

# Quarterly Activities Report

## June 2014

### Highlights:

#### Posse Iron Ore Project

- Quarterly iron ore sales receipts \$6.1M
- Production costs \$10.70/t, second consecutive quarter below cost guidance

#### Juruena Gold Project

- Project acquisition completed (100% CAS)
- Exploration commenced at Querosene targeting high-grade, near-surface ounces

#### Borborema Gold Project

- Project optimisation work ongoing, targeting comminution circuit efficiencies
- Metallurgical drilling to support optimisation to commence in third quarter

#### Corporate

- IFC Tranche 1 placement completed
- Group cash increased by \$3.8M to \$6.7M

#### Australian Securities Exchange Information

##### ASX Code: CAS

- Ordinary Shares **138,446,041**
- Options **19,839,500**  
(exercise prices: \$0.3414 to \$1.35)
- Market Capitalisation **\$57M**
- Treasury **\$6.7M** (30 Jun 2014)
- Share price **\$0.41**  
(12 month closing range: \$0.19 to \$0.455)

#### Board of Directors

Non-Executive Chairman  
**Stephen Copulos**

Managing Director  
**Rob Smakman**

Executive Director  
**Paul Stephen**

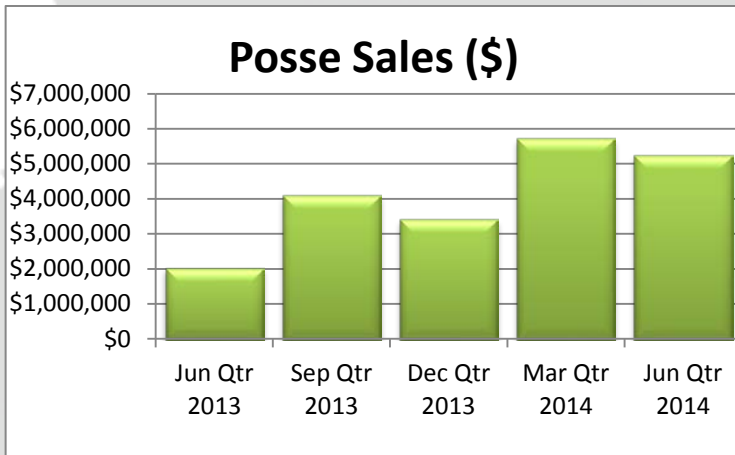
Non-Executive Directors  
**John Evans**  
**David Netherway**  
**Mauricio Ferreira**

### Posse Iron Mine - Minas Gerais, Brazil (100% Crusader)

#### Financials

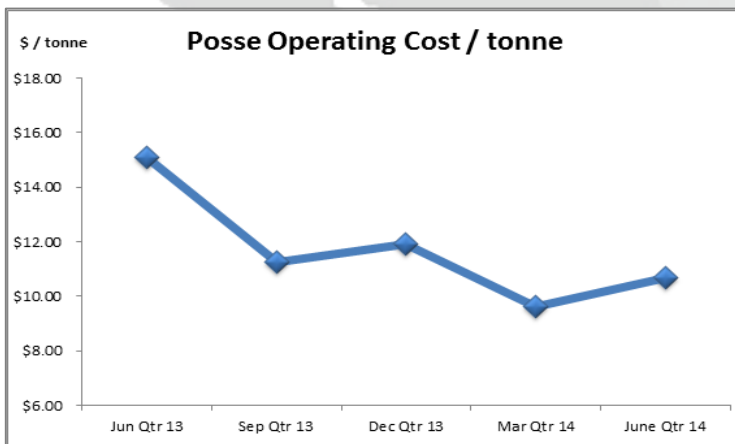
Operations continue to focus on the high-grade lump ore whilst final testwork and project development studies are completed on fines treatment options.

Sales revenue for the quarter was \$5.2M (unaudited - see figure 1) with gross profit of \$2.7M (unaudited), cash receipts for the June quarter were \$6.1M (inclusive of taxes). Crusader's realised sales price into the Brazilian domestic market has remained consistent quarter on quarter, with strong demand for Posse high-grade lump expected to continue to the second half of 2014.



**Figure 1: Quarterly Sales from Posse Mine**

During the quarter Crusader continued to focus on operating efficiencies, driving a strong cost performance of \$10.70/t for the quarter. The sustainability of cost reductions and efficiencies gains over the first half of 2014 has Crusader well placed to deliver full year costs at Posse below guidance of \$12/t, see figure 2.



**Figure 2: Quarterly Operating Costs for Posse Mine**

**Drilling Update**

A short diamond drilling program comprising a planned 15 holes within the confines of the open pit was commenced during the quarter. Nine holes totaling 474.9m were completed during the quarter. The bulk of the holes were drilled on an azimuth of 225 degrees, along the strike of the deposit and perpendicular to previous drilling, to test the continuity of cross-cutting massive haematite veins below the current pit floor. All holes drilled on this orientation intersected zones of haematite not included in the current geological model. Three holes (PODH-013, 014 and 017) were drilled on azimuth 315 degrees to test for additional haematite bodies conformable with stratigraphy (i.e. parallel with the geological layering) of which only PODH-013 intersected significant thicknesses of haematite. All holes were drilled within the itabirite (iron formation) ore body within which the higher grade massive haematite zones are hosted.

Assay results are awaited for all holes.

### Juruena Gold Project, Mato Grosso, Brazil (100% Crusader)

Following the completion of the acquisition in July, Crusader has commenced a 10,000m program covering Querosene and other high priority targets at Juruena. The drilling program will generate both a tighter drill-out of identified high-grade gold shoots and test extensions of known mineralisation at the Querosene prospect. Historical drilling at Juruena has indicated a higher tenor of mineralisation relative to other known gold deposits in the region, with 20 intercepts at >50gram-meter recorded. Crusader will aggressively explore the Juruena tenement package over the coming 6 months, targeting a maiden high-grade resource at Querosene to support a potential near-term, low capital intensity operation.

A detailed presentation of the Juruena tenement package and strategy can be found on the Crusader website.

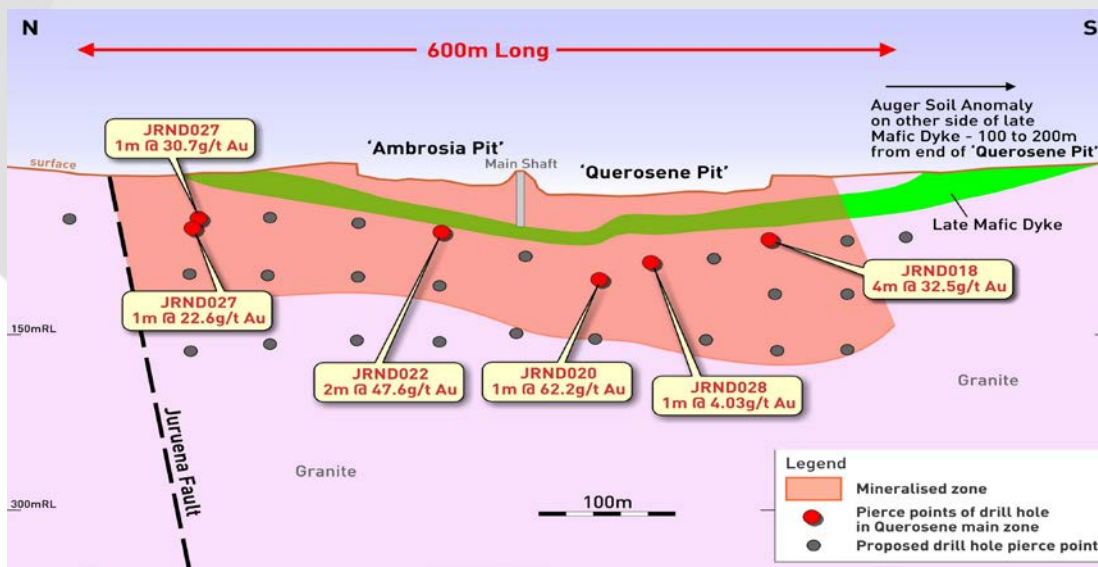


Figure 3: Querosene - Historical Drilling and Planned Program

### Borborema Development & Seridó Exploration, Rio Grande do Norte, Brazil (100% Crusader)

- Exploration remains focussed on regional exploration with mapping and soil sampling programs underway with 3 field crews
- Processing of the Company's environmental permitting continues by the State environmental authority, IDEMA

Preparations commenced late in the quarter for a diamond drilling program to obtain samples for further metallurgical testwork to explore alternate process flow options for development of the Borborema project. Tenders have been called for a 1,500m program of large diameter (PQ) diamond core in 10 holes. Drilling is expected to commence in the September quarter with holes oriented to maximise intercept lengths in ore to generate sufficient mass for the metallurgical test program. The drill holes are not designed for resource definition drilling.

The metallurgical test program will explore alternate comminution options for heap leach and CIL process routes as well as to test in more detail the potential for flotation concentration of gold prior to leaching.

Future development of Borborema in the current gold price environment is contemplating a smaller open pit with a significantly lower strip ratio producing feed for a smaller scale, lower capital cost processing plant.

## Corporate

Over the quarter, group cash increased by \$3.7M to \$6.6M.

During the quarter the Company completed the first tranche of a placement to the International Finance Corporation (IFC). 11.3M shares and 5.65M options (expiring 30 June 2018, exercisable at \$0.41) were issued, raising \$3.277M.

The second tranche of securities under the subscription agreement is expected to be issued in August 2014. This will consist of 2,493,100 ordinary shares and 1,246,550 options (expiring 4 years, exercisable at \$0.41) to raise \$723K.

Commenting on the March quarter, Crusader's Executive Director, Paul Stephen said, "Crusader has had a stellar quarter which has been reflected by very strong share price growth, based on substantial revenue from Posse, the IFC investment and the Juruena Gold Project acquisition."

"The June quarter performance has set Crusader up for a successful full year result. With Posse providing substantial cashflow, Crusader can now become more aggressive in creating shareholder value through the exploration and potential future development of our highly attractive project portfolio."



**Figure 4: Crusader flies Brazilian and Australian flags during the Soccer World Cup, outside the head office in Belo Horizonte. Production and Sales were maintained during the potentially disruptive month-long period**



**Schedule of Mining Tenements**

Location	Description	Ownership
Brazil - Borborema	805.049/1977	100%
Brazil - Borborema	840.149/1980	100%
Brazil - Borborema	840.152/1980	100%
Brazil - Espinharas	846.128/2005	100%
Brazil - Espinharas	846.134/2005	100%
Brazil - Espinharas	846.136/2005	100%
Brazil - Espinharas	846.140/2005	100%
Brazil - Faixa Seridó	846.130/2012	100%
Brazil - Faixa Seridó	846.131/2012	100%
Brazil - Faixa Seridó	846.132/2012	100%
Brazil - Faixa Seridó	846.158/2011	100%
Brazil - Faixa Seridó	846.159/2011	100%
Brazil - Faixa Seridó	846.160/2011	100%
Brazil - Faixa Seridó	846.215/2011	100%
Brazil - Faixa Seridó	846.216/2011	100%
Brazil - Faixa Seridó	846.217/2011	100%
Brazil - Faixa Seridó	846.218/2011	100%
Brazil - Faixa Seridó	846.219/2011	100%
Brazil - Faixa Seridó	846.220/2011	100%
Brazil - Faixa Seridó	846.221/2011	100%
Brazil - Faixa Seridó	846.222/2011	100%
Brazil - Faixa Seridó	846.223/2011	100%
Brazil - Faixa Seridó	846.224/2011	100%
Brazil - Faixa Seridó	846.225/2011	100%
Brazil - Faixa Seridó	846.226/2011	100%
Brazil - Faixa Seridó	846.227/2011	100%
Brazil - Faixa Seridó	846.228/2011	100%
Brazil - Faixa Seridó	846.229/2011	100%
Brazil - Faixa Seridó	846.285/2012	100%
Brazil - Faixa Seridó	846.313/2012	100%
Brazil - Faixa Seridó	846.314/2012	100%
Brazil - Faixa Seridó	846.315/2012	100%
Brazil - Faixa Seridó	846.316/2012	100%
Brazil - Faixa Seridó	846.317/2012	100%
Brazil - Faixa Seridó	846.444/2012	100%
Brazil - Faixa Seridó	846.447/2012	100%
Brazil - Faixa Seridó	846.448/2012	100%
Brazil - Faixa Seridó	846.449/2012	100%
Brazil - Faixa Seridó	846.450/2012	100%
Brazil - Faixa Seridó	846.451/2012	100%
Brazil - Faixa Seridó	846.502/2011	100%
Brazil - Faixa Seridó	846.503/2011	100%

Location	Description	Ownership
Brazil - Faixa Seridó	846.504/2011	100%
Brazil - Faixa Seridó	846.505/2011	100%
Brazil - Faixa Seridó	846.506/2011	100%
Brazil - Faixa Seridó	846.604/2011	100%
Brazil - Faixa Seridó	846.632/2011	100%
Brazil - Faixa Seridó	846.633/2011	100%
Brazil - Faixa Seridó	846.634/2011	100%
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Brazil - Faixa Seridó	848.007/2013	100%
Brazil - Faixa Seridó	848.093/2013	100%
Brazil - Faixa Seridó	848.093/2013	100%
Brazil - Faixa Seridó	848.127/2012	100%
Brazil - Faixa Seridó	848.128/2012	100%
Brazil - Faixa Seridó	848.129/2012	100%
Brazil - Faixa Seridó	848.130/2012	100%









## Schedule of Mining Tenements (continued)

Location	Description	Ownership
Brazil - Faixa Seridó	848.898/2011	100%
Brazil - Faixa Seridó	848.899/2011	100%
Brazil - Manga	860.274/2007	100%
Brazil - Manga	860.563/2011	100%
Brazil - Manga	860.564/2011	100%
Brazil - Manga	860.565/2011	100%
Brazil - Manga	860.566/2011	100%
Brazil - Manga	860.567/2011	100%
Brazil - Mara Rosa	860.957/2012	100%
Brazil - Mara Rosa	860.958/2012	100%
Brazil - Mara Rosa	860.959/2012	100%
Brazil - Posse	834.705/1993	100%
Brazil - Tarântula	848.099/2006	100%

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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 and which offers high potential for the discovery of world class mineral deposits. Crusader has three key assets:

**Posse Iron Ore**

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 had an indicated and inferred Mineral Resource estimate of 36Mt @ 43.5% Fe when mining began in March 2013.

Posse is currently selling DSO into the domestic market and has been cash flow positive since the July 2013.

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. Drilling and expansion studies are currently underway.

**Borborema Gold**

The Borborema Gold Project is in the Seridó area of the Borborema province in north-eastern Brazil. It is 100% owned by Crusader and consists of three mining leases covering a total area of 29 km<sup>2</sup> including freehold title over the main prospect area.

The Borborema Gold Project benefits from a favourable taxation regime, 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 measured, indicated and inferred Mineral Resource Estimate of 2.43Moz @ 1.10g/t gold, 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.

**Juruena Gold**

The Juruena Gold Project represents an exciting exploration opportunity, with multiple high-grade targets, within giant gold in-soil anomalies. The project is located in the highly prospective Juruena-Alta Floresta Gold Belt, which stretches east-west for >400km and has historically produced more than 7Moz of gold from 40 known gold deposits.

The Juruena Project has been worked extensively by artisanal miners (garimpeiros) since the 1980s, producing ~500koz in that time. Historically there is a database of more than 30,000 meters of drilling and extensive geological data. Crusader acquired the project in mid-2014 and is fully funded to complete a drilling program capable of defining a maiden resource.

**Competent Person Statement**

The information in this report that relates to Juruena Gold Project Exploration Results is based on information compiled or reviewed by Mr Robert Smakman who is a full time employee of the company and is a Fellow of the Australasian Institute of Mining and Metallurgy, and has sufficient experience that is relevant to the type of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smakman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to:

- a) Borborema Gold Project and Posse Iron Ore Project Exploration Results are 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 Australasian 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.

This information was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.