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CRUSADER RESOURCES LIMITED

A.C.N. 106 641 963

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2010

CRUSADER RESOURCES LIMITED

CORPORATE INFORMATION

Directors

David Archer (Chairman)
Robert Smakman (Managing Director)
Justin Evans
Murray Hodges
Paul Stephen

Company Secretary

Andrew Beigel

Registered office

Suite 2, Level 2,
35 Havelock Street
West Perth WA 6005
Australia

Principal place of business

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35 Havelock Street
West Perth WA 6005
Australia
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Brazil

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Bairro Floresta 30.150-220
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Telephone: +55 31 2515 0740

70 Rua Antonio Gomes de Oliveira
Bairro Manaíra – 58038-040
João Pessoa – PB
Brazil
Phone/fax: +55 83 8881 8608

Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9375 7000
Facsimile: +61 8 9365 7001

Bankers:

Bank of Western Australia Limited
Perth Business Banking Centre
Level 30, Bank West Tower
108 St Georges Terrace
Perth WA 6000

Share Register

Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6959
Telephone: +61 8 9315 0933
Facsimile: +61 8 9315 2233

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

ASX Code:

Ordinary shares - CAS

CRUSADER RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Crusader Resources Limited submit herewith the financial report of Crusader Resources Limited and its subsidiaries (the Group) for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

| | |
|-------------------|------------------------|
| Name | |
| Mr. D. Archer | Chairman |
| Mr. R. M. Smakman | Managing Director |
| Mr. J. Evans | Non-executive Director |
| Mr M. Hodges | Non-executive Director |
| Mr. P Stephen | Executive Director |

REVIEW OF OPERATIONS

(a). Overview

The Group operates as a mineral explorer and a resources project developer in Brazil and Western Australia. Crusader's first development is the Posse Iron Ore Project in the south eastern Brazilian state of Minas Gerais which is anticipated to commence production in mid 2011.

Crusader is evaluating the Borborema Gold Project in the north east state of Rio Grande do Norte in Brazil and has announced an initial Mineral Resource of 839,000 ounces of gold.

Other Brazilian projects include the Ouro Belo tin/indium exploration project (central Brazil) and the Jurú-Belém gold exploration project in the northeastern Borborema region.

In Australia, Crusader has the Lake Throssell uranium project located in Western Australia.

Development work has focused on the Posse Iron Ore Project after a decision to mine was made during late 2009. A plant has been built and commissioned on site at Posse and production will commence immediately once a replacement environmental license is issued. It is anticipated that domestic sales of high-grade and low-contaminant lump and fine iron ore will deliver strong cash flow from the simple, low cost beneficiation process.

Crusader spent the last half of 2010 exploring the Borborema gold project with soil sampling and resource drilling the main priorities. Crusader has an upgraded mineral resource estimate at Borborema of 839,000 ounces of gold at a cut-off of 0.5g/t and will continue to evaluate the potential of the project in 2011.

As the Group develops its projects the directors will regularly review the accounting policies, at each reporting period, around exploration, evaluation and development expenditures to ensure the financial statements continue to provide reliable and relevant information with respect to the activities of the Group. The board will review these policies in relation to all projects and, in particular, the carrying value of its Posse Iron Ore and Borborema Gold Projects as at 30 June 2011 in the light of anticipated favourable milestones being achieved.

CRUSADER RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

(b). Review of operations:

The Group incurred an after tax loss for the half-year ended 31 December 2010 of \$4,734,056 (31 December 2009: \$766,108).

Posse Iron Ore Project, Minas Gerais, Brazil (CAS 100%)

The Posse Iron Project is located within the northern part of the Iron Quadrilateral of Minas Gerais state, Brazil. The Posse Project is located 30km from Belo Horizonte, the capital city of Minas Gerais state. Belo Horizonte is a major city providing infrastructure to the local mining industry which is well established in the area.

Crusader was aiming to start production at Posse during 2010, however a change in government policy resulted in the specific environmental license being revoked. Crusader has applied for a replacement license and is confident the project will commence production in mid 2011.

An iron ore beneficiation plant has been built along with major on site earthworks and upgraded infrastructure. Several key members of staff have been hired in anticipation of mining commencing at Posse.

Borborema Gold Project, Rio Grande do Norte, Brazil (CAS 100%)

Crusader purchased 100% of the Borborema Gold Project during the second half of 2010 after extensive due diligence. Work completed by Crusader during the 2010 calendar year culminated in a significant maiden JORC compliant Mineral Resource estimate.

Crusader is continuing to expand the known dimensions of the mineralised horizons with the aim of completing a pre-feasibility study in 2011.

Lake Throssell Uranium Project, Western Australia, Australia (CAS 100%)

Crusader has signed an access and exploration agreement with the native title owners covering the Lake Throssell project. Exploration will commence in March 2011 with aircore drilling across the main target zones.

Fair Adelaide Gold/Nickel Project, Western Australia, Australia (CAS 80%)

No exploration was completed during the half-year.

Corporate

The Company raised \$14,491,144 before issue costs through the issue of 28,468,888 ordinary shares at an average issue price of 50.9 cents per share.

CRUSADER RESOURCES LIMITED

DIRECTORS' REPORT

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the reporting date the Company completed the sale of the Fair Adelaide project. Consideration was 300,000 ordinary shares and 500,000 options (exercisable at \$0.30, expiring 5 years after the issue date) in Credo Resources Limited. The sale is conditional on the successful listing of Credo on the ASX. An additional 250,000 ordinary shares will be issued if a gold resource of more than 250,000 oz is identified within five years. The financial effect of this transaction has not been included in the half-year report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 17 of the half-year financial report.

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

On behalf of the Directors



R. Smakman
Managing Director
Perth, 15 March 2011

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Note | Half-year ended 31 Dec 2010 Consolidated \$ | Half-year ended 31 Dec 2009 Consolidated \$ |
|---|------|---|---|
| Continuing operations | | | |
| Other revenue | 3 | 104,933 | 182,121 |
| Audit and accounting | | (66,921) | (79,131) |
| Rental and office expenses | | (164,843) | (97,436) |
| Depreciation | | (48,298) | (33,730) |
| Listing and share registry | | (35,967) | (20,989) |
| Employee expenses | | (641,818) | (111,381) |
| Insurance expense | | (21,321) | (19,316) |
| Interest expense | | (10,541) | (14) |
| Legal and professional fees | | (33,218) | (47,405) |
| Share options (expense)/credit | | (329,018) | 120,916 |
| Exploration expenditure | | (1,959,253) | (607,929) |
| Travel and accommodation | | (95,548) | (24,248) |
| Unrealised foreign exchange expense | | (1,304,091) | - |
| Marketing expense | | (53,091) | (11,789) |
| Loss on disposal of investments | | (39,046) | - |
| Other expenses from ordinary activities | | (36,015) | (15,777) |
| Loss before income tax expense | | (4,734,056) | (766,108) |
| Income tax expense | | - | - |
| Loss for the period attributable to owners of the parent | | (4,734,056) | (766,108) |
| Other comprehensive income | | | |
| Loss on available-for-sale assets taken to equity | | 37,500 | (1,500) |
| Exchange differences arising on translation of foreign operations | | 684,408 | (49,020) |
| Other comprehensive income for the period (net of tax) | | 721,908 | (50,520) |
| Total comprehensive income/(expense) for the period attributable to owners of the parent | | (4,012,148) | (816,628) |
| Earnings per share | | | |
| Basic loss per share (cents per share) | | (6.30) | (1.48) |
| Diluted loss per share (cents per share) | | (6.30) | (1.48) |

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

| | Note | <u>31 Dec 2010</u> Consolidated \$ | <u>30 June 2010</u> Consolidated \$ |
|--------------------------------------|------|--|---|
| Current assets | | | |
| Cash and cash equivalents | | 8,791,800 | 567,477 |
| Trade and other receivables | | 130,360 | 49,839 |
| Other current assets | | 49,463 | 27,896 |
| Total current assets | | <u>8,971,623</u> | <u>645,212</u> |
| Non current assets | | | |
| Other financial assets | | 148,937 | 208,937 |
| Capitalised exploration costs | 4 | 5,843,523 | 4,409,697 |
| Capitalised development costs | | 836,268 | 154,647 |
| Plant and equipment | | 1,070,122 | 952,837 |
| Total non current assets | | <u>7,898,850</u> | <u>5,726,118</u> |
| Total assets | | <u>16,870,473</u> | <u>6,371,330</u> |
| Current liabilities | | | |
| Trade and other payables | | 298,331 | 515,154 |
| Provisions | | 53,387 | 28,051 |
| Other | | 66,407 | - |
| Total current liabilities | | <u>418,125</u> | <u>543,205</u> |
| Non current liabilities | | | |
| Other | | 36,268 | - |
| Total non current liabilities | | <u>36,268</u> | <u>-</u> |
| Total liabilities | | <u>454,393</u> | <u>543,205</u> |
| Net assets | | <u>16,416,080</u> | <u>5,828,125</u> |
| Equity | | | |
| Share capital | 5 | 29,395,580 | 15,124,495 |
| Reserves | | 2,768,566 | 1,717,640 |
| Accumulated losses | | (15,748,066) | (11,014,010) |
| Total equity | | <u>16,416,080</u> | <u>5,828,125</u> |

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Half-year ended 31 Dec 2010 Consolidated \$ | Half-year ended 31 Dec 2009 Consolidated \$ |
|--|--|--|
| Cash flows from operating activities | | |
| Receipts from customers | 1,500 | 44,612 |
| Finance costs | (10,541) | - |
| Payments to suppliers and employees | (3,444,028) | (437,102) |
| Net cash used in operating activities | (3,453,069) | (392,490) |
| Cash flows from investing activities | | |
| Payment for option to purchase mining tenements | - | (190,554) |
| Payments to purchase exploration assets | (1,826,421) | (393,266) |
| Payments for development | (699,886) | - |
| Payments for property plant and equipment | (241,730) | (1,817) |
| Receipts from sale of investments | 58,454 | - |
| Interest received | 47,905 | 34,429 |
| Net cash used in investing activities | (2,661,678) | (551,208) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity securities | 14,491,144 | 962,891 |
| Costs of raising capital | (242,021) | (58,786) |
| Proceeds from borrowings | 145,597 | - |
| Repayment of borrowings | (42,922) | - |
| Net cash provided by financing activities | 14,351,798 | 904,105 |
| Net decrease in cash and cash equivalents | 8,237,051 | (39,593) |
| Cash and cash equivalents at the beginning of the period | | |
| | 567,477 | 1,122,361 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (12,728) | 18,145 |
| Cash and cash equivalents at the end of the period | 8,791,800 | 1,100,913 |

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

CRUSADER RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Share capital | Accumulated losses | Foreign currency translation reserve | Share based payments reserve | Investment revaluation reserve | Total |
|---|-------------------|---------------------|--------------------------------------|------------------------------|--------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2009 | 12,435,714 | (9,272,029) | (118,774) | 2,061,872 | 30,000 | 5,136,783 |
| Foreign currency translation | - | - | (49,020) | - | - | (49,020) |
| Change in market value of investments | - | - | - | - | (1,500) | (1,500) |
| Loss for the period | - | (766,108) | - | - | - | (766,108) |
| Total comprehensive loss for the period | - | (766,108) | (49,020) | - | (1,500) | (816,628) |
| Shares issued for cash | 962,891 | - | - | - | - | 962,891 |
| Share issue costs | (37,506) | - | - | - | - | (37,506) |
| Recognition of share-based payments/(failure of vesting conditions) | - | - | - | (120,916) | - | (120,916) |
| Balance at 31 December 2009 | 13,361,099 | (10,038,137) | (167,794) | 1,940,956 | 28,500 | 5,124,624 |

| | Share capital | Accumulated Losses | Foreign currency translation reserve | Share based payments reserve | Investment revaluation reserve | Total |
|---|-------------------|---------------------|--------------------------------------|------------------------------|--------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2010 | 15,124,495 | (11,014,010) | (233,667) | 1,958,807 | (7,500) | 5,828,125 |
| Foreign currency translation | - | - | 684,408 | - | - | 684,408 |
| Change in market value of investments | - | - | - | - | 37,500 | 37,500 |
| Loss for the period | - | (4,734,056) | - | - | - | (4,734,056) |
| Total comprehensive loss for the period | - | (4,734,056) | 684,408 | - | 37,500 | (4,012,148) |
| Shares issued for cash | 14,491,144 | - | - | - | - | 14,491,144 |
| Share issue costs | (220,059) | - | - | - | - | (220,059) |
| Recognition of share-based payments/(failure of vesting conditions) | - | - | - | 329,018 | - | 329,018 |
| Balance at 31 December 2010 | 29,395,580 | (15,748,066) | 450,741 | 2,287,825 | 30,000 | 16,416,080 |

Notes to the condensed consolidated financial statements are included on pages 9 to 13.

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. 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, AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed consolidated half-year financial report does not include notes of the type normally included in an annual financial report, and accordingly this report should be read in conjunction with the most recent annual financial report.

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 indicated.

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 financial report for the financial year ended 30 June 2010, except for the impact of the Standards and interpretations described below. The accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

For the purpose of preparing the report the half-year has been treated as a discrete reporting period.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The following table presents the consolidated entity's revenue and results information analysed by mineral resource for the half-year periods under review. This is the Group's primary basis of segmentation.

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (continued)

| | Revenue | | Segment loss | |
|--|------------------------|--------------------|------------------------|--------------------|
| | Half-year ended | | Half-year ended | |
| | 31 Dec 2010 | 31 Dec 2009 | 31 Dec 2010 | 31 Dec 2009 |
| | \$ | \$ | \$ | \$ |
| Mineral resource exploration | | | | |
| Iron ore | - | - | (84,315) | (79,382) |
| Gold | - | - | (1,633,076) | (337,407) |
| Uranium | - | - | (160,334) | (37,952) |
| Other exploration | - | - | (81,528) | (153,188) |
| | | | <u>(1,959,253)</u> | <u>(607,929)</u> |
| Other revenue | | | 104,933 | 182,121 |
| Depreciation | | | (48,298) | (33,730) |
| Interest expense | | | (10,541) | (14) |
| Share options credit/(expense) | | | (329,018) | 120,916 |
| Unrealised foreign exchange expense | | | (1,304,091) | - |
| Central administration costs | | | <u>(1,187,788)</u> | <u>(427,472)</u> |
| Consolidated segment revenue and loss for the period | <u>-</u> | <u>-</u> | <u>(4,734,056)</u> | <u>(766,108)</u> |

Segment profit represents the exploration expenditure incurred by each segment without allocation of central administration costs, interest income, rental income and unrealised foreign exchange gains.

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

| | 31 Dec 2010 | 30 June 2010 |
|------------------------------|--------------------|---------------------|
| | \$ | \$ |
| Mineral resource exploration | | |
| Iron ore | 4,811,585 | 4,475,963 |
| Gold | 2,393,475 | 650,000 |
| Uranium | 179,697 | 179,697 |
| Other | 5,000 | 5,000 |
| Total segment assets | <u>7,389,757</u> | <u>5,310,660</u> |
| Unallocated assets | <u>9,480,716</u> | <u>1,060,670</u> |
| Total assets | <u>16,870,473</u> | <u>6,371,330</u> |

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. OTHER REVENUE

| | Half-year ended 31 Dec 2010 \$ | Half-year ended 31 Dec 2009 \$ |
|----------------------------------|---|---|
| Unrealised foreign exchange gain | - | 99,811 |
| Bank interest | 87,375 | 35,989 |
| Rental income | 9,526 | 46,321 |
| Other | 8,032 | - |
| | <u>104,933</u> | <u>182,121</u> |

4. CAPITALISED EXPLORATION EXPENDITURE

| | 31 Dec 2010 \$ | 30 June 2010 \$ |
|---|---------------------------|----------------------------|
| Exploration assets: | | |
| Costs brought forward | 4,409,697 | 3,708,547 |
| Expenditure incurred during the year | 3,965,809 | 1,791,775 |
| Expenditure expensed | (1,959,253) | (1,141,775) |
| Cost of explorations assets disposed of during the year | - | - |
| Capitalised exploration costs written off during the year | - | - |
| Effect of foreign exchange on costs carried forward | (572,730) | 51,150 |
| Costs carried forward | <u>5,843,523</u> | <u>4,409,697</u> |

The Posse project is situated within a buffer zone around a national park, where, despite being granted by the environmental agency in 2009, an alternative to the trial mining environmental license is required. In July 2010 the company received notice from Supram, the state environmental agency in Brazil that its environmental license for the Posse project had been incorrectly granted and would be withdrawn immediately. The Company subsequently lodged a full environmental license application on 15 July 2010. The licensing process included a public comment period to allow interested parties to make comments. Additional submissions were requested by various parties at a public hearing in September 2010 and once all of these have been lodged the Company's application will be considered at Supram's monthly meeting. The Company expects a favourable decision regarding the granting of the license to be received before the end of the financial year.

The Company currently has a valid exploration license and a trial mining license which was granted at the same time as the environmental license. The Posse plant and site works are largely complete so mine operations can commence soon after environmental approval is obtained.

The recoverability of these costs is dependent upon the successful commercialisation of exploration projects and/or a sale or some other third party agreement.

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SHARE CAPITAL

| | Half-year ended 31 Dec 2010 | Half-year ended 31 Dec 2009 | Half-year ended 31 Dec 2010 | Half-year ended 31 Dec 2009 |
|--|--|--|--|--|
| Fully paid ordinary shares | Number | Number | \$ | \$ |
| <i>Movements in fully paid shares on issue</i> | | | | |
| At beginning of period | 59,757,152 | 46,539,081 | 15,124,495 | 12,435,714 |
| Issue of shares under rights issue | - | 6,018,071 | - | 962,891 |
| Issue of shares to professional investors | 22,663,239 | - | 1,857,000 | |
| Issue of shares under SPP | 5,305,649 | - | 12,509,144 | |
| Issue of shares on exercise of options | 500,000 | - | 125,000 | - |
| Less costs of issue | - | - | (220,059) | (37,506) |
| At end of period | <u>88,226,040</u> | <u>52,557,152</u> | <u>29,395,580</u> | <u>13,361,099</u> |

Share Options

At the reporting date there were 11,170,000 unlisted options over unissued ordinary shares. The following Options were issued to employees and officers of the Company, under the Employee Share Option Plan, during the period:

| No. shares under option | Class of shares under option | Exercise price of option \$ | Expiry date of options |
|------------------------------------|---|--|-----------------------------------|
| 250,000 | ordinary | 0.44 | 1 August 2015 |
| 500,000 | ordinary | 0.56 | 22 August 2015 |
| 1,000,000 | ordinary | 0.70 | 22 August 2015 |

A previous cancellation of options issued to an employee and valued at \$155,470 was reversed during the period. This action was taken to recognise the correct status of the options issued to that employee.

CRUSADER RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. OBLIGATIONS UNDER FINANCE LEASES

| | Minimum lease payments | | Present value of minimum lease payments | |
|--|-------------------------------|------------------------|--|-------------------------------|
| | 31 Dec 2010 | 31 Dec 2009 | 31 Dec 2010 \$ | 31 Dec 2009 \$ |
| Not later than one year | 77,915 | - | 66,407 | - |
| Later than one year but not later than five years | 37,862 | - | 36,268 | - |
| Later than five years | - | - | - | - |
| | <u>115,777</u> | <u>-</u> | <u>102,675</u> | <u>-</u> |
| Less future finance charges | (13,102) | - | - | - |
| Present value of minimum lease payments | <u>102,675</u> | <u>-</u> | <u>102,675</u> | <u>-</u> |
| Included in the financial statements | | | | |
| as: | | | | |
| - Other current liability | | | 66,407 | - |
| - Other non current liability | | | <u>36,268</u> | <u>-</u> |
| | | | <u>102,675</u> | <u>-</u> |

6. DIVIDENDS

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

7. CONTINGENCIES AND COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure commitments as specified by the Government authorities. These obligations are subject to renegotiations when application for a mining lease is made and at other times. The obligations will be met from normal working capital of the Group. The minimum exploration tenement commitments will be reduced should the Group enter into a joint venture on the tenements or extinguished should the tenement be abandoned because the directors decide that the project is not commercial.

The Group is not aware of any other contingent liabilities which existed as at the end of the half-year or have arisen as at the date of this report.

8. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the reporting date the Company completed the sale of the Fair Adelaide project. Consideration was 300,000 ordinary shares and 500,000 options (exercisable at \$0.30, expiring 5 years after the issue date) in Credo Resources Limited. The sale is conditional on the successful listing of Credo on the ASX. An additional 250,000 ordinary shares will be issued if a gold resource of more than 250,000 oz is identified within five years. The financial effect of this transaction has not been included in the half-year report.

CRUSADER RESOURCES LIMITED

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' opinions, 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 s303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'R. Smakman', written over a horizontal line.

R. Smakman
Managing Director

Perth, 15 March 2010

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 31 December 2010, and the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes 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 5 to 14.

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 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 31 December 2010 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.

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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.

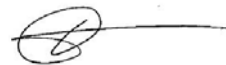
Conclusion

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 31 December 2010 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles

Partner

Chartered Accountants

Perth, 15 March 2011

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The Board of Directors
Crusader Resources Limited
Suite 2, Level 2
35 Havelock Street
West Perth WA 6005

15 March 2011

Dear Board Members

Crusader Resources Limited

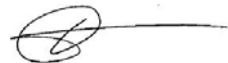
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Crusader Resources Limited.

As lead audit partner for the review of the financial statements of Crusader Resources Limited for the half-year ended 31 December 2010, 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 review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants

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