

Quarterly Activities Report

September 2013

Highlights:

- Posse iron ore production of 177kt for September 2013 quarter
- Quarterly iron ore sales of 64kt and sales receipts of \$4.3M
- Production costs in line with guidance of \$12/t
- \$3.0M cash on hand at 30 September 2013
- Drilling successfully identified additional lump & fines, potentially expanding mine life
 - 24 m @ 63.08%
 - 137 m @ 45.23% Fe
- Fines treatment Scoping Study advancing – preliminary results include:
 - Dry processing tests generate 61.8% Fe product with over 66% recovery
 - Wet metallurgical tests demonstrate +68% Fe product potential
- Posse Portaria de Lavra (full mining licence) progressed to Brasilia for final review and approval
- Significant cost reduction opportunities identified
- Borborema Gold Project continues to move forward
 - Project Manager employed
 - Licence advances to public hearing
 - Near mine exploration underway

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **126,646,041**
- Options **16,447,000**
(exercise prices: \$0.3414 to \$1.35)
- Market Capitalisation **~\$41M**
- Treasury **\$3.0M** (30 Sep 2013)
- Share price **\$0.325**
(12 month closing range: \$0.18 to \$0.54)

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
- Underexplored and high potential exploration portfolio
- In-country Management (inc. MD, COO, Proj. Manager and Exploration Manager)
- Extensive network into new opportunities

Crusader Resources Ltd (“Crusader” or “the Company”) has ended the September 2013 quarter in a strong financial position with a \$3.0M cash balance and the Company’s Posse Iron Mine in Brazil generating significant monthly cashflow in excess of the group’s development, exploration and other costs.

Crusader has managed a smooth transition from Exploration Company to Mineral Producer with production and sales from the Posse Iron Mine reaching steady state monthly output of 65,000 tonnes in August. A total of 177kt of run-of-mine ore (ROM) was processed during the quarter representing a 145% increase on the previous period. Crusader is forecasting production of 195kt per quarter going forward.

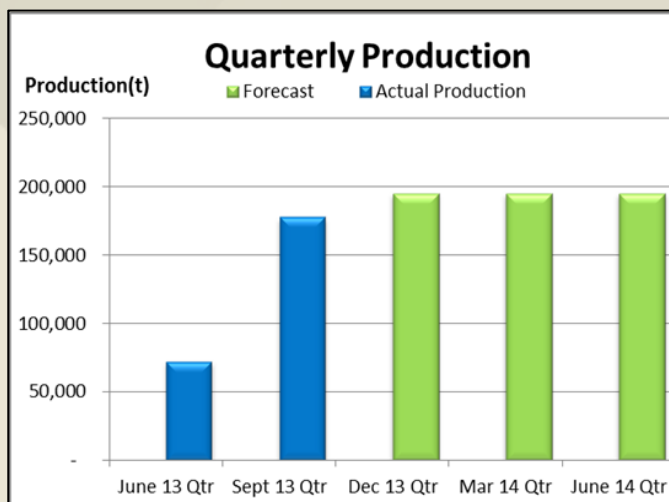


Figure 1: Posse Mine quarterly production



Figure 2: Loaded truck on Posse Mine weighbridge

Following close monitoring of on-site costs, several potential savings have been identified. The most significant of these is the mining contractor rates which have subsequently been renegotiated, resulting in significant future savings to the mining costs. An RC drilling program was also completed which successfully intercepted high-grade compact haematite ore, suitable for high-value lump products as well as broad zones of friable itabirite- suitable for finer products (see Table 3).

Lenses of the near-surface haematite ore proved to be more continuous than previously expected and potentially significantly larger. These lenses are the principal source of the lump ore products currently being beneficiated and sold into the domestic Brazilian iron ore market.

The Company’s application for a full Portaria de Lavra (mining licence) for Posse cleared all the requirements at state level in Minas Gerais and has progressed to the DNPM (mines department) in Brasilia prior to submission to the Minister for Mines for final approval and publication.

Posse is currently operating on a trial mining licence. This licence was automatically renewed in September 2013.

Final approval of the full mining licence is required for the Crusader Board to consider further capital expenditure commitments on plant expansion for stage 2 of the project.

Stage 2 Scoping Study – Preliminary Results

A scoping study into the treatment of the fines generated by the Posse processing is well underway. Preliminary results from the metallurgical testwork were released and these examined the different processing options that may be suitable for the Posse Mine.

Metallurgical tests were conducted on stockpiled fines, generated during the last 6 months of production. The sample was tested by gravimetric wet separation (spirals and jigs), wet magnetic separation and dry magnetic separation by a variety of Brazilian specialist laboratories. The preliminary results are detailed below (see figure 3) and show that a number of options are available to the company regarding the treatment of this fines material. A final decision concerning the preferred process route and timing of capital expenditure is expected to be made in the current quarter and allow Posse to reach full potential during 2014.

While preliminary, the results 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, capital and operating costs as well as recoveries and product specifications.

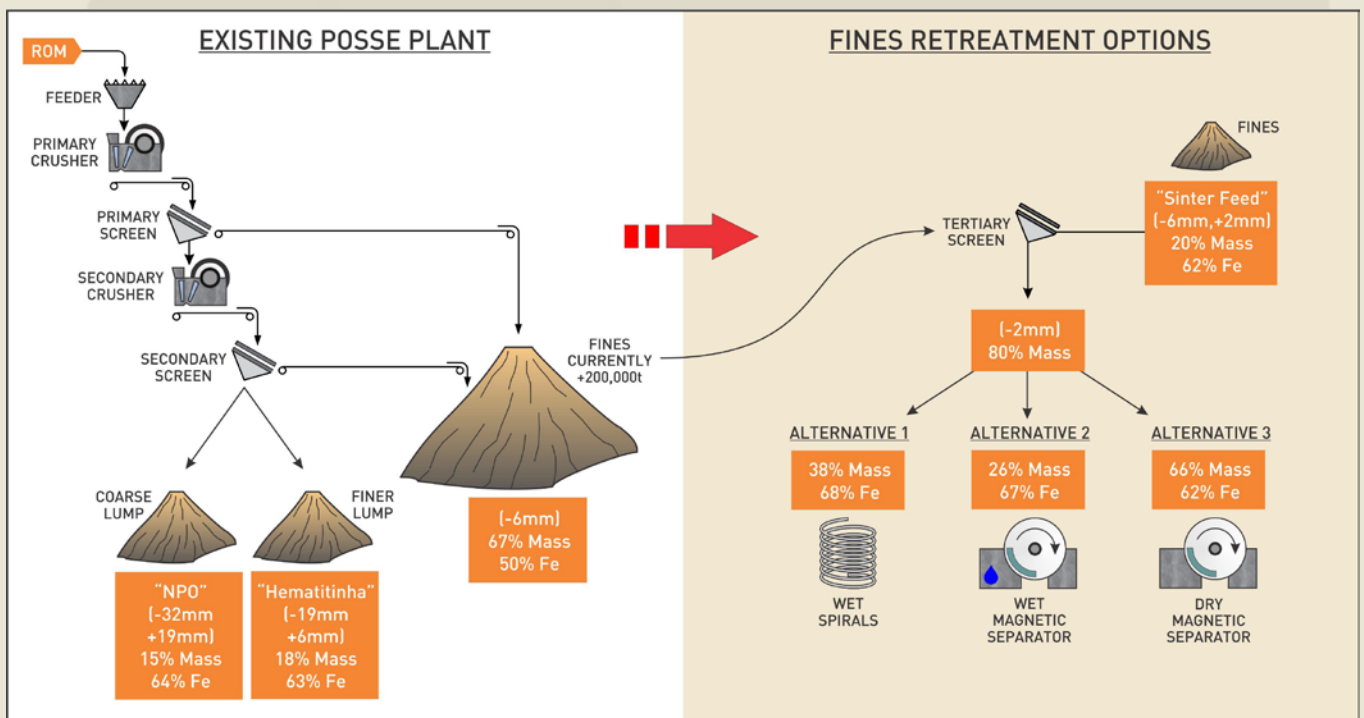


Figure 3: Processing flow sheet for Posse fines treatment options

Results of the scoping study are summarised in the table below:

Scoping Study Results Posse Mine Fines			
Method	Recovery %	Fe %	Production (ktpa)
Dry magnetic separation (+2mm & -2mm)	66.4	62.0	358.6
Wet magnetic separation (+2mm), spirals (-2mm)	38.0	67.5	205.2
Wet magnetic separation (+2mm & -2mm)	25.5	66.8	137.8
Gravity separation (jigs +2mm, spirals -2mm)	38.5	67.2	207.8
Wet magnetic separation & jigs (+2mm), spirals (-2mm)	41.4	66.9	223.3

Table 1: Scoping Study results – Posse fines

The study assumes that further concentration will be carried out on both the coarse sinter fraction (+2mm, -6.35mm), which comprises 21% of the fines product, and the fine fraction (-2mm), comprising the remaining 79% of the product. Upgrading beyond simple classification of the coarse sinter may not be required, as this fraction may be a marketable product as is (~62% Fe).

Independent confirmation of the local pricing for the various product specifications is currently being sought. Crusader is also currently reviewing capital and operating cost estimates, licensing requirements (if any) along with the metallurgy in order to identify the preferred option.



Figure 4: Fines stockpiled at Posse Mine

Borborema Development & Seridó Exploration

In March of 2013, the Crusader Board made a decision to focus the company's resources on delivering cash flow from the Posse Iron Project. Financial commitments for Crusader's gold projects have been reduced to essential expenditure required to move the projects into a fundable position in 2014.

During the quarter Crusader completed a number of critical path licensing events (detailed below).

Operational Team Development

Crusader has appointed Wayne Foote to the role of Project Manager for the Borborema Gold Project. Wayne will head the Owner's Team for Crusader and oversee feasibility completion, construction and development. He is also providing strategic advice on the operations and potential expansion of the Posse Iron Ore Mine. Wayne is a mining engineer with over 26 years' experience in Australia, North, East, and West Africa and Asia. He has extensive experience in startup and major expansion projects (mainly in large gold projects) and in keeping with Crusader's policy of all operational staff residing in country, has now relocated to Belo Horizonte.

Permitting

The Environmental Impact Assessment and management studies and reports (known locally as the EIA/RIMA) were completed and submitted to the relevant authority (IDEMA) in early September. On the 23rd of September, a site visit was conducted by IDEMA from Natal as part of their RIMA review process. Approval of the EIA/RIMA is seen as the critical path licensing step in the licensing process for Borborema.

A permit for Borborema to withdraw up to 223 m³/hr of water from the Gargalheiras Dam was approved by ANA (Agência Nacional de Águas) on the 26th of August and published on the 2nd of September. This water licence, in addition to the existing grey water licence from the town of Currais Novos is potentially enough to supply the Borborema Gold Project for the life of the project.

Exploration & Mapping

Regional exploration programs for both brownfields and greenfields areas around the Borborema Gold Project, progressed well over the quarter. Near mine exploration targeting near-surface gold occurrences have the potential to quickly enhance the value of the current 2.45Moz Mineral Resource.

The Seridó mineral belt represents an international scale, highly prospective, geological belt with known minerals endowment. As there has been no systematic mapping or sampling done over this area (especially for gold), Crusader remains excited about the prospects for future discoveries and believes it unlikely that a deposit the size of Borborema exists in isolation.

Data from an additional aeromagnetic and radiometric geophysical survey was acquired in the quarter from the CPRM (equivalent of the Geological Society of Brazil.) This data-set covers the entire Seridó belt and is now being re-interpreted and integrated into the extensive local geological database which Crusader has continued to acquire over the past months. The suitability of the new model for targeting potential groundwater bearing structures will also be reviewed.

Commenting on the quarter Crusader's Executive Director, Paul Stephen said,

"Over the quarter Crusader's Posse Iron Mine produced 177kt of ore comprising 58kt lump and 118kt of fines at a cost of less than \$12/t of material processed which was a great result, proving we can consistently maintain a lump to fines ratio around 30%.

Sales receipts of \$4.3M grew substantially (versus the June quarter), and operationally we have ironed out the usual commissioning and maintenance issues. This is really encouraging and we believe with stable production and further optimisations, cost reductions beyond the current level are very achievable.

We have now delivered over 93kt of predominantly lump ore into 15 local smelters, confirming the viability of the Brazilian domestic markets. The potential value-add in commissioning fines treatment as set out in the Stage 2 scoping study is really significant and shouldn't be underestimated.

It is exciting to envisage that going into next financial year we should be selling in excess of 80% of the material mined. This is without question a major value driver and is the immediate focus of the company."

Crusader would like to extend an invitation to all stakeholders to meet with the full board of directors at this year's Annual General Meeting to be held at 9.30am at UWA's University Club on Friday the 22nd of November.

This meeting presents a unique opportunity to meet with all of our overseas based directors and receive a first-hand account of operations in Brazil to be presented by Managing Director, Rob Smakman.

2013 has marked a historic year for Crusader with the company delivering on its promise to graduate from an exploration Company to a Brazilian based iron ore producer.



Figure 5: Free digging at Posse Mine

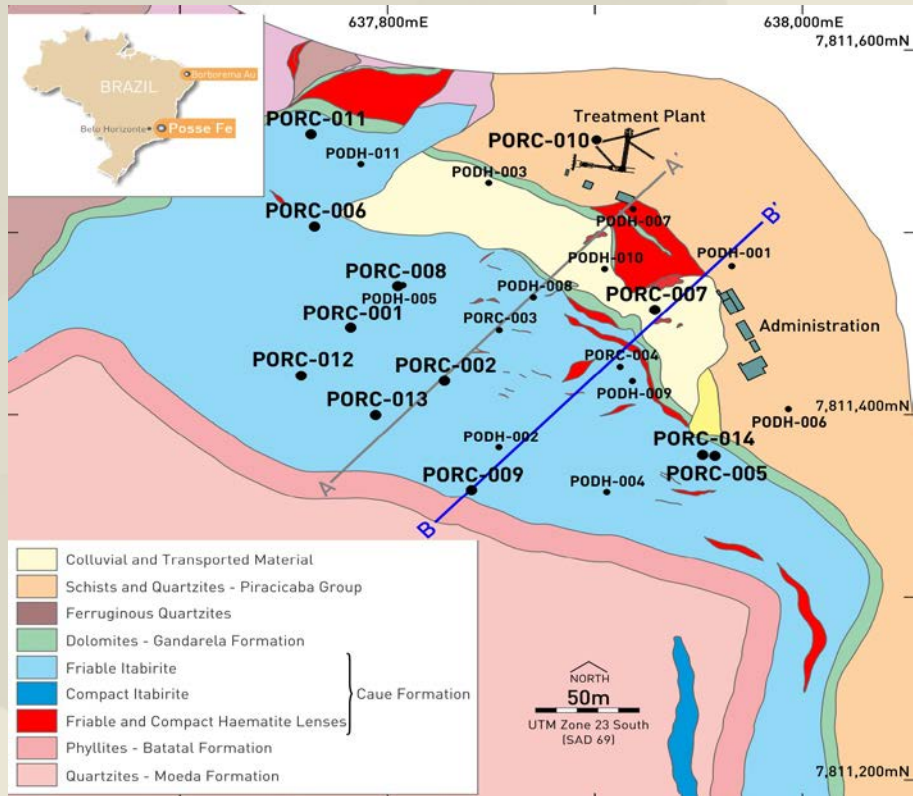


Figure 6: Posse Iron geological plan with drill hole locations

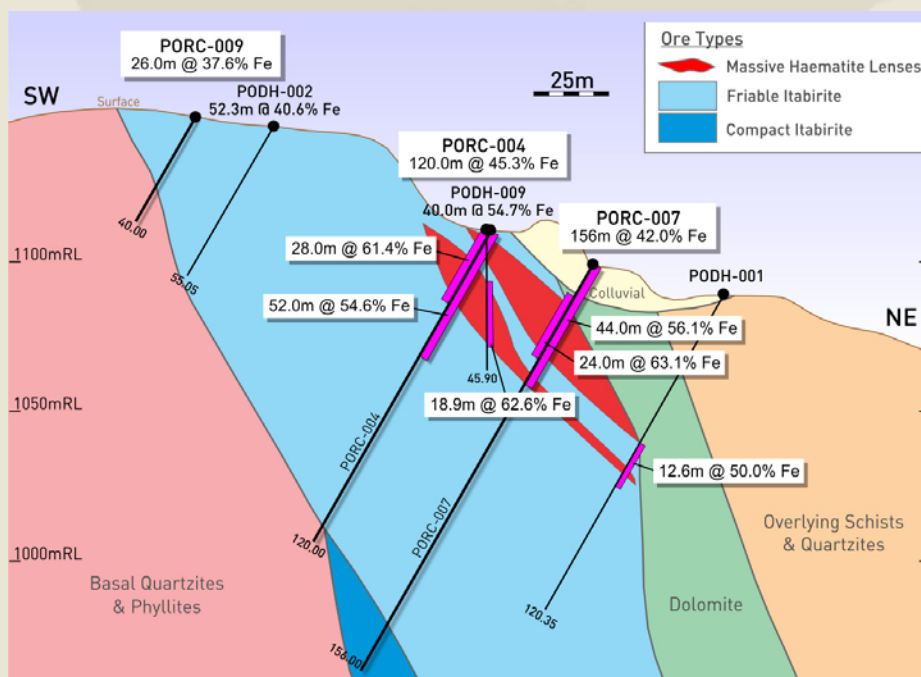


Figure 7: Section B-B' from the Posse Iron drilling program

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

Table 2: Drill hole locations – All Posse RC and diamond drilling

Hole ID	From (m)	Interval (m)	% Fe	% SiO ₂	% Al ₂ O ₃	% Mn	% P	% LOI
PORC-001	0	102	41.35	38.18	0.51	0.17	0.03	1.07
inc.	0	28	46.86	29.04	0.91	0.19	0.01	0.83
PORC-002	0	82	41.64	36.73	0.35	0.19	0.03	1.00
inc.	0	8	54.23	20.33	0.93	0.15	0.02	0.91
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	0	40	44.40	32.85	1.26	0.40	0.01	0.80
inc.	0	12	58.73	13.36	1.32	0.21	0.01	0.67
PORC-006	0	44	45.63	30.20	1.45	0.22	0.01	1.02
inc.	0	30	47.60	28.52	1.50	0.14	0.00	0.95
PORC-007	0	156	41.99	32.74	1.15	0.23	0.01	0.98
inc.	0	44	56.14	13.30	3.37	0.37	0.02	1.63
inc.	12	24	63.08	4.46	2.15	0.53	0.03	1.19
PORC-008	0	114	43.87	31.77	0.87	0.24	0.02	0.89
inc.	0	84	46.56	29.07	1.01	0.27	0.01	0.83
inc.	0	20	54.36	19.34	1.64	0.04	0.01	0.76
PORC-009	0	26	37.62	34.61	2.21	0.39	0.02	3.23
PORC-010	77	8	42.73	33.90	1.98	0.69	0.01	1.12
and	99	4	40.70	29.00	1.50	1.51	0.04	2.51
PORC-011	0	20	40.14	32.36	5.22	0.40	0.02	3.52
inc.	2	8	45.85	29.63	2.52	0.14	0.02	1.70
PORC-012	0	104	42.46	36.96	0.56	0.20	0.04	1.11
inc.	0	12	45.90	30.42	0.84	0.26	0.02	0.87
and	70	10	46.86	31.94	0.42	0.18	0.06	0.93
PORC-013	0	56	42.38	34.99	0.87	0.22	0.04	1.57
inc.	0	4	51.10	19.75	2.73	0.11	0.01	1.80
and	38	4	45.15	31.60	0.59	0.25	0.09	2.81
PORC-014	0	72	40.33	39.45	1.07	0.21	0.01	0.66
inc.	10	28	45.64	31.45	1.32	0.33	0.01	0.72
inc.	22	4	60.30	10.41	1.57	0.40	0.02	0.85

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

Table 3: Significant intersections from Posse 2013 RC drilling

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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 >4,500 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.