



Big dreams, even bigger realities

Brazil will not only play host to the FIFA World Cup in 2014, but could also see its fifth largest gold operation come on-stream.

Crusader Resources Ltd's Borborema project, in the north-eastern tip of the country, is currently the subject of a BFS looking at a base case bulk mining scenario of 4 mtpa producing around 150,000 ozpa of gold.

This figure is a considerable increase from a recently completed PFS which looked at a 3 mtpa operation; further reinforcing the scale and viability of the project.

Currently Borborema's resource stands at 2.31 moz gold based on an indicated and inferred mineral resource of 68mt @ 1.06 g/t and a 0.5 g/t cut-off grade. With just 50,000m of drilling undertaken to date, it doesn't take a psychic or gazing into a crystal ball to work out that these guys are holding onto a company maker.

With mineral rights to over 160km and just 37km mapped, 7km sampled and 3.5km of strike drilled there is enormous upside for the explorer outside of its initial mineable pit.

However, as executive director Paul Stephen pointed out to **Paydirt** even if the team solely focused on the main pit it was sitting on a profitable 10-year plus mine life.

"We now control about 4,000sq km of a new minerals belt that we believe is very prospective for gold and of that it's about 160km from end to end," he said.

Previously the team had discovered that part of the mineralised belt stretched underneath a federal highway and around 5-10km of the road would have to be moved. However after holding talks with the Main Roads Department, Crusader has decided to take on the task of moving the road itself.

"They offered to pay to move the road. One of the government assistance packages is they will spend on infrastructure if they can see a benefit to the state. It is an impoverished state and there are a number of big governmental assistance packages so fundamentally you can apply to not pay sales tax which saves about 10% on capital costs – you can't apply for it until you are actually in production. Companies like Mirabella (Nickel Ltd) have applied successfully and achieved this, so we feel we will get it too when we apply. It's not available in states like Minas and other wealthier states."

In its PFS, Crusader budgeted moving the road at around \$R6 million (about \$A3.5 million). Stephen said they planned to get the money reimbursed off the Government at a later stage to prevent any lag time.

With the team now six months into a BFS, which is scheduled to be complete by Q3 2012, four diamond drill rigs have been dou-



At Borborema around 5-10km of Federal Government highway, under which mineralisation is hosted, will be moved after Crusader received the all clear by the main roads department in Brazil

ble shifting with two RC rigs doing single shifts at the project.

"Two of the rigs are focused on the BFS and the other four rigs are focused on a combination of extending what we know is already there and also testing some close targets in that first 7km that we have already sampled. We are very excited about a number of soil anomalies that we have found within a 2-3km radius of where we are now and we have rigs out testing parallel structures," he said.

Crusader's theory is that the orebody is sheer hosted and there is a high probability of finding parallel occurrences, evidence of which has been supported in the sampling.

"One of the things that's unique to this resource when you compare a +2 moz resource to other similar size resources in the market is ours is all in one pit and all mined as one orebody. We think there will be satellite deposits and have started looking for them. The upside to us is if we can find something along those lines it dramatically changes our footprint," he said.

With a decision to mine as a low-grade orebody, cash costs have been significantly reduced to around \$US550/oz, making the project not only economic but meaning that the payback period can be achieved in just one or two years.

"The BFS will refine the cash costs and the deeper we take the pit the operation costs will go up so we have a target to keep that below \$US600 and we believe it's achievable."

With a pedigree of experience in its management including chief operating officer Mike Schmulian, responsible for bringing a number of gold mines into production in Brazil when he headed up Western Mining Corp and AngloGold Ashanti Ltd, Crusader has earmarked a 12-month permitting and approvals process followed by a 12-month construction period which should bring it towards a 2013 commissioning date.

"This year it's about continuing to grow the

existing orebody, adding exploration upside, and getting all permits and approvals in place so we can go into construction in early 2013, if we finish early we may bring this forward," he said.

Supported by a robust bank balance of \$15 million, the team has managed to keep its budget as lean as possible by getting its entire corporate overheads down to just \$900,000 a month.

While things appear to be steadily progressing at its Borborema project, at its other project, Posse, just outside of Belo Horizonte things are slowly coming together.

"A lot has been happening behind the scenes on Posse,

we are happy with the progress we are making with the mines department and SUPRAM and have managed to get traction on some small issues like site works and fixing up draining issues," he said.

"It's a case of a combination of having all the right documentation together so that the final authorising body, being SUPRAM, can look at it, tick every box and say yes. Minas Gerais is a magnitude busier than Western Australia and SUPRAM have a large volume of applications already in front of them."

"I don't think it's the Government delaying the process I think it's simply a case of adhering to the process and recognising that the process takes longer than sometimes you would like it to."

With an off-ramp finally approved by the State and Federal highway departments, which is crucial if the team is to sell ore offsite, Stephen believes that in the next few months environmental approvals should be complete and the team can finally start what they have been waiting to do, the mining.

"We don't see any other impediments in the final approval by SUPRAM, other than getting the application on the agenda for the next SUPRAM meeting held on the final Monday of each month. Once we have received final approval and have a more definitive timeframe, we will definitely begin building an exit ramp. The ramp will cost around \$250,000 to build and will take around six weeks to complete. Once complete we can begin selling iron ore immediately," he said.

Crusader is currently in the process of expanding its teams in Brazil as it moves into the next stage of development at Borborema and has already begun ordering long-lead items as it begins its transformation.

– Bianca Thair