CRUSADER RESOURCES LIMITED

A B N: 94 106 641 963

Half year Financial Report

For the half-year ended 30 June 2016

Corporate Directory

Directors

Stephen Copulos	Non-Executive Chairman
Robert Smakman	Managing Director
Paul Stephen	Executive Director
John Evans	Non-Executive Director
Mauricio Ferreira	Non-Executive Director
Jim Rogers	Non-Executive Director

Company Secretary
Andrew Beigel

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Auditors
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Telephone: +61 8 9365 7000
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Bankers
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Perth WA 6000

Share Register
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Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors
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Northbridge WA 6003
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ASX Code:
Ordinary shares - CAS

Directors' Report

The directors present their report together with the financial report of Crusader Resources Limited ("the Company" or "Crusader") and its subsidiaries (the Group) for the half-year ended 30 June 2016, and the auditors review report thereon.

Directors

The directors of the company at any time during or since the end of the half-year are set out below. Directors were in office for the entire period unless otherwise stated.

Name	
Mr. S. Copulos	Chairman
Mr. R. Smakman	Managing Director
Mr. P. Stephen	Executive Director
Mr. J. Evans	Non-executive Director
Mr. M. Ferreira	Non-executive Director
Mr. J. Rogers	Non-executive Director - appointed 2 March 2016

Operating Result

The Group incurred an after tax loss for the half-year ended 30 June 2016 of $4,472,981 (30 June 2015: loss of $5,079,612).

Review of operations

Juruena Gold Project

The Juruena Project (100% Crusader owned) is located in Central Brazil on the southern fringe of the Amazon basin, situated on the western end of the prospective Juruena-Alta Floresta Gold Belt.

Following Crusader's first 10,000m exploration drilling program at Juruena and subsequent announcement of a Maiden JORC resource for the project, a second drilling program was commenced at the project in March 2016 with the aim of converting resources from the Inferred to the Indicated category as well as seeking to expand the size of the overall gold resource at Juruena. The program originally planned for 6,000m was increased to 7,700m. The Querosene and Dona Maria prospects have been the initial focus of the drilling program with initial holes also drilled for two new targets, Tomate and Mauro.

In line with the excellent results received from the first drilling program at Juruena, spectacular results have continued to be received from the current program.

Results received include **1.02m @ 7.30 g/t Au** from 156.1m in hole QD027; **1.47m @ 29.42 g/t Au** from 57.2m in QD028; **2.0m @ 11.09 g/t Au** from 113.9m in QD030 (including **1m @ 19.56 g/t Au**); **1.40m @ 48.62 g/t Au** from 84.0m in QD039 (including **0.4m @ 87.96 g/t Au** and **0.64m @ 47.92 g/t Au**); **2.90m @ 75.02 g/t Au** from 112.80m in QD043 (including **0.45m @ 335.09 g/t Au**).

Work on the Scoping Study for Juruena continued during the period with progress made on updated pricing for plant and equipment. Crusader managed to secure a purchase option for an appropriately sized, turnkey crushing and milling plant. The proposed plant, which will be rebuilt in partnership with Brazilian equipment supplier and foundry – GNA, (a group that has had a long association with Crusader), will be capable of treating up to 300tpd.

The Scoping Study is now also considering an open-pit option to start the project, which if feasible, could have significant initial capital and operating cost benefits. The current drilling program will collect important data that will be used in the Scoping Study.

Discussions are ongoing with potential financial partners to provide a funding facility to develop the Juruena Gold Project. A final firm agreement is likely to be linked to the completion of the Scoping Study and a new resource statement following the completion of drilling and sampling.

Directors' Report (continued)

Review of operations (continued)

Posse Iron Project
The Posse Mine increased profitability over the half year period resulting in a Gross Loss of $28,431. Sales volume of lump products increased as average costs were reduced and margins increased. The contribution of NPO (coarse lump) to profitability continues to increase.

Crusader maintains an optimistic outlook for the second half of 2016 and anticipates the mine will operate profitably for the remainder of the year.

Operationally, the original office and laboratory locations have been moved to a location close to the mine gate, allowing access to lenses of high-grade ore as well as expanding the pit floor.

Borborema Gold Project
During the first half of the year, Crusader announced the completion of an internal optimisation review into the development for Stage 1 of Crusader's 100% owned Borborema Gold Project, located in the northeast of Brazil.

The review showed economics for the development were positive and, as a result, further work towards a new Feasibility Study has begun (including revising the existing Ore Reserve estimate).

This review was completed using factored costs from previously unfinished feasibility work (draft BFS), updated consumable prices, a lower US$ gold price ($1,150/oz) and a higher BRL:USD exchange rate (4:1).

Borborema has a Proven and Probable Ore Reserve of 42Mt @ 1.18 g/t for 1.6Moz. (Refer to Table 1 below). This estimate was made in 2012 and includes the two main lenses of mineralisation. The optimisation of Borborema Stage 1 plans to exploit the upper lens only, which includes ore of approximately 20Mt at a strip ratio of approximately 3.5:1. This pit-size optimises the resource at current prices, minimises waste movement, reduces capital and operational costs and does not sterilise the future development of the deeper lens (Stage 2).

Borborema Gold Project – Maiden Ore Reserve 2012

Category	Ore Type	Tonnes (Mt)	Grade (Au g/t)	Mineable Gold (koz)
Proven	Oxide	0.65	0.80	17
	Fresh	7.26	1.25	292
Probable	Oxide	1.68	0.70	38
	Fresh	32.82	1.20	1,260
Total		**42.41**	**1.18**	**1,610**

Table 1: Ore Reserve estimate for the Borborema Gold Project.
Reported at a 0.4 g/t cut-off for oxide and 0.5g/t cut-off for fresh material. The cut-off grades have been based on the latest throughput costs, gold price of US$1350/oz, metallurgical recovery of 95% and then rounded up. Note, appropriate rounding has been applied, subtotals may not equal total figures.

The Stage 1 project footprint has been adapted to respect the existing highway and powerlines - removing the requirement and cost to move. All direct project impacts (waste storage, pit, infrastructure etc.) have been restricted to Company owned land.

Dry stacking of tailings, following filtration, has now been proposed. This has the important additional benefits of removing the planned tailings dam, simplifying the overall operation and reducing capital costs with minimal impact on operational costs.

The updated project plan has been submitted to the relevant authorities in Brazil and the full licences are expected to be received in the 2016 calendar year. Metallurgical and comminution samples (~6 tonnes) have been shipped to an independent lab in Australia for testwork to confirm the processing flowsheet and investigate various processing cost

Directors' Report (continued)

Review of operations (continued)

saving opportunities. Samples will be received in the third quarter of 2016, with results forming a vital part of the planned updated Feasibility Study into Stage 1.

Lithium Joint Venture including Manga Li, Sn, & In Project Project

In February 2016, Crusader signed a Memorandum of Understanding with Lepidico Ltd ("Lepidico") for the establishment of a 50:50 strategic joint venture company. Lepidico has subsequently been taken over by the ASX listed Platypus Minerals ("Platypus")(ASX-PLP), an Australian exploration company that also owns the L-Max® and other processing technologies that were designed to extract lithium from Li-mica minerals such as zinnwaldite and lepidolite, and Li-phosphate minerals such as amblygonite.

Crusader and Platypus have signed a shareholders agreement and formed a JV company which will have the exclusive right to use the technologies in Brazil, with the strategy to develop and hold a portfolio of royalty interests from sub-licensing the technology, in addition to deploying it for Crusader's Manga prospect.

The Manga Li Project (previously explored for tin and indium) is located in the NE of Goias state, Central Brazil. Crusader explored the ground for tin, indium and gold mineralisation in the region during 2007 and later mapped, soil sampled, rock chipped and drilled 15 reverse circulation holes.

Rock-chip programs conducted by Crusader were assayed for multi-elements and include some significant Li_20 results. Li_2O grades of up to 1.3% were returned, within a zinnwaldite-rich greisen zone, proximal to the anomalous tin and indium bearing greisen.

Auditor Independence Declaration

The auditor's independence declaration is included on page 23 of the half-year report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

R. Smakman
Managing Director

Perth, 13 September 2016

Competent Person Statement

The information in this report that relates to Juruena Gold Project exploration results, Posse Iron Ore Project exploration results and Borborema Gold Project exploration results released after 1 December 2013, 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. The information in this report that relates to Mineral Resources at the Juruena Gold Project is based on information compiled or reviewed by Mr. Lauritz Barnes and Mr. Aidan Platel who are independent consultants to the company and Members of the Australasian Institute of Mining and Metallurgy. Each of Mr. Smakman, Mr. Barnes and Mr. Platel have sufficient experience that is relevant to the type of mineralisation and type of deposits 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, Mr. Barnes and Mr. Platel consent to the inclusion in the report of the matters based on this 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 released prior to 1 December 2013 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, 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..

Index to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Note	Consolidated Half-year ended 30 June 2016 $	Consolidated Half-year ended 30 June 2015 $
Continuing operations			
Mineral Revenue	4	2,597,435	4,117,990
Cost of Sales - direct		(2,625,866)	(3,918,637)
Gross Profit		**(28,431)**	**199,354**
Other income	4	139,491	199,116
Administration		(521,187)	(486,040)
Corporate expenses		(1,081,038)	(825,368)
Business Development		(75,670)	(191,605)
Finance costs	5	(541,343)	(399,364)
Depreciation and amortisation		(325,841)	(490,018)
Exploration and evaluation		(1,888,274)	(2,251,748)
Other expenses from ordinary activities		(162,873)	(657,995)
Loss before income tax expense		**(4,485,166)**	**(4,903,670)**
Income tax expense	6	(100,959)	(175,942)
Profit for the period attributable to owners of the parent		**(4,586,125)**	**(5,079,612)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		3,090,656	(2,269,360)
Net fair value gain/(loss) on available-for-sale assets taken to equity		(8,000)	(10,000)
Less reclassified to profit or loss on impairment of available-for-sale		-	23,000
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		**3,082,656**	**(2,226,360)**
Total comprehensive (expense)/income for the period attributable		**(1,503,470)**	**(7,305,973)**
Profit / (Loss) per share			
Basic (cents per share)	17	**(2.34)**	**(3.44)**
Diluted (cents per share)	17	**(2.34)**	**(3.44)**

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated	
		30 Jun 2016 $	31 Dec 2015 $
Current Assets			
Cash and cash equivalents		2,123,677	1,393,646
Trade and other receivables	7	1,135,577	607,698
Inventories	8	1,269,869	752,764
Other current assets		355,901	234,275
Total Current Assets		**4,885,024**	**2,988,383**
Non-Current Assets			
Other financial assets	9	130,661	148,661
Mineral resources	10	19,518,205	16,541,722
Mine development properties	11	1,802,684	1,743,571
Property, plant and equipment		1,140,563	1,134,951
Total Non-Current Assets		**22,592,113**	**19,568,905**
Total Assets		**27,477,137**	**22,557,288**
Current Liabilities			
Trade and other payables		2,486,147	1,879,331
Provisions		1,065,107	818,449
Borrowings	12	3,379,646	5,075,016
Total Current Liabilities		**6,930,900**	**7,772,796**
Non-Current Liabilities			
Provisions		1,055,342	828,276
Total Non-Current Liabilities		**1,055,342**	**828,276**
Total Liabilities		**7,986,243**	**8,601,072**
Net Assets		**19,490,894**	**13,956,216**
Equity			
Total equity attributable to equity holders of the Company			
Issued capital	13	68,790,462	62,336,947
Reserves	14	10,231,160	6,563,872
Retained earnings		(59,530,728)	(54,944,603)
Total Equity		**19,490,894**	**13,956,216**

The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2016

Consolidated	Issued Capital	Retained Earnings	Reserves: Foreign Currency Translation Reserve	Reserves: Share Based Payments Reserve	Reserves: Investment Revaluation Reserve	Reserves: Other Reserve	Total Equity
	$	$	$	$	$	$	$
At 1 January 2015	**57,996,007**	**(44,791,367)**	**2,483,236**	**8,582,618**	**(13,000)**	-	**24,257,494**
Other comprehensive income for period	-	-	(2,239,360)	-	13,000	-	**(2,226,360)**
Loss for the period	-	(5,079,612)	-	-	-	-	**(5,079,612)**
Total comprehensive income for period	**-**	**(5,079,612)**	**(2,239,360)**	**-**	**13,000**	**-**	**(7,305,973)**
Shares issued for cash	3,916,281	-	-	-	-	-	**3,916,281**
Share issued upon exercise of options	-	-	-	-	-	-	**-**
Share issue costs	(139,911)	-	-	-	-	-	**(139,911)**
Issuance Of Convertible Note	-	-	-	-	-	-	**-**
Share Based Payments	-	-	-	326,988	-	-	**326,988**
At 30 June 2015	**61,772,377**	**(49,870,979)**	**243,876**	**8,909,606**	**-**	**-**	**21,054,880**
At 1 January 2016	**62,336,947**	**(54,944,603)**	**(2,650,857)**	**9,112,506**	**10,000**	**92,223**	**13,956,216**
Other comprehensive income for period	-	-	3,090,656	-	(8,000)	-	3,082,656
Loss for the period	-	(4,586,126)	-	-	-	-	**(4,586,126)**
Total comprehensive income for period	**-**	**(4,586,126)**	**3,090,656**	**-**	**(8,000)**	**-**	**(1,503,469)**
Shares issued for cash	6,310,000	-	-	-	-	-	**6,310,000**
Share issued upon exercise of options	-	-	-	-	-	-	**-**
Share issue costs	(418,985)	-	-	141,339	-	-	**(277,646)**
Conversion Of Convertible Note	500,000	-	-	-	-	(92,223)	**407,777**
Share Based Payments	62,500	-	-	535,517	-	-	**598,017**
At 30 June 2016	**68,790,462**	**(59,530,728)**	**439,797**	**9,789,363**	**2,000**	**-**	**19,490,894**

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Consolidated	
	30 June 2016 $	30 June 2015 $
Cash flows from operating activities		
Receipts from customer	2,680,619	3,669,004
Payments to suppliers and employees	(4,593,103)	(5,304,564)
Payments for exploration and evaluation	(1,678,806)	(2,303,911)
Finance Costs	(279,403)	(160,602)
Income taxes paid	(73,683)	(120,981)
Net cash (used in)/ provided by operating activities	**(3,944,376)**	**(4,221,054)**
Cash flows from investing activities		
Interest received	42,396	80,527
Receipts for disposal of property, plant and equipment	-	50,654
Payments for exploration and evaluation	-	(27,070)
Proceeds from sale of tenements	41,349	-
Payments for property, plant and equipment	(81,810)	(106,726)
Proceeds from sale of equity investments	32,000	-
Net cash (used in)/provided by investing activities	**33,935**	**(2,614)**
Cash flows from financing activities		
Proceeds from issues of equity securities	6,310,000	3,916,281
Costs of issuing securities	(251,502)	(134,667)
Repayment of borrowings	(1,506,379)	(26,074)
Net cash (used in)/ provided by financing activities	**4,552,119**	**3,755,540**
Net increase/(decrease) in cash and cash equivalents	641,677	(468,129)
Cash and cash equivalents at the beginning of the financial period	1,393,646	3,388,153
Effect of exchange rate fluctuations on cash held in foreign currencies	88,353	(155,027)
Cash and cash equivalents at the end of the financial period	**2,123,676**	**2,764,997**

The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the condensed consolidated financial statements

1. General Information

Crusader Resources Limited ("the Parent Entity" or "Crusader" or "the Company") is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company's registered office and principal place of business is Suite 1, Level 1, 35 Havelock Street, West Perth, Western Australia. The Consolidated Financial Statements of the Company as at, and for, the half-year ended 30 June 2016 comprise those of the Company and its subsidiaries (together referred to as the "the Consolidated Entity" or "the Group"). The Group is involved primarily in the mineral exploration industry.

2. Significant accounting policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by the company during the interim reporting period, unless otherwise stated.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the twelve months ended 31 December 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Certain items in the condensed consolidated statement of profit and loss and other comprehensive income for the period ended 30 June 2015 have been reclassified to ensure comparability to the current year presentation.

Going concern

The half-year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss of $4,586,125 (2015: loss $5,079,612) and experienced net cash outflows from operating and investing activities of $3,910,441 (2015: outflow $4,223,668) for the half year ended 30 June 2016. As at 30 June 2016, the Group had a net current liability position of $2,045,876 (31 December 2015: net current liabilities of $4,784,413)

As at 30 June 2016, and subsequent to period end, the company was in breach of certain obligations under its facility agreement with Macquarie Bank Limited ("Macquarie"). These breaches were waived by Macquarie post period end, with the waiver expiring on 16 September 2016.

The directors have prepared a cash flow forecast for the period ending 30 September 2017, which indicates the Group will have sufficient cash flow to fund its operations during the twelve month period from the date of signing this report, which has been based on the following assumptions:

a) The closing of an equity capital raising by 30 September 2016, raising a minimum of $5.5 million. The placement and subsequent receipt of capital raising proceeds is subject to shareholder approval which is expected to be obtained at a General Meeting to be held subsequent to the placement closing.

b) Managing and deferring costs where applicable to coincide with the fund raising activities outlined above to ensure all obligations can be met.

Notes to the condensed consolidated financial statements

2. Significant accounting policies (continued)

c) Continued support by the Company's banker's, Macquarie, which may include granting of additional waivers of non-compliance with covenants until such time that the fund raising activities outlined above have been completed, therefore allowing repayment of all amounts due to Macquarie on or before 30 December 2016.

d) Achieving forecast performance at the Group's Posse Iron Ore operations.

The Company has a history of successful capital raisings to meet the Group's funding requirements. The Directors believe that at the date of signing the half-year financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Group will have sufficient funds to meet its obligations as and when they fall due, and are of the opinion that the use of the going concern basis remains appropriate.

Should the Group be unable to achieve the matters set out above, a material uncertainty would exist as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might by necessary should the Group not continue as a going concern.

3. Segment information

The following table presents the revenue results information analysed by mineral resource for the half year ended 30 June 2016 and 30 June 2015. This is the group's primary basis of segmentation.

Jun-2016	**Iron Ore** **$**	**Gold** **$**	**Unallocated** **$**	**Total** **$**
Revenue	2,597,435	-	-	**2,597,435**
Cost of sales	(2,625,866)	-	-	**(2,625,866)**
Gross Profit	**(28,431)**	**-**	**-**	**(28,431)**
Other revenue	(4,306)	18,432	125,365	**139,491**
Exploration and evaluation	-	(1,888,274)	-	**(1,888,274)**
Central administration costs	-	-	(1,602,225)	**(1,602,225)**
Business development costs	-	-	(75,670)	**(75,670)**
Depreciation and amortisation	(243,137)	(23,995)	(58,709)	**(325,841)**
Finance costs	-	-	(541,343)	**(541,343)**
Other expenses from ordinary activities	**-**	**-**	(162,873)	**(162,873)**
Segment Result	**(275,874)**	**(1,893,837)**	**(2,315,455)**	**(4,485,166)**

Notes to the condensed consolidated financial statements

3. Segment information (continued)

Jun-2015	Iron Ore $	Gold $	Unallocated $	Total $
Revenue	4,117,990	-	-	**4,117,990**
Cost of sales	(3,918,637)	-	-	**(3,918,637)**
Gross Profit	**199,354**	**-**	**-**	**199,354**
Other revenue	-	52,656	146,459	**199,116**
Exploration and evaluation	-	(2,251,748)	-	**(2,251,748)**
Central administration costs	-	-	(1,311,408)	**(1,311,408)**
Business development costs	-	-	(191,605)	**(191,605)**
Depreciation and amortisation	(364,023)	(53,198)	(72,796)	**(490,018)**
Finance costs	-	-	(399,364)	**(399,364)**
Other expenses from ordinary activities	**(230,452)**	**(14,854)**	(412,689)	**(657,995)**
Segment Result	**(395,122)**	**(2,267,145)**	**(2,241,403)**	**(4,903,670)**

Segment loss represents the mining, mineral exploration and evaluation activities undertaken by each segment without allocation of central administration costs, interest income, rental income and unrealised foreign exchange gains and losses.

The following is an analysis of the consolidated entity's assets by reportable operating segment:

Jun-2016	Iron Ore $	Gold $	Unallocated $	Total $
Current assets	2,486,873	137,354	2,260,800	**4,885,027**
Non-current assets	2,594,579	19,733,690	263,843	**22,592,112**
Total Assets	**5,081,452**	**19,871,044**	**2,524,643**	**27,477,139**
Current liabilities	1,230,384	822,392	4,878,124	**6,930,900**
Non-current liabilities	1,030,231	20,388	4,724	**1,055,343**
Total Liabilities	**2,260,615**	**842,780**	**4,882,848**	**7,986,243**
Net Assets / (Net Liabilities)	**2,820,837**	**19,028,264**	**(2,358,205)**	**19,490,896**

Dec-2015	Iron Ore $	Gold $	Unallocated $	Total $
Current assets	1,406,539	66,123	1,515,722	**2,988,384**
Non-current assets	2,332,772	16,930,489	305,643	**19,568,904**
Total Assets	**3,739,311**	**16,996,612**	**1,821,365**	**22,557,288**
Current liabilities	1,634,849	252,345	5,885,604	**7,772,798**
Non-current liabilities	816,077	-	12,199	**828,276**
Total Liabilities	**2,450,926**	**252,345**	**5,897,803**	**8,601,074**
Net Assets / (Net Liabilities)	**1,288,385**	**16,744,267**	**(4,076,438)**	**13,956,214**

Notes to the condensed consolidated financial statements

	Consolidated Half-year ended 30 June 2016 $	Consolidated Half-year ended 30 June 2015 $
4. Revenue		
Revenue – mineral products	**2,597,435**	**4,117,990**
Other income		
Interest revenue	26,177	86,776
Rental income and office services	77,084	52,090
Proceeds from sale of fixed assets	22,104	31,075
Proceeds from sale of tenements	-	21,581
Miscellaneous income	14,126	7,593
	139,491	**199,116**
5. Finance costs		
Interest expense	260,027	278,048
Amortisation of finance options and fees[1]	281,316	121,316
	541,343	**399,364**

(1) Relates to 8,741,258 share options issued to Macquarie Bank Limited. The fair value of the options issued has been recognised in the share option reserve and offset against the loan as a debt issuance expense. In addition, legal fees have been capitalised and are amortised over the life of the loan facility using the effective interest rate.

6. Income tax

The current taxation legislation in Brazil offers two distinctive tax regimes with different requirements for calculating and paying income tax.

During the year ended 31 December 2015, the Group elected to pay income tax, in relation to the Posse iron ore project, on 3% of gross revenue, which presented a lower cost compared to the other option available.

A deferred tax asset has not been brought to account as it is unlikely that they will arise unless the company generates sufficient taxable profit to utilise them.

	30 Jun 2016 $	31 Dec 2015 $
7. Trade and other receivables		
Current		
Trade receivables	1,068,659	566,788
Other receivables	66,918	40,910
	1,135,577	**607,698**

Other receivables are no-interest bearing and consist of rent and office services receivable due within 30 days, GST credits receivable from the Australian Taxation Office, proceeds from sale of a tenement and accrued interest receivable.

Notes to the condensed consolidated financial statements

	Consolidated 30 Jun 2016 $	Consolidated 31 Dec 2015 $
8. Inventories		
Work In Progress	45,973	54,030
Finished Goods	1,223,896	698,734
	1,269,869	**752,764**
9. Other financial assets		
Non-current		
Deposits	121,661	121,661
Available-for-sale assets at fair value[1]	9,000	27,000
	130,661	**148,661**

(1) Fair value is based on the closing price on the Australian Securities Exchange at the reporting date.

	Consolidated 30 Jun 2016 $	Consolidated 31 Dec 2015 $
10. Mineral resources		
Costs brought forward	16,541,722	21,016,279
Expenditure incurred during the period	1,960,573	3,872,858
Expenditure expensed	(1,888,274)	(3,711,963)
Effect of exchange rates	2,904,184	(4,635,452)
Costs carried forward	**19,518,205**	**16,541,722**

The Group has exploration and evaluation assets relating to three mining leases covering a total area of 29km^2 including freehold title over the main prospect area, held in the Seridó area of the Borborema province in north-eastern Brazil, and the Juruena project and area of 400km^2 of exploration licences and applications in the Mato Grosso state, Brazil. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the period the Group has expensed costs of $20,253 (June 2015: $148,806) relating to the tenements held in the Seridó region. In accordance with the Group's accounting policy, exploration costs of activities within the tenements that are in the pre-feasibility stage are expensed as incurred. The group has also expensed as incurred, indirect exploration related costs of $147,311 (June 2015: $258,110) on the basis that they are not directly attributable to the Borborema area of interest.

During the period, the Group has also incurred exploration expenses of $1,720,710 related to the Juruena gold project acquired in July 2014.

Notes to the condensed consolidated financial statements

	Consolidated	
	30 Jun 2016 $	31 Dec 2015 $
11. Mine development properties		
Costs brought forward	1,743,571	3,560,042
Additions	29,828	267,880
Depreciation and amortisation	(212,521)	(1,380,436)
Effect of foreign exchange	241,806	(703,915)
Carrying amount at the end of the period	**1,802,684**	**1,743,571**

Impairment of Non-Current Assets: Mine development and property, plant and equipment
Non-financial assets are reviewed annually to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made.

12. Borrowings secured at amortised cost		
Current		
Finance Leases	-	2,058
Convertible Notes	-	407,777
Loans	3,379,646	4,665,180
	3,379,646	**5,075,016**

At and subsequent to year end, the Group breached obligations under its facility agreement with Macquarie Bank Limited. Those breaches were waived and subsequently remedied. No changes to the terms of the facility were required. Subsequent to period end the breaches were waived. Refer to Note 2 for further information on the waiver.

At 30 June 2016 the Company maintained $500,000 in an Escrow account relating to the facility agreement, and is accessible only at the direction of Macquarie. This is disclosed within cash and cash equivalents at 30 June 2016.

13. Issued capital

Fully paid ordinary share capital	Jun-2016		Dec-2015	
	No.	$	No.	$
Balance at the start of the financial period	170,277,114	**62,336,947**	140,939,141	57,996,007
Shares issued for cash	63,000,000	6,310,000	29,337,973	4,672,406
Share based payments	625,000	62,500	-	-
Shares issued on conversion of loan	4,166,665	500,000	-	-
Capital raising costs	-	(418,485)	-	(331,466)
Balance at the end of the financial period	**238,068,779**	**68,790,462**	**170,277,114**	**62,336,947**

Notes to the condensed consolidated financial statements

14. Reserves

Nature and purpose of reserves

The Share Based Payment Reserve is used to recognise the fair value of options and performance shares issued.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Investment Revaluation Reserve is used to record movements in the fair value of available-for-sale financial assets.

The Other Reserve (Convertible Note Reserve) represents the equity component (conversion rights) on the issue of unsecured convertible notes.

	Consolidated	
	30 Jun 2016 $	**31 Dec 2015 $**
Reserves		
Share based payment reserve	9,789,363	9,112,506
Foreign currency translation reserve	439,797	(2,650,857)
Investment revaluation reserve	2,000	10,000
Other reserve	-	92,223
	10,231,160	**6,563,872**

15. Dividends

No dividends have been paid or provided for in the period.

16. Contingent liabilities

The group is not aware of any contingent liabilities which existed as at the end of the financial period or have arisen as at the date of this report.

17. Loss per share

Basic and diluted loss per share amounts are calculated by dividing net loss for the period attributable to equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	30 Jun 2016 $	**30 Jun 2015 $**
Net (loss) / profit attributable to ordinary equity holders of the parent	(4,586,126)	(7,305,973)
	No.	**No.**
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic and diluted loss per share	195,922,764	147,530,332

Notes to the condensed consolidated financial statements

17. Loss per share (continued)

There are no shares to be issued under the exercise of 44,569,889 options currently outstanding which are considered to be dilutive. The diluted earnings per share is therefore the same as basic earnings per share.

18. Fair value of financial instruments

As at 30 June 2016, the consolidated entity had no financial assets or financial liabilities that are measured at fair value on a recurring basis, other than the available for sale financial assets disclosed in note 9, which are classified as Level 1 in the fair value hierarchy (derived from quoted prices).

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

19. Subsequent events

There has not been any matter or circumstance occurring subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

DIRECTORS' DECLARATION

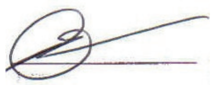
The Directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



R. Smakman
Managing Director

Perth
13 September 2016

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Independent Auditor's Review Report to the members of Crusader Resources Limited

We have reviewed the accompanying half-year financial report of Crusader Resources Limited, which comprises the condensed statement of financial position as at 30 June 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crusader Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Crusader Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crusader Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the half year financial report, which indicates that the consolidated entity has a net current asset deficiency of $2,045,876 (2015: Deficiency $4,784,413) incurred losses of $4,586,125 (2015: $5,079,612) and experienced net cash outflows from operating and investing activities of $3,910,441 for the half year ended 30 June 2016 (2015: outflow $4,223,768). These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 13 September 2016

Deloitte.

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The Board of Directors
Crusader Resources
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13 September 2016

Dear Board Members

Crusader Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Crusader Resources Limited.

As lead audit partner for the review of the financial statements of Crusader Resources Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the audit review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants