

Quarterly Activities Report

September 2015

Highlights

- Maiden JORC compliant mineral resource estimates delivered for the Querosene, Dona Maria and Crentes prospects at Juruena Gold Project. The total inventory **exceeds 230,000 ounces of gold at 5.6 g/t Au** (open pit and underground prospects combined)
- High-grade resources at the Querosene and Dona Maria prospects total **459kt at 12.1 g/t for 178koz** of gold, comprising;
 - Querosene **263kt at 12.3 g/t for 104koz** of gold and
 - Dona Maria **196kt at 11.8 g/t for 74,700oz** of gold
- Both Querosene and Dona Maria are open at depth and along strike and expected to grow with additional planned drilling
- Global Resource Engineering appointed to assist with optimisation and conceptual project designs - Initial economic reviews indicate that the Querosene and Dona Maria prospects could be favourable for underground development, being near-surface and relatively contiguous ore bodies
- Metallurgical testwork for both Querosene and Dona Maria returns excellent (>90%) recoveries using conventional processing
- Posse Iron Ore Mine continues to mine profitably with gross profit of \$200k
- Sales receipts for the quarter of \$2.6M
- Posse operating costs continued to trend downwards averaging \$10.45/t over the quarter, compared to \$12.67/t for the previous quarter

Crusader's Managing Director Rob Smakman commented, *"It has been a very busy quarter where we have made significant steps at Juruena, culminating with the release of maiden resources for Querosene, Dona Maria and Crentes. The high grades at Querosene and Dona Maria have confirmed our geological model and importantly, provide a platform for expansion and exploration. Crusader will now focus on progressing a conceptual study to look at the best possible development options for Juruena."*

We have managed to conduct the ongoing exploration and development at Juruena, whilst maintaining profitability at Posse - a challenge in the face of very difficult market conditions. We have managed to achieve this through continued cost discipline and a superior local product."

Juruena Gold Project – Mato Grosso State, Brazil (100% Crusader)

The Juruena Project (> 400km² of contiguous tenements, 100% Crusader owned) is located in Central Brazil on the southern fringe of the Amazon basin. Situated on the western end of the prospective Juruena-Alta Floresta Gold Belt (estimated to have produced ~7Moz), Juruena has been worked extensively by artisanal miners (garimpeiros) since the 1980s, producing an estimated 500koz (see Figure 1).

Crusader’s first drilling program at Juruena has successfully led to the estimation of maiden resources for three prospects within the Juruena Project- Querosene, Dona Maria and Crentes. A table of the resources at different cut-offs is given below.

Prospect Name	Resource Category	Lower cut-off	Metric Tonnes	Au (g/t)	Ounces
Dona Maria	Inferred	2.5 g/t	196,300	11.8	74,700
Querosene	Inferred	2.5 g/t	263,500	12.3	104,100
Sub-total high-grade ounces			459,800	12.1	178,800
Crentes	Inferred	1.0 g/t	846,450	2.0	55,100
Total Combined Inferred Resources			1,306,250	5.6	233,900

Table 1: JORC (2012) compliant mineral resource estimate for Juruena project, September 2015.

Note: Appropriate rounding applied. For further information, please see the section at the end of this report – “Summary of Resource Estimate and Reporting Criteria”.

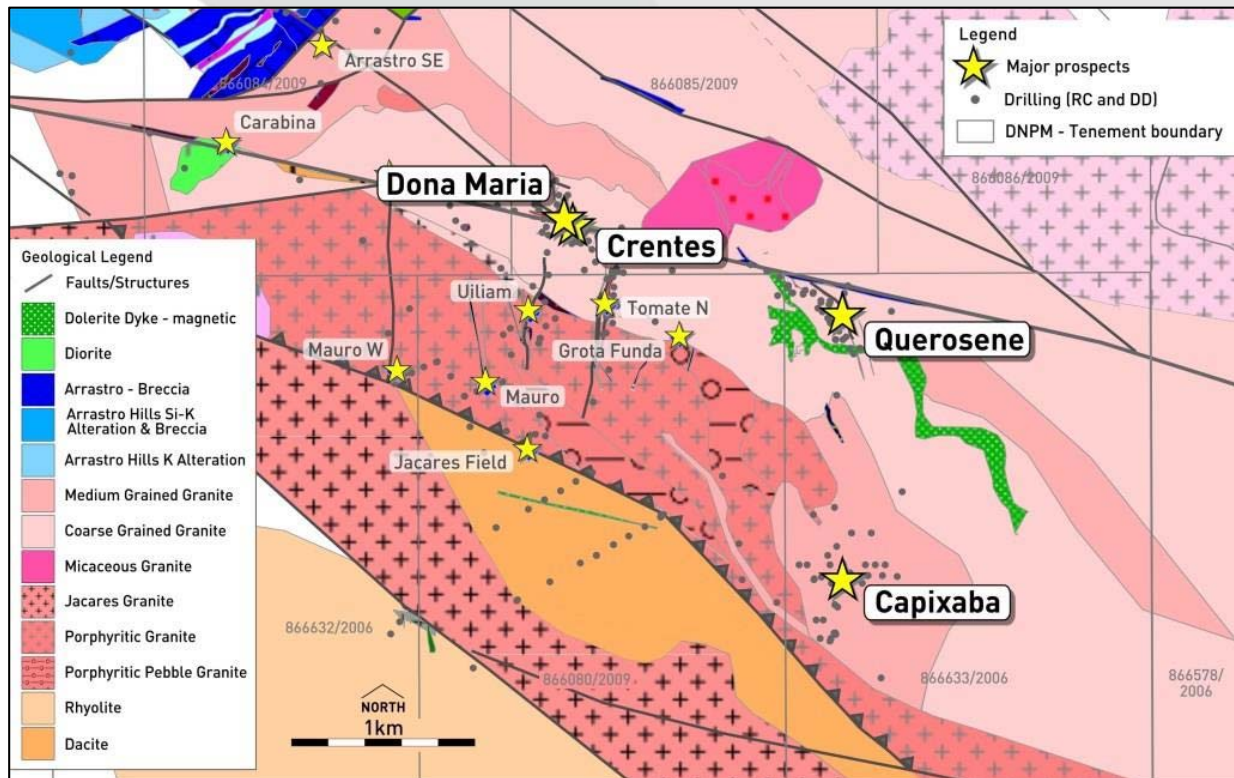


Figure 1: Crusader’s Juruena Gold Project with prospects highlighted over regional geology

Querosene Prospect

The Querosene prospect is located on the eastern end of the Juruena project area and was the first prospect targeted in the Crusader drilling program due to several exceptional high-grade drilling results from previous explorers. Results from Crusader’s 2014/15 drill campaign confirmed and expanded on these results (including **2m @ 32.97 g/t gold** from 84m in hole QR-20 and **3m @ 26.35 g/t gold** from 73m in hole QR-03) and their continuity has allowed independent consultants to estimate a JORC compliant mineral resource of **263,500t at 12.3 g/t for 104,100oz Au** (using a 2.5g/t lower cut-off and a 60g/t top cut).

Mineralisation is divided into four main zones, with the majority of the higher grades and ounces contained in the SE and Main zones. Mineralisation at Querosene is open to the south and at depth, with several areas on the Main zone and SE zone presenting obvious drilling targets which could have immediate and significant impact (see Figure 2).

The mineralisation is associated with narrow shear zones, quartz veins and minor sulphides. Mineralisation intercepts (downhole) normally vary between 1-4m in width (See Figure 3), with narrow, sub-vertical, non-magnetic dolerite dykes often associated.

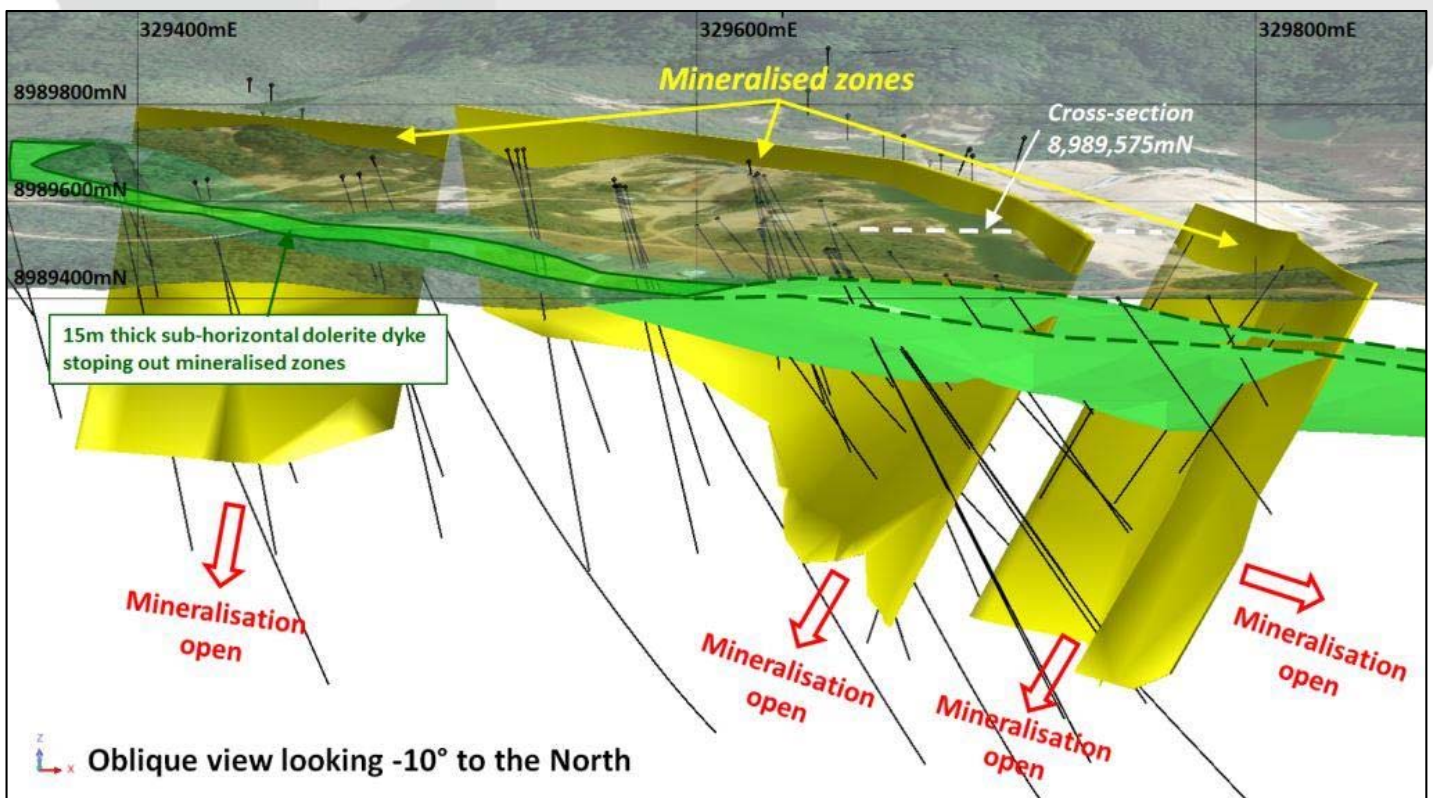


Figure 2: Querosene 3D model showing the interpreted ore zones, drilling and potential extensions

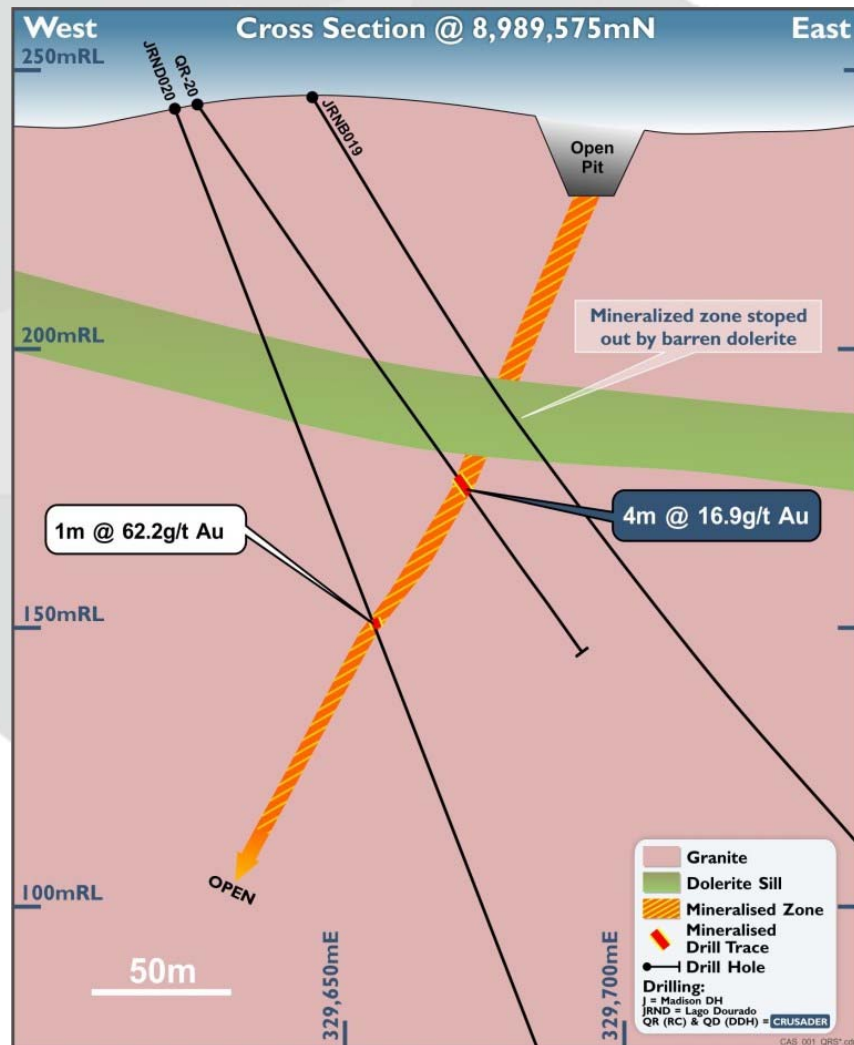


Figure 3: Cross section through Querosene - note the flat-lying dolerite sill is not mineralised

Results for metallurgical testing on samples from the Querosene prospect indicate recoveries of > 90% for both gold and silver using standard leaching (see ASX release 1 July 2015). Results also indicate the gold and silver are free milling and well distributed within the ore.

Crentes Prospect

Mineralisation at Crentes appears to be associated with sheeted quartz and sulphide veins (pyrite, +/- chalcopyrite) which are exposed in a shallow garimpo working. The garimpo pit is approximately 400m long (oriented WNW- see Figures 4, 5 & 6) and up to 40m wide. The mineralised trend is associated with the Juruena fault zone, a regionally extensive feature which is generally unmineralised and along strike from the Querosene prospect.

Crentes is a lower grade prospect than Querosene or Dona Maria, however it has the advantage of being broad and near-surface and is therefore considered a potential open-pittable target.

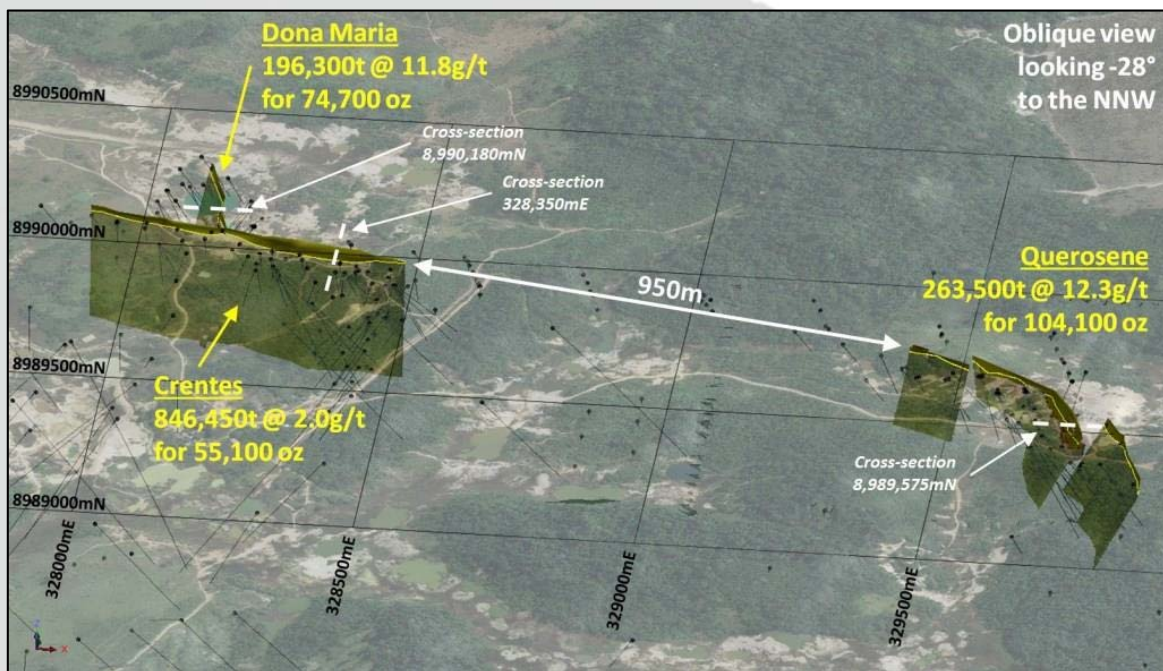


Figure 5: Querosene, Crentes and Dona Maria prospects shown relative to each other

Results from Crusader's 2014/15 drill campaign have confirmed very high grade zones within the Dona Maria prospect with results including;

- **8m @ 62.40 g/t Au** from 101m in MR-10,
 - including **3m @ 161 g/t Au**
- **3.38m @ 47.97 g/t Au from 183.62m** in MD-01,
 - including **1.87m @ 84.50 g/t Au** from 183.62m

Following the receipt of results from Dona Maria and their interpretation and geological modelling, independent consultants have estimated a JORC compliant mineral resource of **196,300t @ 11.8 g/t for 74,700oz Au** (using a 2.5g/t lower cut and a 60 g/t top cut).

Mineralisation at Dona Maria is oriented NNW and appears to be a 'splay' away from the WNW trending Crentes mineralised zone (coincident with the main Juruena fault zone). Dona Maria mineralisation is associated with sulphides within a sheared, quartz-rich zone, associated with steeply dipping dolerite dykes (see Figures 5 & 6).

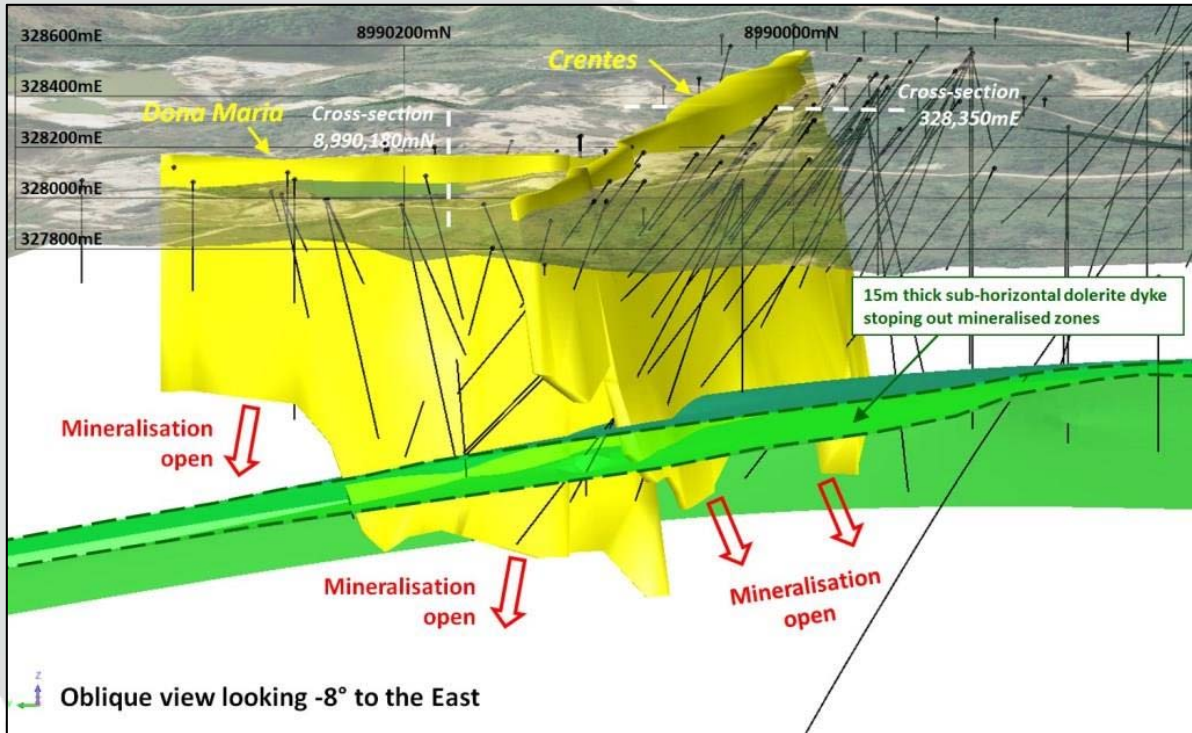


Figure 6: Dona Maria and Crentes location plan

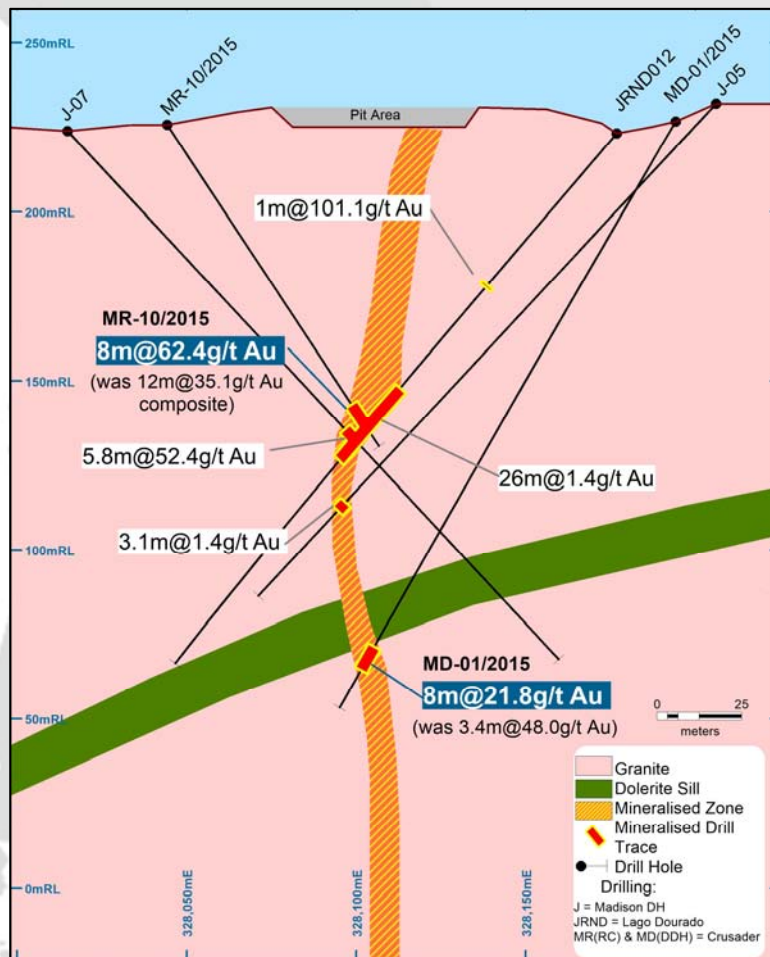


Figure 7: Cross section through Dona Maria prospect

Metallurgical testwork at the Dona Maria prospect **recovered +90% gold** in standard leaching tests. Various tests including leaching and leaching plus gravity at different grind sizes and leach times, recovered **between 85.4% and 91.0% gold** (39.7% and 47.6% Ag). The 15kg sample which was composed of recent drill cuttings, had a head grade of 31.2 g/t gold and is indicative of the high grades observed at Dona Maria.

Posse Iron Ore Mine – Minas Gerais, Brazil (100% Crusader)

The domestic Iron Ore and Pig Iron industries in Brazil have continued to benefit from the weaker Brazilian currency, helping to counter the impact of lower international commodity prices. This factor combined with improvements in the quality of Posse’s primary lump product – Hematitinha (HTT) has allowed the Company to source new customers and increase sales volumes in the local Brazilian market.

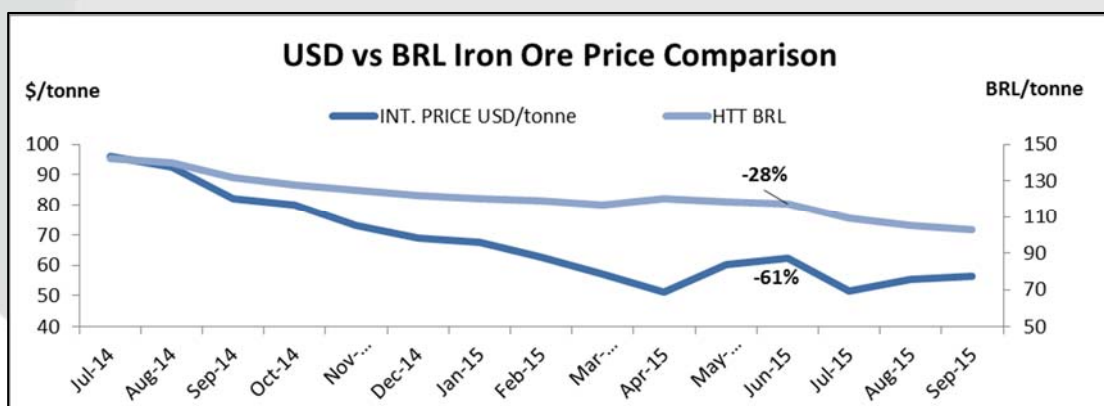


Figure 8: USD vs BRL iron ore price comparison

Early 2015 HTT sales volumes were around 12,000t/month and these have increased to around 19,000t/month (see Figure 9). This trend is expected to continue as iron ore markets continue to stabilise.

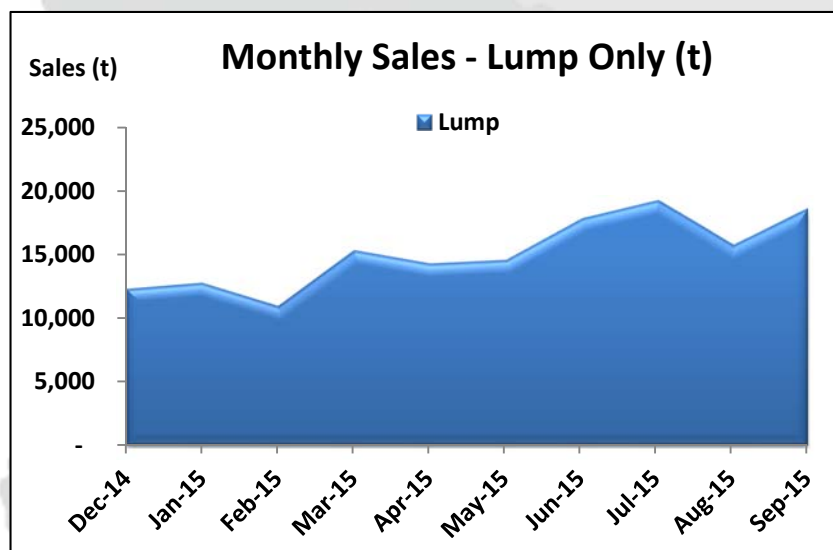


Figure 9: Posse Mine - monthly lump sales

Cost reduction strategies have successfully retained margins and profitability with operating costs averaging \$10.45/t over the quarter, compared to \$14.60/t for Q1 and \$12.67 in Q2 (see Figure 10).

Operating costs have been reduced significantly over the last year from a peak of \$18.22/t for the December 14 quarter. The Company anticipates this trend to continue over Q4 2015 and throughout 2016.

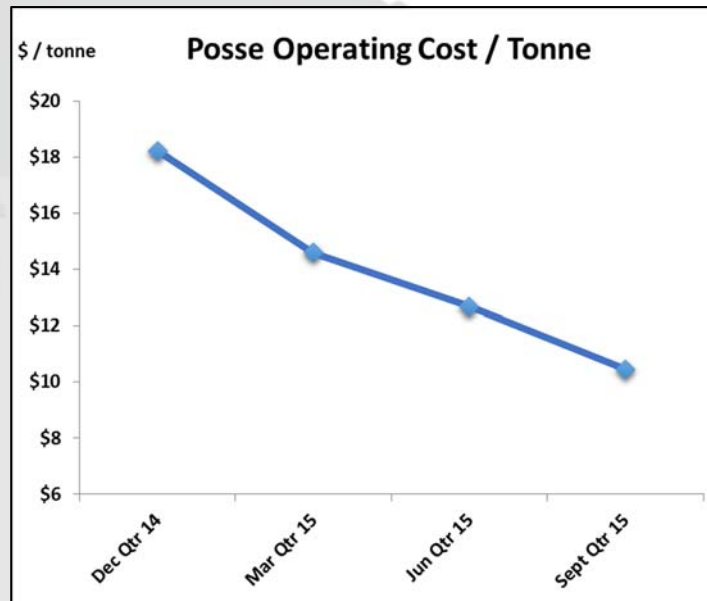


Figure 10: Posse operating cost per tonne

As previously reported Crusader signed a key access agreement with the surrounding tenement holder at Posse, in June 2015. The agreement allows Crusader to mine into the neighbouring area, a pre-requisite to access all of the hematite and itabirite ore within Crusader’s Posse lease.

It is expected that this agreement will extend the mine life within the Posse tenement, within an updated pit boundary. Work has commenced over the period to access this quality ore so it can be blended to create products specific to individual customer needs and continue to increase the overall quality of Posse products.

Over the past 12 months the Company has successfully restructured its operations and activities, lowering costs through a combination of redundancies and improved processes. It is anticipated that sales receipts for the December 15 quarter will exceed all group expenditure from production, exploration and evaluation, and administration.

Borborema Gold Project, Rio Grande do Norte, Brazil (100% Crusader)

The currency effect on the BRL denominated gold price has continued to assist with the economic evaluation of Crusader’s 100% owned Borborema Gold Project, located in the northeast of Brazil. Borborema has a JORC reserve of 42.4mt @ 1.18 g/t Au for 1.61Moz comprised of two ore lenses, with the shallow lens containing the bulk of the reserve (26mt @ 1.14 g/t Au for 970koz). Crusader is evaluating the opportunity to commence mining on a smaller scale focused on the shallow portion of the ore body.

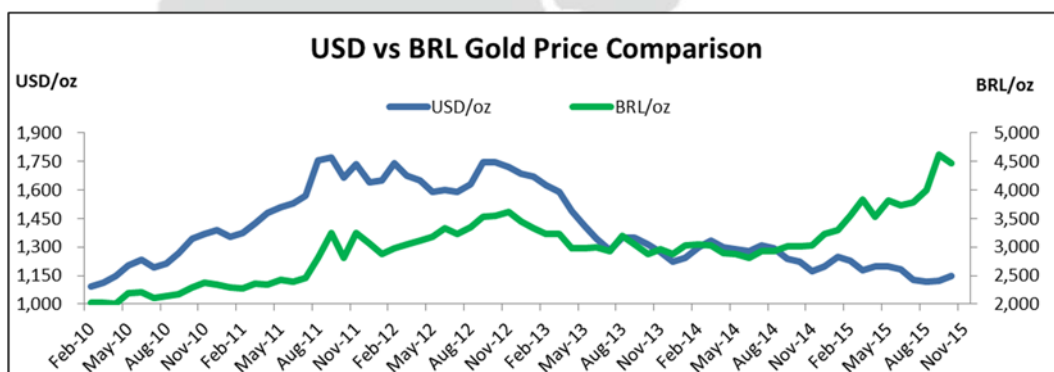


Figure 11: USD Vs BRL gold price comparison

Over the period, Scoping Study work at Borborema focused on two key areas, the water balance and licensing.

Water

The Borborema Gold Project is hosted in the northeast of Brazil, an area affected by droughts and water shortages in general. Mineral processing solutions which allow for higher levels of water recycling are therefore important for the longevity and economics of the project.

Crusader has met with several suppliers of filtration equipment, which is potentially useable for tailings disposal, and can allow for higher levels of recycling of process water. This technology has improved significantly over the past years as capital and operational costs have continued to fall. Filtration of tailings could potentially be a significant step for Borborema for several reasons;

- Remove the requirement for a tailings dam - the tailings will have most of the water recovered (final moisture content of ~ 8-15%) and be 'stackable' in a waste pile
- Potentially reduced capital costs – tailings dam and associated infrastructure
- In line with local government and IFC requirements regarding environmental responsibility

Construction has also begun on a new Government pipeline from Currais Novos to Armando Ribeiro Gonçalves Dam. This will provide a substantial increase in water availability to the area, including Crusader's Borborema Gold Project.

Environmental, Licensing and Social

Crusader continues to work with IDEMA (State Environmental Authority) and DNPM (federal mines department) to optimise the size and location of waste dumpsites and powerlines given the opportunity to commence operations on a smaller project.

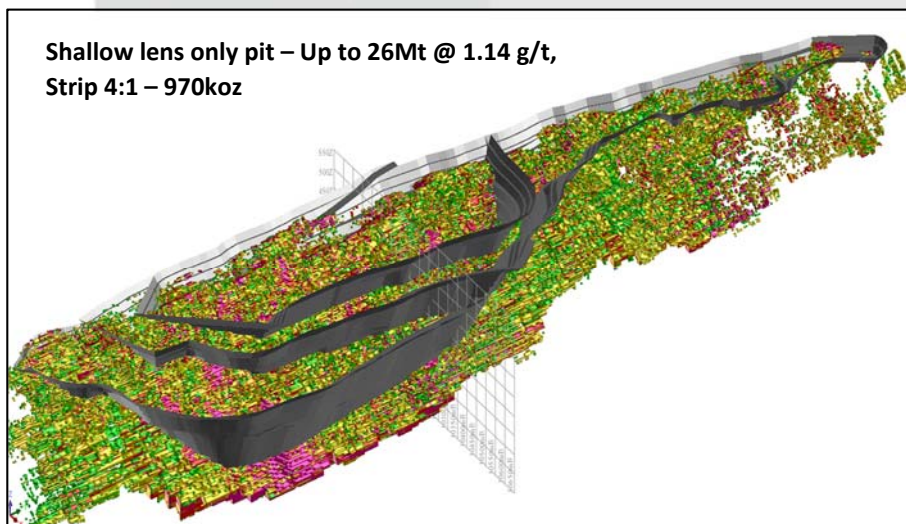


Figure 12: Borborema pit design

Health & Safety / OHS

No lost time incidents (LTI) at Borborema, Seridó, Juruena or Posse during the period. We maintain our LTI-free record at Posse, to date now 876 days (end September 2015).

Corporate

Over the quarter Crusader hosted its major shareholder, International Finance Corporation (IFC), onsite at the Juruena Gold Project as part of Crusader's ongoing compliance with IFC requirements. Crusader is committed to meeting all of the environmental and social requirements of IFC and believes that their ongoing support will continue to assist the Company in the commercialisation of Crusader's gold assets in Brazil.

SUMMARY OF RESOURCE ESTIMATE AND REPORTING CRITERIA

As per ASX Listing Rule 5.8 and the 2012 JORC reporting guidelines, a summary of the material information used to estimate the Mineral Resource is detailed below (for more detail please refer to Appendix 1 and 2 in the original ASX resource announcement made on 29 September 2015).

Geology and geological interpretation

The Juruena mineralisation is considered to have resulted from magmatic activity (intrusions and fluids) which could be sourced from a gold porphyry system or intrusive-related gold system, whilst still containing characteristics commonly associated with epithermal systems. The mineralisation is hosted by Paleoproterozoic volcanic and granitoid rocks of varying composition. The host rocks are found within the Juruena-Rondonia block of the Amazon Craton.

The Querosene and Dona Maria resources are constrained with discrete, narrow, steeply dipping, high-grade gold mineralised zones associated with alteration and mafic dykes. True thickness for these is typically between 1m to 3m. The Crentes resource forms a broader (5m to 35m wide), typically lower grade zone over a 600m strike length trending west-north-west.

Drilling techniques and hole spacing

Primarily targeting the Querosene, Dona Maria and Crentes zones, Crusader completed 73 RC drill-holes in 2014 and 2015 (7,749.50m) using a nominal 5 ½ inch face sampling hammer. In early 2015 Crusader also completed 11 diamond drill-holes (1,863.81m) of NQ2 diameter with HQ pre-collars. Over the wider Juruena project area, Lago Dourado Minerals Ltd ("Lago") completed 90 RC drill-holes (6,618m) and 70 diamond drill-holes (22,497.81m) between 2010 and 2013. Between 1996 and 1997 by Consolidated Madison Holdings Ltd ("Madison") completed 91 diamond drill-holes (15,821.89m).

Sections are generally spaced 25m to 50m with hole directions varying depending on the orientation of the targeted mineralised zone.

Sampling and sub-sampling techniques

Sample information used in resource estimation was derived from both RC and diamond core drilling. The drill samples and core have been geologically logged in detail and sampled for lab analysis in line with industry standards.

Sample analysis method

SGS were used by Crusader for all analyses. Acme in Santiago, Chile were used for fire assays for the Lago samples, whilst Acme in Vancouver, Canada were used for multi-elemental analyses. The samples were assayed for Au by Fire Assay of 50g aliquots followed by Atomic Absorption Spectroscopy (AAS), a technique designed to report total gold. In addition all Lago samples were analysed for a suite of 34 elements with an aqua regia digest and ICP-MS finish. Quality Control procedures were adopted by both Lago and Crusader including field duplicates, blanks and standards. No geophysical tools were used to determine any element concentrations used in the resource estimate.

Cut-off grades

For Dona Maria and Querosene, hard boundary envelopes have been wireframed to geological (mafic dyke) and structural/alteration boundaries which also typically coincide with high gold grade. For Crentes, the zone has been wireframes to a broad, low grade, approximately 0.2 ppm Au mineralised zone for use for a Multiple Indicator Kriging (MIK) modelling method.

Estimation methodology

For Querosene and Dona Maria, grade estimation by Inverse Distance Squared (ID2), Ordinary Kriging (OK) and accumulation methods was completed using Geovia Surpac™ software for gold. For Crentes, Multiple Indicator Kriging (MIK) was used. At Dona Maria and Crentes, the block model was constructed with parent blocks of 10m (E) by 10m (N) by 10m (RL) and at Querosene, with parent blocks of 4m (E) by 20m (N) by 20m (RL). Both have been sub-celled at the domain boundaries for accurate domain volume representation. Estimation parameters were based on the variogram models, data geometry and kriging estimation statistics. Top-cuts were decided by completing an outlier analysis using a combination of methods including grade histograms, log probability plots and other statistical tools. Based on this statistical analysis of the data population, top-cuts of 60ppm Au were applied to Querosene and Dona Maria and 15ppm to Crentes.

Classification criteria

The Mineral Resource has been classified on the basis of confidence in the geological model, continuity of mineralised zones, drilling density, confidence in the underlying database and the available bulk density information. The Juruena Mineral Resource has been classified entirely as Inferred according to JORC 2012.

Mining and metallurgical methods and parameters

Dona Maria and Querosene have been identified as potential underground mining zones with their narrow, steeply dipping and high-grade natures. Crentes has been identified as a potential open-pit zone with broad lower grade mineralisation close to surface.

A representative composite mineralised sample from Querosene has been tested by an independent laboratory and gold recovered using a variety of techniques, including cyanide leaching. Composite samples from mineralisation at both Crentes and Dona Maria have been submitted for testwork, however results are not yet available.

-ENDS-

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About Crusader

Crusader Resources Limited (ASX:CAS) is a minerals exploration and mining 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. Crusader has three key assets:

Posse Iron Ore

The Posse Iron Ore Mine is located 30km from Belo Horizonte, a city acknowledged as the mining capital of Brazil and the capital of Minas Gerais state. The project had an indicated and inferred Mineral Resource estimate of 36Mt @ 43.5% Fe when mining began in March 2013. Posse is currently selling DSO into the domestic market. With an experienced mining workforce amongst a population of over 2.5 million people, the infrastructure and access to the domestic steel market around the Posse Project is excellent.

Borborema Gold

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 km² 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, sealed roads and is close to major cities and regional centres. The project's Ore Reserve includes Proven and Probable Ore Reserves of 1.61Moz of mineable gold from 42.4Mt @ 1.18g/t (0.4 & 0.5g/t cut-offs for oxide & fresh).

The measured, indicated and inferred Mineral Resource Estimate of 2.43Moz @ 1.10 g/t gold, remains open in all directions.

Juruena Gold

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.

The Juruena Project has been worked extensively by artisanal miners (garimpeiros) since the 1980s, producing ~500koz in that time. Historically there is a database of more than 30,000 meters of drilling and extensive geological data.

Competent Person Statement

The information in this report that relates to Juruena Gold Project exploration results, Posse Iron Ore Project exploration results and Borborema Gold Project exploration results released after 1 December 2013, is based on information compiled or reviewed by Mr. Robert Smakman who is a full time employee of the company and is a Fellow of the Australasian Institute of Mining and Metallurgy. The information in this report that relates to Mineral Resources at the Juruena Gold Project is based on information compiled or reviewed by Mr. Lauritz Barnes and Mr. Aidan Platel who are independent consultants to the company and Members of the Australasian Institute of Mining and Metallurgy. Each of Mr. Smakman, Mr. Barnes and Mr. Platel have sufficient experience that is relevant to the type of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Smakman, Mr. Barnes and Mr. Platel consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to:

- a) Borborema Gold Project and Posse Iron Ore Project Exploration Results released prior to 1 December 2013 is based on information compiled or reviewed by Mr. Robert Smakman who is a full time employee of the company;
- b) Borborema Gold Mineral Resources is based on information compiled by Mr. Lauritz Barnes and Mr. Brett Gossage, independent consultants to the company;
- c) Borborema Gold Ore Reserves is based on information compiled by Mr. Linton Kirk, independent consultant to the company;
- d) Posse Fe Mineral Resources is based on and accurately reflects, information compiled by Mr. Bernardo Viana who was a full time employee of Coffey Mining Pty Ltd,

and who are all Members of the Australasian Institute of Mining and Metallurgy (Rob Smakman and Linton Kirk being Fellows), and who all have sufficient experience that is relevant to the type of mineralisation and type of deposit under consideration, and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each of Mr. Smakman, Mr. Barnes, Mr. Kirk, Mr. Viana, and Mr. Gossage consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.