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Crusader Resources

Update on admission to AIM

IPO to raise proceeds of US\$10 to US\$15 million

Board changes and amendments to executive compensation scheme

Crusader Resources (ASX: CAS) ("Crusader" or "the Company"), the independent gold explorer and developer, is pleased to announce that, in conjunction with the upcoming dual listing on the AIM market of the London Stock Exchange Plc ("AIM"), the Company intends to raise proceeds of US\$10 million to US\$15 million (maximum raise of A\$20 million). The Company is also pleased to announce two London based executive proposed board appointments and changes to the executive compensation scheme.

Highlights:

- Admission to AIM is expected to be completed during March 2018
- IPO fundraising in conjunction with AIM listing to raise US\$10 million to US\$15 million (maximum raise of A\$20 million), with proceeds to be deployed primarily on progressing the Company's Borborema project in Brazil
- Proposed appointment of Andrew Vickerman as the Company's new Independent Non-Executive Chairman and Michael Jones as Senior Independent Non-Executive Director
- Restructuring of incentive scheme for Crusader's Managing Director Marcus Engelbrecht, focussed on achieving operational milestones in the development of the Borborema project to first production

AIM IPO to raise proceeds of US\$10 to US\$15 million (maximum raise of A\$20 million)

Crusader continues to progress work on achieving a dual listing on AIM in Q1 2018, with documentation now at an advanced stage and admission expected to occur during March 2018.

Having released the results of the detailed optimisation work undertaken by third party consultants on the Borborema project on 8 February showing greatly improved economics under a revised mine plan, the Board of Crusader now wishes to expedite the further optimisation and completion of a Bankable Feasibility Study ("BFS") in respect of Borborema during 2018. The Company is therefore seeking to raise proceeds of US\$10 million to US\$15 million (maximum raise of A\$20 million) from institutional investors in the UK, Australia and elsewhere in conjunction with the AIM listing.

The net proceeds of the fundraising will be used to advance the development of Borborema, in addition to providing further funding for selective additional exploration at Juruena and Novo Astro.

Expected Use of Proceeds:

The primary use of proceeds from the offering will be the further optimisation of the Borborema project together with completion of a BFS within 12 months, and front-end engineering and design, technical owners' team and associated pre-development costs at Borborema.

Subject to the level of overall funds raised, additional proceeds will be used for:

- Additional exploration at Juruena with the initial intention of growing the size and confidence of the existing Mineral Resource estimate through a focussed drilling programme;

- Undertaking a structural and geological review at Novo Astro in the first half of 2018, designed to target initial drilling on the project later in 2018;
- Repayment of debt; and
- Working capital and general corporate purposes.

At Borborema, the Company intends to prioritise the BFS and, in parallel, to apply for an installation licence in order to progress the project to a decision to mine stage. The Company plans to complete a BFS within the next 12 months which would include metallurgical testing of a bulk sample held in Perth, plant and mine optimisation and plant design.

As previously advised, key areas for further optimisation are:

- Potential to improve grinding and milling outcomes
- Potential to access electricity from on-site rather than from remote power lines
- Optimising grade control assumption is expected to decrease dilution and improve recoveries
- Heap leach potential of old dump material could provide a 'kicker' for year one production
- Drilling and blasting efficiency improvements

In line with Crusader's strategy of pursuing both near term production and unlocking the value of its exploration assets, depending on the overall level of funds raised, the Company also intends to deploy a portion of the proceeds to complete additional exploration at Juruena with the initial intention of growing the size and confidence of the existing Mineral Resource, and subsequently undertaking further studies with a view to defining an Ore Reserve estimate.

The Company intends to undertake a comprehensive geophysical survey of the project and undertake a focused 30,000m exploration drilling programme to better understand the underlying geological structure and define a larger resource and target an economic reserve. In addition, the Company plans to complete and submit an initial environmental impact assessment in respect of Juruena.

At Novo Astro, Crusader intends to carry out a full structural and geological review in the first half of 2018, designed to target initial drilling on the project later in 2018.

Novo Astro and Juruena sit within the Alta Floresta Belt, which is located in the northern area of the Mato Grosso State in the mid-western region of Brazil. The belt is attracting increased attention from large miners with companies now active in this region include Vale, Anglo American and Votorantim, which underpins the prospectivity of the belt and its capacity to host world-class sized deposits.

Board Changes

Crusader also announces that it intends to make significant changes to the composition of the Board ahead of its proposed admission to AIM, appointing Andrew Vickerman initially as an Independent Non-Executive Director and from 31 March as Independent Non-Executive Chairman and Michael Jones as a Senior Independent Non-Executive Director. Both appointments are subject to customary due diligence.

Andrew Vickerman and Michael Jones are both based in London and have strong credentials in the London market. It is expected that Stephen Copulos will step down from his current position as Non-Executive Chairman on 31 March 2018 and be replaced by Andrew Vickerman.

Andrew Vickerman (proposed Independent Non-Executive Chairman)

Andrew is currently a member of the Board of Trafigura Pte Ltd, an independent commodity trading and logistics house, and a director of DNI Technologies Pty Ltd., an Australian business that has developed

technology for processing nickel laterite deposits. Mr Vickerman was a non-executive director at Petropavlovsk PLC, a London listed mining company with assets in Russia, between October 2015 and June 2017.

Prior to the above appointments, Mr Vickerman spent almost 20 years with Rio Tinto, the last 10 as a member of the Operations and Executive Committees with responsibility for global communications and external relations. In the mid-90s he spent four years as Finance Director of Lihir Gold and led the US\$750 million financing of the Lihir Gold project. An economist by background he has previously worked for The World Bank and other international agencies.

Michael Jones (proposed Senior Independent Non-Executive Director)

Michael is the Principal of Makerfield Resources Limited, a specialist Resource Business Consultancy, providing resource companies with coherent strategies for enhancing value. Michael is a Professional Mining Engineer and was a mine manager for 13 years working at Gencor, De Beers and Debswana and as Consulting Mining Engineer for Iscor. Michael joined Canaccord Capital in 1997, initially as an analyst and latterly as an international corporate finance professional and head of UK mining investment banking. In 2010 Michael joined African Minerals Limited as a corporate executive and subsequently joined Timis Mining Corporation before setting up Makerfield Resources Limited in 2015.

In conjunction with these changes, current Non-Executive Directors Jim Rogers and Mauricio Ferreira will be stepping down from the Board.

Share Incentive Scheme

Having held discussions with shareholders of Crusader and the wider investment community in both Australia and the UK since his appointment, Managing Director Marcus Engelbrecht has proposed to the Board that the award terms of the share incentive scheme awarded to him be amended. The previous incentive scheme, approved by shareholders at the General Meeting on 2 February 2018, of Performance Rights over 17,622,977 Ordinary Shares (being equal to approximately 5 per cent of the Company's issued share capital at the proposed date of grant) was based on achieving a market capitalisation for Crusader of at least A\$150 million for 10 consecutive days on or before 20 November 2022.

The Board has agreed that the share incentive scheme structure will be amended to focus on objective operational targets and has approved a new scheme. Under the revised incentive scheme, the same amount of performance rights over the same number of shares will be issued, instead vesting upon the Company achieving the following operational milestones:

- one third of the performance rights to vest upon the announcement of the completion of the BFS for the Borborema Project;
- one third of the performance rights to vest upon the announcement of the commencement of construction at the Borborema Project; and
- one third of the performance rights to vest upon the announcement of the commencement of commercial production at the Borborema Project,

subject to the market capitalisation hurdle for Crusader of at least A\$150 million for 10 consecutive days on or before 20 November 2022 also having been satisfied, and Mr Engelbrecht remaining employed by the Company at the time of such vesting.

The Company intends to seek shareholder approval for the issuance of these performance rights at its annual general meeting. The performance rights previously approved by shareholders will not be issued, in light of the amendments to the vesting conditions.



Marcus Engelbrecht, Managing Director of Crusader Resources, said:

"I am delighted to announce today's news that will see the appointment of two highly respected individuals in the London market to the Crusader Board. I would also like to thank Stephen Copulos for the dedication he has shown to the Company since joining the Board almost five years ago and his commitment to driving the current changes within the Company, while welcoming Andrew and Michael and their wealth of experience of the London market as we embark on the next chapter in the Crusader journey."

"I have met with shareholders over the past few months and, in particular, have discussed the share incentive programme and how it could best meet shareholder and investor expectations. Consequently, the milestones approved under the new share incentive scheme focus primarily on achieving operational outcomes which more closely aligns with shareholder expectations, progressing the Borborema project towards production."

"Crusader has an exciting year ahead of it with the upcoming AIM IPO and fundraising, which will enable the Company to take a significant step towards achieving our primary objective of near-term production at Borborema, as well as exploring the highly attractive assets we have in the Alta Floresta gold belt."

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