

LATIN AMERICA DOWN UNDER PREVIEW

Crusader senses gold rush

Crusader Resources Ltd is preparing to announce the achievement of two key milestones at its Juruena and Borborema gold projects in Brazil.

A feasibility study on Juruena, Central Brazil, is due this month following the release of an updated resource which yielded a 36% grade increase at one prospect.

Brazilian authorities are also tipped to soon award a mining licence for Borborema, in the country's north-east.

Crusader executive director Paul Stephen said the Juruena feasibility study would be the first chance for investors to run their eyes over the project's economics.

"When we acquired the project [in 2014] it had had a substantial amount of work completed and all up with infrastructure costs it had around \$C35 million spent on it, but they hadn't got to the stage of wrapping a resource around any of the work they'd done," Stephen told **Paydirt**.

"The primary reason for that is their focus was on identifying a large porphyry system and they were targeting a 10-20 moz resource, but they didn't get there. We've now put out two resources and in doing feasibility on a starter project there, it will let us show some economics for the first time and I think people will start to recognise that this is a really advanced project."

Crusader updated the resources for the Querosene and Dona Maria prospects late last year, with 436,000t @ 14.7 g/t gold for 206,000oz now defined and substantial portions of both resources now classed as indicated.

The overall grade at Querosene was lifted by 36% to 16.7 g/t gold.

Preliminary metallurgical test work for both Querosene and Dona Maria also returned strong recoveries above 90%, with further testing to come.

"Whenever you do an infill drill programme, especially on high-grade resources, there's a substantial risk of getting negative results out of that, so to be able to do an infill programme and increase your overall level of confidence and the number of ounces in the ground was really pleasing," Stephen said.

"I think it really points to us confirming our view that this is a very substantial



Crusader is awaiting the award of a mining licence for its Borborema gold project in Brazil

gold project. There's a lot of gold endowment at Juruena and there's obviously a history of artisanal mining, but the challenge for companies like us taking these projects into production is you've got to be able to show these projects are capable of being put into production.

"Getting over that initial drilling hurdle and proving up those two resources is such a critical part of the equation. We know there's a lot of companies watching what we're doing at Juruena as a result of that work."

Not included in the resource update was the discovery of a new mineralised zone at Tatu, which returned hits of 37m @ 3.71 g/t gold from 132m (including 2m @ 47.67 g/t from 138m) and 2m @ 15.44 g/t from 166m.

Early indications have pointed to Tatu linking up with Dona Maria at depth.

More regional exploration work is planned for later this year, with Crusader hoping to record similar hits to the 1m @ 1,992 g/t gold and 0.4m @ 2,009 g/t intercepts struck during last year's programme.

Crusader is also undertaking engineering work at Juruena after acquiring a primary crushing plant from a local equipment supplier.

Stephen hoped the award of a mining licence for Borborema would open doors for the company to attract the funding needed to complete a BFS on the project, with a view to ultimately pouring first gold early next year.

"We recognised that the biggest challenge for this project was getting it permitted, so our focus has been on achieving those approvals," he said.

"There's been a substantial amount of work done on the project; it's had 95,000m of drilling put into it, it's a very good project from the perspective of where it's located and it's got excellent infrastructure.

"What we've always wanted to do with Borborema was present a very clear pathway to production and it's been very intentional on our part not to go out and promote the story around Borborema until we have achieved that licence.

"Our feedback is there is good demand for new projects globally and there especially is investor interest in projects with scale. Borborema is a 2.4 moz resource, it's got a 1.6 moz reserve, so while it's not the biggest gold project in the world, it's got some really attractive scale to it and puts us in the profile of having two production assets with combined [output] well above 100,000 ozpa."

Crusader is now debt-free after repaying the final \$3.5 million outstanding on its debt facility – used to finance the development of the Posse iron ore mine in 2011 – with Macquarie Bank.

"We are now free to engage with parties that will look to help us fund our way into production on the gold projects," Stephen said.

"If we take on more debt it will be project-specific and we intend to use some form of debt and equity to fund both Borborema and Juruena. It's no secret we've engaged with the IFC, who are a major shareholder in Crusader, and we see them as being a very supportive shareholder that is definitively interested in seeing us move those projects into production."

– Michael Washbourne