

The 2.3Moz Borborema project to hit jackpot for Crusader

Brazil's low-cost environment and access to infrastructure a major plus



75,000 metres of drilling have been completed at the Borborema gold project in Brazil with all samples processed at local laboratories offering rapid turnaround times.

A whole new gold region similar to Western Australia's Tropicana belt could be opening up in Brazil, with Crusader Resources' 2.3 million-ounce Borborema gold project potentially the first of many.

Crusader Resources' Managing Director Rob Smakman says the similarity of Brazil's Seridó gold belt to the rock types and age of the Tropicana area mean the two regions share many important features.

"The Borborema project is in rocks of the same age and type as those at Tropicana," Smakman says. "We are

hoping that the size of the discovery may also be one day comparable - to date, there is no reason to believe otherwise."

A development decision on Borborema is moving closer with a Bankable Feasibility Study due in the second half of this year and Smakman is hoping Crusader's project can emulate the Tropicana mine, where more than 5Moz of gold have already been found.

The Seridó gold belt lies 140km west of the city of Natal in an area long known in Brazil for its strong mining culture. In the broader region, gold, iron ore, mineral sands and other minerals have been produced for a century or more. The region is also known as the tungsten

capital of South America with mining celebrated locally as a major contributor to the local and national economy. A statue to miners stands in the central square of the town of Currais Novos, not far from Borborema in the state of Rio Grande do Norte. Brazil's recognition of the value of a strong mining and energy sector is making the country a key investment destination for companies from all over the world.

With a landholding of more than 4,000 sqkm under exploration or mining lease in the Seridó area, Crusader has grabbed a massive advantage as one of the first movers in the area.

Crusader is also the first to consider



A statue to miners in the town of Currais Novos is a testament to Brazil's strong mining culture.

modern and systematic exploration for gold in the belt.

The July resource statement substantially increased confidence in the Borborema ore body with the company upgrading a large volume of previously inferred ore into the much higher confidence 'indicated' category. Crusader is aiming to declare its first JORC gold reserves to support a future mining decision. Based around the parameters outlined in the Bankable Feasibility Study currently underway, that would give Borborema

a mine life in the order of 10 years at the predicted production rate averaging ~150,000oz a year.

The good news for Crusader is that while more than 75,000m of drilling has already been completed at Borborema, the ore body remains open in all directions. Importantly, the latest round of drilling, over 30,000m since the start of 2012, has confirmed that the ore body is growing thicker with depth while the gold grade is growing, a trait that will be important for the mines' economics in the future.

Earlier, a Preliminary Feasibility Study (September 2011) found that a mine at Borborema extracting 130,000 oz a year offered a, "robustly economic" outcome. Adding to the package of attractions that make Borborema a likely development option are Brazil's highly efficient labour costs and the country's abundant energy.

The state electricity grid's high voltage distribution system crosses the Borborema lease and the site is flanked by the national highway providing easy access from all regions. This will help significantly to reduce mine development costs while the Borborema deposit itself has characteristics which offer Crusader substantial operating cost advantages in a future mine.

Borborema, as currently outlined by drilling, is highly linear in shape, extending over 3.5km and open at either end. The ore body starts at surface, dips at an angle of about 35 degrees and is generally between 20 and 50m thick, offering a highly uniform shape which is perfectly suited to low cost, bulk mining techniques

in a single open pit. Rob Smakman is excited by the prospect of Borborema becoming Crusader's first gold producer.

"The great thing about Borborema is how quickly we have been able to get things done and how the local infrastructure of a highly skilled local workforce, sealed bitumen highways and inexpensive grid power are major advantages," he says. "The market is comfortable with mining projects in South America and the advantages are obvious - the exploration costs are lower than Australia and the key operating costs of a project are very competitive."

While designed to boost confidence in the gold resource, Smakman says the recent resource drilling has discovered higher-grade ore than seen in the past. "One intersection of 27m at 8.5gt/Au and another of 26m at 3.2gt/Au highlights that improved grade."



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- MD Rob Smakman

CRUSADER RESOURCES LIMITED

Web

www.crusaderresources.com

Stock Exchange Listings

ASX: CAS

Issued shares

110.1M

Market capitalisation

A\$72.6m at \$0.66

Directors

David Archer, Rob Smakman, Paul Stephen, Justin Evans, David Netherway

2012 broker research:

Petra Capital - June, 2012

Macquarie Equities Research - June, 2012

Clarus Securities - April, 2012

Argonaut Securities - April, 2012

PCF Securities - March, 2012

Canaccord BGF - March, 2012