

30 July 2010

JUNE 2010 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS;

- **Posse production to be expanded to 1MTPA subject to expanded environmental license application.**
- **Borborema drill sampling results received, highlights include;**
 - **4m @ 7.00g/t Au from 69m in hole 400-04**
 - **7m @ 5.37g/t Au from 35m in hole 775-04**
- **JORC mineral resource estimate for Borborema underway.**
- **Capital raising of \$3.9M via private placement and \$1M SPP launched.**

Posse Iron Project (Crusader 100%)

Crusader Resources Limited has lodged an application for an expanded environmental license following the cancellation of the AAF license as announced to the market on the 14th of July 2010.

The Posse iron project is now set to begin once the new environmental license has been received, with the rate of mining increasing to a dry volume of 1Mtpa of ROM per year.

The plant does not need to be expanded to process ore at the expanded rate, as the initial 300,000tpa was to set to operate on a single 8-hour shift. Two further shifts are planned to allow for the increased throughput.

Crusader's Managing Director, Rob Smakman, said, "The increased throughput will allow Crusader to produce more premium product during Stage 1. We will continue the planning and permitting for Stage 2, which we envisage will be initiated during the third quarter of 2011. The beneficiation plant has a capacity of 1Mtpa, and should be able to cope with the increased production, with no significant change to planned operating costs".

Crusader received notice earlier in July from the state environmental agency that its environmental license had been incorrectly granted and would be withdrawn immediately. The Posse project is situated within a buffer zone around a national park, wherein an alternative licensing process is required.

As a result Crusader immediately applied for a new license which will delay production from the Posse iron ore mine for a minimum of six weeks.

Documentation for this process was lodged on July 15th triggering a 45 day public comment and governmental review process.

The withdrawal of the environmental license does not reflect on the Posse iron project's environmental performance or on any other aspect of the planned operation.

If a public hearing process is required, due to public comment, a further delay of up to three months is possible.

The plant and site works are largely complete and the mine ready to start operations immediately the environmental approval is received.

Borborema Gold Project (Option to acquire 100%)

Crusader continued due diligence activities at the Borborema gold project during the quarter. The final assay results from Crusader Resources Ltd's (ASX: CAS) Borborema gold project in Brazil have continued to strengthen the company's belief in the potential for economic gold production from the project.

The final results from the 25 drill hole sampling program have returned significant gold intercepts as previously reported during the quarter. Better results included;

- **4m @ 4.68g/t Au from 44m in hole 400-04**
- **4m @ 7.00g/t Au from 69m in hole 400-04**
- **7m @ 5.37g/t Au from 35m in hole 775-04**
- **7m @ 2.94g/t Au from 22m in hole 829-03**
- **2m @ 7.32g/t Au from 34m in hole 829-03**
- **6m @ 2.50g/t Au from 57m in hole 950-04**

Sampling from the 25 drill holes was undertaken to help confirm the grade, continuity and location of the mineralised body. The drilling generally targets the near-surface portion of mineralisation, at depths between 30 metres and 80 metres below surface.

The sampling program confirms Crusader's interpretation that the ore body displays good continuity to surface. Visible gold is present, being generally fine-grained and associated with sulphides, both within quartz veins and disseminated within a 30 metre wide, shallow dipping (~35-45° deg) shear zone in enclosing schists. Testwork has confirmed that the gold is free milling and displays recovery rates of around 93% using standard cyanide extraction techniques.

Crusader has retained Coffey Mining as consultants to prepare a JORC compliant resource estimate for the Borborema gold project, due for completion in early August. This work is nearing completion and will be announced to shareholders once it has been completed and reviewed.

Further exploration work at Borborema was initiated during the quarter with geophysical and geochemical programs still underway. These programs have been initiated in order to better understand the geology and exploration potential of the area.

Crusader has until the 31st of July to exercise the option to purchase 100% of the Borborema gold project and surface rights. Subject to the receipt of final legal due diligence issues, Crusader intends to exercise its option to purchase the project. The technical aspects of the project which included metallurgy, drilling and exploration potential have all been investigated in detail and have returned positive results to date.

Commenting on the Borborema project Rob Smakman said "We are very happy with the results from Borborema so far; the project has exceeded all expectation in terms of metallurgical performance and the continuity of mineralisation. At this stage, the mineralisation appears to be a simple tabular structure characterised by satisfactory mineralised widths. The mineralisation continues is open in all directions."

Corporate.

Crusader initiated a capital raising post quarter, by means of a placement to sophisticated and institutional investors for \$3.9M. Crusader has also launched a Shareholder Purchase Plan (SPP) to raise up to potentially a further A\$1M from shareholders.

Commenting on the capital raising, Rob Smakman said, “We received great support from the investment community for the raising who are looking to back Crusader’s a multi commodity development and exploration strategy in Brazil”

The private placement comprises two tranches;

- Tranche 1 – 8,863,571 shares at \$0.35 per share to raise \$3,102,250 (before costs) was issued under the Company’s existing 15% placement capacity,
- Tranche 2 – 2,357,143 shares at \$0.35 per share to raise \$825,000 (before costs) will be issued subject to shareholder approval.

The SPP to raise up to potentially an additional \$1 million opened on 8 July 2010. Under the plan, the Company is offering shareholders on the Company’s share register as at 1 July 2010, additional shares at \$0.35 per share. Full details of the Share Purchase Plan were announced on 8 July 2010.



Posse Project – Earthworks

About Crusader

Crusader Resources Ltd (ASX: CAS) is a minerals exploration company focussed on the identification, acquisition and development of projects in Brazil and Australia. The company has a diverse portfolio of projects including iron ore, tin, gold, tungsten and uranium. Crusader applies leading edge exploration skills to the discovery of new assets and continues to utilise its strong networks in Brazil, Australia and around the world to identify new opportunities.

Crusader is developing the Posse Iron project located in the Iron Quadrilateral region of Minas Gerais state, Brazil with first production due in the second quarter of 2010. Posse contains an Indicated Mineral Resource of 4.83Mt at 47.39% Fe and an Inferred Mineral Resource of 31.18Mt at 42.89% Fe. (Refer to announcement made 11 May 2009).

Crusader is also evaluating the Borborema gold project, the most important gold mine in the NE of Brazil with historical production of ~300,000 ounces. Previous explorers have also defined significant non-JORC compliant resources. Crusader has a 6 month option (expiring in June 2010) in which to evaluate the project. Activities underway include cutting and sampling of previously un-sampled drilling, metallurgical test work and a JORC compliant resource calculation.

Crusader also has an extensive portfolio of gold, tin, indium and tungsten projects within Brazil.

In Australia, Crusader has a portfolio of projects prospective for uranium, gold and nickel.

The Lake Throssell uranium project is owned 100% Crusader. The company holds highly prospective leases over more than 2,500 km² located 200km to the north east of Laverton in Western Australia.

Crusader Resources Ltd has 68,620,723 ordinary shares on issue.

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr. Robert Smakman, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of the company. Mr. Smakman has sufficient experience in the type of deposits under consideration and the activities being undertaken to qualify as a Competent Person as defined in the December 2004 Edition of the Australasian Code for reporting of Exploration Results, Minerals Resources and Ore Reserves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Crusader Resources Limited

ABN

94 106 641 963

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	4	66
1.2 Payments for (a) exploration and evaluation	(293)	(927)
(b) development	(175)	(225)
(c) production	-	-
(d) administration	(344)	(1,072)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	74
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(791)	(2,084)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) exploration	-	-
(b) mining tenements	(316)	(630)
(c) other fixed assets	(360)	(552)
1.9 Proceeds from sale of:		
(a) tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(676)	(1,182)
1.13 Total operating and investing cash flows (carried forward)	(1,466)	(3,266)

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1.13	Total operating and investing cash flows (brought forward)	(1,466)	(3,266)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	25	2,763
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital raising costs	-	(76)
	Net financing cash flows	25	2,687
	Net increase (decrease) in cash held	(1,441)	(579)
1.20	Cash at beginning of quarter/year to date	1,948	1,122
1.21	Exchange rate adjustments to item 1.20	60	24
1.22	Cash at end of quarter	567	567

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	112
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of salary and benefits to managing director. Payment of directors' fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	150
4.3	Production	100
4.4	Administration	350
Total		900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	567	1,948
5.2 Term deposits	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	567	1,948

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	59,757,152	59,757,152		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	100,000	100,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	6,800,000	-	25 cents	22 August 2011
	4,950,000	-	\$1.00	12 September 2010
	1,000,000	-	28 cents	22 August 2011
	1,000,000	-	76 cents	5 May 2011
	245,000	-	82 cents	5 August 2011
	1,000,000	-	65 cents	31 December 2012
	200,000	-	25 cents	1 October 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

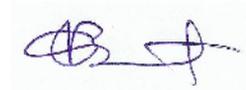
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 30 July 2010

Print name: Andrew Beigel

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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