

## Back on Track - Strategies for the future of Crusader

- ✓ **Single focus; to bring the Borborema Gold Project into production**
- ✓ **Disposal of non-core exploration projects**
- ✓ **Withdrawal from AIM and UK**
- ✓ **Return to ASX Trading**
- ✓ **Getting financials under control**
- ✓ **\$4.2m Shareholder offer with up to \$3.5m underwriting committed**

Crusader Resources Limited (ASX: CAS, AIM: CAS) ("Company" or "Crusader") would like to bring shareholders up to date with the future direction of the Company including recent changes to the Board.

As shareholders are aware the Company was facing a significant funding challenge as recently as a few weeks ago. Thanks to an injection of cash through Convertible Notes issued to its major shareholder, the Copulos Group, and others, Crusader has been given the opportunity to get back on track. The new directors have been undertaking a review of the Company, its projects and finances.

The Board will be focussing on:

### Bringing Borborema Gold Project into production.

- Reviews have commenced of the current JORC resource model that contains an estimated 2.43M oz gold at an average grade of 1.1 g/t Au with a view to defining a higher grade component in the upper 120m of the mineralisation that will support an initial Stage 1 open pit operation targeting a throughput of approximately 2.0 Mtpa. The resource comprises 51Mt @ 1.14 g/t Au in Measured and Indicated categories and 17.6Mt @ 1.00 g/t Au classified as Inferred. The Company is not aware of any new information or data that has materially affected the Mineral Resource since it was announced on 24 July 2017.
- Processing routes and design plans are being reviewed with a view to simplifying operations and reducing both the initial construction capital and ongoing operational costs.
- Crusader aims to target profitable production rather than maximise ounces of gold produced. A working plan is to establish an operation targeting a 10-year mine life utilising a CIL plant before considering a Stage 2 upgrade.
- The revised Bankable Feasibility Study (BFS) is some way off completion and Crusader has appointed Corporate Mining Services Pte (CMS) to manage and co-ordinate its completion. CMS has extensive experience in managing Feasibility Studies and a track record of successfully commissioning both CIL and heap leach gold projects around the world.
- Completion of the BFS, with final design and equipment selection along with firm pricing and quotations, is expected to be completed by the end of the third quarter 2019. Submission of the BFS for project financing is expected to commence in the following quarter with plant/mine construction in 2020.

### Disposal of non-core assets.

- The value of non-core assets will be realised and offers invited for the sale or joint venture of all exploration projects other than Borborema.

- A number of these projects are considered by the Company to be highly prospective but in its current position the Company considers that better value can be delivered to shareholders by the application of required expenditure to the Borborema Gold Project. Juruena in particular has returned excellent results from the efforts of the Company's geological team and defined an extensively mineralised fault/shear system with a high-grade component (up to 12 g/t Au) and suggestions that this is a part of a high level porphyry style system.
- The Company has recently been approached by several parties interested in the Juruena Gold Project and the aim is to raise additional cash and remove future expenditure commitments by entering into an arrangement over this and other projects as soon as possible.

#### **Withdrawal from AIM and UK**

- The cancellation of the AIM listing and closure of the UK office will be completed by 8 March 2019 and result in savings of approximately A\$0.9M p.a.
- As advised to the market on 1st March 2019, the Company held a General Meeting on 28 February 2019 at which shareholders overwhelmingly resolved to cancel the Company's AIM listing. Subsequent to that meeting the UK based Chairman, Mr Andrew Vickerman and Managing Director, Mr Marcus Engelbrecht resigned as directors and Mr Stephen Copulos and Mr Andrew Richards were appointed as Non-Executive Chairman and Executive Director.
- The position of Managing Director has been made redundant.
- Executive Director, Andrew Richards will assume the day to day company and operational management, and oversee the Brazil team.

#### **Return to trading on the ASX**

- Crusader has been suspended from the ASX since October 2018. We intend to take all necessary steps to remedy that position and return to trading as soon as possible.
- With the cost controls and fundraising described in this letter, along with the corporate strategy and cashflow models being developed, we feel we can meet any and all concerns raised by the ASX and will enter discussions with their officers this week.

#### **Getting financials under control.**

- An immediate and significant reduction in the cash burn rate will be undertaken in all areas.
- The delisting from the AIM and closure of the UK office will save approximately \$300,000 p.a.
- New directors, including executive directors, have accepted reduced remuneration for their services. Total annual directors' fees will reduce from \$1,050k in to \$170k (plus share based payments) – a further cash saving of \$880,000 p.a.
- Exploration expenditure will be reduced and the sale of non-core assets will realise additional cash.
- Office and personnel costs in Australia and Brazil will be reduced.
- A Shareholder rights issue to raise \$4.2m before costs is now in process.

#### **\$4.2m Shareholder offer with up to \$3.5m underwriting committed.**

- As foreshadowed to the market on 22 February 2019, A\$4.2m million will be raised through a non-renounceable rights issue to shareholders. This raising will be underwritten by up to A\$3.5 million comprising \$2.5 million from Eyeon Investments Pty Ltd, a company related to Mr Copulos (announced on 22 February 2019) plus a further \$1.0 million from another company, with whom an underwriting agreement is expected to be executed later this week.
- The company is currently completing the documentation and plans to make the full details of this financing available to the market by next week.

The Board intends to action these strategies vigorously and cost effectively. Key developments and news will be shared promptly with our shareholders and we look forward to delivering value to our shareholders.

Yours sincerely,

*Stephen Copulos*

**Stephen Copulos**  
**Chairman**



**Andrew Richards**  
**Executive Director**



**John Evans**  
**Non Executive Director**

### About Crusader

Crusader Resources Limited (ASX:CAS, is a minerals exploration and development 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. The Company has two key gold assets:

### Borborema Gold Project

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 km<sup>2</sup> 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 and sealed roads. It is close to major cities and regional centres and the services they can provide. The project's measured, indicated and inferred Mineral Resource Estimate of 2.43Moz @ 1.10 g/t gold, remains open in all directions (refer to Table 1 and ASX Announcement of 24 July 2017).

<b>Borborema Gold Project</b>			
<b>Mineral Resource by Multiple Indicator Kriging (MIK) estimation</b>			
<b>Category</b>	<b>Tonnes (Mt)</b>	<b>Grade (g/t Au)</b>	<b>Contained Gold (Moz)</b>
Measured	8.2	1.22	0.32
Indicated	42.8	1.12	1.55
<b>Total Measured + Indicated</b>	<b>51.0</b>	<b>1.14</b>	<b>1.87</b>
Inferred	17.6	1.00	0.57
<b>Total Mineral Resources</b>	<b>68.6</b>	<b>1.10</b>	<b>2.43</b>

**Table 1. Mineral Resource (JORC 2012) table**, reported above 0.5 g/t Au cut-off. Parent Block 25mE x 25mN x 5mRL. Selective Mining Unit 5mE x 6.25mN x 2.5mRL. Note, appropriate rounding has been applied, subtotals may not equal total

### Juruena Gold Project

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. Historically there is a database of more than 30,000 meters of drilling and extensive geological data.

### Competent Person Statement

*The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled by Mr. Lauritz Barnes, Mr. Aidan Platel and Mr. Brett Gossage, Competent Persons who are Members of The Australasian Institute of Mining and Metallurgy. Mr. Barnes (Trepanier), Mr. Platel (Platel Consulting) and Mr. Gossage (EGRM Consulting) are all independent consultants to the company.*