

Posse Mine Operational Update

Crusader has posted an excellent start to 2014, with strong domestic iron ore demand driving record sales of A\$2.65M in January. Sales consisted of iron ore produced in January (A\$1.95M) and ore stockpiled at the end of December (A\$700k, see Figure 1).

Strong demand has continued into February with stockpiles of coarse lump ore sold out on a regular basis. The new operating licence (announced 31 January) will allow for greater operational flexibility in managing waste and stockpiling fines, allowing Crusader to increase cash flows in coming months.

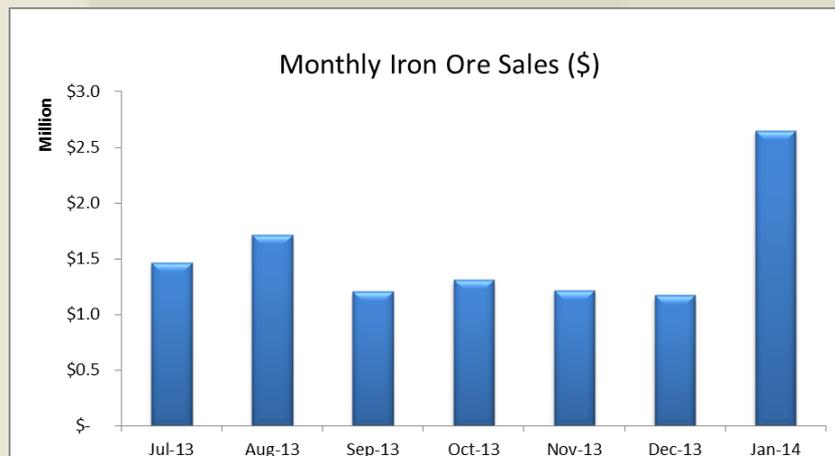


Figure 1: Posse Mine Monthly Iron Ore Sales

Plant availability and coordination of trucking improved substantially in January, following the significant weather events towards the end of 2013 that adversely affected production and sales (Figure 2). The loading and trucking improvements have reduced operating costs. Crusader remains confident of achieving its previously announced cost guidance of AUD \$12/ tonne of material processed.

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **126,646,041**
- Options **14,947,000**
(exercise prices: \$0.3414 to \$1.35)
- Market Capitalisation **~\$38M**
- Treasury **\$2.2M** (31 Dec 2013)
- Share price **\$0.30**
(12 month closing range: \$0.18 to \$0.375)

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

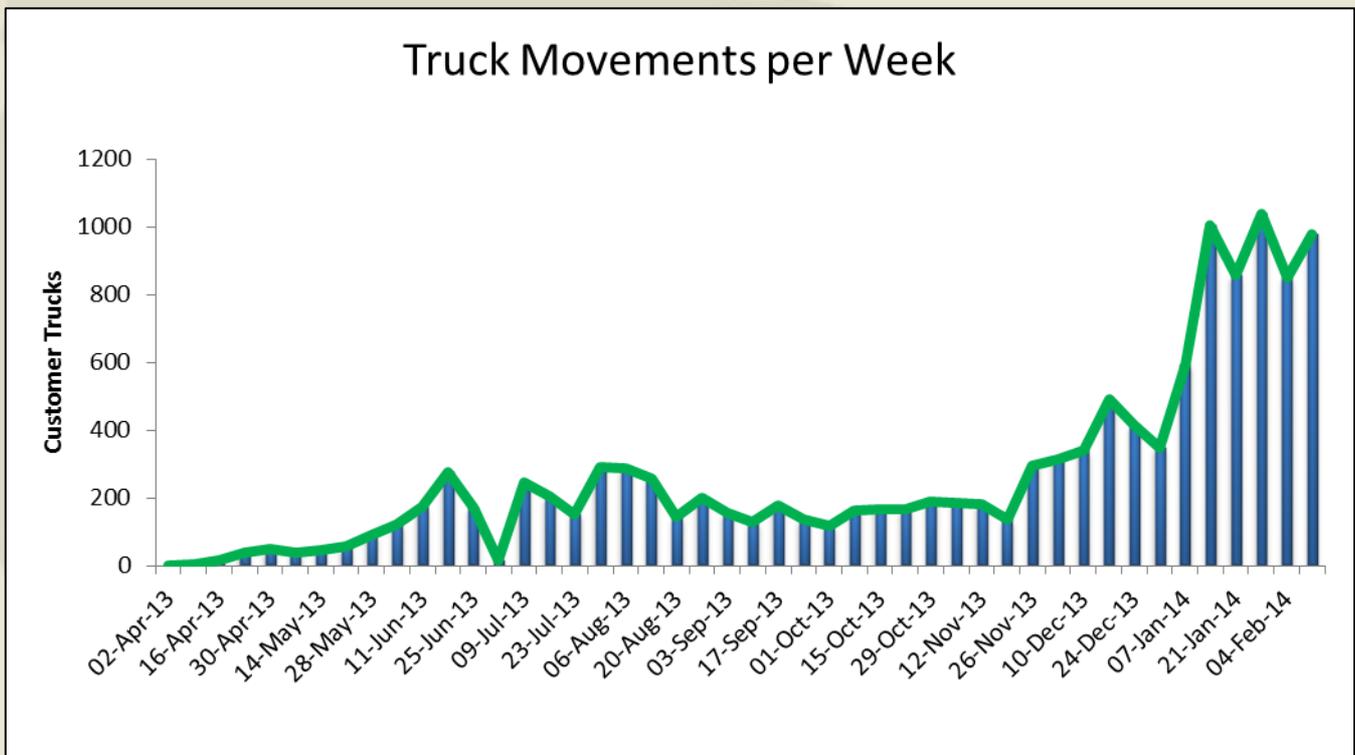


Figure 2: Posse Mine Customer Truck Movements per Week
 * Average truck size – 27 tonne

Licence Update

As announced on 31 January 2014, the Brazilian Ministry of Mines and Energy has granted the full Posse mining licence (Portaria de Lavra). In addition to providing operational security, the licence allows for new waste and stockpile areas not previously accessible. These areas will allow a reduction in material movement charges and overall operating costs - further optimising the Posse Mine. Crusader will also utilise the area to stockpile the fines that will be treated in Stage 2. Under the trial mining licence, significant volumes of fines were sold without being upgraded to a premium product, adding marginally to the project cash flows.

Crusader will outline the plans for Stage 2 when the study is finalised, expected in the current quarter.

Cost Reduction Program Complete

In June 2013, Crusader began a companywide cost optimisation program.

Stage 1, implemented in June 2013, consisted of an immediate 20% reduction in remuneration applied to all directors and senior management. This policy is still in effect.

Stage 2, completed in the period 1 July through to January 2014 focused on reducing expenditure on Crusader’s non-iron ore related projects. Relocation of staff along with a consolidation of the regional offices and operations has the company now centred in Brazil’s mining capital of Belo Horizonte.

Crusader has recently changed its financial year end to 31 December to align it with its Brazilian entities.

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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 will produce 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.

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 Project is excellent.

Operations 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.