

Quarterly Activities Report

September 2017

Highlights

- Crusader and Stratex enter into amending deed in relation to a merger via Scheme of Arrangement
- Stratex agrees to provide Crusader with the additional funding required through to the expected implementation of the merger
- Sale Agreement for Posse Iron Ore Mine entered into with Inter Invest B.P. S/A.
- First payment of R\$1.0m under the Posse Sale Agreement received
- Internal report preparation for the Borborema Gold Project underway
- Mapping, soil and auger drilling programs underway at Juruena

Corporate

Stratex Merger

On the 28th of September 2017 Crusader Resources Ltd (ASX:CAS) announced to the ASX that it has entered into an amending deed with Stratex International plc (**Stratex**)(AIM:STI) (**Amending Deed**) to the scheme implementation deed dated 15 June 2017 (**SID**) in relation to the proposed scheme of arrangement (**Scheme**) involving the acquisition of Crusader by Stratex (the **Merger**).

In the interests of completing the Merger promptly and without any further delays, and reducing the conditionality of the merger, Crusader and Stratex agreed the following changes:

- *Removal of share consolidation:* Stratex will no longer be required to undertake a consolidation of its issued capital on a 20 to 1 ratio as part of the merger. Crusader shareholders will therefore receive 6.60 Stratex shares for every 1 Crusader share they hold. Stratex's current intention is to undertake a future consolidation of its issued capital in connection with the CDI listing process described below.
- *Removal of ASX CDI listing:* Stratex will no longer be required to establish a secondary listing of its shares on ASX as part of the merger. Instead, Stratex has undertaken in the SID to, within 3 months of the Scheme being implemented, apply to establish a secondary listing on ASX to allow all Stratex shareholders, including former Crusader shareholders, to trade their Stratex shares via CHESS Depository Interests (**CDIs**) on ASX. This means Crusader shareholders will be able to trade their new Stratex shares on AIM immediately following the merger and, if and when the CDI listing becomes effective, elect to convert their Stratex shares to Stratex CDIs and trade on ASX.

A copy of the SID depicting the amendments above and a number of other mechanical changes required as a result of the amended timetable made in the Amending Deed is attached to the ASX announcement dated the 28th of September 2017.

Given the extended timetable, Crusader and Stratex have also entered into an amending deed in respect of the secured convertible note agreement under which Stratex has agreed to make available up to an additional A\$1,000,000 of interim funding to Crusader. The additional funds will be made available to Crusader in tranches on reaching certain

milestones relating to the Scheme. For further information, please refer to the ASX announcement dated the 28th of September 2017.

Stratex announced on 15 September 2017 that it had received a valid notice from a number of its shareholders requisitioning a general meeting at which resolutions would be put to shareholders considering the appointment of two new shareholders in place of the current CFO, CEO and Chairman of Stratex, and for the proposed merger with Crusader to be terminated. The requisitioned meeting has been convened for 9:30am London time on 1 November 2017. Crusader will provide an update to shareholders upon the conclusion of the meeting.

Borborema Gold Project, Rio Grande do Norte, Brazil (100% Crusader)

Work at the Borborema Gold Project has focused on completion of several internal reports required by both the mines department and state environmental agency. These are being prepared in response to conditions included with the recent "Licença Prévia" (LP) license granted in the second quarter of 2017. These reports are standard procedure for projects of this nature and can mostly be completed by the in-country Crusader technical team.

Juruena Gold Project – Mato Grosso State, Brazil (100% Crusader)

Crusader has advanced the Juruena Project over the quarter, conducting field mapping, soil sampling and auger drilling. Over 200 soils samples have been collected from new areas to the east of the main Juruena workings. Ongoing auger drilling has focussed on several targets delineated by previous soil sampling and mapping. In total, over 450 samples have been submitted from this program and results are expected in the current quarter.

Posse Iron Ore Mine – Minas Gerais, Brazil (100% Crusader)

During the quarter, Crusader announced that it had signed a conditional sale agreement to divest its 100% interest in the Posse Iron Ore Mine ("Posse"). This asset sale is part of Crusader's strategic decision to focus on the development of its advanced gold assets and the Company's progression to becoming a mid-tier gold producer as part of the merger with Stratex International plc.

The Posse Mine and its one million tonne per annum processing plant are currently being transferred to a subsidiary of Inter Invest B.P. S/A ("Inter Invest"). Inter Invest are looking to build an iron ore business and have the capital to invest in the ongoing development and extraction of the significant itabirite ore present at Posse.

Third Element Metals Joint Venture Restructure

In July 2017 Crusader advised that it (together with its related entities) had entered into Deed of Termination and Restructure with Lepidico Ltd (together with its related entities) (**Lepidico**) (ASX:LPD) in respect of the Third Element Metals (**TEM**) joint venture (**JV Restructure**).

As a result of the JV Restructure, Crusader will become the sole shareholder of TEM.

TEM is the holder of the Manga Lithium project. TEM has also submitted an application for an exploration licence (**Gaia**) in the Guarda area of in north-east Portugal. The area the subject of the exploration licence application is adjacent to the Alvarrões lepidolite mine owned and operated by Grupo Mota, located near the city of Guarda.

Upon successful granting of the licence, Crusader intends to, through TEM, conduct an exploration program focussed on potential extensions of the Alvarrões lepidolite mine.

Health & Safety

There were no lost time accidents recorded at any of the Company's projects during the quarter.

For further information, please contact:**Mr. Rob Smakman****Managing Director, Brazil**

Office (Brazil): +55 31 2515 0740

Email: rob@crusaderdobrasil.com

Mr. Paul Stephen**Executive Director, Australia**

Office (Aus): +61 8 9320 7500

Email: paul@crusaderresources.com

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 >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 ~500koz in that time. Historically there is a database of more than 30,000 meters of drilling and extensive geological data.

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 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).

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 announcement that relates to the Mineral Resource estimate for the Borborema Gold project was first reported in accordance with ASX Listing Rule 5.8 on 24 July 2017. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

The information in this announcement that relates to the Ore Reserve estimate for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.9 on 24 July 2017. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Ore Reserve estimate continue to apply and have not materially changed.

The information in this announcement that relates to the Mineral Resource estimate for the Juruena Gold project was first reported in accordance with ASX Listing Rule 5.8 on 22 December 2016. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 22 December 2016 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.