

Gold play a 'company maker'

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Crusader Resources' prayers may have been answered. *Photo: Peter Ker*

THE abandoned church in the middle of Crusader Resources' Brazilian gold play has not held Mass for years, yet the latest results suggest this place is anything but godforsaken.

The resource estimate for the Borborema gold project was dramatically upgraded yesterday, helping to lift Crusader's share price by 19 per cent.

The company, whose Brazilian foray has been led by Melbourne geologist Rob Smakman, had been hoping its resource figure at Borborema would climb above 1 million ounces.

Yesterday's upgrade more than doubled its forecast to 1.86 million ounces of inferred and indicated gold, prompting Mr Smakman to declare the project - in north-eastern Brazil - a "company maker".

"We see that number as being a real key," he said.

The estimate could improve further in coming months, with exploration continuing on all sides of the ore body and the results from a further 10,000 metres of drilling yet to be considered.

The company has been rapidly acquiring territory around Borborema - from nine square kilometres to more than 1200 square kilometres in six months - and Mr Smakman said the company would focus on accelerating the project.

After changing hands at \$1 before the upgrade, Crusader shares rose to \$1.30 yesterday before closing at \$1.19 on a day when several ASX gold stocks sustained falls.

Borborema has passed through several sets of hands over the decades, including those of Brazil's richest man, Eike Batista.

While several hundred thousand ounces of gold were taken out in the 1980s, Crusader believes a big open-cut expansion is needed to tap into the best of the deposit.

Mine construction, which is likely to swallow up the abandoned church, is expected to cost more than \$100 million if approved, and a definitive feasibility study (DFS) could be completed by the first quarter of next year. A successful DFS could result in the first gold being poured in the first quarter of 2013.

Mr Smakman said a minor adjustment to an environmental permit was still required, but the biggest challenge would be to secure a water supply for the mine.

The author attended a briefing at Borborema. Travel costs were covered by Crusader Resources.

Read more: <http://www.theage.com.au/business/gold-play-a-company-maker-20110615-1g3tg.html#ixzz1POmeBgZp>