

## Quarterly Activities Report December 2018

### Overview

- The Borborema project's 2.0Mtpa processing plant design completed
- Borborema installation permit submitted to IDEMA
- Jurueña exploration tenements extended for a further three years
- Capital raise through issue of A\$1.4m of convertible notes
- Agreement reached on Posse sale debt repayments
- Suspension of trading on ASX and AIM

**Crusader Managing Director Marcus Engelbrecht said:** *"Notwithstanding the challenges faced by the Company over the last few months following the suspension of trading on the ASX and AIM exchanges, Crusader has continued to progress toward its primary objective of completing the Borborema Bankable Feasibility Study and moving towards mine construction.*

*"In a difficult market, the Company successfully raised A\$1.4m through issuing convertible notes for immediate working capital requirements whilst also reaching an important settlement on the Posse sale debt repayment, allowing the team to focus on ensuring the longer-term viability of the Company."*

### Operational Update

#### **Borborema Gold Project**

##### ***Installation Permit***

As announced on 28 April 2017 (updated on 30 July 2018), the Company was granted the critical Pre-Licence (Licença Previa or 'LP') for Borborema from the Rio Grande do Norte State Government Environmental Department (IDEMA).

The Project's 2.0Mtpa processing plant design required for the installation permit was finalised in November 2018 by the Belo Horizonte office of Ausenco do Brasil Engenharia Ltda ("Ausenco").

The Company has been working closely with IDEMA Brazil to ensure that the permitting process is completed efficiently and as reported previously, submitted the final application for the installation permit for the Borborema Gold Project in November.

The Company has been advised by IDEMA that the approval of an installation permit would typically be provided within three to four months subsequent to submission and is expected to be received well in advance of completion of the Borborema Bankable Feasibility Study ("BFS"). The Company has already been granted an environmental licence so once the installation permit has been received, the Company will have received the main permits required to commence construction of the Borborema Mine.

##### ***Metallurgy***

On 5 November 2018, the Company provided the following updates on the on-going Borborema metallurgical test work being undertaken in Perth by Orway Mineral Consultants ("OMC") since the 20 August 2018 announcement.

The comminution test work has indicated that the Project ore can achieve a 2.0 Mtpa throughput rate at grind sizes of 80% of the material at a grinding size of 106µm which would be sufficient to ensure targeted gold recoveries. The impact of the increased grind size on the power requirements are significant and are expected to have a positive impact on the ‘all-in sustaining costs’ of the project once in operation.

Crusader confirms that the optimisation work undertaken to date and disclosed in this announcement does not materially change any of the material assumptions and technical parameters underpinning the Company's previously announced mineral resource and ore reserve estimates. Following completion of the Company's optimisation work and BFS, if there are any material changes to these material assumptions or technical parameters, the Company will release all information required under the Listing Rules, the AIM Rules and the JORC Code 2012.

**Bankable Feasibility Study**

Crusader has finalised its shortlist of Brazilian based external engineering consultants for the BFS as well as the detailed scope of work required.

**Juruena Gold Project**

The Company announced on 5 November 2018 that it is pursuing the potential of a farm-in transaction in light of Crusader’s core focus of developing Borborema. The Company has already received initial expressions of interest with regard to third parties interested in partnering with Crusader in developing its 100% owned Juruena Gold Project (“Juruena”) in the state of Mato Grosso in Brazil.

The Juruena Project is located on the western end of the highly prospective Juruena-Alta Floresta gold belt and comprises a circa 770km<sup>2</sup> area of contiguous tenements. The Alta Floresta belt has recently seen significant activity from multi-nationals and is estimated to have produced more than 7Moz of gold, primarily from artisanal miners.

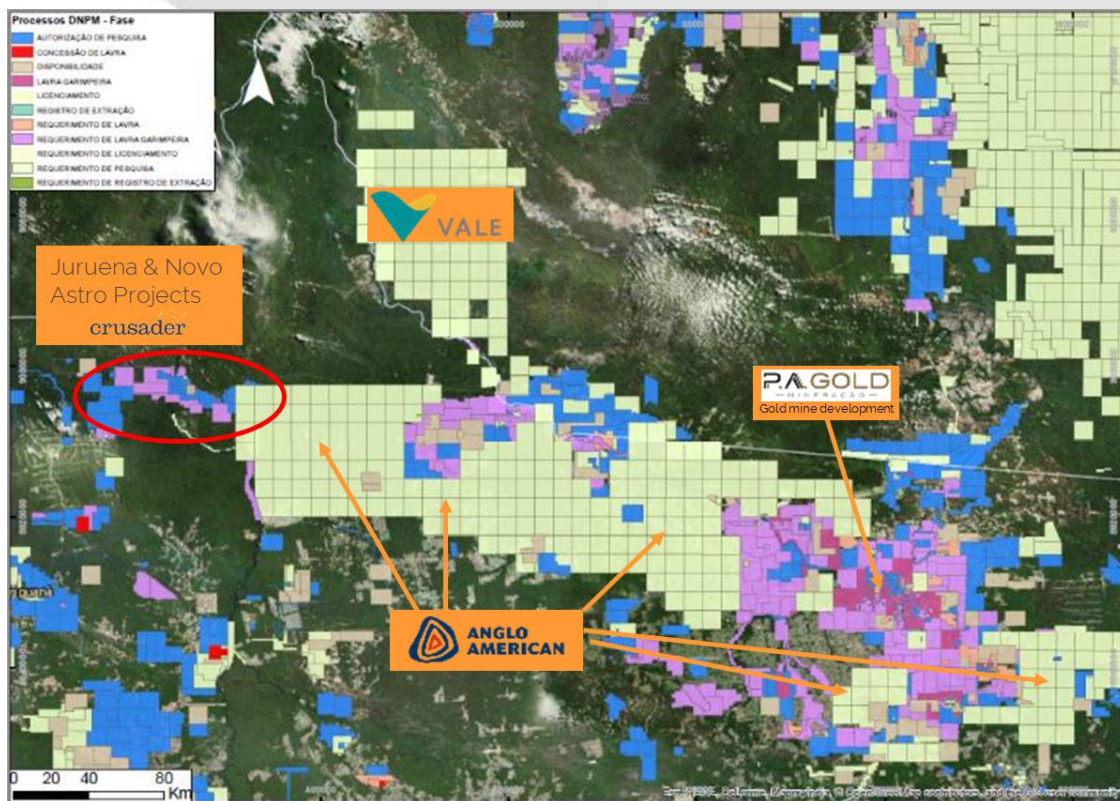


Figure 1: Juruena is situated on the western end of the highly prospective Alta Floresta Gold Belt

The Juruena campsite includes site offices, housing and catering amenities for a 60-person crew, a core shed and its own 1,000m airstrip.

Gold mineralisation defined at Juruena is hosted by steeply dipping narrow high-grade quartz veins and discrete zones of sheeted quartz veins, stockworks and breccias, within an intrusive suite of granitic to micro-granitic rocks, and rhyolite in the south-western part of the project, with overall low metamorphic grade. The exact width of the mineralised zones is variable between 20cm and 3m with respect to the narrow vein type and up to 30m for the sheeted veins.

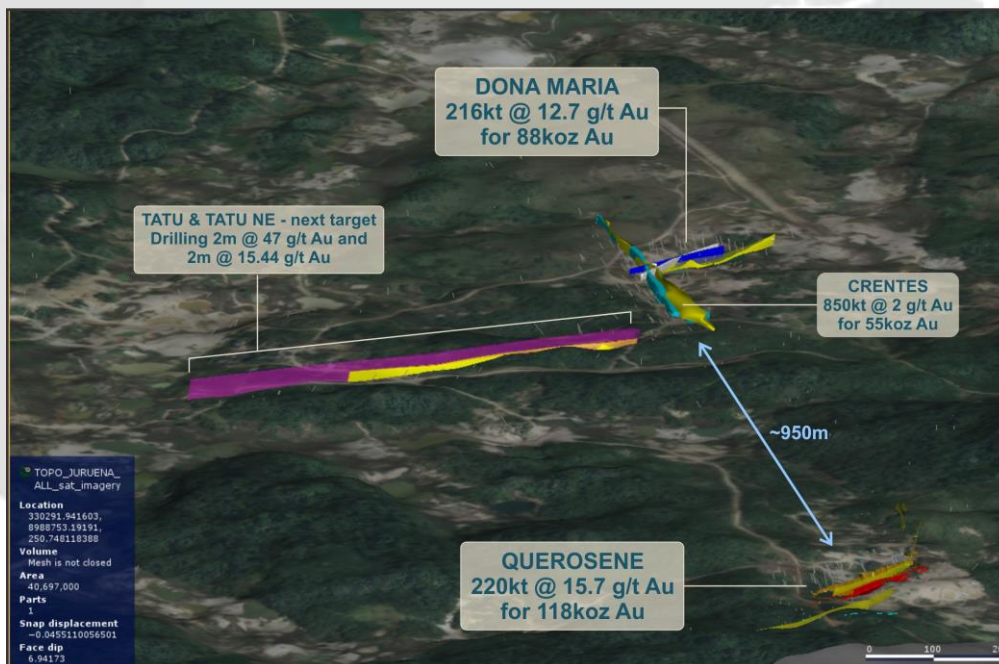


Figure 2: Major Prospects at Juruena Gold Project

The Juruena Project has a 2012 JORC Code Compliant Mineral Resource estimate of 1.3Mt for 261koz Au at 6.3g/t over three key prospects, namely Crentes (55koz), Querosene (118koz) and Dona Maria (88koz). The Resource estimate includes a total of 206koz at 14.7g/t.

The project includes a number of significant gold intercepts, including 112g/t over 10m (refer to ASX announcement dated 21 September 2016) and 35.1g/t over 12m (Refer to ASX announcement dated 1 July 2015). A total of over 55,000m of drilling has been completed to date at the Project. (Refer to ASX announcements of 29 September 2015 and 22 December 2016 for full table of significant intercepts).

### Juruena Exploration

The Company has successfully obtained an extension to our Juruena exploration tenements for a further three years from the Brazilian National Department of Mineral Production (DNPM), being 866.934 / 2012-LAGO DOURADO MINERAÇÃO LTDA ALVARÁ N° 15.687 / 2015 and 866.105 / 2013-LAGO DOURADO MINERAÇÃO LTDA ALVARÁ N° 15.615 / 2015.

### Posse Iron Ore Mine

On the 30 of October 2018, the Company announced the successful conclusion of legal proceedings against Inter Invest B.P. S/A via SPV CNS Empreendimentos Em Transportes E Minerios Eireli (CNS) with regards to unpaid instalments on the sale agreement to divest Crusader's 100% interest in the Posse Iron Ore Mine ("Posse").

Under the agreement CNS is required to make monthly payments of between R\$0.2m (approx. US\$0.05m) and R\$0.25m (approx. US\$0.06m) between November 2018 and March 2019. This will then be followed by 8 monthly payments of approximately R\$1m (approx. US\$0.27) between April 2019 and November 2019.

#### ***Successful conclusion to Posse mine environmental claim***

In relation to the previously owned Posse mine and an environmental claim by the Public Ministry, the Company has now concluded an agreement to resolve the matter. The Company has agreed to pay R\$0.04m in 3 instalments and undertake some environmental work estimated to cost R\$0.02m. This now concludes the matter (see ASX announcement dated 30 October 2018).

## **Corporate Update**

#### ***Convertible Note Issue***

In December 2018, the Company announced it had raised total funds under Convertible Notes of A\$1.4m. The proceeds will be used to provide general working capital. The capital raise is part of a bigger funding initiative to be pursued in Q1 2019 and the Company still intends to proceed with a *pro rata* entitlement issue to eligible shareholders. Following the period end, the Company announced on 29 January 2019 that it had raised further funds of A\$1m through an issue of further Convertible Notes.

#### ***Appointment of Nominated Advisor***

Beaumont Cornish was appointed as Nominated Adviser to the Company with immediate effect on 11 December 2018.

#### ***Update on suspension from trading from ASX and AIM and proposed cancellation from trading on AIM***

On 1 October 2018, the Company announced that trading of its securities on AIM and the ASX had been suspended pending clarification of the Company's financial position, to enable it to consider various proposed capital raising initiatives to provide working capital and continue with the development of its two gold projects in Brazil. The Company's working capital position had been adversely affected by, *inter alia*, additional costs and fees incurred in relation to the Admission to AIM earlier in the year, the non-payment by the purchaser of Posse and additional third-party consultants' fees.

The Company's shares will continue to be suspended from trading on both AIM and ASX pending clarification of its financial position.

Following the period end, on 30 January 2019 the Company announced that it had published a document to shareholders to seek approval for, *inter alia*, the cancellation of the admission of the Company's Ordinary Shares to trading on AIM.

#### ***Board role change***

John Evans (an existing director of the Company) agreed with immediate effect, as announced on 11 December 2018, to become Finance Director with Board oversight and responsibility for finance.

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**CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

**About Crusader**

Crusader Resources Limited (ASX:CAS, AIM:CAS) is a minerals exploration and development company listed on the Australian Securities Exchange and the AIM Market of the London Stock 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 two key gold assets:

**Borborema Gold Project**

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

The Borborema Gold Project benefits from a favourable taxation regime, existing on-site facilities and excellent infrastructure such as buildings, grid power, water, sealed roads and is close to major cities and regional centres. The project's Ore Reserve includes Proven and Probable Ore Reserves of 1.61Moz of mineable gold from 42.4Mt @ 1.18 g/t (0.4 & 0.5 g/t cut-offs for oxide & fresh). (ASX announcement of 6 March 2018). The measured, indicated and inferred Mineral Resource Estimate of 2.43Moz @ 1.10 g/t gold, remains open in all directions. (ASX Announcement of 24 July 2017).

**Juruena Gold Project**

The Juruena Gold 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. Historically there is a database of more than 30,000 meters of drilling and extensive geological data.

**Competent Person Statements*****Juruena mineral resource estimate***

The information in this announcement that relates to the Mineral Resource estimate for the Juruena Project was first reported in accordance with ASX Listing Rule 5.8 on 22 December 2016. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 22 December 2016 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

***Juruena exploration results***

The information in this announcement that relates to exploration results for the Juruena Project was first reported in accordance with ASX Listing Rule 5.7 on 1 July 2015, 29 September 2015, 21 September 2016 and 22 December 2016. Crusader confirms that it is not aware of any new information or data that materially affects the information included in these previous announcements.

***Borborema mineral resource estimate***

The information in this announcement that relates to the mineral resource estimate for the Borborema Project was first reported in accordance with ASX Listing Rule 5.8 on 24 July 2017. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

***Borborema ore reserve estimate***

The information in this announcement that relates to the Ore Reserve estimate for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.9 on 6 March 2018, 29 March 2018 and 11 April 2018. Crusader confirms that it is not aware of any new information or data that materially affects the information included in these previous announcements and that all material assumptions and technical parameters underpinning the Ore Reserve estimate continue to apply and have not materially changed.

***Borborema Exploration results***

The information in this announcement that relates to exploration results for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.7 on 28 January 2015. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 28 January 2015.