CRUSADER RESOURCES LIMITED

A B N: 94 106 641 963

Half year Financial Report

For the half-year ended 30 June 2017

Corporate Directory

Directors

Stephen Copulos	Non-Executive Chairman
Robert Smakman	Managing Director
Paul Stephen	Executive Director
John Evans	Non-Executive Director
Mauricio Ferreira	Non-Executive Director
Jim Rogers	Non-Executive Director

Company Secretary
Andrew Beigel

Registered office and principal place of business
Suite 1, Level 1
35 Havelock Street
West Perth WA 6005
Australia
Telephone: +61 8 9320 7500
Facsimile: +61 8 9320 7501
Internet: www.crusaderresources.com

Brazil Office
Avenida do Contorno, 2090
Pilotis, Floresta, 30.110-012
Belo Horizonte - MG
Brazil
Telephone: +55 31 2515 0740

Auditors
Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9365 7000
Facsimile: +61 8 9365 7001

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

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

Solicitors
GTP Legal
68 Aberdeen Street
Northbridge WA 6003
Telephone: +61 8 6555 1867

ASX Code:
Ordinary shares - CAS

Directors' Report

The directors present their report together with the financial report of Crusader Resources Limited ("the Company" or "Crusader") and its subsidiaries (the Group) for the half-year ended 30 June 2017, and the auditor's review report thereon.

Directors

The directors of the company at any time during or since the end of the half-year are set out below. Directors were in office for the entire period unless otherwise stated.

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

Operating Result

The Group incurred an after tax loss for the half-year ended 30 June 2017 of $3,857,996 (30 June 2016: loss of $4,586,125).

Review of operations

Proposed acquisition of Crusader Resources Limited and its controlled entities

On the 15 June 2017, Crusader announced to the ASX that it had entered into a binding Scheme Implementation Deed ("SID") with London AIM-listed Stratex International plc (AIM:STI) ("Stratex").

The SID allows for Stratex to acquire Crusader Resources Limited (and its controlled entities) in an all scrip transaction that will be effected by an Australian scheme of arrangement under the Corporations Act 2001 ("Transaction" or "Scheme").

In accordance with the SID, each Crusader share will be exchanged for 6.60 common shares of Stratex ("Stratex Shares") or 6.60 Stratex Shares in the form of ASX-listed CHESS Depository Interests (CDIs).

At the date of this report, a draft Scheme Booklet setting out the terms of the Scheme, notice of Scheme Meeting, Independent Expert's report and the reasons for the Crusader directors' recommendation has been submitted to the Australian Securities and Investments Commission ("ASIC") for review in accordance with the requirements of the Corporations Act 2001.

A general meeting of shareholders to approve the Scheme is expected to be convened in November 2017, subject to change, and the full implementation will be effective December 2017.

On the execution of the SID, Stratex and Crusader also entered into a secured convertible note agreement, pursuant to which Stratex agreed to make available to Crusader an interim funding solution in the principal of $1,000,000. In addition, under the terms if the convertible note agreement Crusader may request additional funding which Stratex may, in its absolute discretion, agree to provide on such terms as may be agreed in writing between the parties.

Borborema Gold Project

In 2017, work on the Borborema Gold Project initially focussed on achieving the key environmental permit (Licença Previa or 'LP'). The LP approved the Environmental and Social Impact Assessment Report for Borborema and followed submission of an updated project plan to the environmental authorities in 2016, which was developed in conjunction with IDEMA (the State Environmental Agency). The updated project plan proposed a reduced project footprint, dry stacked tailings and restricts project infrastructure to Crusader's owned farm area (see ASX releases 16 May 2016 and 20 July 2016 and 28 April 2017).

Directors' Report (continued)

Review of operations (continued)

More recently, work at Borborema included updating the Borborema Mineral Resource estimate and Ore Reserve to comply with the 2012 version of the JORC code (ASX Announcement 24 July 2017). This was done to maintain compliance with the Australian Securities Exchange (ASX) and Australian Securities and Investments Commission (ASIC).

The Mineral Resource estimate for Borborema was previously reported in July of 2012 and the Ore Reserve in November 2012 under the 2004 version of the JORC code. There are no differences in the numbers between the versions, however the current version has additional background information and disclosures around the Mineral Resource and current explanations and discussion for the Ore Reserve.

Additional metallurgical sampling for the Borborema Project has been put on hold until the Scheme with Stratex is completed.

Juruena Gold Project

The Juruena Project (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.

Crusader has advanced the Juruena Project over 2017, working with Stratex and their consultants to assess the various development options and exploration priorities for the project. The Stratex merger will see additional funding made available to the Juruena Project with the potential to significantly increase the overall scale and value of the project. This work is ongoing and further updates will be made available as the merger completes.

Posse Iron Project

Over the first half of 2017 Crusader continued its commitment to focusing on its gold assets. Prior to the end of the Half Year, the Company initiated a plan to dispose of the Posse mine and actively engaged with several parties looking for a beneficial way to realise value for Posse.

Auditor Independence Declaration

The auditor's independence declaration is included on page 24 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, 13 September 2017

Competent Person Statement
The information in this report that relates to the Mineral Resource estimate for the Borborema Gold project was first reported in accordance with ASX Listing Rule 5.8 on 24 July 2017. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

The information in this report that relates to the Ore Reserve estimate for the Borborema Gold Project was first reported in accordance with ASX Listing Rule 5.9 on 24 July 2017. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24 July 2017 and that all material assumptions and technical parameters underpinning the Ore Reserve estimate continue to apply and have not materially changed.

The information in this report that relates to the Mineral Resource estimate for the Juruena Gold project was first reported in accordance with ASX Listing Rule 5.8 on 22 December 2016. Crusader confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 22 December 2016 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

Index to the condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Consolidated Half-year ended 30 June 2017 $	30 June 2016 $
Continuing operations			
Mineral Revenue		-	-
Cost of Sales - direct		-	-
Gross Profit		-	-
Other income	4	71,500	139,491
Administration		(311,721)	(521,187)
Corporate expenses		(602,570)	(1,081,038)
Business Development		(43,705)	(75,670)
Finance costs	5	(55,871)	(541,343)
Depreciation and amortisation		(60,870)	(82,704)
Exploration and evaluation	10	(1,729,322)	(1,888,274)
Other expenses from ordinary activities		(53,241)	(158,567)
Loss before income tax expense		(2,785,800)	(4,209,292)
Income tax expense	6	-	-
Net loss from continuing operations		(2,785,800)	(4,209,292)
Discontinued Operations			
Net loss from discontinued operations	18	(1,072,196)	(376,833)
Net loss for the period		(3,857,996)	(4,586,125)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(1,094,974)	3,090,656
Net fair value gain/(loss) on available-for-sale assets taken to equity		(3,000)	(8,000)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		(1,097,974)	3,082,656
Total comprehensive (expense)/income for the period attributable to owners of the parent		(4,955,970)	(1,503,470)
Loss per share			
From continuing and discontinued operations			
Basic (cents per share)	17	(1.28)	(2.34)
Diluted (cents per share)	17	(1.28)	(2.34)
From continuing operations			
Basic (cents per share)	17	(0.93)	(2.15)
Diluted (cents per share)	17	(0.93)	(2.15)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 30 Jun 2017 $	Consolidated 31 Dec 2016 $
Current Assets			
Cash and cash equivalents		507,321	1,560,782
Trade and other receivables	7	266,121	435,708
Inventories	8	-	229,100
Other current assets		476,474	382,740
Assets classified as held for sale	18	491,437	-
Total Current Assets		1,741,353	2,608,330
Non-Current Assets			
Other financial assets	9	145,661	148,661
Exploration and evaluation assets	10	18,666,730	20,128,039
Mine development properties	11	-	13,820
Property, plant and equipment		240,326	309,068
Total Non-Current Assets		19,052,717	20,599,588
Total Assets		20,794,070	23,207,919
Current Liabilities			
Trade and other payables		1,941,799	1,457,769
Provisions		1,037,889	1,154,512
Borrowings	12	1,381,323	-
Liabilities directly associated with assets classified as held for sale	18	393,312	-
Total Current Liabilities		4,754,323	2,612,281
Non-Current Liabilities			
Provisions		957,789	944,428
Total Non-Current Liabilities		957,789	944,428
Total Liabilities		5,712,112	3,556,709
Net Assets		15,081,958	19,651,209
Equity			
Total equity attributable to equity holders of the Company			
Issued capital	13	76,075,062	75,820,161
Reserves	14	9,816,350	10,782,506
Retained earnings		(70,809,454)	(66,951,458)
Total Equity		15,081,958	19,651,209

The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2017

Consolidated	Issued Capital	Retained Earnings	Reserves: Foreign Currency Translation Reserve	Reserves: Share Based Payments Reserve	Reserves: Investment Revaluation Reserve	Reserves: Other Reserve	Total Equity
	$	$	$	$	$	$	$
At 1 January 2016	62,336,947	(54,944,603)	(2,650,857)	9,112,506	10,000	92,223	13,956,216
Other comprehensive income for period	-	-	3,090,656	-	(8,000)	-	3,082,656
Loss for the period	-	(4,586,126)	-	-	-	-	(4,586,126)
Total comprehensive income for period	-	(4,586,126)	3,090,656	-	(8,000)	-	(1,503,469)
Shares issued for cash	6,310,000	-	-	-	-	-	6,310,000
Share issued upon exercise of options	-	-	-	-	-	-	-
Share issue costs	(418,985)	-	-	141,339	-	-	(277,646)
Conversion Of Convertible Note	500,000	-	-	-	-	(92,223)	407,777
Share Based Payments	62,500	-	-	535,517	-	-	598,017
At 30 June 2016	68,790,462	(59,530,728)	439,797	9,789,363	2,000	-	19,490,894
At 1 January 2017	75,820,161	(66,951,458)	555,618	10,206,888	20,000	-	19,651,209
Other comprehensive income for period	-	-	(1,094,974)	-	(3,000)	-	(1,097,974)
Loss for the period	-	(3,857,996)	-	-	-	-	(3,857,996)
Total comprehensive income for period	-	(3,857,996)	(1,094,974)	-	(3,000)	-	(4,955,970)
Shares issued for cash	260,000	-	-	-	-	-	260,000
Share issued upon exercise of options	-	-	-	-	-	-	-
Share issue costs	(5,099)	-	-	-	-	-	(5,099)
Issuance Of Convertible Note	-	-	-	-	-	118,677	118,677
Share Based Payments	-	-	-	13,141	-	-	13,141
At 30 June 2017	76,075,062	(70,809,454)	(539,356)	10,220,029	17,000	118,677	15,081,958

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Consolidated	
	30 June 2017 $	30 June 2016 $
Cash flows from operating activities		
Receipts from customer	1,729,791	2,680,619
Payments to suppliers and employees	(3,416,894)	(4,593,103)
Payments for exploration and evaluation	(1,004,858)	(1,678,806)
Finance Costs	-	(279,403)
Income taxes paid	-	(73,683)
Net cash used in operating activities	(2,691,961)	(3,944,376)
Cash flows from investing activities		
Interest received	10,238	42,396
Receipts for disposal of property, plant and equipment	-	-
Payments for exploration and evaluation	-	-
Proceeds from sale of tenements	-	41,349
Payments for property, plant and equipment	-	(81,810)
Proceeds from sale of equity investments	-	32,000
Net cash provided by investing activities	10,238	33,935
Cash flows from financing activities		
Proceeds from issues of equity securities	260,000	6,310,000
Costs of issuing securities	(68,461)	(251,502)
Repayment of borrowings	-	(1,506,379)
Proceeds of borrowings	1,500,000	-
Net cash provided by financing activities	1,691,539	4,552,119
Net (decrease)/increase in cash and cash equivalents	(990,184)	641,677
Cash and cash equivalents at the beginning of the financial period	1,560,782	1,393,646
Effect of exchange rate fluctuations on cash held in foreign currencies	(63,287)	88,353
Cash and cash equivalents at the end of the financial period	507,311	2,123,676

The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the condensed consolidated financial statements

1. General Information

Crusader Resources Limited ("the Parent Entity" or "Crusader" or "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 2017 comprise those of the Company and its subsidiaries (together referred to as the "the Consolidated Entity" or "the Group"). The Group is involved primarily in the mineral exploration industry.

2. 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 and any public announcements made by the company during the interim reporting period, unless otherwise stated.

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 2016 annual financial report for the twelve months ended 31 December 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern
The half-year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a loss of $3,857,996 (2016: loss $4,586,125) and experienced net cash outflows from operating and investing activities of $2,681,723 (2016: outflow of $3,910,441) for the half year ended 30 June 2017. As at 30 June 2017, the Group had a net current liability position of $3,012,970 (31 December 2016: net current liabilities of $3,951). Cash and cash equivalents totalled $507,321 as at 30 June 2017 (31 December 2016: $1,560,784).

On 15 June 2017 Crusader announced that it had entered into a binding Scheme Implementation Deed providing for a merger with London AIM-listed Stratex International plc (Stratex). On execution of the Scheme Implementation Deed, Stratex and Crusader also entered into a secured convertible note agreement, pursuant to which Stratex agreed to make available to Crusader an interim funding solution in the principal of $1,000,000. In addition, Crusader may request additional funding which Stratex may, in its absolute discretion, agree to provide on such terms as may be agreed in writing between the parties. Further details of the proposed acquisition of Crusader are included in note 20 of the half-year financial report.

The directors have prepared a cash flow forecast for the period ending 31 October 2018, which indicates the Group will have sufficient cash flow to fund its operations during the thirteen month period from the date of signing this report, which has been based on the following assumptions:

a) Cash of $400,000 to be received in September 2017, and an additional $2,000,000 between October and December 2017 in the form of further convertible notes subscribed for by Stratex, or the raising of this capital via an alternative funding source. This convertible note subscription which is not currently committed by Stratex is in excess of the $1,000,000 funding noted above which has already been received at the date of signing this report;

Notes to the condensed consolidated financial statements

b) Completion of the Scheme of Arrangement with Stratex before the end of December 2017, as currently envisaged; and

c) Managing and deferring costs and creditor payments where applicable to coincide with the fund raising activities noted in point (a) above, and the completion of the Scheme of Arrangement and consequent acquisition of Crusader as outlined in point (b) above to ensure all obligations can be met.

If the merger with Stratex and the related Scheme of Arrangement does not complete, which is currently not the expectation, then all amounts due to Stratex under the terms of the $1,000,000 convertible note, and any additional funding obtained under point (a) above, would need to be repaid within 6 months of the date of termination of the Scheme Implementation Deed. The Group would also need to raise replacement funding through debt or equity, or the completion of a corporate transaction, to raise sufficient capital to service the net current liability position noted above, fund continuing operations, and allow repayment of all funds due to Stratex.

The Directors are confident that the Group will be successful in achieving the matters noted above and the half-year financial report has therefore been prepared on the going concern basis.

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly the Group will be able to continue as a going concern and meet its obligations as and when they fall due.

Should the Directors not be successful in achieving the matters set out above, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

The half-year financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Determination of Fair Value

The fair values of assets designated as held for sale are determined with reference to an external valuation, market demand and costs of disposal.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Notes to the condensed consolidated financial statements

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale or distribution, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3. Segment information

The following table presents the revenue results information analysed by mineral resource for the half year ended 30 June 2017 and 30 June 2016. This is the group's primary basis of segmentation.

Jun-2017	Iron Ore (discontinued) $	Gold $	Unallocated $	Total $
Revenue	1,560,204	-	-	1,560,204
Cost of sales	(2,457,107)	-	-	(2,457,107)
Gross Profit	(896,903)	-	-	(896,903)
Other revenue	1,375	28,098	43,402	72,875
Exploration and evaluation	-	(1,643,841)	(85,481)	(1,729,322)
Central administration costs	-	-	(914,292)	(914,292)
Business development costs	-	-	(43,705)	(43,705)
Depreciation and amortisation	(8,427)	(26,314)	(34,556)	(69,297)
Finance costs	-	-	(55,871)	(55,871)
Other expenses from ordinary activities	(168,240)	-	(53,241)	(221,481)
Segment Result	(1,072,195)	(1,642,057)	(1,143,744)	(3,857,996)

Jun-2016	Iron Ore $	Gold $	Unallocated $	Total $
Revenue	2,597,435	-	-	2,597,435
Cost of sales	(2,625,866)	-	-	(2,625,866)
Gross Profit	(28,431)	-	-	(28,431)
Other revenue	(4,306)	18,432	125,365	139,491
Exploration and evaluation	-	(1,888,274)	-	(1,888,274)
Central administration costs	-	-	(1,602,225)	(1,602,225)
Business development costs	-	-	(75,670)	(75,670)
Depreciation and amortisation	(243,137)	(23,995)	(58,709)	(325,841)
Finance costs	-	-	(541,343)	(541,343)
Other expenses from ordinary activities	-	-	(162,873)	(162,873)
Segment Result	(275,874)	(1,893,837)	(2,315,455)	(4,485,166)

Notes to the condensed consolidated financial statements

Segment loss represents the mining, mineral exploration and evaluation activities undertaken by each segment without allocation of central administration costs, interest income, rental income and unrealised foreign exchange gains and losses.

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

Jun-2017	Iron Ore [1] (discontinued) $	Gold $	Unallocated $	Total $
Current assets	708,183	202,980	830,190	1,741,353
Non-current assets	-	18,825,992	226,725	19,052,717
Total Assets	708,183	19,028,972	1,056,915	20,794,070
Current liabilities	1,538,399	476,752	2,739,172	4,754,323
Non-current liabilities	-	29,340	928,449	957,789
Total Liabilities	1,538,399	506,092	3,667,621	5,712,112
Net Assets / (Net Liabilities)	(830,216)	18,522,880	(2,610,706)	15,081,958

Dec-2016	Iron Ore $	Gold $	Unallocated $	Total $
Current assets	898,174	215,526	1,494,630	2,608,330
Non-current assets	13,820	20,249,660	336,108	20,599,588
Total Assets	911,994	20,465,186	1,830,740	23,207,920
Current liabilities	1,251,633	547,317	813,331	2,612,281
Non-current liabilities	212,816	-	731,612	944,428
Total Liabilities	1,464,449	547,317	1,544,943	3,556,709
Net Assets / (Net Liabilities)	(552,455)	19,917,869	285,797	19,651,211

(1) Certain assets and liabilities associated with the Posse operations are expected to remain with the Group to realise or settle as appropriate post completion of the sale of the underlying operations. Refer to Note 18 for further information.

	Consolidated Half-year ended 30 June 2017 $	Consolidated Half-year ended 30 June 2016 $
4. Other income		
Interest revenue	12,639	26,177
Rental income and office services	30,763	77,084
Proceeds from sale of fixed assets	28,098	22,104
Miscellaneous income	-	14,126
	71,500	139,491

Notes to the condensed consolidated financial statements

	Consolidated Half-year ended 30 June 2017 $	Consolidated Half-year ended 30 June 2016 $
5. Finance costs		
Interest expense	55,871	260,027
Amortisation of finance options and fees[1]	-	281,316
	55,871	541,343

(1) Relates to 8,741,258 share options issued to Macquarie Bank Limited. The fair value of the options issued has been recognised in the share option reserve and offset against the loan as a debt issuance expense. In addition, legal fees have been capitalised and are amortised over the life of the loan facility using the effective interest rate.

6. Income tax

The current taxation legislation in Brazil offers two distinctive tax regimes with different requirements for calculating and paying income tax.

During the year ended 31 December 2016, the Group elected to pay income tax, in relation to the Posse iron ore project, on 34% of taxable income, which presented a lower cost compared to the other option available.

A deferred tax asset has not been brought to account as it is unlikely that they will arise unless the company generates sufficient taxable profit to utilise them.

	Consolidated 30 Jun 2017 $	Consolidated 31 Dec 2016 $
7. Trade and other receivables		
Current		
Trade receivables	227,484	352,073
Other receivables	38,637	83,635
	266,121	435,708

Other receivables are non-interest bearing and consist of rent and office services receivable due within 30 days, and GST credits receivable from the Australian Taxation Office.

	Consolidated 30 Jun 2017 $	Consolidated 31 Dec 2016 $
8. Inventories		
Work In Progress	-	42,372
Finished Goods	-	186,728
	-	229,100

Notes to the condensed consolidated financial statements

	Consolidated 30 Jun 2017 $	Consolidated 31 Dec 2016 $
9. Other financial assets		
Non-current		
Deposits	121,661	121,661
Available-for-sale assets at fair value[1]	24,000	27,000
	145,661	148,661

(1) Fair value is based on the closing price on the Australian Securities Exchange at the reporting date.

10. Exploration and evaluation assets

	30 Jun 2017 $	31 Dec 2016 $
Costs brought forward	20,128,039	16,541,722
Expenditure incurred during the period	1,004,858	3,926,585
Corporate allocation to exploration and evaluation	752,349	302,832
Expenditure expensed	(1,729,322)	(4,107,687)
Effect of exchange rates	(1,489,193)	3,464,587
Costs carried forward	18,666,730	20,128,039

The Group has exploration and evaluation assets relating to three mining leases covering a total area of 29km^2 including freehold title over the main prospect area, held in the Seridó area of the Borborema province in north-eastern Brazil, and the Juruena project and area of 400km^2 of exploration licences and applications in the Mato Grosso state, 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.

In accordance with the Group's accounting policy, exploration costs of activities within the tenements that are in the pre-feasibility stage are expensed as incurred. During the period, the Group has incurred exploration expenses of $1,729,322 (June 2016: $1,720,710) related to the Juruena gold project acquired in July 2014.

11. Mine development properties

	30 Jun 2017 $	31 Dec 2016 $
Costs brought forward	-	1,743,571
Additions	-	-
Impairment	-	(1,030,239)
Depreciation and amortisation	-	(664,580)
Effect of foreign exchange	-	(34,932)
Carrying amount at the end of the period	-	13,820

Impairment of Non-Current Assets: Mine development and property, plant and equipment
Non-financial assets are reviewed annually to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made.

Notes to the condensed consolidated financial statements

	Consolidated	
	30 Jun 2017 $	31 Dec 2016 $
12. Borrowings secured at amortised cost		
Current		
Convertible Notes	1,381,323	-
	1,381,323	-

Convertible Note

The Company executed a $1,500,000 convertible debt facility agreement (with interest of 12% per annum, payable quarterly, and a maturity date of 30 March 2018) with the Copulos Group, a related party to Chairman, Mr Stephen Copulos. Conversion of part or all of the funds loaned will be at the lower of $0.13 per share and the terms offered by Crusader at the most recent capital raising prior to the conversion date.

13. Issued capital

Fully paid ordinary share capital	Jun-2017		Dec-2016	
	No.	$	No.	$
Balance at the start of the financial period	299,100,609	75,820,161	170,277,114	62,336,947
Shares issued for cash	2,000,000	260,000	128,198,495	14,744,137
Share based payments	-	-	625,000	62,500
Capital raising costs	-	(5,099)	-	(1,323,423)
Balance at the end of the financial period	301,100,609	76,075,062	299,100,609	75,820,161

14. Reserves

Nature and purpose of reserves

The Share Based Payment Reserve is used to recognise the fair value of options and performance shares issued.

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Investment Revaluation Reserve is used to record movements in the fair value of available-for-sale financial assets.

The Other Reserve (Convertible Note Reserve) represents the equity component (conversion rights) on the issue of unsecured convertible notes.

Notes to the condensed consolidated financial statements

	Consolidated	
	30 Jun 2017 $	31 Dec 2016 $
Reserves		
Share based payment reserve	10,220,030	10,206,888
Foreign currency translation reserve	(539,357)	555,620
Investment revaluation reserve	17,000	20,000
Other reserve	118,677	-
	9,816,350	10,782,508

15. Dividends

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

16. Contingent liabilities

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

17. Loss per share

Basic and diluted loss per share amounts are calculated by dividing net loss for the period attributable to equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	30 Jun 2017 $	30 Jun 2016 $
Net (loss) / profit attributable to ordinary equity holders of the parent	(3,857,996)	(4,586,126)
	No.	No.
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic and diluted loss per share	300,824,366	195,922,764

There are no shares to be issued under the exercise of 44,569,889 options currently outstanding which are considered to be dilutive. The diluted earnings per share is therefore the same as basic earnings per share.

Notes to the condensed consolidated financial statements

18. Discontinued operations

During the period the Company commenced an active sales process related to its Posse Iron Ore Mine. As a result of this process, on 2 August 2017 the Company announced it had entered into a conditional sale agreement to divest its 100% interest in the Posse Iron Ore Mine with Inter Invest B.P. S/A for BRL 8,005,000 (~AUD 3,200,000) payable over a 17 months period. Consequently, the Posse operations is reported as a discontinued operation. The results of the discontinued operations included in the loss for the half year are set out below.

	30 Jun 2017 $	30 Jun 2016 $
Mineral Revenue	1,560,204	2,597,435
Cost of Sales - direct	(2,457,107)	(2,625,866)
Gross Profit	(896,903)	(28,431)
Other income	1,375	-
Depreciation and amortisation	(8,428)	(243,137)
Other expenses from ordinary activities	(168,240)	(4,306)
Loss before income tax expense	(1,072,196)	(275,874)
Income tax expense	-	(100,959)
Loss from discontinued operations[1]	(1,072,196)	(376,833)
Net cash used in operating activities	(301,963)	
Net cash from (used for) investing activities	-	
Net cash from (used for) financing activities	-	
Net cash outflow from the disposal group	(301,963)	

(1) The loss from discontinued operations of $1,072,196 (2016: $nil) is attributable entirely to the owners of the Company.

	30 Jun 2017 $
Assets classified as held for sale	
Inventory	230,171
Other current assets	236,933
Mine development properties	24,333
Assets classified as held for sale	491,437
Liabilities directly associated with assets classified as held for sale	
Provisions	393,312
	393,312
Net Assets classified as being held for sale	98,125

Notes to the condensed consolidated financial statements

19. Fair value of financial instruments

As at 30 June 2017, the consolidated entity had no financial assets or financial liabilities that are measured at fair value on a recurring basis, other than the available for sale financial assets disclosed in note 9, which are classified as Level 1 in the fair value hierarchy (derived from quoted prices).

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

20. Proposed acquisition of Crusader Resources Limited and its controlled entities

On the 15 June 2017, Crusader announced to the ASX that it had entered into a binding Scheme Implementation Deed ("SID") with London AIM-listed Stratex International plc (AIM:STI) ("Stratex").

The SID allows for Stratex to acquire Crusader Resources Limited (and its controlled entities) in an all scrip transaction that will be effected by an Australian scheme of arrangement under the Corporations Act 2001 ("Transaction" or "Scheme").

In accordance with the SID, each Crusader share will be exchanged for 6.60 common shares of Stratex ("Stratex Shares") or 6.60 Stratex Shares in the form of ASX-listed CHESS Depository Interests (CDIs).

At the date of this report, a draft Scheme Booklet setting out the terms of the Scheme, notice of Scheme Meeting, Independent Expert's report and the reasons for the Crusader directors' recommendation has been submitted to the Australian Securities and Investments Commission ("ASIC") for review in accordance with the requirements of the Corporations Act 2001.

A general meeting of shareholders to approve the Scheme is expected to be convened in November 2017, subject to change, and the full implementation will be effective December 2017.

On the execution of the SID, Stratex and Crusader also entered into a secured convertible note agreement, pursuant to which Stratex agreed to make available to Crusader an interim funding solution in the principal of $1,000,000. In addition, under the terms if the convertible note agreement Crusader may request additional funding which Stratex may, in its absolute discretion, agree to provide on such terms as may be agreed in writing between the parties.

21. Subsequent events

On 2 August 2017, Crusader announced that it had signed a conditional sale agreement to divest its 100% interest in the Posse Iron Ore Mine to Inter Invest B.P. S/A ("Inter Invest"). The sale price of BRL 8.005M (~AUD 3.2M) will be paid over a 17 month period. Crusader received the first payment of BRL 1.0M (~A$400k) and the remaining funds will be received in 15 equal monthly payments of BRL 467k (~AUD 187k) commencing 60 days from the effective date of the sale agreement (1 August 2017). The sale contract is also conditional on transfer of the Posse mineral tenements by the Brazilian Mines Department (DNPM) to Inter Invest, which Crusader believes should be a standard procedure.

DIRECTORS' DECLARATION

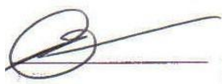
The Directors declare that:

(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 s.303(5) of the Corporations Act 2001.

On behalf of the Directors



R. Smakman
Managing Director

Perth
13 September 2017

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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 consolidated statement of financial position as at 30 June 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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.

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 2017 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.

Deloitte.

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, 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 2017 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*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $3,857,996 and experienced net cash outflows from operating and investing activities of $2,681,723 during the half year ended 30 June 2017, and as of that date the Group's current liabilities exceeded its current assets by $3,012,970. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

DNewman

David Newman
Partner
Chartered Accountants
Perth, 13 August 2017

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

13 September 2017

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 2017, 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 review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

DNewman

David Newman
Partner
Chartered Accountants