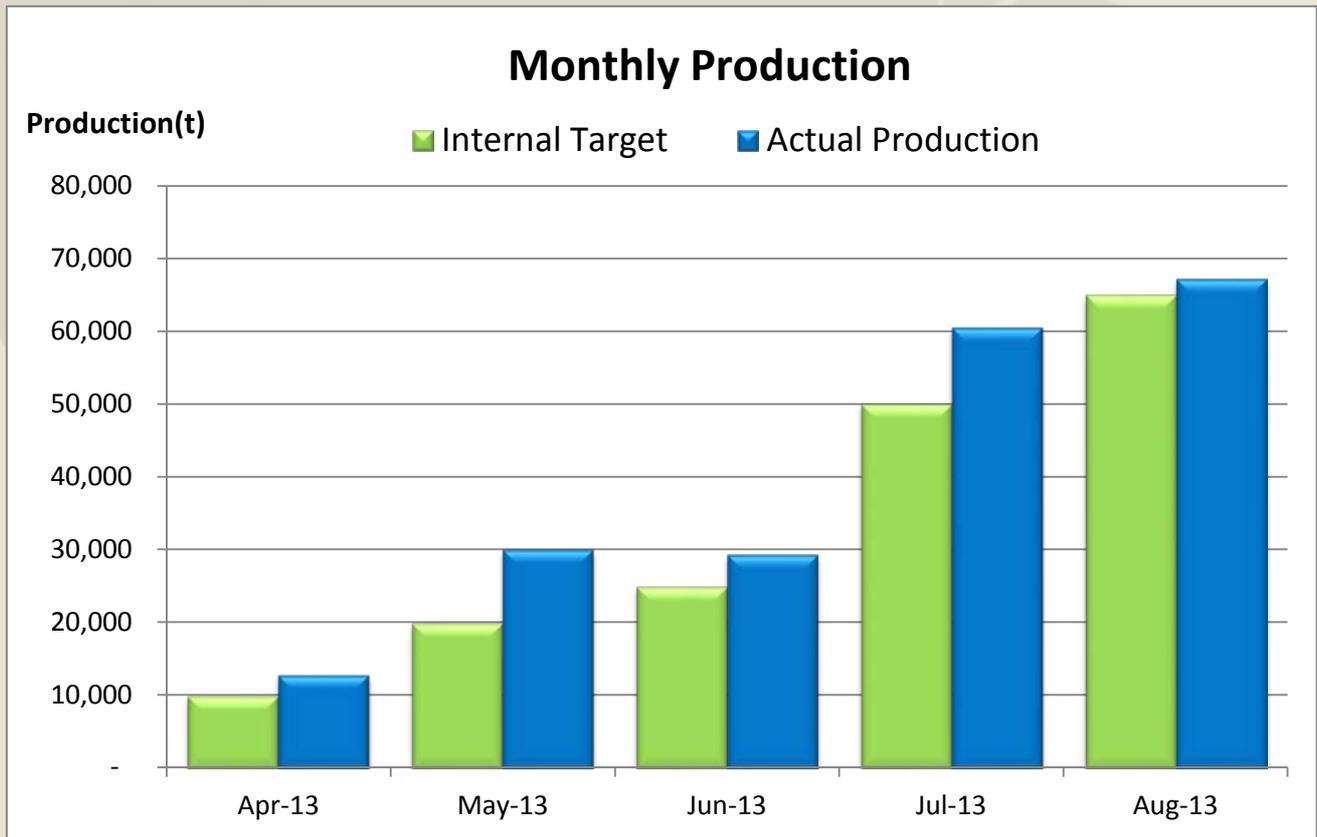


Figure 2: Monthly production figures actuals vs. forecast at Posse Iron Ore mine

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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 assets include 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 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.