
CRUSADER RESOURCES LIMITED
ACN 106 641 963

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Suite 1, Level 1, 35 Havelock Street, West Perth, WA, 6005 on Tuesday, 5 August 2014 at 9:00am (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9320 7500.

CRUSADER RESOURCES LIMITED

ACN 106 641 963

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Crusader Resources Limited (**Company**) will be held at Suite 1, Level 1, 35 Havelock Street, West Perth, WA, 6005 on Tuesday, 5 August 2014 at 9:00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 3 August 2014 at 9.00am (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 6.

AGENDA

1. Resolution 1 – Ratification of Tranche 1 Placement

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,300,000 Shares (**Tranche 1 Placement Shares**) each at an issue price of \$0.29 and 5,650,000 Placement Options each exercisable at \$0.41 before 5.00pm on the first Business Day that is four years from the date of grant (**Tranche 1 Options**) (**Tranche 1 Placement**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by IFC and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval of issue of Tranche 2 Placement Securities

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rules 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 2,493,100 Shares (**Tranche 2 Placement Shares**) each at an issue price of \$0.29 and 1,246,550 Placement Options each exercisable at \$0.41 before 5.00pm on the first Business Day that is four years from the date of grant (**Tranche 2 Placement Options**) (**Tranche 2 Placement**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by IFC and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Grant of Director Options to Mr Robert Smakman

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Directors to grant 1,000,000 Director Options to Managing Director, Mr Robert Smakman on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Smakman and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Grant of Director Options to Mr Paul Stephen

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Directors to grant 500,000 Director Options to Executive Director, Mr Paul Stephen on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Stephen and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Grant of Director Options to Mr Stephen Copulos

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Directors to grant 500,000 Director Options to Non-Executive Chairman, Mr Stephen Copulos on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Copulos and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Grant of Director Options to Mr David Netherway

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Directors to grant 330,000 Director Options to Non-Executive Director, Mr David Netherway on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Netherway and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Grant of Director Options to Mr Mauricio Ferreira

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Directors to grant 330,000 Director Options to Non-Executive

Director, Mr Mauricio Ferreira on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Ferreira and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 – Grant of Director Options to Mr John Evans

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Directors to grant 330,000 Director Options to Non-Executive Director, Mr John Evans on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Evans and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 2 July 2014

BY ORDER OF THE BOARD



Andrew Beigel
Company Secretary

CRUSADER RESOURCES LIMITED

ACN 106 641 963

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 1, Level 1, 35 Havelock Street, West Perth, WA, 6005 on Tuesday, 5 August 2014 at 9:00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 3 to 8 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and

- (b) the appointment does not specify the way the proxy is to vote on Resolutions 3 to 8.

However, the prohibition does not apply if:

- (c) the proxy is the Chairman; and
- (d) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 3 to 8 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Resolution 1 – Ratification of Tranche 1 Placement

3.1 General

Prior to the date of the Meeting, the Company issued 11,300,000 Shares at an issue price of \$0.29 each and granted 5,650,000 Placement Options to IFC to raise \$3,277,000 (before costs) pursuant to the Tranche 1 Placement.

The funds raised from the issue of the Tranche 1 Placement Shares and Tranche 1 Placement Options (together the **Tranche 1 Placement Securities**) have been, or will be, used for project development and general corporate purposes.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Tranche 1 Placement Securities were issued within the Company's Listing Rule 7.1 placement capacity without the need for Shareholder approval.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Securities pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue securities within the 15% capacity under Listing Rule 7.1 during the next 12 months, without obtaining prior Shareholder approval.

Resolution 1 is an ordinary resolution.

3.2 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) 11,300,000 Shares and 5,650,000 Placement Options were issued and granted pursuant to the Tranche 1 Placement.
- (b) The Tranche 1 Placement Shares were issued at \$0.29 each and the Tranche 1 Placement Options were free attaching Options granted on the basis of one Option for every two Shares subscribed for pursuant to the Tranche 1 Placement.

- (c) The Tranche 1 Placement Shares are all fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's other existing Shares on issue.
- (d) The Tranche 1 Placement Options are each exercisable at \$0.41 before 5.00pm on the first Business Day that is four years from the date of grant and otherwise have the terms and conditions set out in Schedule 1.
- (e) The Tranche 1 Placement Securities were issued and granted to IFC.
- (f) The funds raised from the issue of the Tranche 1 Placement Securities have been, or will be, used for project development and general corporate purposes.
- (g) A voting exclusion statement is included in the Notice.

4. Resolution 2 – Authority to issue Tranche 2 Placement Shares

4.1 General

As announced to the ASX on 3 June 2014, the Company intends to undertake a placement of a further 2,493,100 Shares at an issue price of \$0.29 each and 1,246,550 Placement Options to IFC to raise \$722,999 (before costs) under the Tranche 2 Placement.

The funds raised from the issue of the Tranche 2 Placement Shares and Tranche 2 Placement Options (together the **Tranche 2 Placement Securities**) will, together with the funds raised from the issue of the Tranche 1 Placement Securities, be used for project development and general corporate purposes.

A summary of Listing Rule 7.1 is provided in Section 3.1. Given the Tranche 2 Placement Securities to be issued under Resolution 2 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Tranche 2 Placement Securities.

Resolution 2 is an ordinary resolution.

4.2 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) The Tranche 2 Placement Securities will be issued to IFC.
- (b) The maximum number of Shares the Company will issue pursuant to the Tranche 2 Placement is 2,493,100 and the maximum number of Placement Options the Company will grant pursuant to the Tranche 2 Placement is 1,246,550.
- (c) The Company will issue and grant the Tranche 2 Placement Securities no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules) and it is intended that all of the Tranche 2 Placement Securities will be issued and granted on the same date.
- (d) The Tranche 2 Placement Shares will be issued at \$0.29 each and the Tranche 2 Placement Options will be free attaching Options granted on the basis of one Option for every two Shares subscribed for pursuant to the Tranche 2 Placement.

- (e) The Tranche 2 Placement Shares are all fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's other existing Shares on issue.
- (f) The Placement Options are each exercisable at \$0.41 before 5.00pm on the first Business Day that is four years from the date of grant and otherwise have the terms and conditions set out in Schedule 1.
- (g) The funds raised from the issue of the Tranche 2 Placement Securities will be used for project development and general corporate purposes.
- (h) A voting exclusion statement is included in the Notice.

5. Resolutions 3 – 8 Grant of Director Options to Directors

5.1 Background

Resolutions 3 to 8 seek Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 2,990,000 Director Options to the Directors as follows:

- (a) Mr Robert Smakman 1,000,000 Director Options;
- (b) Mr Paul Stephen 500,000 Director Options;
- (c) Mr Stephen Copulos 500,000 Director Options;
- (d) Mr David Netherway 330,000 Director Options;
- (e) Mr Mauricio Ferreira 330,000 Director Options; and
- (f) Mr John Evans 330,000 Director Options.

The Company is a small listed company with limited funds, most of which are allocated to specific development activities. As a result, the Board has chosen to issue Director Options to the Directors as a key component of the incentive portion of their remuneration in order to retain the services of the Directors and to provide incentive linked to the performance of the Company.

The Board considers that the experience of the Directors will greatly assist the development of the Company. As such, the Board believes that the number of Director Options to be granted to the Directors is commensurate with their value to the Company.

Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the Directors and the performance and value of the Company are closely related. As such, the Director Options granted will generally only be of benefit if the Directors perform to the level where the value of the Company increases sufficiently to warrant exercising the Director Options.

Resolutions 3 to 8 are ordinary resolutions.

5.2 Listing Rule 10.13 and Section 219 of the Corporations Act Disclosure

For the purposes of Listing Rule 10.13 and section 219 of the Corporations Act, information regarding the issue of the Director Options is provided as follows:

- (a) The Director Options will be issued to the Directors, Mr Robert Smakman, Mr Paul Stephen, Mr Stephen Copulos, Mr David Netherway, Mr Mauricio Ferreira and Mr John Evans.

- (b) The maximum number of Director Options the Company will issue to each of the Directors under Resolutions 3 to 8 is as follows:

Name of Director	Number and Class of Director Options
Mr Robert Smakman	333,333 Class B Director Options 333,333 Class D Director Options 333,334 Class E Director Options
Mr Paul Stephen	166,667 Class C Director Options 166,667 Class D Director Options 166,666 Class E Director Options
Mr Stephen Copulos	500,000 Class A Director Options
Mr David Netherway	330,000 Class A Director Options
Mr Mauricio Ferreira	330,000 Class A Director Options
Mr John Evans	330,000 Class A Director Options

- (c) The Company will grant the Director Options no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The Director Options will be granted for nil consideration. Accordingly no funds will be raised from the grant of the Director Options.
- (e) Each Director Option is exercisable at the greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Director Options on or before the date that is four years from the date of grant.
- (f) The Director Options will be granted in five classes:

Class of Director Option	Vesting Date
Class A	Upon grant
Class B	12 months after date of grant vesting in four equal tranches subject to achievement of the four Smakman Performance Conditions
Class C	12 months after date of grant vesting in four equal tranches subject to achievement of the four Stephen Performance Conditions
Class D	24 months after date of grant
Class E	36 months after date of grant

- (g) The Director Options are unlisted and transferable. No application for quotation of the Director Options will be made by the Company. Further terms and conditions of the Director Options are in Schedule 2.
- (h) A voting exclusion statement is included in the Notice.
- (i) Each Director has an interest in the outcome of Resolutions 3 to 8 and therefore believes it inappropriate to make a recommendation.
- (j) If all of the Director Options granted are exercised it may result in a dilution of all other Shareholders' holdings in the Company by
- (i) 2.1% based on the Shares currently on issue and including the issue of the Tranche 1 Placement Shares; and
- (ii) 2.1% following issue of the Tranche 2 Placement Shares,
- (each assuming no Options other than the Director Options are exercised).
- (k) Shareholders have previously approved an aggregate amount of up to \$460,000 to be paid as directors fees. The Directors have resolved that the Chairman shall receive the amount of \$120,000 per annum as a Director's fee and that each non-executive Director shall receive the amount of \$60,000 per annum as Directors' fees.

Mr Robert Smakman receives a salary of \$320,000 per annum and ex-patriate allowances as Managing Director.

Mr Paul Stephen receives a salary of \$300,000 per annum plus superannuation as an executive Director.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Amounts paid to the Directors in the period from 1 July 2013 to the date of this Notice are as follows:

	Salary and Fees (\$)	Other benefits (\$)	Share based Payments Options (\$)	Total (\$)
Mr Robert Smakman	\$279,910	\$124,996	\$27,252	\$432,158
Mr Paul Stephen	\$300,000	\$17,775	\$28,016	\$345,790
Mr Stephen Copulos	\$120,000	-	\$14,985	\$134,985
Mr David Netherway	\$60,000	-	\$9,890	\$69,890
Mr Mauricio Ferreira	\$60,000	-	\$9,890	\$69,890
Mr John Evans	\$60,000	\$2,775	\$9,890	\$72,665

Other than as set out in this Notice, the Directors do not receive any other emoluments except as incurred in the normal operation of the business.

- (l) The current relevant interests of the Directors in security holdings in the Company are as follows:

	Shares	Options
Mr Robert Smakman	4,251,711 ⁽⁷⁾	1,000,000 ⁽¹⁾
Mr Paul Stephen	4,978,066 ⁽⁷⁾	1,500,000 ⁽²⁾
Mr Stephen Copulos	24,559,474	500,000 ⁽³⁾
Mr David Netherway	35,000	420,000 ⁽⁴⁾
Mr Mauricio Ferreira	-	330,000 ⁽⁵⁾
Mr John Evans	-	330,000 ⁽⁶⁾

- (1) 1,000,000 exercisable at \$0.43 on or before 7 August 2017.
- (2) 1,000,000 exercisable at \$0.70 on or before 22 August 2015, and 500,000 exercisable at \$0.43 on or before 7 August 2017.
- (3) 500,000 exercisable at \$0.43 on or before 7 August 2017.
- (4) 90,000 exercisable at \$1.35 on or before 30 June 2016, and 330,000 exercisable at \$0.43 on or before 7 August 2017.
- (5) 330,000 exercisable at \$0.43 on or before 7 August 2017.
- (6) 330,000 exercisable at \$0.43 on or before 7 August 2017.
- (7) 3,068,571 Shares are held by Bluebone Enterprises (WA) Pty Ltd of which Mr Smakman and Mr Stephen are directors and shareholders. These Shares have been included in both Directors' total Shareholdings.

Other than as disclosed in this Section 7.2, none of the Directors currently have any other security holding in the Company.

- (m) On the basis of the assumptions below, the Company has determined the technical value of one Director Option approximates \$0.1748. Based on this value, the value of the Director Options to be issued to each Director is as follows:

Name of Director	Value of Director Options
Mr Robert Smakman	\$174,800
Mr Paul Stephen	\$87,400
Mr Stephen Copulos	\$87,400
Mr David Netherway	\$57,684
Mr Mauricio Ferreira	\$57,684

Mr John Evans	\$57,684
Total	\$522,652

The value may go up or down after that date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:

- (i) interest rate set at the Commonwealth Government securities rate of 3.03%;
 - (ii) the date of valuation for the purposes of settling the current market value of a Share is 12 June 2014;
 - (iii) at this date the Share price was \$0.30 which is the price used in the valuation;
 - (iv) the standard deviation of returns of the Options is set at 89% which is based on the Company's historical data; and
 - (v) the Director Options will be exercisable upon issue.
- (n) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (o) Historical share price information for the 12 months prior to the date of this Notice is as follows:

	Price	Date
Highest	\$0.37	5 November 2013
Lowest	\$0.19	2 September 2013
Last	\$0.34	1 July 2014

- (p) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (q) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 3 to 8.

6. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

\$ means Australian Dollars.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Business Day means any day that is not a Saturday, a Sunday or a day observed as a holiday under the laws of Western Australia and New York State.

Class A Director Option means a Director Option with the relevant vesting date in the table in Section 5.2(f).

Class B Director Option means a Director Option with the relevant vesting date in the table in Section 5.2(f).

Class C Director Option means a Director Option with the relevant vesting date in the table in Section 5.2(f).

Class D Director Option means a Director Option with the relevant vesting date in the table in Section 5.2(f).

Class E Director Option means a Director Option with the relevant vesting date in the table in Section 5.2(f).

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means Crusader Resources Limited ACN 106 641 963.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Option means an Option exercisable at the greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Option on or before the date that is four years from the date of grant and otherwise with the terms and conditions in Schedule 2.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

IFC means International Finance Corporation.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Placement Option means an Option exercisable at \$0.41 before 5.00pm on the first Business Day that is four years from the date of grant and otherwise with the terms and conditions in Schedule 1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Smakman Performance Conditions means the conditions based on Mr Rob Smakman's performance as Managing Director to be determined by the Board.

Stephen Performance Conditions means the conditions based on Mr Paul Stephen's performance as an executive director to be determined by the Board.

Tranche 1 Placement has the meaning in Resolution 1.

Tranche 1 Placement Securities has the meaning in Section 3.1.

Tranche 1 Placement Shares has the meaning in Resolution 1.

Tranche 1 Placement Options has the meaning in Resolution 1.

Tranche 2 Placement has the meaning in Resolution 2.

Tranche 2 Placement Securities has the meaning in Section 4.1.

Tranche 2 Placement Shares has the meaning in Resolution 2.

Tranche 2 Placement Options has the meaning in Resolution 2.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Terms and Conditions of Placement Options

1. Each Placement Option gives the holder (**Optionholder**) the right to subscribe for one fully paid ordinary share in the Company (**Share**) at a price per Share of \$0.41 (**Exercise Price**) from the grant date until 5:00 p.m. (Western Australia time) on the first Business Day that is four years after the grant date (**Expiry Time**), after which time the Options shall expire and be of no value or effect.
2. An Optionholder may exercise their Placement Options, prior to the Expiry Time, by surrendering their Option Certificate and a completed exercise form, and making payment to the Company's nominated bank account of an amount equal to the Exercise Price multiplied by the number of Shares to be acquired.
3. Upon the exercise of the Placement Options, the Optionholder shall be deemed for all purposes to be the holder of record of such Shares and the Company covenants that it will cause holding statements representing such duly authorized and validly issued, fully paid and non-assessable Shares to be delivered or mailed to the Optionholder at the address or addresses specified in the Exercise Form within five Business Days of the surrender of the Option Certificate.
4. The Company will apply for quotation of all Shares allotted pursuant to the exercise of the Placement Options on ASX within ten Business Days of the date of exercise.
5. The holding of the Placement Options in itself shall not constitute the Optionholder a shareholder of the Company or entitle the Optionholder to any right or interest as a shareholder in respect thereof except as expressly provided for in these terms. The Shares issued upon exercise of the Placement Options will rank pari passu in all respects with other shares of the Company.
6. The Option Certificate and all the rights under the terms of the Options (including the Options) shall enure to the benefit of the Optionholder and its successors and permitted assigns and shall be binding upon the Company and its successors.
7. Subject to the Listing Rules, the Placement Options may be transferred, sold, assigned or pledged, in whole or in part, to any person by the Optionholder surrendering the Option Certificate together with written notice of such transfer. Subject to obtaining the prior written consent of the Board of Directors of the Company, the Company shall, within five Business Days of the surrender of the Option Certificate, issue and deliver or mail as specified in the written notice (i) a new Option Certificate or Option Certificates in the name of the assignee or assignees evidencing such number of Options so assigned, and (ii) if applicable, a new Option Certificate in the name of the assignor evidencing the portion of the Options not so assigned.
8. The Optionholder acknowledges and agrees that any transfer, sale, assignment or pledging by it of the Placement Options, in whole or in part, shall comply with the provisions of applicable securities laws and the regulations and rules of the regulatory authorities having jurisdiction over the Company and that the Company will be entitled to refuse any transfer if such transfer would constitute a violation of any such provisions.
9. There are no participating rights or entitlements inherent in the Placement Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders of the Company prior to the Expiry Time without exercising the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Placement Options prior to the date for determining entitlements to participate in any such issue.
10. From and after the grant date, the Exercise Price and the number and type of securities which may be subscribed for upon the exercise of the Placement Options will be subject to change in the event

of a reorganisation of capital in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.

11. The Placement Options do not confer on the Optionholder any right to a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised other than in the event of a reorganisation of capital. No changes to the terms of the Placement Options may be made which have the effect of reducing the Exercise Price or increasing the number of underlying shares over which the Option may be exercised unless the change is made to comply with the Listing Rules.
12. A change to the terms of the Placement Options may occur without the shareholders of the Company first approving the change if the change has the effect of cancelling an Option for no consideration. Any change to the terms of the Placement Options that has the effect of cancelling an Option for consideration may only occur if the Company first obtains shareholder approval unless the change is made to comply with the Listing Rules.
13. The terms of the Placement Options may be modified or amended only with the written consent of both the Company and the Optionholder and with the approval of ordinary shareholders of the Company where shareholder approval is required by the Listing Rules or the Corporations Act.

Schedule 2 – Terms and Conditions of Director Options

1. Each Director Option gives the holder (**Optionholder**) the right to subscribe for one fully paid ordinary share in the Company (**Share**).
2. The Exercise Price, Vesting Date and Expiry Date of each Director Option is referred to in the table below.

Director Option Class	Exercise Price	Vesting Date	Expiry Date
Class A	The greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Director Options	Upon grant	48 months after date of grant
Class B	The greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Director Options	12 months after date of grant vesting in four equal tranches subject to achievement of the four Smakman Performance Conditions	48 months after date of grant
Class C	The greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Director Options	12 months after date of grant vesting in four equal tranches subject to achievement of the four Stephen Performance Conditions	48 months after date of grant
Class D	The greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Director Options	24 months after date of grant	48 months after date of grant
Class E	The greater of \$0.43 and a 43% premium to the average market price for Shares on the five trading days prior to the grant of the Director Options	36 months after date of grant	48 months after date of grant

For the purposes of this item 2:

- (a) Smakman Performance Conditions means the conditions based on Mr Rob Smakman's performance as Managing Director of the Company to be determined by the Board; and
- (b) Stephen Performance Conditions means the conditions based on Mr Paul Stephen's performance as an executive director of the Company to be determined by the Board.

3. A Director Option will expire on that date which is the first to occur of;

- (a) the Expiry Date;
- (b) the making by the Board of a determination that the Optionholder has acted fraudulently, dishonestly or in breach of the Optionholder's obligations to the Company or an associated body corporate of the Company and the Director Option is on that account to be forfeited;
- (c) the day which is 45 days after the Optionholder ceases to be a Director, employee or officer of the Company whether by termination or otherwise;
- (d) the day which is 30 days following any person or corporation having a relevant interest in not less than 90% of the Shares; or
- (e) the day which is 10 days following the Company issuing a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented, would result in a person or corporation having a relevant interest in not less than 90% of the Shares.

4. A Director Option may only be exercised at any time after the Vesting Date in item 2 above and prior to the date that the Director Option expires in item 3 above.

5. If, in the opinion of the Board:

- (a) the Company enters into a scheme of arrangement with its creditors or members or any class thereof pursuant to section 411 of the Corporations Act,
- (b) a Takeover Period commences; or
- (c) a person or a group of associated persons having a relevant interest in, subsequent to the grant of the Director Options, sufficient Shares to give it or them the ability in general meeting to replace all or a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons,

(or the Board forms the view that one of those events is likely to occur) then the Board may declare a Director Option to be free of any conditions of exercise and/or vesting. Director Options which are so declared may be exercised at any time before they expire.

Subject to item 11, an Optionholder may not assign or transfer Director Options except during a Takeover Period, in which case the Director Options may only be transferred by the Optionholder to the bidder or its nominees in accordance with the Corporations Act.

For the purposes of this item 5 a Takeover Period means in relation to a takeover bid in respect of Shares, the period referred to in section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the takeover period shall be deemed to have commenced at the time of that announcement.

6. If any person or corporation having a relevant interest in not less than 90% of the Shares of the Company issues a notice of meeting convening a meeting of shareholders in order to enter into a scheme of arrangement (pursuant to the provisions of the Corporations Act) which, if implemented would result in a person or corporation having a relevant interest in not less than 90% of the Shares, the Director Options will be free of any conditions of exercise and/or vesting and may be exercised at any time before they expire.
7. The Director Options held by the Optionholder may, once vested, be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
8. An Optionholder may exercise their Director Options by completing an application form for shares (**Exercise Notice**) delivered to the Company's share registry and received by it any time after the Vesting Date in item 2 above and prior to the date that the Director Option expires in item 3 above.
9. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
10. Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
11. The Director Options may not be transferred other than in cases where the Director Options have vested, are within six months of the Expiry Date of the Director Options and the Director Options are transferred to an Associate of the Optionholder.

For the purposes of this item 11 an Associate means:

- (a) an Optionholder's spouse, de facto spouse, parent, child, or a spouse or de facto spouse of that person;
 - (b) an entity controlled by one or more of the persons in paragraph (a);
 - (c) an entity that the Optionholder controls;
 - (d) a person who acts in concert with anyone referred to above; or
 - (e) a person who was a related party in the previous six months, or who would be a related party in the future, under the tests in section 228 of the Corporations Act 2001 (Cth) (applied with any necessary adaptation).
12. All Shares issued upon the exercise of Director Options will upon issue rank equally in all respects with other Shares.
 13. The Company will not apply for quotation of the Director Options on ASX. However, the Company will apply for quotation of all Shares issued on the exercise of Director Options on ASX within 10 Business Days after the date of issue of those Shares.
 14. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, all rights of an Optionholder are to be changed in a manner determined by the Board to the extent necessary to comply with the provisions of the Listing Rules applying to a reconstruction of capital at the time of the reconstruction.
 15. There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least nine Business Days after the issue is announced. This will give Optionholders the opportunity to

exercise their Director Options which they are entitled to exercise prior to the date for determining entitlements to participate in any such issue.

16. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves (**Bonus Issue**), each Optionholder holding any Director Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Director Options the number of Shares which would have been issued under the Bonus Issue (**Bonus Shares**) to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe pursuant to the exercise of those Director Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue will rank equally in all respects with the other Shares issued upon exercise of the Director Options.

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.
Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

Hand deliveries: Suite 1, Level 1,
35 Havelock Street,
WEST PERTH WA 6005

Postal address: PO Box 692
WEST PERTH WA 6872

Facsimile: (08) 9320 7501 if faxed from within Australia or +61 8 9320 7501 if faxed from outside Australia.

CRUSADER RESOURCES LIMITED

ACN 106 641 963

PROXY FORM

The Company Secretary
Crusader Resources Limited

By delivery:

Suite 1, Level 1
35 Havelock Street
WEST PERTH WA 6005

By post:

PO Box 692
WEST PERTH WA 6872

By facsimile:

+61 8 9320 7501

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting to be held at Suite 1, Level 1, 35 Havelock Street, West Perth, WA, 6005 on Tuesday, 5 August 2014 at 9:00am (WST) and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for as set out below).

Important for Resolutions 3 to 8

If the Chairman of the Meeting is appointed as your proxy, or may be appointed as your proxy by default, and you have not directed him how to vote on Resolutions 3 to 8 below, please mark the box below. If you do not mark this box and you have not directed your proxy how to vote on Resolutions 3 to 8 in Step 2 below, the Chairman will not cast your votes on Resolutions 3 to 8 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

If you appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote on Resolutions 3 to 8 by either marking the relevant boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking the box below in this Step 1 (in which case the Chairman will vote in favour of Resolutions 3 to 8).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 3 to 8.

I/We (except where I/we have indicated a different voting intention below):

- (a) direct the Chairman of the Meeting to vote in accordance with the voting intentions of the Chairman on Resolutions 3 to 8 to vote in favour of these Resolutions; and
- (b) authorise, in respect of Resolutions 3 to 8, the Chairman of the Meeting to vote as described even though Resolutions 3 to 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company and even if the Chairman of the Meeting has an interest in the outcome of Resolutions 3 to 8; and
- (c) acknowledge that votes cast by the Chairman of the Meeting for Resolutions 3 to 8 other than as proxy holder will be disregarded because of that interest.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Ratification of Tranche 1 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of Tranche 2 Placement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Director Options to Mr Robert Smakman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Director Options to Mr Paul Stephen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Director Options to Mr Stephen Copulos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Director Options to Mr David Netherway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Director Options to Mr Mauricio Ferreira	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Grant of Director Options to Mr John Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder