



Borborema rides the economic wave



Currais Novos, the closest town to Borborema is just 25km away and has a population of 42,000. With a rich tungsten history, it makes it a fitting location to start up a new mine

With production at Crusader Resources Ltd's Posse iron ore project not scheduled to start until the year-end, executive director Paul Stephen said its Borborema gold project will not succumb to such extensive delays.

The mothballed Posse asset in Minas Gerais, Brazil, was due to come online more than two years ago but issues formalising the environmental permits and changes in government have snagged the production timeline.

Though Posse was primarily purchased to generate early cash flow and assist in the development of the Borborema project, also in Brazil, Stephen said the team remained confident that Posse would be switched on by the end of the year and enable the team to generate crucial cash at a time when finances are strained.

Borborema is the *crème de la crème* for Crusader and once in production will sit fifth from the top of the largest gold producers in Brazil.

Measured and indicated resources at the gold project, in the state of Rio Grande do Norte, were recently upgraded by 61% to 50.9mt @ 1.14 g/t for 1.87 moz gold.

Preliminary pit optimisations indicate early starter pit grades of up to 1.3 g/t gold with mineralisation open at depth and along strike, indicating further room for improvement. A

maiden ore reserve was also due shortly. Borborema is expected to have a mine life in excess of 10 years with initial production targeting 150,000 ozpa. Gold will be exhumed from a single pit running at 3.5km, the same length of the Super Pit in Kalgoorlie.

With plans afoot for Borborema to be in production by Q1 2014, Stephen said he was not perturbed by the prospect of future permitting issues at the project.

"Both projects have very separate issues and are in very different jurisdictions, the circumstances in Minas Gerais are very unique to that state," Stephen said.

Turning a difficult position around, Stephen said the issues experienced at Posse had enabled Crusader to not only remain level headed, but develop a sound working relationship with Brazil's Ministry of Mines and Energy Department.

"The experience of dealing with, what is a very difficult environment in Minas, has taught us a lot of valuable lessons and allowed us to build a strong licencing team. We are very confident that we are on top of the licencing process," he said.

From the outside it may appear that Posse has endured hiccup after hiccup but the time taken for issuing licences in the State was considered "normal", according to Stephen.

A BFS was due at Borborema by the end of the year which would iron out final costings. A base-case scenario has shown a capex of \$US169 million inclusive of mining fleet and electricity costs.

With the project just 25km from Currais Novos, a major tungsten mining province, staff will be housed in nearby towns, meaning issues of workers accommodation is eliminated.

Stephen said the team planned to continue its aggressive round of drilling for the remainder of the year.

"In the last 24 months we have only had a week of no drilling over Christmas. We have had a fairly ferocious go at drilling and we will continue to be active with this drilling as we head towards the end of the year."

In an effort to ramp up exploration, Andrew Thompson has been appointed to the team as chief geologist.

Work has also begun on multiple new exploration targets within the Borborema gold project, with Crusader now controlling over 4,100sq km of ground, from an initial 29sq km when it was acquired in late 2010.

– Bianca Thair