

CRUSADER RESOURCES LIMITED

ABN: 94 106 641 963

Half year Financial Report

For the half-year ended 30 June 2015

Corporate Directory

Directors

Stephen Copulos	Non-Executive Chairman
Robert Smakman	Managing Director
Paul Stephen	Executive Director
John Evans	Non-Executive Director
Mauricio Ferreira	Non-Executive Director

Company Secretary

Andrew Beigel

Registered office

Suite 1, Level 1
35 Havelock Street
West Perth WA 6005
Australia
Telephone: +61 8 9320 7500
Facsimile: +61 8 9320 7501
Internet: www.crusaderresources.com

Brazil Office

Avenida do Contorno, 2090
Pilotis, Floresta, 30.110-012
Belo Horizonte - MG
Brazil
Telephone: +55 31 2515 0740

Share Register

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

Auditor

Deloitte Touche Tohmatsu

Stock Exchange Listing

ASX
ASX Code: CAS

Directors' Report

The directors present their report together with the financial report of Crusader Resources Limited ("the Company" or "Crusader") and its subsidiaries (the Group) for the half-year ended 30 June 2015, and the auditor's review report thereon.

Directors

The directors of the company at any time during or since the end of the half-year are set out below. Directors were in office for the entire period unless otherwise stated.

Name

Mr. S. Copulos	Chairman
Mr. R. Smakman	Managing Director
Mr. P. Stephen	Executive Director
Mr. J. Evans	Non-executive Director
Mr. D. Netherway (resigned 13 May 2015)	Non-executive Director
Mr. M. Ferreira	Non-executive Director

Operating Result

The Group incurred an after tax loss for the half-year ended 30 June 2015 of \$6,580,068 (30 June 2014: profit of \$1,658,999).

The major factors contributing to the change in half-year profit compared to the half-year ending 30 June 2014 were: a reduction in profit contribution from the Posse mine (2015: \$199,354, 2014: \$5,924,941), as a result of reduced iron ore sales; an increase in exploration and evaluation expenditure (2015: \$2,251,748, 2014: \$1,449,980) due to the Juruena drilling programs; and an increase in unrealised foreign exchange losses (2015: loss \$1,500,456, 2014: gain \$400,353) due to a reduction in the BRL/AUD exchange rate. The sales volume and profitability of the Posse mine improved in the latter stages of the half year and this trend is expected to continue.

Review of operations

Posse iron project

Demand for Posse Iron ore products strengthened over the period from a low base. Sales prices were soft throughout and remained below 2014 prices. Despite this the Posse mine achieved a gross profit of \$199,354. Production was reduced to meet the demand profile and the Company implemented a range of cost reduction measures including:

- Reduced costs for waste disposal
- Increased efficiencies of equipment usage
- Re-negotiated the mining contract
- Lower fuel supply contract
- Re-negotiated key spares supply contract

Average production costs across all products reduced from \$18-22/t in the December 2014 quarter to \$12.67/t in the June 2015 quarter.

During the period Crusader signed a key access agreement with the surrounding tenement holder. The agreement will extend the mine life of Posse as it allows Crusader to mine into the neighbouring area to access all of the haematite and itabirite ore within the Posse lease.

The Company continues to evaluate opportunities to increase returns on fines through beneficiation.

Borborema Gold project

Work continued on evaluation of development options for the Borborema Gold Project targeting the shallower deposit. This would reduce the size of the plant required and significantly lower capital costs. In addition, the resource is being re-modelled for a more selective approach to mining which could significantly increase the resource grade.

Directors' Report (continued)

Review of operations (continued)

Crusader is also pursuing a number of other incremental initiatives which could provide significant overall improvements for the development of the project, including alternatives to the process flow sheet, project layout and scheduling that could significantly improve the project viability.

Environmental licensing and approvals from the Mines Department were all progressed.

Juruena Gold project

The Juruena project (100% Crusader owned) is located in Central Brazil on the southern fringe of the Amazon basin, situated on the western end of the prospective Juruena-Alta Floresta Gold Belt.

Crusader's first exploration program of diamond and RC drilling at the Juruena Gold Project delivered spectacular results from a series of prospects on the Juruena Belt, highlighting the opportunity to develop a new multi-project district. Crusader controls approximately 447km² of the Alta Floresta Gold Belt.

Reported results are from four different prospects, Querosene, Crentes, Dona Maria and Capixaba. Results include a hole drilled at Dona Maria which returned assays of 12m @ 35.13 g/t Au from 99m. This intersection was a series of 4m composite samples from an area which historically has returned some other outstanding results (like 6.62m @ 20.61 g/t Au from 112.5m and 4.66m @ 64.3 g/t Au from 124.7m).

The four prospects represent a small fraction of the potential target area and are located in close proximity to each other. Each prospect represents a unique mineralised system, with differing amounts of historical work. Crusader's systematic approach to the targeting of these prospects will help with an overall understanding of the geological setting in the region, which appears to be a district scale gold mineralised system, linked by a structural corridor hosting multiple gold prospects. Intense and localised phyllic alteration along various structures appears to define the gold zones. Crusader is beginning to understand the enormous scale of the project- defined by a 'giant' high-grade gold in soil anomaly, the footprint of which is estimated at 8km x 4km.

Favourable metallurgical results have also been received from a composite sample collected from the Querosene prospect.

A total of 7,750m of RC and 1,864m of diamond core were completed by Crusader during the exploration program on the 4 prospects:

- Capixaba - 16 RC holes for 1,615m
- Querosene - 30 RC holes for 3,430m and 8 diamond holes for 1,315m
- Crentes - 17 RC holes for 1,699m and 1 diamond hole for 182m
- Dona Maria - 10 RC holes for 1,065m and 2 diamond holes for 367m

The Company is completing a scoping study for the prospects. Maiden resource statements are expected to be announced during September 2015. Consultants have been engaged to complete studies for metallurgy and circuit design; mine planning and scheduling; plant design and costing; and financial modelling.

It is anticipated that the scoping study will be completed by October 2015.

Corporate

During the period, the Group raised \$3,916,281 (before costs) through the issue of 23,036,975 ordinary shares to sophisticated and institutional investors and a Share Purchase Plan.

Directors' Report (continued)

Auditor Independence Declaration

The auditor's independence declaration is included on page 23 of the half-year report.

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

On behalf of the directors



R. Smakman
Managing Director

Perth, 11 September 2015

Competent Person Statement

The information in this report that relates to Juruena Gold Project exploration results, Posse Iron Ore Project exploration results and Borborema Gold Project exploration results released after 1 December 2013, is based on information compiled or reviewed by Mr Robert Smakman who is a full time employee of the company and is a Fellow of the Australasian Institute of Mining and Metallurgy, and has sufficient experience that is relevant to the type of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smakman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to:

- a) Borborema Gold Project and Posse Iron Ore Project Exploration Results released prior to 1 December 2013 is based on information compiled or reviewed by Mr Robert Smakman who is a full time employee of the company;
- b) Borborema Gold Mineral Resources is based on information compiled by Mr Lauritz Barnes and Mr Brett Gossage, independent consultants to the company;
- c) Borborema Gold Ore Reserves is based on information compiled by Mr Linton Kirk, independent consultant to the company;
- d) Posse Fe Mineral Resources is based on and accurately reflects, information compiled by Mr Bernardo Viana who is a full time employee of Coffey Mining Pty Ltd,

and who are all Members of the Australasian Institute of Mining and Metallurgy (Rob Smakman and Linton Kirk being Fellows), and who all have sufficient experience that is relevant to the type of mineralisation and type of deposit under consideration, and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each of Mr Smakman, Mr Lauritz Barnes, Mr Kirk, Mr Viana and Mr Brett Gossage consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

This information was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Index to the condensed consolidated financial statements

	Page
Condensed consolidated statement of profit or loss and other comprehensive income	7
Condensed consolidated statement of financial position	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the condensed consolidated financial statements	
1 General information	11
2 Significant accounting policies	11
3 Segment information	12
4 Other revenue	14
5 Finance costs	14
6 Income Tax	14
7 Trade and other receivables	14
8 Inventories	15
9 Other assets	15
10 Other financial assets	15
11 Mineral resources	15
12 Mine development properties	16
13 Trade and other payables	16
14 Borrowings secured at amortised cost	16
15 Issued capital	17
16 Reserves	18
17 Dividends	18
18 Contingent liabilities	18
19 Loss per share	18
20 Fair value of financial instruments	19
21 Subsequent events	19
Directors declaration	20
Independent auditor's review report	21
Auditor's independence declaration	23

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	Consolidated Half-year ended	
		30 June 2015 \$	30 June 2014 \$
Continuing operations			
Mineral Revenue	4	4,117,990	10,976,555
Cost of Sales		(3,918,636)	(5,051,614)
Gross Profit		<u>199,354</u>	<u>5,924,941</u>
Other income	4	199,116	121,914
Administration		(486,040)	(369,447)
Corporate expenses		(825,368)	(577,989)
Business Development		(191,606)	-
Finance costs	5	(399,364)	(761,488)
Depreciation and amortisation		(490,018)	(408,422)
Exploration and evaluation		(2,251,748)	(1,449,980)
Unrealised foreign exchange loss		(1,500,456)	400,353
Other expenses from ordinary activities		(657,996)	(784,433)
Loss before income tax expense		<u>(6,404,126)</u>	<u>2,095,449</u>
Income tax expense	6	(175,942)	(436,450)
(Loss) / Profit for the period attributable to owners of the parent		<u>(6,580,068)</u>	<u>1,658,999</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(738,905)	(348,714)
Net fair value gain/(loss) on available-for-sale assets taken to equity		(10,000)	(23,000)
Less reclassified to profit or loss on impairment of available-for-sale		23,000	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		<u>(725,905)</u>	<u>(371,714)</u>
Total comprehensive (expense)/income for the period attributable		<u>(7,305,973)</u>	<u>1,287,285</u>
Profit / (Loss) per share			
Basic (cents per share)	19	(4.46)	1.31
Diluted (cents per share)	19	(4.46)	1.31

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated	
		30 Jun 2015 \$	31 Dec 2014 \$
Current Assets			
Cash and cash equivalents		2,764,997	3,388,153
Trade and other receivables	7	1,370,891	1,069,895
Inventories	8	538,133	851,997
Other current assets	9	225,731	211,946
Total Current Assets		4,899,752	5,521,992
Non-Current Assets			
Other financial assets	10	138,661	148,661
Mineral resources	11	19,288,882	21,016,279
Mine development properties	12	2,907,031	3,560,042
Property, plant and equipment		1,392,320	1,672,960
Other assets	9	-	67,204
Total Non-Current Assets		23,726,894	26,465,146
Total Assets		28,626,646	31,987,137
Current Liabilities			
Trade and other payables	13	1,513,410	1,568,240
Provisions		1,155,510	1,337,479
Borrowings	14	16,598	39,574
Total Current Liabilities		2,685,518	2,945,293
Non-Current Liabilities			
Provisions		724,071	738,190
Borrowings	14	4,162,177	4,046,160
Total Non-Current Liabilities		4,886,248	4,784,350
Total Liabilities		7,571,766	7,729,643
Net Assets		21,054,880	24,257,494
Equity			
Total equity attributable to equity holders of the Company			
Issued capital	15	61,772,377	57,996,007
Reserves	16	10,653,939	11,052,854
Retained earnings		(51,371,436)	(44,791,367)
Total Equity		21,054,880	24,257,494

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2015

Consolidated	Reserves					Total equity \$
	Issued capital \$	Retained earnings \$	Foreign currency translation reserve \$	Share based payment reserve \$	Investment revaluation reserve \$	
At 1 January 2014	55,268,797	(40,647,229)	3,128,157	5,644,817	(130,000)	23,264,542
Other comprehensive income for period	-	-	(348,714)	-	(23,000)	(371,714)
Profit for the period	-	1,658,999	-	-	-	1,658,999
Total comprehensive income for period	-	1,658,999	(348,714)	-	(23,000)	1,287,285
Shares issued for cash	3,277,000	-	-	-	-	3,277,000
Shares issued upon exercise of options	-	-	-	-	-	-
Share issue costs	(1,165,285)	-	-	-	-	(1,165,285)
Share based payments	-	-	-	1,254,762	-	1,254,762
At 30 June 2014	57,380,512	(38,988,230)	2,779,443	6,899,579	(153,000)	27,918,305
At 1 January 2015	57,996,007	44,791,367	2,483,236	8,582,618	(13,000)	24,257,494
Other comprehensive income for period	-	-	(738,905)	-	13,000	(725,905)
Loss for the period	-	(6,580,068)	-	-	-	(6,580,068)
Total comprehensive income for period	-	(6,580,068)	(738,905)	-	13,000	(7,305,973)
Shares issued for cash	3,916,281	-	-	-	-	3,916,281
Shares issued upon exercise of options	-	-	-	-	-	-
Share issue costs	(139,911)	-	-	-	-	(139,911)
Share based payments	-	-	-	326,989	-	326,988
At 30 June 2015	61,772,377	(51,371,435)	1,744,331	8,909,607	-	21,054,880

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Consolidated	
	30 June 2015 \$	30 June 2014 \$
Cash flows from operating activities		
Receipts from customers	3,669,004	10,157,095
Payments to suppliers and employees	(5,304,564)	(6,159,610)
Payments for exploration and evaluation	(2,303,911)	(1,894,456)
Finance Costs	(160,602)	(284,426)
Income taxes paid	(120,981)	(306,316)
Net cash (used in)/ provided by operating activities	(4,221,054)	1,512,287
Cash flows from investing activities		
Interest received	80,527	125,361
Receipts for disposal of property, plant and equipment	50,654	-
Payments for exploration and evaluation	(27,070)	(127,303)
Payments for development	-	(137,486)
Payments for property, plant and equipment	(106,726)	(36,312)
Net cash used in investing activities	(2,615)	(175,739)
Cash flows from financing activities		
Proceeds from issues of equity securities	3,916,281	3,277,000
Costs of issuing securities	(134,667)	(14,945)
Repayment of borrowings	(26,074)	(41,919)
Net cash (used in)/ provided by financing activities	3,755,540	3,220,136
Net increase/(decrease) in cash and cash equivalents	(468,129)	4,556,685
Cash and cash equivalents at the beginning of the financial period	3,388,153	2,109,806
Effect of exchange rate fluctuations on cash held in foreign currencies	(155,027)	(4,180)
Cash and cash equivalents at the end of the financial period	2,764,997	6,662,311

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the condensed consolidated financial statements

1. General Information

Crusader Resources Limited ("the Parent Entity" or "Crusader" or "the Company") is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company's registered office and principal place of business is Suite 1, Level 1, 35 Havelock Street, West Perth, Western Australia. The Consolidated Financial Statements of the Company as at, and for, the half-year ended 30 June 2015 comprise those of the Company and its subsidiaries (together referred to as the "the Consolidated Entity" or "the Group"). The Group is involved primarily in the mineral exploration industry.

2. 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 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall 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 noted.

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 2014 annual financial report for the twelve months ended 31 December 2014. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The consolidated entity incurred a loss of \$6,580,068 (2014: profit \$1,658,999) and experienced net cash outflows from operating and investing activities of \$4,223,768 (2014: inflow \$1,336,548) for the half year ended 30 June 2015. Cash and cash equivalents totalled \$2,764,997 as at 30 June 2015.

The Company and Macquarie Bank Limited ("Macquarie") executed a Waiver Letter dated 11 September 2015 in respect of certain obligations under the Macquarie Facility Agreement for the period from 1 July 2015 up to and including 31 December 2015.

The terms of the Waiver require that \$2 million of the Macquarie Facility be repaid before 31 December 2015, after which the covenant requirements will reset to a revised lower level, which based on the directors cash flow forecast for the period ending 30 September 2016 will be satisfied.

Therefore the ability of the Consolidated Entity to continue as a going concern is dependent on the Company raising approximately \$2 million to partially pay down the Macquarie Facility by 31 December 2015, through achieving one, or a combination of the following actions:

- a) Improved profitability and operating cash flow contribution from the Posse Mine through improved operating performance, increased sales volumes or commodity pricing;
- b) Generating additional cash flows from the sale or part sale of one of the group's resource projects;

Notes to the condensed consolidated financial statements

2. Significant accounting policies (continued)

Going concern (continued)

- c) Continued support by the Company's banker's, Macquarie, which may include granting of additional waivers of non-compliance with covenants;
- d) The commencement and completion of a fund raising through debt or equity, the final form of which may require shareholder approval; and
- e) Managing and deferring costs where applicable to coincide with the fund raising activities outlined above to ensure all obligations can be met.

The Company has a history of successful capital raisings to meet the Consolidated Entity's funding requirements. The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Consolidated Entity will have sufficient funds to meet its obligations as and when they fall due, and are of the opinion that the use of the going concern basis remains appropriate.

Should the Consolidated Entity be unable to achieve the matters set out above, a material uncertainty would exist as to whether the Consolidated Entity will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might by necessary should the Consolidated Entity not continue as a going concern.

3. Segment information

The following table presents the revenue results information analysed by mineral resource for the half year ended 30 June 2015 and 30 June 2014. This is the group's primary basis of segmentation.

Jun-2015	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Revenue	4,117,990	-	-	4,117,990
Cost of sales	(3,918,636)	-	-	(3,918,636)
Gross Profit	199,354	-	-	199,354
Other revenue	-	52,656	146,459	199,116
Exploration and evaluation	-	(2,251,748)	-	(2,251,748)
Central administration costs	-	-	(1,311,408)	(1,311,408)
Business development costs	-	-	(191,606)	(191,606)
Depreciation and amortisation	(364,023)	(53,198)	(72,796)	(490,018)
Finance costs	-	-	(399,364)	(399,364)
Unrealised foreign exchange loss	-	-	(1,500,456)	(1,500,456)
Other expenses from ordinary activities	(230,452)	(14,854)	(412,690)	(657,996)
Segment Result	(395,122)	(2,267,145)	(3,741,860)	(6,404,126)

Notes to the condensed consolidated financial statements

3. Segment information (continued)

Jun-2014	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Revenue	10,976,555	-	-	10,976,555
Cost of sales	(5,051,614)	-	-	(5,051,614)
Gross Profit	5,924,941	-	-	5,924,941
Other revenue	-	-	121,914	121,914
Exploration and evaluation	-	(1,449,980)	-	(1,449,980)
Central administration costs	-	-	(947,436)	(947,436)
Business development costs	-	-	-	-
Depreciation and amortisation	(286,516)	(46,637)	(75,270)	(408,423)
Finance costs	-	-	(761,488)	(761,488)
Unrealised foreign exchange loss	-	-	400,353	400,353
Other expenses from ordinary activities	-	-	(784,432)	(784,432)
Segment Result	5,638,425	(1,496,617)	(2,046,359)	2,095,449

Segment loss represents the mining, mineral exploration and evaluation activities undertaken by each segment without allocation of central administration costs, interest income, rental income and unrealised foreign exchange gains and losses.

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

Jun-2015	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Current assets	1,885,541	68,812	2,945,399	4,899,752
Non-current assets	3,702,583	19,605,457	418,853	23,726,894
Total Assets	5,588,124	19,674,269	3,364,252	28,626,646
Current liabilities	1,211,426	464,411	1,009,681	2,685,518
Non-current liabilities	61,780	-	4,824,468	4,886,248
Total Liabilities	1,273,206	464,411	5,834,149	7,571,766
Net Assets / (Net Liabilities)	4,314,918	19,209,858	(2,469,896)	21,054,880
Dec-2014	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Current assets	1,931,209	122,548	3,468,235	5,521,992
Non-current assets	4,544,798	21,399,638	520,710	26,465,146
Total Assets	6,476,007	21,522,186	3,988,945	31,987,138
Current liabilities	1,447,474	767,538	730,281	2,945,293
Non-current liabilities	70,630	-	4,713,721	4,784,351
Total Liabilities	1,518,104	767,538	5,444,002	7,729,644
Net Assets / (Net Liabilities)	4,957,903	20,754,648	(1,455,057)	24,257,494

Notes to the condensed consolidated financial statements

	Consolidated Half-year ended	
	30 June 2015 \$	30 June 2014 \$
4. Revenue		
<u>Revenue – mineral products</u>	<u>4,117,990</u>	<u>10,976,555</u>
<u>Other income</u>		
Interest revenue	86,776	107,427
Rental income and office services	52,090	14,487
Proceeds from sale of fixed assets	31,075	-
Proceeds from sale of tenements	21,581	-
Miscellaneous income	7,593	-
	<u>199,116</u>	<u>121,914</u>
5. Finance costs		
Interest expense	(278,048)	(288,675)
Amortisation of finance options and fees ¹	(121,316)	(472,813)
	<u>(399,364)</u>	<u>(761,488)</u>

(1) Relates to 8,741,258 share options issued to Macquarie Bank Limited. The fair value of the options issued has been recognised in the share option reserve and offset against the loan as a debt issuance expense. In addition, legal fees have been capitalised and are amortised over the life of the loan facility using the effective interest rate.

6. Income tax

The current taxation legislation in Brazil offers two distinctive tax regimes with different requirements for calculating and paying income tax.

During the year ended 31 December 2014, the Group elected to pay income tax, in relation to the Posse iron ore project, on 3% of gross revenue, which presented a lower cost compared to the other option available.

A net deferred tax asset has not been brought to account as it is unlikely that they will arise unless the company generates sufficient revenue to utilise them.

	30 Jun 2015 \$	31 Dec 2014 \$
--	----------------------	----------------------

7. Trade and other receivables

Current

Trade receivables	1,268,210	931,035
Other receivables	102,681	138,860
	<u>1,370,891</u>	<u>1,069,895</u>

Other receivables are no-interest bearing and consist of rent and office services receivable due within 30 days, GST credits receivable from the Australian Taxation Office, proceeds from sale of a tenement and accrued interest receivable. There are no provisions included within trade and other receivables.

Notes to the condensed consolidated financial statements

	Consolidated	
	30 Jun 2015 \$	31 Dec 2014 \$
8. Inventories		
Work In Progress	55,035	121,912
Finished Goods	483,098	730,085
	<u>538,133</u>	<u>851,997</u>
9. Other assets		
Current		
Pre-payments and supplier deposits	186,236	175,833
Bank guarantees	30,000	30,000
Current tax receivable	9,495	-
Other	-	6,113
	<u>225,731</u>	<u>211,946</u>
Non-Current		
Tenement sale proceeds	-	67,204
	<u>-</u>	<u>67,204</u>
10. Other financial assets		
Non-current		
Deposits	121,661	121,661
Available-for-sale assets at fair value ¹	17,000	27,000
	<u>138,661</u>	<u>148,661</u>

(1) Fair value is based on the closing price on the Australian Securities Exchange at the reporting date.

11. Mineral resources

Costs brought forward	21,016,279	20,436,529
Expenditure incurred during the period	2,278,818	3,821,982
Acquisition of asset	-	1,060,559
Expenditure expensed	(2,251,748)	(3,431,116)
Effect of exchange rates	(1,754,467)	(871,675)
Costs carried forward	<u>19,288,882</u>	<u>21,016,279</u>

The Group has exploration and evaluation assets relating to three mining leases covering a total area of 29km² including freehold title over the main prospect area, held in the Seridó area of the Borborema province in north-eastern Brazil. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the period the Group has expensed costs of \$148,806 (June 2014: \$510,702) relating to the tenements held in the Seridó region. In accordance with the Group's accounting policy, exploration costs of activities within the tenements that are in the pre-feasibility stage are expensed as incurred. The group has also expensed as incurred, indirect exploration related costs of \$258,110 (June 2014: \$939,278) on the basis that they are not directly attributable to the Borborema area of interest.

During the period, the Group has also incurred exploration expenses of \$1,844,832 related to the Juruena gold project acquired in July 2014.

Notes to the condensed consolidated financial statements

	30 Jun 2015 \$	Consolidated 31 Dec 2014 \$
12. Mine development properties		
Costs brought forward	3,560,042	4,333,540
Additions	55,182	259,788
Depreciation and amortisation	(389,594)	(885,103)
Effect of foreign exchange	(318,600)	(148,183)
Carrying amount at the end of the period	<u>2,907,031</u>	<u>3,560,042</u>
Impairment of Non-Current Assets: Mine development and property, plant and equipment		
Non-financial assets are reviewed annually to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made.		
13. Trade and other payables		
Current		
Trade payables	741,149	762,510
Other payables and accruals	772,261	805,730
	<u>1,513,410</u>	<u>1,568,240</u>
Trade payables are non-interest bearing and are normally settled on 30 day terms.		
14. Borrowings secured at amortised cost		
Current		
Finance Leases	16,598	39,574
Loans	-	-
	<u>16,598</u>	<u>39,574</u>
Non-Current		
Finance Leases	-	2,454
Loans	4,162,177	4,043,706
	<u>4,162,177</u>	<u>4,046,160</u>
Total Current and Non-current Borrowings	<u>4,178,776</u>	<u>4,085,734</u>

Notes to the condensed consolidated financial statements

14. Borrowings secured at amortised cost (continued)

	Minimum lease payments		Present value of minimum lease payments	
	30 Jun	31 Dec	30 Jun	31 Dec
	2015	2014	2015	2014
	\$	\$	\$	\$
Not later than one year	18,606	45,300	16,598	39,574
Later than one year and not later than five years	-	2,717	-	2,454
Later than five years	-	-	-	-
	<u>18,606</u>	<u>48,017</u>	<u>16,598</u>	<u>42,028</u>
Less future finance charges	(2,008)	(5,989)	-	-
Present value of minimum lease payments	<u>16,598</u>	<u>42,028</u>	<u>16,598</u>	<u>42,028</u>
Included in the Consolidated Financial Statements as:				
- current borrowings:			16,598	39,574
- non-current borrowings:			-	2,454
			<u>16,598</u>	<u>42,028</u>

15. Issued capital

Fully paid ordinary share capital	Jun-2015		Dec-2014	
	No.	\$	No.	\$
Balance at the start of the financial period	140,939,141	57,996,007	126,646,041	55,268,797
Shares issued for cash	23,036,975	3,916,281	13,793,100	3,999,999
Share based payments	-	-	500,000	210,000
Shares issued on exercise of options	-	-	-	-
Capital raising costs	-	(139,911)	-	(1,482,789)
Balance at the end of the financial period	<u>163,976,116</u>	<u>61,772,377</u>	<u>140,939,141</u>	<u>57,996,007</u>

Share options

At the reporting date there were 36,742,308¹ unlisted options over unissued shares. During the reporting period, no options were issued to employees and officers of the Company.

(1) Includes 1,500,000 performance shares issued as part of the Juruena gold project acquisition.

Notes to the condensed consolidated financial statements

16. Reserves

Nature and purpose of reserves

The Share Based Payment Reserve is used to recognise the fair value of options and performance shares issued.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Investment Revaluation Reserve is used to record movements in the fair value of available-for-sale financial assets.

	Consolidated	
	30 Jun 2015 \$	31 Dec 2014 \$
Reserves		
Share based payment reserve	8,909,606	8,582,618
Foreign currency translation reserve	1,744,332	2,483,236
Investment revaluation reserve	-	(13,000)
	<u>10,653,938</u>	<u>11,052,854</u>

17. Dividends

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

18. Contingent liabilities

The group is not aware of any contingent liabilities which existed as at the end of the financial period or have arisen as at the date of this report.

19. Loss per share

Basic and diluted loss per share amounts are calculated by dividing net loss for the period attributable to equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	30 Jun 2015 \$	30 Jun 2014 \$
Net (loss) / profit attributable to ordinary equity holders of the parent	(6,580,068)	1,658,999
	No.	No.
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic and diluted loss per share	147,530,332	126,708,472

There are no shares to be issued under the exercise of 37,742,308 options currently outstanding which are considered to be dilutive. The diluted earnings per share is therefore the same as basic earnings per share.

Notes to the condensed consolidated financial statements

20. Fair value of financial instruments

As at 30 June 2015, the consolidated entity had no financial assets or financial liabilities that are measured at fair value on a recurring basis, other than the available for sale financial assets disclosed in note 10, which are classified as Level 1 in the fair value hierarchy (derived from quoted prices).

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

21. Subsequent events

Following period end, the Group breached obligations under its facility agreement with Macquarie Bank Limited. These breaches were waived and subsequently remedied.

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' opinion, 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 s.303(5) of the Corporations Act 2001.

On behalf of the Directors



R. Smakman
Managing Director

Perth
11 September 2015

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 30 June 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 7 to 20.

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 gives a true and fair view and 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 30 June 2015 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.

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.

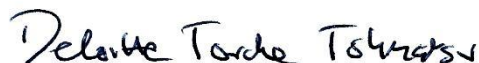
Conclusion

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 30 June 2015 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*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the half year financial report, which indicates that the consolidated entity incurred losses of \$6,580,068 (2014: profit \$1,658,999) and experienced net cash outflows from operating and investing activities of \$4,223,768 for the half year ended 30 June 2015 (2014: inflow \$1,336,548). These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Perth, 11 September 2015

The Board of Directors
Crusader Resources
Suite 1, Level 1
35 Havelock Street
West Perth WA 6005

11 September 2015

Dear Board Members

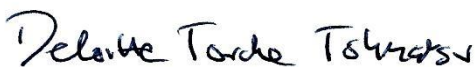
Crusader Resources Limited

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 30 June 2015, 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 audit review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants