



Viva sua Paixão – Live the Passion

Crusader five years ahead of the Brazilian mining rush

The rush for Brazilian gold is on. And not just for the soccer world cup in 2014 or the Olympic Games two years later.

The mining world is stampeding to Brazil – just as it did to West Africa a few years ago and to the former Soviet states before that – in search of more tangible rewards than sporting glory.

Brazil is the new global mining hotspot – and with good reason.

It is vast – a country with a land mass greater than all of Australia.

It has well developed infrastructure, a skilled population, a good education system producing world-class mining professionals, a long history of mining and a well established rule of law.

Most importantly it has opportunity.

‘The Brazilian mining sector has enormous geological potential. Most of the country has not been explored,’ says Miguel Antonio Cedraz Nery, the former Director-General, National Department of Mineral Production.

Australian companies have been quick to recognise the Brazilian opportunity. Twenty or more have already set up offices in Rio de Janeiro, Sao Paulo and particularly Belo Horizonte, looking for opportunities

in gold, iron and other mineral commodities. More will follow.

Brazil’s Olympic Games organising committee has adopted the slogan, ‘Viva sua Paixão’ (Live the Passion) as its theme for the 2016 Games. The mining industry has taken the slogan to heart and is moving into the country with undisguised enthusiasm.

At least one Australian team already looks set to claim Brazilian gold – not a single medal, but several million ounces of the precious metal. Australian-listed Crusader Resources Ltd has 1.8 million ounces of indicated and inferred gold at its Borborema site in north-eastern Brazil and expects to extend that as it continues its exploration there.

It has another promising project at Jurú-Belem.

As with all commodity rushes it is the first movers who tend to get the prime targets and Crusader Managing Director Rob Smakman believes the company is reaping the benefits of having been something of a pioneer when it set up there five years ago.

Smakman moved from Perth to Brazil, with his wife and young family. A geologist, with a string of exploration successes behind him, he was looking

for a company-making project and believed Brazil offered even more potential than his booming home-state of Western Australia.

Rob Smakman is enthusiastic, not only about Borborema – and indeed Jurú-Belem and Crusader’s other exploration targets – but about the whole future of Brazil’s minerals industry.

‘Australians mostly know Brazil as the home of Vale, one of the world’s big three mining companies and the prime competitor for Rio Tinto and BHP Billiton for China’s iron ore market, but the mining sector here is much more diversified than that. It has potential across a whole spectrum of minerals – the geology here is incredibly diverse across the nation.

‘And, as Vale has shown, this is a country capable of producing high-class mining professionals.

‘Much of the world’s mining industry now recognises this potential and we are likely to see resource development here in the decade or so ahead, quite comparable with that which has given Australia such an economic boost.

‘These are very exciting times. I am glad that Crusader’s investors had the



foresight to allow us to set up here when we did,' Smakman said.

It is possible, indeed likely, that Crusader may achieve its ambition of finding major gold deposits several times over.

With an established team in-country, knowledge of the Brazilian Government and mining regulation and systems, Smakman has a steady flow of opportunities crossing his desk in Crusader's main Brazilian office in the mining state of Minas Gerais. These cover a range of minerals, including iron ore, gold, tin, indium, and tungsten.

But while the gold deposits in the historically fruitful Borborema field will kick-start the company's gold ambitions it is iron ore that will produce the group's first cashflow from its Brazilian odyssey.

The Posse Iron project is a small but sweet, 100 per cent-owned, iron ore project located in the Iron Quadrilateral region of Minas Gerais state.

The project has been built at a low capital cost with no infrastructure bottlenecks and simple logistics. Iron ore will be mined and processed simply before being sold to local iron smelters at the mine gate.

Posse contains an Indicated mineral resource of 4.83Mt at 47.39 per cent

Fe and an Inferred Mineral Resource of 31.18Mt at 42.89 per cent Fe.

The licensing process for Stage 1 production at the Posse project is continuing with Crusader awaiting the final governmental approvals from the roads department (DNIT) and the national monuments department (IPHAN).

Once approvals are received mining can begin immediately as the entire project has already been completed

But while Posse iron will provide cashflow it is the Borborema gold project that has the market excited.

In June 2011, Crusader updated the JORC compliant resource estimate at Borborema (at a 0.5g/t cut-off) to 21.49Mt @ 1.32 g/t for 0.91 Moz Indicated – with a further 23.16Mt @ 1.28 g/t for 0.95 Moz Inferred. This gives a combined Indicated and Inferred resource of 44.65Mt @ 1.30g/t for 1.86 million ounces.

The company has now embarked on an extensive technical and economic pre-feasibility study for a project producing well over 100,000 ounces a year based on mining and treating three million tonnes of ore a year. This study, which includes such inputs as water, power, infrastructure and tailings storage as well as environmental issues,

will be managed in-house, using a range of Brazilian and Australian specialist companies.

It is expected to be completed by the end of 2011.

'We are benefitting now from having got early access to some prime exploration territory, but perhaps equally important, from developing our understanding of the business and administrative environment here and from establishing ties with all the suppliers and professionals that a mining company needs if it is to develop a significant project,' said Rob Smakman.

'I am optimistic about the future – for Borborema, for Crusader and for Brazil. The FIFA World Cup and the Olympics will obviously generate huge global interest in Brazil, but in my view the gold and other metals in Brazil's rocks is every bit as exciting.'

When it comes to living the passion, you can't put it much more eloquently than that. 