

Proposed Acquisition of Crusader by Stratex International

Brazil-focused, exploration and mining company Crusader Resources Ltd (ASX:CAS) is pleased to announce that it has signed a non-binding Heads of Agreement (“Agreement” or “HoA”) with London AIM-listed Stratex International plc (AIM:STI) (“Stratex”) for Stratex to acquire Crusader in an all scrip transaction that will be effected by an Australian scheme of arrangement under the Corporations Act 2001 (“Proposed Transaction”).

Under the Proposed Transaction, if implemented, each Crusader share will be exchanged for 6.60 Stratex shares. Based on the closing price of Crusader shares on 17 May 2017 and 15 day VWAP of Stratex shares on AIM on 17 May 2017, the transaction values each Crusader share at a deemed offer price of A\$0.18.

Implementation of the Proposed Transaction will be contingent on the completion of successful due diligence by each company, offer documentation and regulatory and shareholder approvals.

The Crusader board believes the Proposed Transaction, if implemented, could provide significant benefits to Crusader’s shareholders.

Key highlights:

- ✓ Values each Crusader share at A\$0.18, a significant 56.5% premium to the price at which Crusader shares last traded
- ✓ Immediately following the Proposed Transaction, Crusader shareholders will continue to own approximately 81.0% of the enlarged company on a fully diluted basis
- ✓ Stratex’s significant cash balance of over A\$12 million and prospective exploration interests will be combined with Crusader’s well regarded Borborema and Juruena projects, creating greater scale and asset diversity
- ✓ Potential for improved trading liquidity and capital markets access associated with the enhanced size of the combined group, listing in the London market and access to a wider range of investors, both institutional and retail

Commenting on the Proposed Transaction, Crusader’s Chairman Stephen Copulos, said: *“We are very pleased to be exploring joining forces with Stratex as Marcus Engelbrecht and his team look to create a pre-eminent mid-tier gold producer, developer and explorer. The Proposed Transaction should, if implemented, provide for an uplift in value for Crusader shareholders and with Stratex’s existing cash balance of over A\$12 million, funding to progress the Borborema and Juruena projects. The combined company will be able to leverage off its significant balance sheet, strong portfolio of gold development and exploration assets and highly regarded combined management team to move forward to project development in the near-term.”*

Commenting on the Proposed Transaction, Stratex’s Chief Executive Officer, Marcus Engelbrecht, said: *“We are delighted to have entered into this Agreement with Crusader which, if successfully implemented, will see Stratex acquire substantial and highly prospective gold mining projects to add to our already exciting asset portfolio. This development is aligned with our long-term strategy of becoming a significant gold production, development and exploration company, and we believe it has the potential to provide significant value to our shareholders and take us a step closer to operating highly deliverable gold mines.”*

HoA Details

The HoA is for the most part, non-binding. The parties intend to proceed with the formalisation of the HoA in the form of a binding Scheme Implementation Agreement. The Board cautions that there is no certainty that the parties will be able to agree the formal Scheme Implementation Agreement, or that the Proposed Transaction will proceed.

The HoA is binding in respect of the following material provisions:

- **Exclusivity:** The parties have entered into a binding 4 week period of exclusivity (subject to customary fiduciary and other carve outs) during which time they intend to conduct due diligence and negotiate final offer documentation.
- **Cost reimbursement:** If either party indicates it wishes to proceed with the Proposed Transaction on substantially the same terms as the HoA, and the other party decides not to proceed (other than by virtue of discovery, through due diligence, of information which, in the opinion of that party and acting reasonably, if announced, would be likely to have a material adverse impact on the fair value of the other party's shares), then the other party is obliged to reimburse that party's reasonable external costs incurred between the date of execution of the HoA and the date of termination of discussions between the parties, capped at A\$500,000.

Other standard provisions such as governing law (Western Australia), further action, and variations, are also binding.

Details of the Proposed Transaction

The Proposed Transaction, if implemented, will be structured as a scheme of arrangement under the Corporations Act 2001 in Australia ("Scheme") and will be subject to court, regulatory and shareholder approvals (including Australian Foreign Investment Review Body approval, if applicable). The Proposed Transaction will also constitute a reverse takeover under the AIM Rules for Companies and will require, inter alia, the approval of Stratex shareholders and re-admission of Stratex's Ordinary Shares to trading on AIM. It is also intended that Stratex would consider the need to apply for a listing of depositary interests representing Stratex shares ("Stratex CDIs") on the Australian Securities Exchange ("ASX").

The Proposed Transaction, if formalised by way of a Scheme Implementation Agreement, would be subject to a number of conditions, including each party obtaining all necessary regulatory and shareholder approvals. The key conditions to the Proposed Transaction are described below. The Scheme Implementation Agreement would also contain such customary terms, representations and warranties as are typical for a transaction of this nature.

Consideration

Crusader currently has 301.1 million shares on issue. Stratex has 467.3 million shares on issue. Therefore, immediately following the Transaction (and prior to any potential share consolidation or equity raising) there will be approximately 2,455.4 million Stratex Shares on issue.

The deemed offer price of A\$0.18 per Crusader share represents:

- A premium of 56.5% over the closing price of Crusader Shares on 17 May 2017 of A\$0.115;
- A premium of 65.6% over the 15 day VWAP of Crusader Shares as of market close on 17 May 2017 of A\$0.109; and
- A premium of 68.9% over the 30 day VWAP of Crusader Shares as of market close on 17 May 2017 of A\$0.107.

Further, Crusader has 44.5 million options ("Crusader Options") on issue with various exercise prices and expiry dates. The outstanding Crusader Options will be exchanged for options over Stratex ordinary shares issued on comparable terms. This will be effected by either option cancellation deeds entered into between Stratex and the holders of Crusader Options or a separate Crusader Options scheme of arrangement as agreed between the parties in the Scheme Implementation Agreement.

Conditions

It is intended that the Scheme Implementation Agreement will provide that the Scheme will be conditional on the satisfaction (or waiver, where permitted) of the following conditions precedent:

- Stratex and Crusader, confirming in writing to the other party, on or before 7 June 2017, that they are satisfied, acting reasonably, with their due diligence enquiries;
- Crusader shareholder approval by 75% of the number of votes cast, and 50% of the number of Crusader shareholders who vote at the meeting of Crusader shareholders;
- Stratex shareholders approving the Scheme by way of an ordinary shareholder resolution requiring simple majority;
- Stratex and/or Crusader receiving all regulatory approvals or consents and/or complying with all requirements imposed by any regulatory body (including any governmental agency, ASX, ASIC, AIM) and approvals, together with certain other conditions customary for a transaction of this nature; and
- The independent expert engaged by Crusader for the purposes of the Scheme providing a report to Crusader which concludes that the Scheme is in the best interests of Crusader shareholders.

The conditions precedent listed above are those that at the date of the HoA have been identified as being necessary for the purposes of the Proposed Transaction. However, other conditions precedent may become necessary as negotiations and the Scheme Implementation Agreement progress after the execution of the HoA.

Due Diligence

The parties and their representatives will immediately undertake a targeted and confirmatory mutual due diligence on each other, and their respective group companies, assets and operations.

It should be noted that both Stratex and Crusader regularly review a range of opportunities to enhance their businesses through acquisitions, joint ventures and other combinations with companies, in line with their stated objectives and there can be no certainty at this point in time that the Proposed Transaction will proceed.

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The parties will make a further announcement on the progress of the Proposed Transaction in due course and as required.

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About Crusader

Crusader Resources Limited (ASX:CAS) is a minerals exploration and mining company listed on the Australian Securities Exchange. Its major focus is Brazil; a country Crusader believes is vastly underexplored and which offers high potential for the discovery of world class mineral deposits. Crusader has three key assets:

Juruena Gold

The Juruena Gold Project is located in the highly prospective Juruena-Alta Floresta Gold Belt, which stretches east-west for more than 400km and has historically produced more than 7Moz of gold from 40 known gold deposits.

The Juruena Project has been worked extensively by artisanal miners (garimpeiros) since the 1980s, producing approximately 500koz in that time. Historically there is a database of more than 30,000 meters of drilling and extensive geological data.

Posse Iron Ore

The Posse Iron Ore Mine is located 30km from Belo Horizonte, a city acknowledged as the mining capital of Brazil and the capital of Minas Gerais state. The project had an indicated and inferred Mineral Resource estimate of 36Mt @ 43.5% Fe when mining began in March 2013. Posse is currently selling DSO into the domestic market.

Borborema Gold

The Borborema Gold Project is in the Seridó area of the Borborema province in north-eastern Brazil. It is 100% owned by Crusader and consists of three mining leases covering a total area of 29 km² including freehold title over the main prospect area.

The Borborema Gold Project benefits from a favourable taxation regime, existing on-site facilities and excellent infrastructure such as buildings, grid power, water, sealed roads and is close to major cities and regional centres. The project's Ore Reserve includes Proven and Probable Ore Reserves of 1.61Moz of mineable gold from 42.4Mt @ 1.18g/t (0.4 & 0.5g/t cut-offs for oxide & fresh ore).

The measured, indicated and inferred Mineral Resource Estimate of 2.43Moz @ 1.10g/t gold, remains open in all directions.

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. The information in this report that relates to Mineral Resources at the Juruena Gold Project is based on information compiled or reviewed by Mr. Lauritz Barnes and Mr. Aidan Platel who are independent consultants to the company and Members of the Australasian Institute of Mining and Metallurgy. Each of Mr. Smakman, Mr. Barnes and Mr. Platel have 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, Mr. Barnes and Mr. Platel consent 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 was 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. 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. The 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.

About Stratex International Plc

Focused on the exploration and development of gold and high-value base-metal deposits, AIM-quoted Stratex International is active in Turkey and Senegal and has strategic interests in East Africa and Ghana. Since listing in 2006, Stratex has discovered more than 2.2Moz of gold and 7.09Moz of silver.

The Company has a successful record in forming joint venture partnerships with both local private companies and major international mining companies, including Antofagasta, Centerra and Teck in Turkey, and Thani Ashanti in East Africa. The Company has also attracted an impressive line-up of cornerstone investors, namely AngloGold Ashanti, Teck and BlackRock Investment Management.