

Crusader Funding Update

Crusader Resources Limited (ASX: CAS, AIM: CAS) (“Company”) is pleased to announce the following updates in relation to the Company’s funding position.

As previously announced on 23 January 2019, Crusader requires immediate funding for short term general working capital needs and in particular, there was a need to raise additional funding before the end of January for the Group to continue as a going concern.

Crusader is pleased to announce that our major shareholder, Stephen Copulos (“Copulos Group”), has entered into binding agreements to subscribe for an additional A\$1 million worth of convertible notes, to assist with the Company’s immediate funding requirements (“Additional Convertible Notes”).

The Additional Convertible Notes have been subscribed for as part of the larger investment round announced on 5 November 2018 and 27 December 2018. The Additional Convertible Notes are on the same terms and conditions as the previously issued convertible notes, as set out further below. A total of A\$2.4 million has now been raised by the convertible note raising, with A\$1.5 million of this amount having been subscribed for by the Copulos Group.

In accordance with the terms and conditions of the convertible notes issued to the convertible noteholders not associated with the Copulos Group, the Company intends to hold a general meeting on or around 28 February 2019 to approve the conversion of the convertible notes, and the issue of the interest shares, to those parties.

Stephen Copulos is a related party of the Company under the AIM Rules as he is both a former director within the last 12 months and a substantial shareholder, and the issue of conversion rights to the Additional Convertible Notes is a related party transaction under the AIM Rules. The Directors of the Company consider, having consulted with the Company’s Nominated Adviser, that the terms of the transaction, and in particular the proposed issue of conversion rights, are fair and reasonable insofar as its shareholders are concerned. In forming this view the Directors have taken into account the current financial position of the Company, the subscription by independent parties for the Convertible Notes and that the issue of conversion rights and grant of security to the entities associated with Stephen Copulos is subject to the approval of independent shareholders and the issue of a fair and reasonable third-party report in accordance with the rules of ASIC and ASX.

The issue of shares to the Copulos Group entities on conversion of the notes and payment of interest, will require shareholder approval for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth). The grant of security pursuant to the convertible note agreements to the companies related to Stephen Copulos is subject to the receipt of prior shareholder approval in accordance with ASX Listing Rule 10.1. In due course, Company will issue a separate notice of meeting, including an independent expert’s report, to seek the necessary shareholder approvals.

In addition to the Additional Convertible Notes, the Company has received firm commitments for a placement of 22.5 million shares (“Placement Shares”) at an issue price of A\$0.01 each, to raise A\$225,000. The subscribers for the Placement Shares are existing investors in the Company who are not associates of the Copulos Group.

Settlement of the subscription and issue of the Additional Convertible Notes and Placement Shares is expected to occur shortly, the proceeds from which will be used for general working capital. The Placement Shares will rank *pari passu* with the Company’s existing ordinary shares. On 1 October 2018, the Company announced that trading of its securities on AIM (and the ASX) had been suspended pending clarification of the Company’s financial position and application will be made for the Placement Shares to be admitted to trading on AIM in due course and a further announcement will be made in this respect.

As previously announced, the Company intends to undertake a pro rata offer to its shareholders following the completion of the issue of the Additional Convertible Notes and the Placement Shares (“Entitlement Offer”). The Company currently anticipates raising between A\$3-5 million under the Entitlement Offer. The Company and the

Copulos Group are in advanced discussions regarding a potential partial underwriting of A\$3 million of the Entitlement Offer by the Copulos Group. The Company is grateful for the ongoing support of its major shareholder. Any such underwriting will be subject to the execution of binding documents and the receipt of prior shareholder approval and satisfaction of any agreed conditions to the underwriting.

The Company will release further information regarding the Copulos Group proposal and the Company's funding position in due course.

Marcus Engelbrecht, Managing Director of Crusader said:

"Funding for junior exploration companies in the current market is extremely challenging. The willingness of the Copulos Group to provide funding for Crusader during this time is testament to the underlying value they have recognised in the Company's assets, and in particular Borborema."

Convertible Notes terms

The Convertible Notes have a principal amount of A\$100,000 each, carry an interest rate of 8% per annum payable in new fully paid ordinary shares ("Shares") at the 30-day volume weighted average price of Crusader Shares (subject to a floor price equal to the lower of A\$0.01 or the Entitlement Issue price) and mature one year from the date of issue, unless converted. The Convertible Notes will be convertible into Shares in Crusader at a conversion price of the lower of A\$0.01 or the Entitlement Issue price at any time up to 10 business days prior to the maturity date, at the election of the note holder. The issue of Shares on conversion of the Convertible Notes and payment of interest is subject to the receipt of prior Crusader shareholder approval (at a General Meeting to be convened in due course). In the event that shareholder approval is not received, or certain other events occur, the principal amount of the loans and accrued interest will become immediately repayable to the investors in cash.

Special note concerning the Market Abuse Regulation

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 ("MAR"). The person who arranged for the release of this announcement on behalf of the Company was Marcus Engelbrecht, Managing Director.

Website

A copy of this announcement is available from the Company's website at www.crusaderresources.com

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CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company’s control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

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