

Update – Additional Information Regarding Borborema Production Targets and Production Rates

Crusader Resources Limited (ASX: CAS) (Company) refers to its announcements of 6 March 2018 entitled "Crusader Announces Borborema Ore Reserve Update" and of 8 February 2018 entitled "Borborema Optimisation Study Delivers Outstanding Results".

The announcements included two production targets:

- A production plan consisting of processing 4.2Mtpa of the Ore Reserve of 42.4Mt for a period of approximately 11 years (Base Case).
- An optimised version of the above production plan, based on a smaller first phase of processing 2Mtpa of an initial 20 Mt of ore for an initial 10 year period (Optimised Case).

Base Case

The Base Case production target, and the forecast financial information derived from the Base Case production target, were reported in accordance with Listing Rules 5.16 and 5.17 respectively, in the Company's announcement of 6 March 2018. The mining and processing material assumptions and application of the modifying factors for the Base Case was included in the announcement of 6 March 2018, including in the JORC Table annexed to that announcement.

Optimised Case

The mining and processing material assumptions and application of the modifying factors underpinning the Optimised Case production target, including consideration of mining, processing, metallurgical, infrastructure, economic, gold price, legal, environmental, social and governmental factors, are materially the same for as for the Base Case, except as disclosed below:

- **Ore Processing:** The Base Case provides for an ore processing rate of 4.2Mtpa. The Optimised Case provides for an ore processing rate of 2.0Mtpa.
- **Owner/Contract mining:** The Base Case assumes owner mining. The Optimised Case assumes contract mining. These are both considered to be reasonable assumptions in the circumstances. The annual rate of mining will vary to match the different ore processing rate.
- **Surface area of the project:** The Optimised Case only mines the upper zone of the declared Ore Reserve and the surface area mined is correspondingly less than the area mined under the Base Case. The outcome of this is that under the Optimised Case, the existing BR-226 highway does not require relocation and all land affected by the mining operations is restricted to land owned by the Company.
- **Cost estimates:** The capital and operating cost estimates vary between the Base Case and the Optimised Case, as detailed below.

Table 1 below shows a comparison of the material differences between the underlying assumptions and results supporting the Base Case and the Optimised Case. There are some minor discrepancies as the source data was from different work completed at slightly different times, however these are not considered to be material.

Table 1. Borborema Gold Project Production Option Comparison

Item	Unit	Base Case	Optimised Case
ASX Release date		6 March 2018	8 February 2018
Ore Processed	Mt	42	20
Ore Grade	g/t	1.18	1.14
Processing Rate	Mtpa	4.2	2.0
Gold Produced	koz	1,530	701
Ave. Annual Gold Produced	koz	~150	~70
Strip Ratio	t waste:t ore	6.5	4.1
Total Mined	Mt	319	104
Gold Price	USD/oz	1301	1300
Metallurgical Recovery	%	94	93
Process Plant Capex	USD M	118	65.6
Infrastructure Capex	USD M	65	24.9
Mining Support Capex	USD M	10	2.9
Mining Fleet Capex	USD M	67	0
TOTAL CAPEX	USD M	260	93.4
Mining Opex	USD/ t mined	2.42	1.98
Processing Opex	USD/t milled	11.00	11.02
Discount Rate	%	8	8
NPV	USD M	116	118

The Project viability is most susceptible to gold price and, for example, the larger project has a higher NPV at only a small increase in gold price but at a much higher capital cost.

Ore Reserve estimate

The production targets under the Base Case and the Optimised Case are based solely on the existing declared Ore Reserve estimate for the Borborema Gold Project (detailed in Table 2 below).

The proportion of Probable Ore Reserves and Proven Ore Reserves underpinning the production target under the Base Case is approximately 19% Proven Ore Reserves, and 81% Probable Ore Reserves.

The proportion of Probable Ore Reserves and Proven Ore Reserves underpinning the production target under the Optimised Case is approximately 40% Proven Ore Reserves, and 60% Probable Ore Reserves.

The Ore Reserve estimate was prepared by a competent person in accordance with the requirements of the 2012 edition of the JORC Code.

Table 2. Borborema Gold Project Ore Reserve (JORC 2012 code)

Borborema Gold Project - Ore Reserve				
Category		Tonnes (Mt)	Grade (Au g/t)	Gold to Mill (koz)
Proven	Oxide	0.65	0.80	17
	Fresh	7.26	1.25	292
Probable	Oxide	1.68	0.70	38
	Fresh	32.82	1.20	1,260
Total		42.41	1.18	1,610 (1.61 Moz)

Ore Reserve estimate for the Borborema Gold Project.

Reported at a 0.4 g/t cut-off for oxide and 0.5g/t cut-off for fresh material. The cut-off grades have been based on the latest costs, gold price of US\$1301/oz. Note, appropriate rounding has been applied, subtotals may not equal total figures.

Next steps

Optimised Case: As previously advised the next steps, subject to funding, are to complete metallurgical test work and finalise a Feasibility Study on the Optimised Case during the remainder of 2018. A decision to progress to development will be based on the Study results and the raising of sufficient project finance.

Base Case: Although the Base Case remains economic at current gold prices, the Optimised Case is the most attractive strategy. Accordingly, further work on the Base Case is not proposed to be undertaken at this time, but may be reviewed in due course depending on movements in the gold price or other circumstances.

Competent Person Statement

The information in this announcement that relates to the Ore Reserve estimate for the Borborema Project was reported in accordance with ASX Listing Rule 5.9 on 6 March 2018. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement 6 March 2018 and that all material assumptions and technical parameters underpinning the Ore Reserve estimate continue to apply and have not materially changed.

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