

Borborema Gold Project - Drilling, Metallurgy and Optimisations Re-commence

Crusader has recommenced feasibility work at Borborema, building on the positive results of the 2011 PFS, the 2012 maiden reserve estimate as well as extensive feasibility work.

Recent work at Borborema has focussed on progressing the project through the licensing process. Crusader has also completed a detailed review of key operating parameters and has identified a number of alternatives which have the potential to enhance the final project economics, with the key areas of focus being the optimal pit shell in the prevailing gold price environment and potential to utilise alternative process routes.

A key part of this work requires some additional metallurgical sampling which needs to be completed via additional drilling. This program, which consists of ~1,000m of large diameter core, is set to commence this week with the rig now on site.

Commenting on the re-commencement of field work at Borborema, Managing Director Rob Smakman said; *"We are really pleased to be drilling again at Borborema. We feel that the additional work now being initiated has the potential to change the economics and prepare Borborema for a funding decision in 2015. By looking at alternative development strategies, we can realise value from the project by presenting a more fundable solution"*.

Optimal pit shell and staged development strategy

The 2012 Borborema reserve estimate of 42mt @ 1.20g/t Au for 1.6Moz of contained gold, comprises 2 distinct ore lenses, separated by a zone of lower grade mineralisation. The shallow lens contains the bulk of the reserve with 27Mt @ 1.14g/t Au for 970koz. By initiating the project on the upper lens a significant reduction in material movements can be achieved, with the strip ratio alone reducing by 40% from 6.8:1 to 4:1.

Australian Securities Exchange Information

ASX Code: CAS

- Ordinary Shares **138,446,041**
- Options **26,004,500**
(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

The smaller pit shell scenario significantly reduces the development risk and Crusader has identified a number of opportunities for capital reduction above and beyond those associated with the reduced scale.

The change in industry dynamics, coupled with the reduced material movements contemplated in the above scenario has presented a number of opportunities for mine related efficiencies including a more efficient waste dump location significantly reducing haulage distances and a revised owner operator versus contract mining scenario.

Crusader believes the combination of reduced material movements and lower operating and capital costs provide a more attractive development strategy for Borborema resulting in only a minimal reduction in project NPV under the prevailing gold price environment. Importantly, this strategy will preserve a valuable option over the deeper lens, which earlier drilling indicates is increasing in grade and width and remains open at depth.

Metallurgical testwork program

In order to investigate the use of alternative process routes, Crusader will recommence drilling at Borborema to provide additional metallurgical samples to conduct advanced testwork. The program which will specifically target representative mineralised areas within the planned open pit, will commence this week and should be completed by the end of the September quarter.

Crusader will collect approximately 1,000m of PQ core (large diameter), with holes targeting the strike extent along the upper lenses of the orebody. Drilling will target mineralised sections which are representative of the overall mineralogy. These samples will be sent to an internationally accredited laboratory for a variety of tests including;

- Grinding testwork: test alternative crushing and grinding methods such as SAG¹ and HPGR², which if successful, will result in an overall more efficient comminution circuit. A more effective comminution circuit has the potential to realise significant efficiency gains and subsequent cost savings across the plant
- Flotation tests will verify the viability of this method and evaluate potential capex and opex savings related to reduced water consumption, simplified tailings disposal and smaller leach circuit.
- Variability and mineralogy: additional tests to confirm consistency of mineralisation throughout the orebody to support the grinding and flotation testwork.

Crusader will keep shareholders updated on the progress of the various work streams as results are available over coming months, with a view to presenting an updated feasibility study to the board in early 2015 and to provide a clear value realisation strategy for shareholders.

¹ SAG; Semi-autogenous grinding. Attrition between grinding balls and ore causes grinding in a high diameter mill. Could simplify the comminution circuit.

² HPGR; High pressure grinding rolls. Particles are crushed between two rollers causing fracturing and microfracturing. May consume lower energy than normal ball milling.

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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 km² 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.