

CRUSADER RESOURCES LIMITED

ABN: 94 106 641 963

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2014

Corporate Directory

Directors

Stephen Copulos (Chairman)
Robert Smakman (Managing Director)
Paul Stephen (Executive Director)
John Evans
David Netherway
Mauricio Ferreira

Company Secretary

Andrew Beigel

Registered and Principal Office

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35 Havelock Street
West Perth WA 6005
Australia
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Facsimile: +61 8 9320 7501
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Brazil Office

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Belo Horizonte - MG
Brazil
Telephone: +55 31 2515 0740

Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
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Perth WA 6000
Telephone: +61 8 9365 7000
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Share Register

Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6959
Telephone: +61 8 9315 0933
Facsimile: +61 8 9315 2233

ASX Code:

Ordinary shares - CAS

Bankers

Bank of Western Australia Limited
Perth Business Banking Centre
Level 30, Bank West Tower
108 St Georges Terrace
Perth WA 6000

Solicitors

GTP Legal
Level 1
28 Ord Street
West Perth WA 6005
Telephone: +61 8 6555 1867

Directors' Report

The directors of Crusader Resources Limited submit herewith the financial report of Crusader Resources Limited and its subsidiaries (the Group) for the half-year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Name

Mr. S. Copulos	Chairman
Mr. R. Smakman	Managing Director
Mr. P. Stephen	Executive Director
Mr. J. Evans	Non-executive Director
Mr. D. Netherway	Non-executive Director
Mr. M. Ferreira	Non-executive Director

Operating Result

The Group incurred an after tax profit for the half-year ended 30 June 2014 of \$1,658,999 (30 June 2013: loss of \$3,496,685).

Review of operations

Posse iron project

The Posse Iron Ore mine is 100% owned by the group and is located within the northern part of the Iron Quadrilateral of Minas Gerais state, Brazil, 30km from Belo Horizonte, the capital city of Minas Gerais state. Mining commenced in March 2013.

The mine continued to perform strongly during the six months to 30 June 2014. Sales of \$10,976,555 were achieved primarily from the sale of lump products which totalled 141,286 tonnes. The sales prices for lump products, which are sold to the Brazilian domestic market, have remained stable over the mine life to date.

The 'Portaria de Lavra' (full mining licence) for the Posse project was gazetted by the Ministry of Mines in January 2014, and this was a significant step for the future development of the mine. Studies and testwork being undertaken to identify the optimum solution for fines beneficiation are ongoing and expected to be completed before the end of the year.

A new drilling program commenced at Posse in May 2014 targeting high-grade zones at depth. The objective is to better define the distribution of the massive haematite lenses which generate the high value lump products. Once completed and interpreted, an updated mine plan can be created, improving the understanding of the deposit for short, medium and long term planning purposes.

Borborema Gold Project Development and Serido Exploration.

The group acquired 100% of the Borborema Gold Project, located in Rio Grande do Norte, Brazil in 2010.

During the half year, work has focused on progressing environmental and mines department permitting and licensing. Crusader has also completed a detailed review of key operating parameters and has identified a number of alternatives which have the potential to enhance the final project economics, with the key areas of focus being the optimal pit shell in the prevailing gold price environment and potential to utilise alternative process routes. A key part of this work is further metallurgical sampling which will require additional drilling which commenced in August 2014.

The smaller pit shell scenario significantly reduces the development risk and Crusader has identified a number of opportunities for capital reduction above and beyond those associated with the reduced scale. An updated feasibility study is expected to be completed in early 2015.

Brownfields and greenfields exploration in the Seridó Belt continued during the period, with soil sampling, mapping and rock chip sampling ongoing. The focus of the regional exploration program has been targeting near-mine areas as well as exploration areas associated with garimpeiro workings.

The Seridó Belt remains largely untouched by modern exploration techniques. Crusader's regional exploration team continues to evaluate new and previously unidentified opportunities.

Juruena Gold project

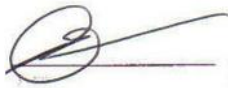
Following the period end the Company acquired 100% of the Juruena Gold project located in Mato Grosso, Brazil. Historical drilling at Juruena has indicated a higher tenor of mineralisation relative to other known gold deposits in the region. Crusader will aggressively explore the Juruena tenement package over the coming six months, targeting a maiden high-grade resource to support a potential near-term, low capital intensity operation.

Auditor Independence Declaration

The auditor's independence declaration is included on page 16 of the half-year report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors



R. Smakman
Managing Director

Perth, 5 September 2014

Competent Person Statement

The information in this report that relates to Juruena Gold Project Exploration Results 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, and has sufficient experience that is relevant to the type of mineralisation and type of deposit 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 consents to the inclusion in the report of the matters based on his 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 are 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 and 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 is 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 Lauritz Barnes, Mr Kirk, Mr Viana and Mr Brett Gossage consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

This 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.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 30 JUNE 2014**

	Note	Consolidated Half-year ended	
		30 June 2014 \$	30 June 2013 \$
Continuing operations			
Mineral Revenue		10,976,555	2,011,024
Cost of Sales		(5,051,614)	(1,012,428)
Gross Profit		5,924,941	998,596
Other Revenue	4	121,914	187,307
Administration		(369,447)	(1,645,596)
Corporate Expenses		(577,989)	(1,052,064)
Finance Costs		(761,488)	(239,096)
Depreciation & Amortization		(408,422)	(232,723)
Exploration and evaluation		(1,449,980)	(1,534,022)
Unrealized foreign exchange gain		400,353	256,261
Other expenses from ordinary activities		(784,433)	(176,227)
Profit / (Loss) before income tax expense		2,095,449	(3,437,564)
Income tax expense		(436,450)	(59,121)
Profit / (Loss) for the period attributable to owners of the parent		1,658,999	(3,496,685)
Other comprehensive income			
Items that may be reclassified subsequent to profit or loss			
Exchange differences arising on translation of foreign operations		(348,714)	644,759
Net fair value gain/(loss) on available-for-sale assets taken to equity		(23,000)	(92,000)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period (net of tax)		(371,714)	552,759
Total comprehensive income/(expense) for the period attributable to owners of the parent		1,287,285	(2,943,926)
Profit per share			
Basic (cents per share)		1.31	(2.76)
Diluted (cents per share)		1.31	(2.76)

Notes to the condensed consolidated financial statements are included on pages 9 to 14.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	Consolidated	
		30 June 14	31 Dec 13
		\$	\$
Current Assets			
Cash and cash equivalents		6,662,311	2,109,806
Trade and other receivables		1,890,112	865,452
Inventories		904,158	878,812
Other current assets		261,226	288,339
Total Current Assets		9,717,807	4,142,409
Non-current Assets			
Other financial assets		138,661	161,661
Mineral resources	5	20,740,485	20,436,529
Mine development properties	6	4,441,776	4,395,691
Property, plant and equipment		1,623,833	1,846,628
Other Assets		70,783	70,106
Total Non-current Assets		27,015,538	26,910,615
Total Assets		36,733,345	31,053,024
Current Liabilities			
Trade and other payables		1,825,279	2,181,001
Provisions		1,651,405	1,329,481
Borrowings	8	4,572,421	4,108,256
Total Current Liabilities		8,049,105	7,618,738
Non-current Liabilities			
Provisions		746,458	125,907
Borrowings	8	19,477	43,836
Total non-current Liabilities		765,935	169,743
Total Liabilities		8,815,040	7,788,481
Net Assets		27,918,305	23,264,543
Equity			
Issued Capital	7	57,380,512	55,268,797
Reserves		9,526,023	8,642,974
Retained Earnings		(38,988,230)	(40,647,228)
Total equity		27,918,305	23,264,543

Notes to the condensed consolidated financial statements are included on pages 9 to 14.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

Consolidated

Attributable to equity holders of the parent

	Issued Capital \$	Retained Earnings \$	Foreign currency translation reserve \$	Share based payments reserve \$	Investment revaluation reserve \$	Total equity \$
At 1 January 2013	55,268,797	(35,278,851)	2,392,622	4,107,229	(115,500)	26,374,297
Other comprehensive income for year	-	-	644,758	-	(92,000)	522,758
Loss for the period	-	(3,496,685)	-	-	-	(3,496,685)
Total comprehensive income for year	-	(3,496,685)	644,758	-	(92,000)	(2,943,927)
Shares issued for cash	-	-	-	-	-	-
Shares issued upon exercise of options	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Share based payments	-	-	-	1,487,688	-	1,487,688
At 30 June 2013	55,268,797	(38,775,536)	3,037,380	5,594,917	(207,500)	24,918,058
At 1 January 2014	55,268,797	(40,647,229)	3,128,157	5,644,817	(130,000)	23,264,542
Other comprehensive income for year	-	-	(348,714)	-	(23,000)	(371,714)
Profit for the period	-	1,658,999	-	-	-	1,658,999
Total comprehensive income for year	-	1,658,999	(348,714)	-	(23,000)	1,287,285
Shares issued for cash	3,277,000	-	-	-	-	3,277,000
Shares issued upon exercise of options	-	-	-	-	-	-
Share issue costs	(1,165,285)	-	-	-	-	(1,165,285)
Share based payments	-	-	-	1,254,762	-	1,254,762
At 30 June 2014	57,380,512	(38,988,230)	2,779,443	6,899,579	(153,000)	27,918,305

Notes to the condensed consolidated financial statements are included on pages 9 to 14.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF-YEAR ENDED 30 JUNE 2014**

	Notes	Consolidated	
		30 June 14	30 June 13
		\$	\$
Cash flows from operating activities			
Receipts from customers		10,157,095	1,100,749
Payments to suppliers and employees		(6,159,610)	(3,112,322)
Finance costs		(284,426)	(88,005)
Income taxes paid		(306,316)	-
Net cash used in operating activities		3,406,743	(2,099,578)
Cash flows from investing activities			
Interest received		125,361	61,767
Payments for financial assets		-	(46,870)
Payments for exploration and evaluation		(2,021,758)	(3,107,790)
Payments for development		(137,486)	(1,357,656)
Payments for property, plant and equipment		(36,312)	(242,539)
Net cash used in investing activities		(2,070,195)	(4,693,088)
Cash flows from financing activities			
Proceeds from issues of equity securities		3,277,000	-
Costs of issuing securities		(14,945)	-
Proceeds from borrowings		-	5,016,184
Repayment of borrowings		(41,919)	(34,153)
Net cash provided by financing activities		3,220,136	4,982,031
Net increase/(decrease) in cash and cash equivalents		4,556,685	(1,810,663)
Cash and cash equivalents at the beginning of the financial year		2,109,806	4,482,156
Effect of exchange rate fluctuations on cash held in foreign currencies		(4,180)	24,176
Cash and cash equivalents at the end of the financial year		6,662,311	2,695,699

Notes to the condensed consolidated financial statements are included on pages 9 to 14.

1. GENERAL INFORMATION

Crusader Resources Limited (the Company) is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company's registered office and principal place of business is Suite 1, Level 1, 35 Havelock Street, West Perth, Western Australia. The consolidated financial statements of the Company as at and for the half-year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is involved primarily in the mineral exploration and mining industry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2013 annual financial report for the six months ended 31 December 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- INT 21 'Levies'

3. SEGMENT INFORMATION

The following table presents the revenue and results information analyzed by mineral resources for the half year ended 30 June 2014 and 30 June 2013. This is the group's primary basis of segmentation

Jun-14	Iron ore	Gold	Unallocated	Total
	\$	\$	\$	\$
Revenue	10,976,555	-	-	10,976,555
Cost of Sales	(5,051,614)	-	-	(5,051,614)
Gross Profit	5,924,941	-	-	5,924,941
Other revenue	-	-	121,914	121,914
Exploration & evaluation	-	(1,449,980)	-	(1,449,980)
Central administration costs	-	-	(947,436)	(947,436)
Depreciation & amortization	(286,516)	(46,637)	(75,270)	(408,422)
Finance costs	-	-	(761,488)	(761,488)
Unrealised foreign exchange gain	-	-	400,353	400,353
Other Expenses	-	-	(784,432)	(784,432)
Segment Result	5,638,425	(1,496,617)	(2,046,359)	2,095,449

Jun-13	Iron ore	Gold	Unallocated	Total
	\$	\$	\$	\$
Revenue	2,011,024	-	-	2,011,024
Cost of Sales	(1,012,428)	-	-	(1,012,428)
Gross Profit	998,596	-	-	998,596
Other revenue	-	-	187,307	187,307
Exploration & evaluation	-	(1,534,022)	-	(1,534,022)
Central administration costs	-	-	(2,697,660)	(2,697,660)
Depreciation & amortization	(124,157)	(44,324)	(64,243)	(232,723)
Finance costs	-	-	(239,096)	(239,096)
Unrealised foreign exchange gain	-	-	256,261	256,261
Other Expenses	-	-	(176,227)	(176,227)
Segment Result	874,439	(1,578,346)	(2,733,657)	(3,437,564)

Note 3 (continued)

The following is an analysis of the consolidated entity's assets by reportable operating segment:

Jun-14	Iron ore	Gold	Unallocated	Total
	\$	\$	\$	\$
Current Assets	2,750,902	83,760	6,883,145	9,717,807
Non-Current Assets	7,057,846	19,515,760	441,932	27,015,538
Total Assets	9,808,748	19,599,520	7,325,077	36,733,345
Current Liabilities	1,758,037	481,011	5,810,057	8,049,105
Non-current Liabilities	63,223	20,971	681,741	765,935
Total Liabilities	1,821,260	501,982	6,491,798	8,815,040
Net Assets / (Net Liabilities)	7,987,488	19,097,538	833,279	27,918,305
Dec-13	Iron ore	Gold	Unallocated	Total
	\$	\$	\$	\$
Current Assets	3,543,284	123,487	475,639	4,142,410
Non-Current Assets	7,251,276	19,265,873	393,465	26,910,614
Total Assets	10,794,560	19,389,360	869,104	31,053,024
Current Liabilities	2,647,349	507,225	4,464,164	7,618,738
Non-current Liabilities	100,932	26,588	42,223	169,743
Total Liabilities	2,748,281	533,813	4,506,387	7,788,481
Net Assets / (Net Liabilities)	8,046,279	18,855,547	(3,637,283)	23,264,543

	Consolidated	
	Half-year ended 30/6/14 \$	Half-year ended 30/6/13 \$
4. OTHER REVENUE		
Rental income	14,487	33,410
Administrative Services income	-	5,896
R&D rebate	-	80,000
Interest Revenue	107,427	68,001
	<u>121,914</u>	<u>187,307</u>

	30/06/2014 \$	31/12/2013 \$
	5. MINERAL RESOURCES	
Costs brought forward	20,436,529	20,566,737
Expenditure incurred during the year	1,577,283	2,086,896
Expenditure expensed	(1,449,980)	(1,665,227)
Effect of foreign exchange on costs carried forward	176,653	(551,877)
Costs carried forward	<u>20,740,485</u>	<u>20,436,529</u>

The group has exploration and evaluation assets relating to three mining leases covering a total of 29km² including freehold title over the main prospect area, held in the Serido area of the Borborema province in north-eastern Brazil. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the period the Group has expensed costs of \$510,702 (Dec 2013:\$423,996) relating to the tenements held in the Serido region. In accordance with the Group's accounting policy, expenditure on exploration activities prior to the feasibility stage are expensed as incurred. The group has also expensed as incurred, indirect exploration related costs of \$939,278 incurred within Brazil during the period (Dec 2013:\$1,241,831), on the basis that they are not directly attributable to the Borborema area of interest.

	Consolidated	
	30/6/2014 \$	31/12/2013 \$
6. MINE DEVELOPMENT PROPERTIES		
Cost brought forward	4,395,691	4,571,915
Additions	142,775	76,803
Depreciation and Amortization	(139,045)	(116,565)
Effect of Foreign Exchange	42,354	(136,462)
Carrying amount of end of the period	<u>4,441,776</u>	<u>4,395,691</u>

7. SHARE CAPITAL

Fully paid Ordinary Share Capital	Jun-14		Dec-13	
	Number	\$	Number	\$
Balance at the start of the financial year	126,646,041	55,268,797	126,646,041	55,268,797
Shares issued for cash	11,300,000	3,277,000	-	-
Capital raising costs	-	(1,165,285)	-	-
Balance at end of the financial year	137,946,041	57,380,512	126,646,041	55,268,797

Share options

At the reporting date there were 19,839,500 unlisted options over unissued ordinary shares. During the reporting period, no options were issued to employees and officers of the Company.

8. BORROWINGS SECURED AT AMORTISED COSTS

	Consolidated	
	30/6/2014	31/12/2013
	\$	\$
Current		
Finance Leases	53,070	61,718
Loans	4,519,351	4,046,538
	4,572,421	4,108,256
Non-Current		
Finance Leases	19,477	43,836
Loans	-	-
	19,477	43,836
Total Current and Non-current Borrowings	4,591,898	4,152,092

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	30/6/2014	31/12/2013	30/6/2014	31/12/13
	\$	\$	\$	\$
Not later than one year	62,843	75,100	53,261	61,718
Later than one year and not later than five years	21,626	50,084	19,286	43,836
	84,469	125,184	72,547	105,554
Less future finance charges	(11,922)	(19,630)		
Present value of minimum lease payments	72,547	105,554	72,547	105,554
Included in the consolidated financial statements as:				
- current borrowings			53,070	61,718
- non-current borrowings			19,477	43,836
			72,547	105,554

9. DIVIDENDS

No dividends have been paid or provided for in the period.

10. CONTINGENCIES AND COMMITMENTS

The Group is not aware of any contingent liabilities which existed as at the end of the financial year or have arisen as at the date of this report.

11. SUBSEQUENT EVENTS**Acquisition of the Juruena gold project**

On 22 July 2014, the Company completed the acquisition of the Juruena gold project located in Mata Grosso, Brazil. Consideration paid was CAD 650,000 (CAD 150,000 paid as deposits before 30 June 2014), and 500,000 Crusader Resources Ltd ordinary shares.

In addition, the following contingent payments will be made subject to performance hurdles:

- 750,000 Crusader shares to be issued upon the definition of an estimated JORC compliant gold resource of at least 400,000 ounces at greater than 10 g/t Au in the indicated category (or better) on the project, within 5 years of completion; and
- 750,000 Crusader Shares to be issued upon gold production at an annual rate of at least 20,000 ounces of gold, within 5 years of Completion.

Issue of share Capital

In August 2014 the second tranche of a placement of shares and options to the International Finance Corporation was completed. 2,493,100 fully paid ordinary shares and 1,246,550 unlisted options exercisable at \$0.41, expiring 20 August 2014 were issued raising \$723,000.

Granting of Options to Directors, Executives and Consultants.

The following share options were issued in August 2014:

Number of Options	Exercise Price	Expiry Date	Vesting conditions
500,000	\$0.50	13 August 2016	
1,000,000	\$0.60	13 August 2016	
1,000,000	\$0.80	13 August 2016	Vesting on 13 August 2016 subject to performance goals
1,490,000	\$0.52	14 August 2017	
1,500,000	\$0.52	14 August 2017	500,000 vesting on 14 August 2015 subject to meeting KPIs 500,000 vesting on 14 August 2016 500,000 vesting on 14 August 2017
775,000	\$0.52	14 August 2017	225,000 vesting on 14 August 2015 subject to meeting KPIs 225,000 vesting on 14 August 2016 225,000 vesting on 14 August 2017

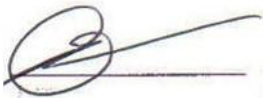
DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'R. Smakman', written over a horizontal line.

R. Smakman
Managing Director

Perth, 5 September 2014

The Board of Directors
Crusader Resources Limited
Suite 1, Level 1
35 Havelock Street
West Perth WA 6005

5 September 2014

Dear Board Members

Crusader Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Crusader Resources Limited.

As lead audit partner for the review of the financial statements of Crusader Resources Limited for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the audit review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Independent Auditor's Review Report to the members of Crusader Resources Limited

We have reviewed the accompanying half-year financial report of Crusader Resources Limited, which comprises the condensed statement of financial position as at 30 June 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crusader Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Crusader Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crusader Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants
Perth, 5 September 2014