



**CRUSADER RESOURCES LIMITED
ACN 106 641 963**

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Deloitte Melbourne office, 550 Bourke Street, Melbourne, Victoria 3000, on Wednesday 12 June 2019 at 11.00am AEST

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9320 7500.

***Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under Listing Rule 10.1 and item 7 of section 611 of the Corporations Act (refer to Resolutions 10, 11, 12 and 13). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolutions 10, 11, 12 and 13 to the non-associated Shareholders. The Independent Expert has determined the transactions the subject of Resolutions 10, 11 and 12 are not fair but reasonable to the non-associated Shareholders, and that the transaction the subject of Resolution 13 is fair and reasonable to the non-associated Shareholders.*

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

CRUSADER RESOURCES LIMITED

ACN 106 641 963

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Crusader Resources Limited (**Company**) will be held at Deloitte Melbourne office, 550 Bourke Street, Melbourne, Victoria 3000 at 11.00am AEST on Wednesday, 12 June 2019 (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form comprise part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 5pm AWST on Monday 10 June 2019.

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 31 December 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly

authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director - John Evans

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That John Evans, who retires in accordance with Article 10.3(c) of the Constitution and being eligible, offers himself for election, be elected as a Director."

4. Resolution 3 - Election of Director - Stephen Copulos

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That Stephen Copulos, who retires in accordance with Article 10.3(j) of the Constitution and Listing Rule 14.4 and being eligible, offers himself for election, be elected as a Director."

5. Resolution 4 - Election of Director - Andrew Richards

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That Andrew Richards, who retires in accordance with Article 10.3(j) of the Constitution and Listing Rule 14.4 and being eligible, offers himself for election, be elected as a Director."

6. Resolution 5 - Ratification of issue of Placement Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 22,500,000 Placement Shares at an issue price of \$0.01 per Share on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or their respective associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 - Approval of issue of Shares to Andrew Richards

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 5,000,000 Shares at a deemed issue price of \$0.01 per Share to Andrew Richards (or his nominee) as part-remuneration, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Andrew Richards or his nominee or their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Resolution 7 - Approval of issue of Shares to John Evans

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,200,000 Shares at a deemed issue price

of \$0.01 per Share to John Evans (or his nominee) in lieu of accrued Director fees, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of John Evans or his nominee or their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Resolution 8 - Approval of change of Company name

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

“That pursuant to and in accordance with section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to ‘Big River Gold Limited’ with effect from the date that ASIC alters the details of the Company’s registration.”

10. Resolution 9 - Replacement of Constitution

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

“That for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and

adopt a new constitution in its place in the form as signed by the Chairman for identification purposes."

11. Resolution 10 - Approval of issue of Copulos Group Underwriter Securities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 250,000,000 Shares and 113,333,334 Options (and the exercise of such Options into 113,333,334 Shares) to the Copulos Group pursuant to the Copulos Group Underwriting Agreement on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

No votes may be cast in favour of this Resolution by or on behalf of the Copulos Group Entities or an associate of the Copulos Group Entities.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. Resolution 11 - Approval to convert Copulos Group Notes

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 10.11, item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the Copulos Group Notes to be convertible into Shares on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

No votes may be cast in favour of this Resolution by or on behalf of the Copulos Group Entities or an associate of the Copulos Group Entities.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution 12 - Approval to issue Interest Shares to the Copulos Group Entities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 10.11, item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of Shares in satisfaction of interest payable under the Copulos Group Note Agreements on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

No votes may be cast in favour of this Resolution by or on behalf of the Copulos Group Entities or an associate of the Copulos Group Entities.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. Resolution 13 - Approval of grant of Security to the Copulos Group

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, Shareholders approve the granting of the Security by the Company to the Copulos Group in its capacity as a Noteholder, on the terms and conditions summarised in the Explanatory Memorandum."

Voting exclusion

No votes may be cast in favour of this Resolution by or on behalf of the Copulos Group Entities or an associate of the Copulos Group Entities.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. Resolution 14 - Approval of issue of Options to Pinnacle Corporate Finance Pty Ltd

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 12,000,000 Options to Pinnacle Corporate Finance Pty Ltd (or its nominee), on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares) or their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Andrew Beigel
Company Secretary and Chief Financial Officer
Dated: 7 May 2019

CRUSADER RESOURCES LIMITED

ACN 106 641 963

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Deloitte Melbourne office, 550 Bourke Street, Melbourne, Victoria 3000 at 11.00am AEST on Wednesday, 12 June 2019.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

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| Section 2: | Action to be taken by Shareholders |
| Section 3: | Annual Report |
| Section 4: | Resolution 1 - Remuneration Report |
| Section 5: | Resolution 2 - Re-election of Director - John Evans |
| Section 6: | Resolution 3 - Election of Director - Stephen Copulos |
| Section 7: | Resolution 4 - Election of Director - Andrew Richards |
| Section 8: | Resolution 5 - Ratification of issue of Placement Shares |
| Section 9: | Resolution 6 - Approval of issue of Shares to Andrew Richards |
| Section 10: | Resolution 7 - Approval of issue of Shares to John Evans |
| Section 11: | Resolution 8 - Approval of change of Company name |
| Section 12: | Resolution 9 - Replacement of Constitution |
| Section 13: | Resolution 10 - Approval of issue of Copulos Group Underwriter Securities |
| Section 14: | Resolution 11 - Approval to convert Copulos Group Notes |
| Section 15: | Resolution 12 - Approval to issue Interest Shares to the Copulos Group Entities |

| | |
|-------------|--|
| Section 16: | Resolution 13 - Approval of grant of Security to the Copulos Group |
| Section 17: | Resolution 14 - Approval of issue of Options to Pinnacle Corporate Finance Pty Ltd |
| Schedule 1: | Definitions |
| Schedule 2: | Material Terms of Copulos Group Underwriting Agreement |
| Schedule 3: | Material Terms of Copulos Group Notes |
| Schedule 4: | Impact on capital structure following issues to Copulos Group Entities |
| Schedule 5: | Terms of Options |

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 31 December 2018.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.asx.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Part 2G.2, Division 9 of the Corporations Act provides Shareholders with the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings. Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election. The Company's Remuneration Report did not receive a Strike at the most recent annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the next annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

5. Resolution 2 - Re-election of Director - John Evans

5.1 Background

Article 10.3(c) of the Constitution requires that one third of the Directors (excluding the Managing Director) must retire at each annual general meeting (or if that is not a whole number, the whole number nearest to one third, rounded down).

Article 10.3(f) of the Constitution provides that a Director who retires in accordance with Article 10.3(c) is eligible for re-election.

As at the date of this Notice, the Company has three Directors. Accordingly, one Director must retire at this Meeting pursuant to Article 10.3(c).

Article 10.3(e) of the Constitution provides that the Director who is to retire under Article 10.3(c) is the Director who has held office the longest since last being elected or appointed.

John Evans was last elected at the annual general meeting held on 12 May 2017 and has held office the longest since last being elected. Accordingly, Mr Evans will retire by rotation at this Meeting and, being eligible, will seek re-election.

Mr Evans holds a Commerce (Hons) degree from the University of Queensland, is a Fellow of Chartered Accountants Australia & New Zealand, and is a member of both CPA Australia and the Australian Institute of Company Directors.

Mr Evans is currently the Principal of a business broking and advisory practice, and advises a broad range of businesses, in both the SME sector and larger corporate clients, on matters such as strategic planning, marketing, governance, and financial analysis. Prior to this, Mr Evans held a series of executive positions in finance and general management in Australian public company groups over a 15-year period, in industries including telecommunications, banking and insurance, superannuation and funds management, media, hospitality and property development. He has held several other non-executive directorships in Australian public companies, and is also a director of several private companies, one not-for-profit organisation, and provides board consulting services to three other company groups.

Mr Evans is considered to be an independent Director.

5.2 Additional information

Resolution 2 is an ordinary resolution.

The Board (excluding John Evans) unanimously recommends that Shareholders vote in favour of Resolution 2.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

6. Resolution 3 - Election of Director - Stephen Copulos

6.1 Background

Article 10.2(b) of the Constitution gives the Directors authority to appoint other Directors. Article 10.3(j) of the Constitution provides that a Director so appointed by the other Directors under Article 10.2(b) holds office only until the next annual general meeting of the Company, and is then eligible for re-election.

Listing Rule 14.4 similarly provides that a Director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Stephen Copulos was appointed as a Director by the Board effective 28 February 2019. Mr Copulos must therefore retire as a Director at the Meeting, and will seek re-election at this Meeting.

Mr Copulos was previously on the Board of the Company from March 2013 until April 2018, when he stepped down from the position following the Company's admission to AIM.

Mr Copulos has over 35 years of experience in a variety of businesses and investments in a wide range of industries, including manufacturing, mining, fast food, property development and hospitality. He has been the Managing Director of the Copulos Group of companies, a private investment group, since 1997. Mr. Copulos is an active global investor who brings significant business acumen and greater diversity to the Board of the Company. He has been a major Shareholder of the Company for many years and is aligned to improving Shareholder returns. Mr Copulos has over 20 years' experience as a company director of both listed and unlisted public companies. He is currently the Non-Executive Chairman of Consolidated Zinc Limited and Non-Executive Director of Restaurant Brands Limited in New Zealand and was a Non-Executive Director of Black Rock Mining Limited until October 2017 and Collins Foods until October 2014.

Mr Copulos is the Company's largest Shareholder, with a relevant interest in 110,871,102 Shares, comprising 17.97% of the Shares on issue as at the date of this Notice. As set out in Section 13, Mr Copulos' relevant interest may potentially increase to a maximum of 56.39%.

As a result of Mr Copulos' substantial Shareholding, he is not considered to be an independent Director.

6.2 Additional information

Resolution 3 is an ordinary resolution.

The Board (excluding Stephen Copulos) unanimously recommends that Shareholders vote in favour of Resolution 3.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

7. Resolution 4 - Election of Director - Andrew Richards

7.1 Background

A summary of Articles 10.2(b) and 10.3(j) of the Constitution, and Listing Rule 14.4, is in Section 6.1.

Andrew Richards was appointed as a Director by the Board effective 28 February 2019. Mr Richards must therefore retire as a Director at the Meeting, and will seek re-election at this Meeting.

Mr Richards is a geologist with over 30 years of experience in the international mining industry which included company management and project finance. He has worked at a senior level in both production and exploration over a wide variety of areas and commodities and has also undertaken technical reviews, project audits and monitored project construction. He is a member of the AusIMM, AIG and SEG. Mr Richards has worked extensively with gold, base metals, rare earths and industrial minerals in Australasia, Asia, Africa and South America. He is and has been on the boards of several listed companies on ASX and AIM and was previously Managing Director and CEO of two ASX listed companies operating in China.

As a result of Mr Richards' position as an Executive Director, he is not considered to be an independent Director.

7.2 Additional information

Resolution 4 is an ordinary resolution.

The Board (excluding Andrew Richards) unanimously recommends that Shareholders vote in favour of Resolution 4.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

8. Resolution 5 - Ratification of issue of Placement Shares

8.1 Background

The Company announced on 29 January 2019 that it had received firm commitments for a placement of 22,500,000 Shares (**Placement Shares**) at an issue price of \$0.01 each, to raise \$225,000 (before costs). The issue of the Placement Shares was completed on 6 February 2019.

8.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

8.3 Listing Rule 7.4

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Resolution 5 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity provided in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.4 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares:

- (a) 22,500,000 Shares were issued as Placement Shares.
- (b) The Placement Shares were issued at an issue price of \$0.01 each.
- (c) The Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Placement Shares were issued to Chrikim Pty Ltd atf the Geoffrey Wright Income Trust and Constantinou Equities Pty Ltd, each of who were existing Shareholders in the Company and are not related parties of the Company.
- (e) The funds raised by the issue of the Placement Shares were applied towards the general working capital requirements of the Company.
- (f) A voting exclusion statement is included in the Notice.

8.5 Additional information

The Board recommends that Shareholders vote in favour of Resolution 5.

Resolution 5 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

9. Resolution 6 - Approval of issue of Shares to Andrew Richards

9.1 Background

As previously announced, following the recent Board changes, the Company has implemented a number of strategies to secure the future of the Company. One of these core strategies was getting the Company's financials under control.

Mr Richards was engaged as a part time Executive Director (supported by consultants where appropriate to finish the Bankable Feasibility Study for the Borborema Gold Project) and manage the day to day operations.

As part of the Company's cost rationalisation strategy, as part of Mr Richards joining the Board of the Company, it was agreed that Mr Richards would provide his Executive Director services at a reduced fee rate of:

- (a) \$50,000 per annum; and
- (b) 5,000,000 Shares at a deemed issue price of \$0.01 each, subject to Shareholder approval.

Resolution 6 seeks Shareholder approval for the issue of these Shares to Mr Richards.

9.2 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue Equity Securities to a related party of the Company unless it obtains Shareholder approval.

Mr Richards is a related party of the Company by virtue of his position as a Director.

The effect of passing Resolution 6 will be to allow the Company to issue 5,000,000 Shares to Mr Richards (or his nominee) in accordance with Listing Rule 10.11.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

9.3 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders in relation to the issue of the Shares to Mr Richards (or his nominee):

- (a) The Shares are proposed to be issued to Andrew Richards (or his nominee).
- (b) The maximum number of Shares to be issued is 5,000,000.
- (c) The Company intends to issue the Shares as soon as practicable after the date of the Meeting and in any event, no later than 1 month after the date of the Meeting.
- (d) The Shares are to be issued as partial remuneration, and therefore will have an issue price of nil. The deemed issue price for the Shares is \$0.01 each.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (f) No funds will be raised by the issue of the Shares.
- (g) A voting exclusion statement is included in the Notice.

9.4 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 211 of the Corporations Act provides an exception to the shareholder approval requirement where the financial benefit is remuneration to a related party as an officer or employee of the Company, and to give the remuneration would be reasonable given:

- (a) the circumstances of the Company; and
- (b) the related party's circumstances (including the responsibilities involved in the office or employment).

The Board is of the view that the exception in section 211 of the Corporations Act is relevant to the financial benefit to be granted to Mr Richards. Each Director (excluding Mr Richards) is of the view that the proposed Share issue is part of a reasonable remuneration package for that Director, given that the Share issue is in lieu of the payment of cash director's fees. Accordingly, the Company is not seeking the approval of members under section 208 of the Corporations Act.

9.5 Additional information

The Board (excluding Mr Richards) unanimously recommends that Shareholders vote in favour of Resolution 6.

Resolution 6 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 6.

10. Resolution 7 - Approval of issue of Shares to John Evans

10.1 Background

As part of the Company's cost reduction strategy, Non-Executive Director John Evans agreed that, subject to obtaining the required Shareholder approval, his accrued fees for the period from 1 January 2019 to 4 March 2019 (\$12,000 in total) will be satisfied by the issue of Shares at a deemed issue price of \$0.01 per Share.

Resolution 7 therefore seeks Shareholder approval for the issue of 1,200,000 Shares to Mr Evans in lieu of payment in cash of these accrued fees.

10.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 9.2.

Mr Evans is a related party of the Company by virtue of his position as a Director.

The effect of passing Resolution 7 will be to allow the Company to issue 1,200,000 Shares to Mr Evans (or his nominee) in accordance with Listing Rule 10.11.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

10.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the Shares to Mr Evans (or his nominee):

- (a) The Shares are proposed to be issued to John Evans (or his nominee).
- (b) The maximum number of Shares to be issued is 1,200,000.
- (c) The Company intends to issue the Shares as soon as practicable after the date of the Meeting and in any event, no later than 1 month after the date of the Meeting.
- (d) The issue price of the Shares will be \$0.01 per Share.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) No funds will be raised by the issue as the Shares are being issued in lieu of the payment of the fees accrued to Mr Evans.
- (g) A voting exclusion statement is included in the Notice.

10.4 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is in Section 9.4.

The Board is of the view that the exception in section 211 of the Corporations Act is relevant to the financial benefits to be granted to Mr Evans. Each Director (excluding Mr Evans) is of the view that the proposed Share issue in relation to Mr Evans is part of a reasonable remuneration package for that Director, given that the Share issue is in lieu of the payment of cash accrued director's fees. Accordingly, the Company is not seeking the approval of members under section 208 of the Corporations Act.

10.5 Additional information

The Board (excluding Mr Evans) unanimously recommends that Shareholders vote in favour of Resolution 7.

Resolution 7 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

11. Resolution 8 - Approval of change of Company name

11.1 General

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 8 seeks the approval of Shareholders for the Company to change its name to 'Big River Gold Limited'.

The Company has had the name 'Crusader Resources' since the date of its incorporation on 10 October 2003. The Board considers that given the long history of the Company, the proposed name more accurately reflects the Company's recent and current activities and focus on gold exploration and development in Brazil for the foreseeable future.

The Board also notes that it has undergone a significant corporate update in recent times. Accordingly, the Board considers that the adoption of a new Company name at this point is timely in the context of the general corporate update.

In connection with the change of Company name, the Company's ASX code is also proposed to change from 'CAS' to 'BRV'.

If Resolution 8 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company with ASIC.

11.2 Additional information

The Board unanimously recommends that Shareholders vote in favour of Resolution 8.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 8.

12. Resolution 9 - Replacement of Constitution

12.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders. Resolution 9 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**).

The Company's current Constitution was adopted in February 2018 in connection with its admission to AIM. Following the receipt of Shareholder approval at the general meeting held on 28 February 2019, the admission of the Company's Shares

to trading on AIM was cancelled. Accordingly, the provisions in the Company's current Constitution in relation to AIM are no longer relevant for the Company. As a result, the Board proposes that the Company adopt the Proposed Constitution to remove the references to AIM and to make a number of minor amendments for consistency with current market practice.

The Directors believe these amendments, apart from the removal of the references to AIM and associated definitions, are not material nor will they have any significant impact on Shareholders.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.crusaderresources.com) or at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

A copy of the Proposed Constitution is available for Shareholders to review and will be available at the Meeting. It will be marked by the Chair at the Meeting in order to identify it as the Constitution approved by Shareholders.

12.2 Additional information

The Board unanimously recommends that Shareholders vote in favour of Resolution 9.

Resolution 9 is a special resolution and therefore at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 9 for it to be passed.

The Chairman intends to exercise all available proxies in favour of Resolution 9.

13. Resolutions 10, 11 and 12 - Approval to issue Copulos Group Securities

13.1 General

The following Resolutions seek Shareholder approval pursuant to item 7 of section 611 of the Corporations Act (and in respect of Resolutions 11 and 12 only, Listing Rule 10.11) for the Company to issue Securities to the Copulos Group Entities (together, **Copulos Group Securities**).

| Resolution |
|---|
| Resolution 10 - Approval of issue of Copulos Group Underwriter Securities |
| Resolution 11 - Approval to convert Copulos Group Notes |
| Resolution 12 - Approval to issue Interest Shares to the Copulos Group Entities |

13.2 Background

The Company's securities have been suspended from quotation since 1 October 2018, pending clarification of the Company's financial position. Since that time the Company has been working hard to consider various capital raising initiatives to provide the Company with working capital and continue development of its gold projects in Brazil, including:

- (a) announcing and completing the issue of convertible notes to raise \$2.4 million (with entities associated with then major shareholder Mr Stephen Copulos (now a Company director) subscribing for \$1.5 million worth of convertible notes);
- (b) delisting from AIM (see ASX announcement 11 March 2019);
- (c) entering into an agreement with Meteoric Resources for the disposal of the Company's Juruena Gold Project located in Brazil (see ASX announcement 20 March 2019);
- (d) reducing the Company's cash burn rate (see ASX announcement 5 March 2019);
- (e) refreshing the Company's board (see ASX announcement 1 March 2019);
- (f) entering into underwriting agreements for the partial underwriting of up to \$3.5 million of a proposed \$4.1 million rights issue (see further below); and
- (g) obtaining a further \$750,000 short term loan from Mr Copulos to be repaid following receipt of funds from the Company's proposed rights issue (see ASX announcement 4 April 2019).

Details of the above initiatives are set out in further detail in the Company's ASX announcements from 1 October 2018 and in the Annual Report released on 4 April 2019.

As part of the arrangements above involve the issue of securities or granting of security to entities associated with Mr Stephen Copulos, a Director and substantial Shareholder, such that Mr Copulos' voting power in the Company will increase to over 20%, the Company is required to obtain Shareholder approval prior to the issue of various shares and options or grant of security over its assets.

13.3 Rights Issue

As announced on 22 February 2019 and updated on 20 March 2019, the Company will shortly undertake a non-renounceable pro rata entitlement offer to eligible shareholders, pursuant to which it seeks to raise approximately \$4.1 million (before costs) (**Rights Issue**). The funds raised will be used for the completion of the Borborema Gold Project Bankable Feasibility Study; continued development and maintenance of the Borborema Project in Brazil; costs of the Rights Issue; repayment of the short term loan to Mr Copulos and general working capital purposes.

The Company will be offering eligible shareholders the opportunity to subscribe for two new shares for every three shares held on the record date for the Rights Issue,

at an issue price of \$0.01 per share. Eligible shareholders will also be entitled to subscribe for shortfall shares in addition to their entitlement.

Subscribers in the Rights Issue will also be issued one free-attaching option for every three new shares subscribed for, exercisable at \$0.02 each and expiring three years from the date of issue.

13.4 Copulos Group Underwriting Agreement

On 22 February 2019, Eyeon Investments Pty Ltd (**Eyeon**), a Copulos Group Entity, agreed to underwrite \$2.5 million of the Rights Issue pursuant to the terms of the Copulos Group Underwriting Agreement, a summary of which is set out in Schedule 2. On that date the Company also announced that, subject to shareholders' approving the cancellation of the Company's shares from trading on AIM, then Directors Andrew Vickerman and Marcus Engelbrecht would resign and Messrs Stephen Copulos and Andrew Richards would be appointed as Directors. Messrs Copulos and Richards were subsequently appointed as Directors on 28 February 2019.

An unrelated party, Pinnacle Corporate Finance Pty Ltd (**Pinnacle**), has also agreed to partially underwrite the Rights Issue to \$1 million, bringing the total underwritten amount of the Rights Issue to \$3.5 million. The key terms of the underwriting agreement with Pinnacle (**Pinnacle Underwriting Agreement**) are materially the same as the terms of the underwriting agreement with Eyeon, apart from the following:

- (a) Pinnacle will receive underwriting fees of \$60,000 plus 12.5 million options (exercisable at \$0.02 each, expiring 3 years after the date of issue);
- (b) Eyeon's underwriting commitment will be fulfilled in priority to Pinnacle's underwriting commitment; and
- (c) Pinnacle's underwriting commitment is conditional on Eyeon fulfilling its underwriting commitment.

The Company is seeking shareholder approval (Resolution 10) for the potential issue of securities outlined in Schedule 2 pursuant to the Copulos Group Underwriting Agreement, being:

- (d) up to 250 million Shares to meet underwriting obligations of \$2.5 million;
- (e) up to 83,333,334 million options (the terms of which are set out in Schedule 5) which are free attaching on a 1:3 basis under the Rights Issue; and
- (f) 30 million options (the terms of which are set out in Schedule 5) issued as part consideration for acting as partial underwriter to the Rights Issue.

13.5 Copulos Group Notes

As previously announced on 5 November 2018, 24 December 2018 and 29 January 2019, the Copulos Group Entities have subscribed for 15 notes with a principal amount of \$100,000 each (**Copulos Group Notes**). Funds provided from the issue of the Copulos Group Notes are to be used by the Company for general working capital

purposes. A summary of the material terms of the Copulos Group Notes is set out in Schedule 3.

The Copulos Group Notes were issued on the same terms and conditions as the nine notes subscribed for by unrelated parties of the Company. The Company obtained Shareholder approval for those notes to be convertible into Shares at the general meeting held on 28 February 2019, with conversion subsequently taking place on 15 March 2019. The Copulos Group Notes are the only convertible notes that remain on issue.

Unlike the notes granted to the unrelated parties, the Copulos Group Notes are not currently secured. The granting of security is subject to and conditional on Shareholders passing Resolution 13.

Mr Copulos and his associates currently hold a relevant interest in 110,871,102 Shares, comprising 17.97% of the Shares on issue as at the date of this Notice.

Accordingly, the Company now seeks Shareholder approval for:

- (a) the conversion of the Copulos Group Notes into Shares, in accordance with Listing Rule 10.11 and item 7 of section 611 of the Corporations Act (Resolution 11);
- (b) the payment of interest on the Copulos Group Notes in Shares, in accordance with Listing Rule 10.11 and item 7 of section 611 of the Corporations Act (Resolution 12); and
- (c) the grant of security in respect of the Copulos Group Notes in accordance with Listing Rule 10.1 (Resolution 13).

13.6 Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of the Company if, because of the acquisition, that person's or another person's voting power in the Company increases from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90%.

The voting power of a person in the Company is determined by reference to section 610 of the Corporations Act. A person's voting power in the Company is the total of the votes attaching to the shares in the company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.

Section 611 of the Corporations Act has exceptions to the prohibition in section 606. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares to a person which would otherwise be prohibited pursuant to section 606 of the Corporations Act.

As at the date of this Notice, the voting power of Copulos Group Entities in the Company is 17.97%. Pursuant to the transactions the subject of Resolutions 10, 11 and 12, Copulos Group may be issued with up to the following Shares:

| Copulos Group Shares | Maximum Shares |
|---|-----------------------|
| Maximum Shares to be issued on conversion of Copulos Group Notes | 150,000,000 |
| Maximum Interest Shares | 12,000,000 |
| Maximum Underwritten Shares | 250,000,000 |
| Maximum Shares to be issued on exercise of the Underwriter Options (includes 30m issued as a part-underwriting fee) | 113,333,334 |
| Maximum Shares to be issued on exercise of existing Options held (exercisable at \$0.055 each expiring 31 May 2020) | 18,134,472 |
| TOTAL | 543,467,806 |

In the unlikely event that the Copulos Group Shares are issued in full and that no other Shares are issued, the voting power of the Copulos Group Entities would increase from 17.97% as at the date of this Notice, to 56.39%. The Copulos Group have advised that it will not be seeking to take up any of its entitlements under the Rights Issue and intends only to take up any shortfall under the Copulos Group Underwriting Agreement.

Accordingly, Shareholder approval for the issue of the Copulos Group Securities is required for the purposes of item 7 of section 611 of the Corporations Act.

13.7 Impact on capital structure

The potential impact of the issue of the Copulos Group Shares on the Company's capital structure is shown in Schedule 4.

13.8 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The information that Shareholders require under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 is as follows:

(a) **The identity of the parties to be issued the Copulos Group Shares and their associates**

The Copulos Group Shares will be issued to the Copulos Group Entities, which are:

- (i) Eyeon Investments Pty Ltd (ACN 096 482 781) as trustee for the Eyeon Investments Family Trust;
- (ii) Spacetime Pty Ltd (ACN 105 191 777) as trustee for Copulos Executive Superannuation Fund 1; and
- (iii) Copulos Superannuation Pty Ltd (ACN 064 623 838) as trustee for Copulos Provident Fund.

No other associates of the Copulos Group Entities will be issued with any Shares as a result of the transactions the subject of the Copulos Group Resolutions.

As at the date of this Notice, the Copulos Group Entities and their associates hold the following Securities in the Company:

| Entity | Number of Shares |
|--------------------------------|------------------|
| Copulos Superannuation Pty Ltd | 41,280,103 |
| Eyeon Investments Pty Ltd | 37,807,405 |
| Eyeon No 2 Pty Ltd | 2,100,000 |
| Spacetime Pty Ltd | 11,463,914 |
| Citywest Corp Pty Ltd | 1,538,462 |
| Supermax Pty Ltd | 14,868,718 |
| Copulos Foundation Pty Ltd | 1,812,500 |
| | 110,871,102 |

The Copulos Group Entities and their associates currently hold a relevant interest in 110,871,102 Shares, comprising a voting interest of 17.97%.

The Copulos Group Entities and their associates also hold 18,134,472 unquoted options exercisable at \$0.055 each and expiring 31 May 2020.

(b) The maximum extent of the increase in Copulos Group Entities' voting power in the Company

The tables in Schedule 4 provide full particulars of the Shares in which Copulos Group Entities will have a relevant interest immediately before and after the various issues, the maximum extent of Copulos Group Entities' voting power in the Company and factors which may change Copulos Group Entities' voting power in the Company.

(c) The voting power Copulos Group Entities would have as a result of the issue of the Copulos Group Shares

Refer to Schedule 4.

(d) The maximum voting power that the Copulos Group Entities' associates would have as a result of the issue of the Copulos Group Shares

No associate of the Copulos Group Entities will be issued with Shares as a result of the issue of the Copulos Group Shares.

Including the Shares held by the Copulos Group Entities, the current voting power of the Copulos Group Entities' associates is 17.97%. This would

increase to a maximum of 56.39% as a result of the issue of the Copulos Group Shares (on the assumption that no other Shares are issued).

(e) **An explanation of the reasons for the issue**

A summary of the Copulos Group Notes, including the use of funds, is contained in Section 13.5 and Schedule 3.

A summary of the Copulos Group Underwriting Agreement, including the proposed use of funds from the Rights Issue, is contained in Section 13.2.

(f) **When the issues are to occur**

The Copulos Group Shares are proposed to be issued as follows:

| Copulos Group Shares | Maximum Shares | Anticipated latest date of issue |
|---|-----------------------|--|
| Maximum Underwritten Shares to be issued pursuant to the Underwriting Agreement at completion of the Rights Issue | 250,000,000 | Within 9 Business Days of completion of the Rights Issue, expected by 1 July 2019 |
| Maximum Shares to be issued on conversion of Copulos Group Notes | 150,000,000 | 10 Business Days before the maturity date of the relevant Note Agreement (see Schedule 3 for maturity dates) |
| Maximum Interest Shares to be issued on conversion of Copulos Group Notes | 12,000,000 | Due at the maturity date of the relevant Note Agreement (see Schedule 3 for maturity dates) |
| Maximum Shares to be issued on exercise of existing Options held | 18,134,472 | Within 5 Business Days of a valid notice of exercise (options expire 31 May 2020). Full terms in Schedule 2 of Company's 2018 notice of annual general meeting |
| Maximum Shares to be issued on exercise of the Underwriter Options (includes 30m issued as a part-underwriting fee) | 113,333,334 | Within 15 Business Days of a valid notice of exercise (options expire 30 June 2022). Full option terms set out in Schedule 5 |

| Copulos Group Shares | Maximum Shares | Anticipated date of issue | latest |
|----------------------|----------------|---------------------------|--------|
| TOTAL | 543,467,806 | | |

(g) **Details of the terms of any other relevant agreement between the Company and the Copulos Group Entities or any of their associates that is conditional on approval of the Copulos Group Resolutions**

The Copulos Group Resolutions seek Shareholder approval for the issue of Securities to the Copulos Group Entities pursuant to:

- (i) the Copulos Group Notes between the Company and the Copulos Group Entities; and
- (ii) the Underwriting Agreement between the Company and Eyeon Investments.

The terms of the Copulos Group Notes between the Copulos Group Entities and the Company are summarised in Schedule 3.

These terms are the same as those entered into with the unrelated lenders, with the exception of the grant of security. The Company obtained shareholder approval for the conversion of the unrelated lenders' notes at a shareholder meeting on 22 February 2019. As described in Section 13.5, the grant of security to the Copulos Group Entities is subject to the receipt of prior Shareholder approval (the subject of Resolution 13).

The terms of the Copulos Group Underwriting Agreement between Eyeon and the Company are summarised in Schedule 2.

There are no other agreements between the Company and the Copulos Group Entities or their associates which are conditional on approval of the Copulos Group Resolutions.

The completion of the Pinnacle Underwriting Agreement is also conditional on the approval of the Copulos Underwriting Agreement, and is therefore indirectly conditional on the approval of the Copulos Group Resolutions.

(h) **The Copulos Group Entities' intentions regarding the future of the Company if the issue of the Copulos Group Shares is completed**

This Section sets out the intentions of the Copulos Group Entities in relation to the Company if all or part of the Copulos Group Shares are issued.

The Copulos Group Entities' intentions are based on information concerning the Company, its business and the business environment which is known to the Copulos Group Entities at the date of this Notice. Final decisions regarding these matters will be made by the Copulos Group Entities in light of all material information and circumstances at the relevant time. Accordingly, the statements in this Section are statements of current intention only, which may change as new information becomes available or as circumstances change.

- (i) It is the Copulos Group Entities' current intention that the Company will:
 - (A) continue to operate its business and projects in substantially the same manner as they are currently being conducted. In particular, it is the Copulos Group Entities' current intention that the Company will continue to progress the development of the Borborema Project through the undertaking of a definitive feasibility study;
 - (B) retain its existing management team and other employees and any further employees or consultants considered appropriate for the development of Borborema Project;
 - (C) keep the existing board structure; and
 - (D) continue to maintain its head office in Perth, Western Australia.
- (ii) Other than as set out above or elsewhere in this Explanatory Memorandum, Copulos Group Entities:
 - (A) has no intention to change the business of the Company;
 - (B) has no current intention to inject further capital into the Company;
 - (C) has no intention to change the future employment of the present employees of the Company;
 - (D) does not intend for any assets to be transferred between Copulos Group Entities and the Company or their associates;
 - (E) has no intention to otherwise redeploy the fixed assets of the Company; and
 - (F) has no current intention to change the Company's existing financial or dividend distribution policies.

(i) **The interest that any Director has in the issue of the Copulos Group Shares**

The Copulos Group Entities are controlled by Mr Stephen Copulos, the Chairman of the Company.

No other Directors have any interest in the issue of the Copulos Group Shares.

(j) **Details about any person who is intended to become a Director if Shareholders approve the Copulos Group Resolutions**

There are no proposed Director appointments in connection with the Copulos Group Resolutions. However, pursuant to the Underwriting

Agreement, on completion of the Underwriting Agreement the Underwriter will be entitled to appoint a representative to the Board (**Nominated Director**). The initial Nominated Director will be Stephen Copulos.

The right to appoint the Nominated Director will cease to apply if the relevant interest of the Underwriter and its associates in the Company's shares falls below 10% on an undiluted basis for more than thirty (30) consecutive days on which the ASX is open for trading.

(k) **Recommendation of each Director as to whether Shareholders should approve the proposed issues of Copulos Group Shares**

After carefully considering each aspect of the transactions the subject of Resolutions 10-12 and assessing all the facts, including those contained in this Explanatory Memorandum and the Independent Expert's Report, the Directors (other than Mr Copulos) believe the transactions are in the best interests of Shareholders and unanimously recommend that you vote in favour of the Copulos Group Entities Resolutions, in the absence of a superior proposal emerging. In the absence of a superior proposal, the Directors (other than Mr Copulos) intend to vote in favour of each of the Copulos Group Entities Resolutions with respect to their own shareholdings in the Company.

(l) **An analysis of whether the proposed allotment of the Copulos Group Shares is fair and reasonable when considered in the context of the Shareholders other than Copulos Group Entities and its associates**

Refer to the Independent Expert's Report.

(m) **Additional information**

Neither Copulos Group Entities nor its associates, nor the Company, are aware of any other information that may be relevant to Shareholders' decision whether or not to vote in favour of the Copulos Group Entities Resolutions.

13.9 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 9.2.

As Mr Copulos is currently a Director of the Company, he is a related party of the Company.

The Copulos Group Notes have been issued as debt instruments. The Copulos Group Notes were not issued as Equity Securities, as they cannot be converted into Shares in the Company unless Shareholder approval is obtained. This Shareholder approval is sought pursuant to Resolution 11. The effect of passing Resolution 11 will be to allow the Company to issue the Copulos Group Notes as Equity Securities.

The effect of passing Resolution 12 will be to allow the Company to issue up to 12,000,000 Interest Shares to the Copulos Group Entities.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

13.10 Specific information required by Listing Rule 10.13 - Copulos Group Notes

Listing Rule 10.13 requires that the following information be provided to Shareholders:

- (a) If Resolution 11 is approved, the Copulos Group Notes will become Equity Securities. The Copulos Group Notes will be convertible into a maximum of 150,000,000 Shares.
- (b) The Copulos Group Notes were issued on various dates between November 2018 and February 2019 as debt instruments. If Resolution 11 is approved, the Copulos Group Notes will be converted into Equity Securities for the purposes of the Listing Rules at the time of the approval being obtained (that is, the date of the Meeting).
- (c) The issue price of the Copulos Group Notes is \$100,000 each, with a total of 15 Copulos Group Notes to convert to Equity Securities pursuant to Resolution 11.
- (d) The material terms of the Copulos Group Notes are summarised in Schedule 3. Shares issued on the conversion of the Copulos Group Notes will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all other Shares on issue at the time.
- (e) Funds raised from the issue of the Copulos Group Notes are being used to provide the Company with general working capital. No further funds will be raised by the conversion of the Copulos Group Notes.
- (f) A voting exclusion statement is included in the Notice.

13.11 Specific information required by Listing Rule 10.13 - Interest Shares

Listing Rule 10.13 requires that the following information be provided to Shareholders:

- (a) The maximum number of Shares that may be issued to the Copulos Group Entities as Interest Shares is 12,000,000.
- (b) Interest Shares will be issued on the date that is 12 months after the date of issue of the relevant Copulos Group Note. The Interest Shares will therefore be issued no later than 8 February 2020.

The Company has sought a waiver from Listing Rule 10.13.3 to the extent necessary to permit the Interest Shares to be issued by no later than 8 February 2020. The Company will make an announcement to the market with respect to the outcome of the waiver application. If the waiver is not granted, Interest Shares can only be issued within one month of the date of the Meeting, and the Company will need to obtain further Shareholder approval for issues of the Interest Shares under the Listing Rules prior to their issue.

- (c) The deemed issue price of the Interest Shares will be equal to the higher of:

- (i) the volume weighted average price of Shares traded on ASX during the 30 days on which sales were recorded on ASX ending on the day before the relevant interest payment date; and
 - (ii) \$0.01.
- (d) The Interest Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all other Shares on issue at the time.
 - (e) No funds are being raised by the issue of the Interest Shares.
 - (f) A voting exclusion statement is included in the Notice.

13.12 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 210 of the Corporations Act provides an exception to the shareholder approval requirement where the financial benefit is on terms that:

- (c) would be reasonable in the circumstances if the Company and related party were dealing at arm's length; or
- (d) are less favourable to the related party than the terms referred to in (c) above.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issues of the Copulos Group Shares, entry into the underwriting agreement or the grant of security pursuant to the Copulos Group Notes because the terms were each negotiated on an arms' length basis. The Company came to this conclusion after considering.:

- (a) Mr Copulos was not a director of the Company at the time of entry into the underwriting agreement or the Copulos Group Notes;
- (b) the Copulos Group Notes were issued on the same terms as those to unrelated parties, save for prior shareholder approval being required for the grant of security due to the application of Listing Rule 10.1 as Mr Copulos is a substantial shareholder of the Company; and
- (c) given the Company's circumstances and need for funding, Mr Copulos was the only party willing to partially underwrite a rights issue on terms acceptable to the Company and also considered within a standard range of

underwriting fees for transactions of this nature, having regard to the only other offer received by the Company.

13.13 Additional information

The Board unanimously recommends that Shareholders vote in favour of the Copulos Group Resolutions.

The Copulos Group Resolutions are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of the Copulos Group Resolutions.

14. Resolution 13 - Approval of grant of Security to the Copulos Group

14.1 Background

Pursuant to the terms of the Copulos Group Notes, subject to Shareholder approval pursuant to Resolution 13, the Company proposes to grant security to the Copulos Group Entities to secure repayment of funds advanced under the Copulos Group Notes.

The Copulos Group Notes were issued on the same terms and conditions as the nine notes subscribed for by unrelated parties of the Company, however unlike the notes issued to unrelated parties the Copulos Group Notes are presently not secured.

A summary of the material terms of the Copulos Group Notes is set out in Schedule 3.

14.2 Listing Rule 10.1

Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

ASX deems the granting of a security interest over an asset to be a disposal of that asset. As a result, the Company will be deemed to be disposing of its assets to the Copulos Group, a substantial shareholder. Accordingly, Shareholder approval is being sought for the purposes of Listing Rule 10.1 to the grant of a security interest as security over the assets of the Company in favour of the Copulos Group.

In accordance with Listing Rule 10.1, accompanying this Notice is an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd. The report concludes that the security interest proposed to be granted as security in favour of the Copulos Group is fair and reasonable to the non-associated Shareholders.

Please refer to the Independent Expert's Report for further details, and in particular the advantages and disadvantages of the transaction contemplated under this Resolution.

15. Resolution 14 - Approval of issue of Options to Pinnacle Corporate Finance Pty Ltd

15.1 Background

Resolution 14 seeks Shareholder approval for the issue of Options to Pinnacle Corporate Finance Pty Ltd (or its nominee) pursuant to the terms of the Pinnacle Underwriting Agreement.

15.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is in Section 8.2.

The effect of Resolution 14 will be to allow the Company to issue the Options to Pinnacle outside of the Company's 15% placement capacity under Listing Rule 7.1.

15.3 Specific information required by Listing Rule 7.3

Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to the issue of the Options to Pinnacle:

- (a) The maximum number of Options to be issued is 12,000,000.
- (b) The Options will be issued no later than three months after the date of the Meeting and it is intended that issue of the Options will occur on the same date, being as soon as practicable following the completion of the Rights Issue.
- (c) The Options are to be issued as partial remuneration for underwriting services to be provided by Pinnacle pursuant to the terms of the Pinnacle Underwriting Agreement, and therefore will have an issue price of nil.
- (d) The Options will be issued to Pinnacle or its nominees.
- (e) The Options will be exercisable at \$0.02 per Option, expire on 30 June 2022 and will otherwise be issued on the terms set out in Schedule 5. Upon conversion, shares will rank equally in all respects with the Company's existing Shares on issue.
- (f) No funds will be raised by the issue of the Options.
- (g) It is intended that the Options will be issued as soon as practicable after completion of the Rights Issue.
- (h) A voting exclusion statement is included in the Notice.

15.4 Additional information

The Board unanimously recommends that Shareholders vote in favour of Resolution 14. Resolution 14 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 14.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

AIM means the market of that name operated by London Stock Exchange plc.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 31 December 2018.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited (ABN 98 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

AEST means Australian Eastern Standard Time.

Board means the board of Directors.

Chairperson means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Crusader Resources Limited (ACN 106 641 963).

Constitution means the constitution of the Company as at the date of the Meeting.

Copulos Group Entities means those entities set out in Section 13.8(a).

Copulos Group Notes has the meaning given in Section 13.5.

Copulos Group Resolutions means Resolutions 10,11,12 and 13 of this Notice.

Copulos Group Securities has the meaning given in Section 13.1.

Copulos Group Shares means those Shares identified in the table in Section 13.6.

Copulos Group Underwriting Agreement is the underwriting agreement between the Company and Eyeon Investments Pty Ltd.

Copulos Group Underwriter Securities means the securities issued under the Copulos Group Underwriting Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the report prepared by BDO Corporate Finance (WA) Pty Ltd for the purpose of obtaining Shareholder approval of the Resolutions.

Interest Shares means the issue of Shares in satisfaction of interest payable under the Copulos Group Notes.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Option means an option to acquire a Share.

Pinnacle means Pinnacle Corporate Finance Pty Ltd.

Pinnacle Underwriting Agreement has the meaning given in Section 13.4.

Placement Shares has the meaning given in Section 8.1.

Proposed Constitution has the meaning given in Section 12.1.

Proxy Form means the proxy form attached to the Notice.

Rights Issue has the meaning given in Section 13.3.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means securities of the Company, including (without limitation), Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Underwriter means Eyeon Investments Pty Ltd in respect of the Copulos Group Underwriting Agreement and Pinnacle Corporate Finance Pty Ltd in respect of the Pinnacle Underwriting Agreement.

Schedule 2 - Material Terms of Copulos Group Underwriting Agreement

| | |
|----------------------------|--|
| Rights Issue | <p>Pro rata non-renounceable pro-rata offer to all eligible shareholders on the basis of 2 new shares for every 3 shares held at the record date.</p> <p>The subscription price for the new shares will be \$0.01 each.</p> <p>Subscribers for new shares will be issued one free-attaching option, exercisable at \$0.02 each and expiring 3 years after the date of issue (Options), for every three new shares subscribed for.</p> |
| Underwriter | Eyeon Investments Pty Ltd (Underwriter) |
| Underwritten amount | \$2.5 million |
| Conditions | <ul style="list-style-type: none"> • (AIM delisting) the cancellation of the admission of the shares from trading on AIM having taken effect; • (ASX Re-Listing) the Company engaging with the ASX and having obtained in writing the requirements to have its shares reinstated to quotation on ASX; • (Shareholder approvals) the members of the Company in general meeting providing the shareholder approvals required for the Underwriting Agreement by the necessary majorities; • (Prospectus) the Company lodging the Prospectus with the ASIC and the Rights Issue not being withdrawn by the Company; • (Costs) the Company reimbursing the Underwriter for its legal costs incurred in preparation of the Underwriting Agreement, and related documents as agreed between the Parties, up to a maximum of \$50,000; • (Director changes): the Board comprising John Evans, Andrew Richards and Stephen Copulos; and • (Event of Insolvency) no event of insolvency has occurred in respect of the Company, <p>(together, Conditions).</p> <p>The Conditions are to be satisfied or waived by no later than four months after the date of the Underwriting Agreement, or such other date as agreed by the parties in writing (Cut-Off Date).</p> |
| Underwriting fees | <ul style="list-style-type: none"> • A cash payment equal to 6% of the underwritten amount (that is, \$150,000); and • 30 million Options (for which shareholder approval will be sought, in accordance with item 7 of section 611 of the Corporations Act). |

| | |
|--|--|
| <p>Termination events</p> | <p>Either Party may terminate the Underwriting Agreement if:</p> <ul style="list-style-type: none"> • the Conditions are not satisfied or waived by the Cut Off Date; or • the Conditions become incapable of satisfaction or the parties agree that any of the Conditions cannot be satisfied. <p>In addition, the Company may terminate the Underwriting Agreement following receipt of a competing proposal which:</p> <ul style="list-style-type: none"> • is bona fide and is made by or on behalf of a person that the Board reasonably consider is of sufficient commercial standing to implement the competing proposal; and • the Board, acting in good faith and after having obtained advice from its external legal and financial advisers, has determined; • is a superior proposal; or • completing the Underwriting Agreement would be likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Board. |
| <p>Director appointment right</p> | <p>On and from the date of completion of the Underwriting Agreement, the Underwriter will be entitled to appoint a representative to the Board (Nominated Director). The initial Nominated Director will be Stephen Copulos.</p> <p>The right to appoint the Nominated Director will cease to apply if the relevant interest of the Underwriter and its associates in the Company's shares falls below 10% on an undiluted basis for more than thirty (30) consecutive days on which the ASX is open for trading.</p> |
| <p>Additional provisions</p> | <p>Additional provisions customary for agreements of this nature, including representations and warranties, indemnities, completion mechanics and general provisions have been included.</p> |

Schedule 3 - Material Terms of Copulos Group Notes

| | |
|-------------------|--|
| Face Value | \$100,000 per Note (15 Notes for \$1.5m in total) |
| Maturity | <p>The maturity date is 12 months after the date of the relevant Note Agreement. For the Copulos Group Notes:</p> <ul style="list-style-type: none"> • Notes with a Face Value of \$300,000 mature on 15 November 2019; • Notes with a Face Value of \$200,000 mature on 20 December 2019; and • Notes with a Face Value of \$1,000,000 mature on 8 February 2020. |
| Redemption | <p>Any unconverted Notes are to be redeemed by the Company on the maturity date.</p> <p>If an “event of default” occurs (as described below), the Noteholder may require the immediate redemption of the Notes.</p> <p>If the shareholder approval is not received by 30 June 2019, the Noteholder may require the Notes to be redeemed within 5 business days of the provision of written notice.</p> |
| Conversion | <p>Subject to the receipt of Shareholder approval, a Noteholder may convert their Shares at any time during the period commencing on the date of the Shareholder approval, and ending 10 business days before the maturity date.</p> |
| Interest | <p>Interest accrues at a rate of 8% per annum, commencing from the date of issue.</p> <p>The interest is to be paid in two tranches:</p> <ul style="list-style-type: none"> • the first interest payment date is 6 months after the issue date of the Note; and • the second interest payment date is the maturity date, however if any Notes are converted or redeemed, the interest is to be calculated up to the date of such conversion or redemption and paid at the same time. <p>The interest is to be paid by the issue of Shares, at a deemed issue price equal to the higher of:</p> <ul style="list-style-type: none"> • the volume weighted average price of Shares traded on ASX during the 30 days on which sales were recorded on ASX ending on the day before the relevant interest payment date; and • the lower of \$0.01 and the offer price under the Company’s proposed Rights Issue. |

| | |
|---------------------------------------|---|
| | Any overdue amounts will incur additional interest at a rate of 15% per annum. |
| Security | The Notes are secured. |
| Representations and warranties | The Company has provided the Noteholders with customary representations and warranties. |
| Events of default | <p>The Copulos Group Notes include typical events of default, including, amongst other things, the following (in summary):</p> <ul style="list-style-type: none"> • (failure to pay) the Company fails to pay or repay any part of the outstanding moneys under the relevant Note Agreement when due and payable by it and the amount remains unpaid for 5 business days (or such longer period agreed) after the failure to pay; • (failure to perform) the Company fails to perform any other material undertaking or obligation of it under the relevant Note Agreement and, if the failure is capable of remedy, it continues unremedied for 5 business days (or such longer period agreed) after the failure to comply; • (misrepresentation) any representation or warranty of the Company is or becomes incorrect or misleading in any material respect and, if the circumstances causing it to be incorrect or misleading are capable of remedy, it remains incorrect or misleading in any respect 5 business days (or such longer period agreed) after being or becoming incorrect or misleading; • (security interest) any security interest is enforced, or becomes capable of being enforced, against an asset of the Company group; • (judgment) a judgment in an amount exceeding \$500,000 (or its equivalent in any other currency or currencies) is obtained against a member of the Company group and is not set aside or satisfied within 10 business days; • (execution) a distress, attachment, execution or other process of a Government Agency is issued against, levied or entered upon an asset of the Company group in an amount exceeding \$500,000 (or its equivalent in any other currency or currencies) and is not set aside or satisfied within 10 business days; • (controller) any of the following occur: <ul style="list-style-type: none"> ○ a controller (as defined in the Corporations Act) is appointed, or any steps are taken to appoint a controller; or ○ a resolution to appoint a controller is passed, or any steps are taken to pass a resolution to appoint a controller, <p>to a material member of the Company group or over a material asset of the Company group;</p> |

| | |
|------------------------|---|
| | <ul style="list-style-type: none"> • (winding up) any of the following occur: <ul style="list-style-type: none"> ○ any shareholder or director either calls or threatens to call any meeting for the purpose of considering or passing any resolution; ○ an application is made; ○ an order is made; or ○ a resolution is passed or any steps are taken to pass a resolution, for the winding up of a material member of the Company group; • (administration) any of the following occur: <ul style="list-style-type: none"> ○ an administrator is appointed, or any steps are taken to appoint an administrator; or ○ a resolution to appoint an administrator is passed, or any steps are taken to pass a resolution to appoint an administrator, ○ to a material member of the Company group; • (insolvency) a material member of the Company group is: <ul style="list-style-type: none"> ○ unable to pay its debts when they are due; or ○ presumed to be insolvent under the Corporations Act; • (arrangements) a material member of the Company group enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, any of its creditors; or • (unenforceability) <ul style="list-style-type: none"> ○ a provision of this document is illegal, void, voidable or unenforceable; ○ any person becomes entitled to terminate, repudiate, rescind or avoid any provision of this document; or ○ the execution, delivery or performance of this document by the Issuer breaches or results in a contravention of any law. |
| Quotation | The Notes will not be quoted on the ASX. |
| Transferability | The Noteholder may transfer the Notes, subject to the prior written consent of the Company. |

Schedule 4 - Impact of issues to Copulos Group on Company's capital structure

In the unlikely event the Copulos Group Shares are the only Shares issued by the Company, the Copulos Group Entities will have the following **maximum** interest in the Company. The Copulos Group have advised that it will not be seeking to take up any of its entitlements under the Rights Issue and intends only to take up any shortfall under the Copulos Group Underwriting Agreement:

| Description | Shares to be issued to Copulos Group | Copulos Group Entities holdings (cumulative) | New Company Share issues | Total Company Shares (cumulative) | % held by Copulos Group Entities (cumulative) |
|------------------------------------|--------------------------------------|--|--------------------------|-----------------------------------|---|
| Existing Shares | - | 110,871,102 | - | 616,870,802 | 17.97 |
| Rights Issue - underwritten shares | 250,000,000 | 360,871,102 | 250,000,000 | 866,870,802 | 41.63 |
| Copulos Group Notes conversion | 150,000,000 | 510,871,102 | 150,000,000 | 1,016,870,802 | 50.24 |
| Copulos Group Notes - interest | 12,000,000 | 522,871,102 | 12,000,000 | 1,028,870,802 | 50.82 |
| Existing options - converted | 18,134,472 | 541,005,574 | 18,134,472 | 1,047,005,274 | 51.67 |
| Rights Issue Options - converted | 113,333,334 | 654,338,908 | 113,333,334 | 1,160,338,608 | 56.39 |

In the event:

- (a) the Rights Issue proceeds and is fully subscribed (such that the Copulos Group only take up their entitlement under the Copulos Group Underwriting Agreement);
- (b) all other issues of securities contemplated in this Notice are made;
- (c) no other options on issue are converted; and
- (d) no other issues of securities are made,

the Copulos Group Entities will have the following interests in the Company:

| Description | Shares to be issued to Copulos Group | Copulos Group Entities holdings (cumulative) | New Company Share issues | Total Company Shares (cumulative) | % held by Copulos Group Entities (cumulative) |
|---|--------------------------------------|--|--------------------------|-----------------------------------|---|
| Existing Shares | - | 110,871,102 | - | 616,870,802 | 17.97 |
| Issue of Shares to Andrew Richards (Resolution 6) | | 110,871,102 | 5,000,000 | 621,870,802 | 17.83 |
| Issue of Shares to John Evans (Resolution 7) | | 110,871,102 | 1,200,000 | 623,070,802 | 17.79 |
| Rights Issue - Copulos Group entitlement only | 73,914,068 | 184,785,170 | 411,247,201* | 1,034,318,003 | 17.87 |
| Copulos Group Notes conversion (Resolution 11) | 150,000,000 | 334,785,170 | 150,000,000 | 1,184,318,003 | 28.27 |

| Description | Shares to be issued to Copulos Group | Copulos Group Entities holdings (cumulative) | New Company Share issues | Total Company Shares (cumulative) | % held by Copulos Group Entities (cumulative) |
|--|--------------------------------------|--|--------------------------|-----------------------------------|---|
| Copulos Group Notes - interest (Resolution 12) | 12,000,000 | 346,785,170 | 12,000,000 | 1,196,318,003 | 28.99 |
| Existing options - converted | 18,134,472 | 364,919,642 | 18,134,472 | 1,214,452,475 | 30.05 |
| Rights Issue Options - Copulos Group entitlement plus 30m as part-underwriting fee | 54,638,023 | 419,557,665 | 54,638,023 | 1,269,090,498 | 33.06 |
| Rights Issue - Pinnacle Options | | 419,557,665 | 12,000,000 | 1,281,090,498 | 32.75 |

*Subject to rounding

Schedule 5 - Terms of Options

The terms and conditions of the options proposed to be issued pursuant to the Rights Issue and under the Underwriting Agreement and Pinnacle Underwriting Agreement are set out below:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 30 June 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Quotation**

Provided the Company can meet the minimum requirements pursuant to the Listing Rules, the Company will apply for quotation of the Options on ASX.

(h) **Quotation of Shares issued on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(i) **Timing of issue of Shares on exercise**

After an Option is validly exercised, the Company must, within, 15 Business

Days of receipt of the Notice of Exercise and receipt of cleared funds equal to the Exercise Price of the exercised Option:

- (i) issue the Share; and
- (ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 10 Business Days after issuing the Share.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date, all rights of the Option holder will be varied in accordance with the Listing Rules.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

The Company may change the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue) in accordance with Listing Rule 6.22.2A.

(n) **Adjustment for bonus issues**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Option exercise price.

(o) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

CRUSADER RESOURCES LIMITED

ACN: 106 641 963

REGISTERED OFFICE:

LEVEL 29
221 ST GEORGES TERRACE
PERTH WA 6000
AUSTRALIA

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«EFT_REFERENCE_NUMBER»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code» «Sequence_number»

Code:

CAS

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am AEST on Wednesday 12 June 2019 at Deloitte Melbourne office, 550 Bourke Street, Melbourne, Victoria 3000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

| RESOLUTION | For | Against | Abstain* | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|
| 1. Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8. Approval of change of Company name | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Director - John Evans | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9. Replacement of Constitution | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Election of Director - Stephen Copulos | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 10. Approval of issue of Copulos Group Underwriter Securities | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Election of Director - Andrew Richards | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11. Approval to convert Copulos Group Notes | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Ratification of issue of Placement Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 12. Approval to issue Interest Shares to the Copulos Group Entities | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Approval of issue of Shares to Andrew Richards | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 13. Approval of grant of Security to the Copulos Group | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Approval of issue of Shares to John Evans | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 14. Approval of issue of Options to Pinnacle Corporate Finance Pty Ltd | <input type="checkbox"/> | <input type="checkbox"/> |

IMPORTANT for Resolutions 1, and 6 and 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, and 6 and 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am AEST on Monday 10 June 2019.

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CRUSADER RESOURCES LIMITED
Independent Expert's Report

30 April 2019



Financial Services Guide

30 April 2019

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Crusader Resources Limited ('Crusader' or 'the Company') to provide an independent expert's report on the proposal to issue shares to Mr Stephen Copulos upon conversion of secured convertible notes, payment of interest accrued on the secured convertible notes, and any shortfall subscribed to in the proposed rights issue. You will be provided with a copy of our report as a retail client because you are a shareholder of Crusader.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ who we are and how we can be contacted;
- ◆ the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ any relevant associations or relationships we have; and
- ◆ our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$90,000.

BDO Corporate Finance (WA) Pty Ltd also received approximately \$95,000 in fees for the partial preparation of an Independent Expert's Report relating to a transaction in 2017 which was not completed.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Crusader for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

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30 April 2019

The Directors
Crusader Resources Limited
Level 29, 221 St Georges Terrace
Perth, WA 6000, Australia

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 22 February 2019, and as updated on 20 March 2019, Crusader Resources Limited (**'Crusader'** or **'the Company'**) announced that the Company had finalised terms of the non-renounceable pro rata entitlement offer to eligible shareholders, through which it will seek to raise \$4.1 million, before costs (**'Rights Issue'**).

The Company will offer eligible shareholders the opportunity to subscribe for two new shares for every three shares held on the record date for the Rights Issue, at an issue price of \$0.01 per share. Eligible shareholders will also be entitled to subscribe for shortfall shares in addition to their entitlement. Subscribers in the Rights Issue will also be issued one free-attaching option for every three new shares subscribed for, exercisable at \$0.02 each, expiring on 30 June 2022.

As part of the Rights Issue, the Company executed a binding conditional underwriting agreement with its major shareholder, Mr Stephen Copulos and his controlled entities (**'the Copulos Group'**), for a partial underwriting of the Rights Issue (**'Underwriting Agreement'**). The Copulos Group will underwrite \$2.5 million of the Rights Issue pursuant to the terms of the Underwriting Agreement. The Copulos Group has advised it will not be seeking to take up any of its entitlements under the Rights Issue and intends only to take up any shortfall under the Underwriting Agreement.

Further, on 20 March 2019, Crusader announced that an agreement was executed with Pinnacle Corporate Finance Pty Ltd (**'Pinnacle'**) who have agreed to further underwrite \$1.0 million of the Rights Issue. The key terms of the underwriting agreement with Pinnacle are materially the same as the terms of the Underwriting Agreement, except for the following:

- Pinnacle will receive underwriting fees for \$60,000 plus 12 million options (exercisable at \$0.02 each, expiring on 30 June 2022);
- The Underwriting Agreement will be fulfilled in priority to Pinnacle's underwriting commitment; and
- Pinnacle's underwriting commitment is conditional on the Copulos Group fulfilling its underwriting commitment.

As announced on 5 November 2018, 24 December 2018 and 29 January 2019, the Company has raised a total of \$2.4 million, before costs, through the issue of convertible notes (**'the Convertible Notes'**), with \$1.5 million of this amount having been subscribed for by the Copulos Group (**'the Copulos Convertible Notes'**).

Collectively, the issue of shares upon conversion of the Copulos Convertible Notes, payment of interest and the Underwriting Agreement, is referred to as **'the Transaction'**.

Pursuant to the terms of the Copulos Convertible Notes, and consistent with the terms of the Convertible Notes, Crusader is also proposing to grant security to the Copulos Group over the assets of Crusader (**'the Security Transaction'**).

The Convertible Notes will have a principal amount of \$100,000 each and carry an interest rate of 8% per annum, which is payable in new fully paid ordinary shares at the 30-day volume weighted average price (**'VWAP'**) in Crusader, subject to a floor price equal to the lower of \$0.01 or the issue price of the Rights Issue.

The Transaction is subject to shareholder approval, which is sought under item 7 of Section 611 of the Corporations Act 2001 (**'Corporations Act'** or **'the Act'**), as the potential issue of shares upon conversion of the Copulos Convertible Notes, payment of interest and the Underwriting Agreement, would result in the Copulos Group increasing its interest in the issued shares of Crusader from approximately 18% to more than 20%.

The Security Transaction is subject to shareholder approval, which is sought under ASX Listing Rule 10.1.

The Transaction and Security Transaction are collectively referred to as **'the Transactions'**.

Further details of the terms of the Convertible Notes and the Transactions are included in Section 4 of this report.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Crusader have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not each of the Transactions are fair and reasonable to the non-associated shareholders of Crusader ('Shareholders').

Our Report is prepared pursuant to Section 611 of the Corporations Act and ASX Listing Rule 10.1 and is to be included in the Notice of Meeting for Crusader in order to assist the Shareholders in their decision whether to approve the Transactions.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of each of the Transactions as outlined in the body of this report. We have considered:

- how the value of a Crusader share prior to the Transaction on a control basis, compares to the value of a Crusader share following the Transaction, on a minority basis;
- a comparison between the value of the proceeds from the sale of the security that would be provided to Copulos Group under the Security Transaction in the event of the default with the value of the liabilities that would be settled;
- the likelihood of an alternative offer being made to Crusader;
- other factors which we consider to be relevant to the Shareholders in their assessment of each of the Transactions; and
- the position of Shareholders should the Transactions not be approved.

2.3 Opinion

We have considered the Transactions in two components:

- The Transaction; and
- The Security Transaction.

We have considered the terms of the Transaction as outlined in the body of this Report and have concluded that, in the absence of a superior offer and any other relevant information, the Transaction is not fair but reasonable to Shareholders.

We have considered the terms of the Security Transaction as outlined in the body of this Report and have concluded that, in the absence of any other relevant information, the Security Transaction is fair and reasonable to Shareholders.

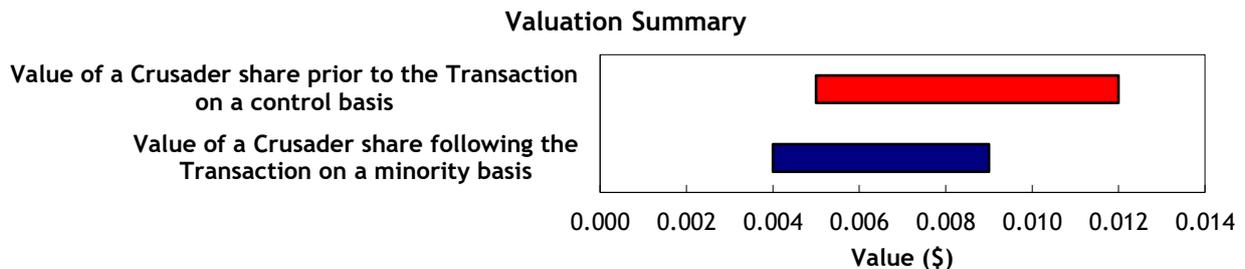
2.4 Fairness

In Section 11 we determined that the value of a Crusader share prior to the Transaction on a control basis, compares to the value of a Crusader share following the Transaction, on a minority basis, as detailed below:

| | Ref | Low \$ | Preferred \$ | High \$ |
|---|------|-----------|-----------------|------------|
| Value of a Crusader share prior to the Transaction on a control basis | 9.3 | 0.005 | 0.008 | 0.012 |
| Value of Crusader share following the Transaction on a minority basis | 10.1 | 0.004 | 0.007 | 0.009 |

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of a superior offer and any other relevant information, the Transaction is not fair for Shareholders.

We have also concluded that the value of the proceeds of the sale of the security that would be provided to the Copulos Group under the security documents in relation to the convertible notes in the event of default is equivalent or lower than the value of the liabilities that would be settled. This is discussed in section 11 of our Report. Therefore, in the absence of any other relevant information, this indicates that the Security Transaction is fair to Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 12 of this report, in terms of both

- advantages and disadvantages of each of the Transactions; and
- other considerations, including the position of Shareholders if the Transactions do not proceed and the consequences of not approving the Transactions.

In our opinion, the position of Shareholders if the Transactions are approved is more advantageous than the position if the Transactions are not approved. Accordingly, in the absence of a superior offer or any other relevant information, we believe that each of the Transactions are reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

| ADVANTAGES AND DISADVANTAGES | | | |
|------------------------------|--|---------|---|
| Section | Advantages | Section | Disadvantages |
| Transaction | | | |
| 12.1.1. | Provides immediate short term working capital and Borborema BFS funding | 12.2.1. | The Transaction is not fair |
| 12.1.2. | Shareholders are offered the same terms to acquire shares as Mr Copulos through the Rights Issue | 12.2.2. | Dilution of Shareholders' interests |
| 12.1.3. | Strengthens Crusader's financial position | 12.2.3. | Presence of significant shareholder may reduce attractiveness of Crusader's shares to potential takeover bidder |
| 12.1.4. | Completion of the BFS could reasonably be foreseen to add value to the Borborema Project | | |
| Security Transaction | | | |
| 12.1.5. | The Security Transaction is fair | 12.2.4. | Some restrictions, albeit limited, placed on Crusader's ability to deal with its assets |
| 12.1.6. | Supports convertible notes funding | | |

Other key matters we have considered include:

| Section | Description |
|---------|--|
| 12.3.1. | Consequences of not approving the Transactions |
| 12.3.2. | Alternative proposals |
| 12.3.3. | Practical level of control |
| 12.3.4. | Post announcement pricing |

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

The Company is seeking Shareholders' approval for the issue of up to 543,467,806 shares to Mr Stephen Copulos, which would take his current shareholding of 17.97% of Crusader up to 56.39%, passing the 20% shareholding that requires shareholder approval.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

The grant of security pursuant to the Copulos Convertible Notes is considered to be a disposal of a 'substantial asset' to a related party which requires shareholder approval under ASX Listing Rule 10.1.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction non-associated shareholders.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of the Company, by either:

- undertaking a detailed examination of each of the Transactions themselves, if they consider that they have sufficient expertise, experience and resources; or
- by commissioning an Independent Expert's Report.

The directors of Crusader have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether each of the Transactions are fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

We do not consider the Security Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Security Transaction as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- a comparison between the value of a Crusader share prior to the Transaction on a control basis and the value of a Crusader share following the Transaction, on a minority basis (fairness - see Section 11 'Are the Transactions Fair?');
- a comparison between the value of the proceeds from the sale of the security that would be provided to Copulos Group under the Security Transaction in the event of the default with the value of the liabilities that would be settled (fairness - see Section 11 'Are the Transactions Fair?'); and
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the Transaction, after reference to the value derived above (reasonableness - see Section 12 'Are the Transactions Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

By 29 January 2019, Crusader had announced in three tranches over the previous four months that it had entered into agreements for the subscription and issue of the Convertible Notes to raise \$2.4 million, before costs, of which \$1.5 million was subscribed for by Mr Stephen Copulos and his associated controlled entities (**'the Copulos Group'**). On 22 February 2019, the Company also announced that it intends to undertake the Rights Issue, pursuant to which, it is proposed that the Copulos Group will have the right to subscribe to any potential shortfall up to \$2.5 million through the Underwriting Agreement. The Copulos Group has advised it will not be seeking to take up any of its entitlements under the Rights Issue and intends only to take up any shortfall under the Underwriting Agreement.

Subscribers in the Rights Issue will also be issued one free-attaching option for every three new shares subscribed for, exercisable at \$0.02 each, expiring on 30 June 2022.

The Convertible Notes have a principal amount of \$100,000 each and carry an interest rate of 8% per annum, which is payable in new fully paid ordinary shares at the 30-day VWAP in Crusader, calculated on the day before the relevant interest payment date, subject to a floor price equal to the lower of \$0.01 or the issue price of the Rights Issue (**'Interest Shares'**). The Convertible Notes mature one year from the date of issue and will be convertible at any time up to 10 business days prior to the maturity date, at the election of Mr Stephen Copulos.

In the event that shareholder approval is not received, or certain other events occur, the principal amount of the Convertible Notes and accrued interest will become immediately repayable to Mr Stephen Copulos, in cash.

As part of the Underwriting Agreement, the Copulos Group will be issued 30 million options exercisable at \$0.02 each, expiring on 30 June 2022 (**'Underwriter Options'**) as payment of underwriting fee.

As at the date of this Report, the Copulos Group has 110,871,102 shares in Crusader (approximately 17.97% of outstanding Crusader shares on issue). If the Transaction is approved, the Copulos Group may receive up to 543,467,806 shares upon conversion of the Convertible Notes, issue of Interest Shares, the issue of shares under the Underwriting Agreement, and the exercise of free attaching options, which will result in a total of 654,338,908 shares and represent a 56.39% interest in the issued shares of Crusader under a fully diluted basis.

The following table illustrates the maximum number of shares that may be issued to Mr Stephen Copulos following approval of the Transaction.

| | The Copulos Group | Other Shareholders | Total |
|---|----------------------|-----------------------|----------------------|
| Opening shareholdings | 110,871,102 | 505,999,700 | 616,870,802 |
| <i>Shareholding %</i> | <i>17.97%</i> | <i>82.03%</i> | <i>100.00%</i> |
| Rights Issue | 250,000,000 | - | 250,000,000 |
| Subtotal | 360,871,102 | 505,999,700 | 866,870,802 |
| <i>Shareholding %</i> | <i>41.63%</i> | <i>58.37%</i> | <i>100.00%</i> |
| Fully diluted basis | | | |
| Conversion of Copulos Convertible Notes | 150,000,000 | - | 150,000,000 |
| Issue of Interest Shares | 12,000,000 | - | 12,000,000 |
| Exercise of options held prior to Transaction | 18,134,472 | - | 18,134,472 |
| Exercise of free attaching options | 83,333,334 | - | 83,333,334 |
| Exercise of Underwriter Options | 30,000,000 | - | 30,000,000 |
| Fully diluted shareholdings | 654,338,908 | 505,999,700 | 1,160,338,608 |
| <i>Shareholding %</i> | <i>56.39%</i> | <i>43.61%</i> | <i>100.00%</i> |

Source: BDO analysis

For the purpose of our analysis, we have assumed the following:

- As part of the Rights Issue, the Copulos Group is required to take up the entire Underwriting Agreement of \$2.5 million of shares at an issue price of \$0.01 per share. This equates to 250 million shares issued to the Copulos Group;
- Given that the Copulos Group has been issued with \$1.5 million worth of Convertible Notes, we consider the lowest conversion price possible is \$0.01 per share, which equates to 150 million shares to convert the entire face value.
- The issue of Interest Shares is calculated on the basis that the Convertible Notes are held until maturity, 12 months after issue, with interest accrued at 8% per annum, and shares issued at the lowest possible price, \$0.01 per share. The Copulos Group has subscribed to \$1.5 million worth of Convertible Notes;
- We note that the Copulos Group currently holds 18,143,472 options. We have assumed the exercise of these options on a fully diluted basis.
- Given that subscribers in the Rights Issue will be issued one free attaching option for every three new shares subscribed for, exercisable at \$0.02 each and expiring on 30 June 2022, we consider the Copulos Group could be issued with a maximum of 83,333,334 free attaching options. On a fully diluted basis, we assume that the Copulos Group will exercise all free attaching options;
- As part of the Underwriting Agreement, the Copulos Group will be issued 30 million Underwriter Options. We have assumed the exercise of the Underwriter Options on a fully diluted basis;

- We note that the Copulos Group will not be seeking to take up any of its entitlements under the Rights Issue and intends only to take up any shortfall under the Underwriting Agreement.
- We have not assumed inclusion of the 6.20 million shares proposed to be issued to Crusader directors, Andrew Richards and John Evans, as the resolutions to pass the issue of shares to directors are not interdependent on approval of the Transactions. The table above shows the potentially fully diluted basis of Copulos Group's shareholding that would be slightly reduced if the issue of shares to directors is approved.

5. Profile of Crusader

5.1 History and overview

Crusader is an Australian gold and lithium exploration company with operations in Brazil and Portugal, and its registered office located in Perth, Western Australia.

The Company's primary focus is the development of the Borborema Gold Project ('**Borborema**') which is located in the Borborema province of Brazil. Crusader also holds interests in the Novo Astro Gold Project ('**Novo Astro**'), the Juruena Gold Project ('**Juruena**') and the Manga Lithium Project ('**Manga**') located in Brazil.

Crusader listed on the Australian Securities Exchange ('**ASX**') in February 2004 and was also listed on the Alternative Investment Market ('**AIM**') of the London Stock Exchange for the period from April 2018 to March 2019.

The Company's current board members and senior management are as follows:

- Mr Stephen Copulos - Non-Executive Chairman;
- Mr Andrew Richards - Executive Director;
- Mr John Evans - Non-Executive Director, and;
- Mr Andrew Beigel - Company Secretary.

5.2 Corporate Events of Crusader

On 30 March 2017, Crusader executed a \$1.50 million convertible loan facility with the Copulos Group. The convertible loan facility was drawn down in two tranches; \$1.00 million was received on 31 March 2017, and the remaining \$0.50 million on 5 June 2017.

On 18 May 2017, the Company announced it had signed a non-binding Heads of Agreement with Stratex International Plc ('**Stratex**'), for the proposed acquisition of Crusader by Statex by way of a Scheme of Arrangement ('**Proposed Merger**').

On 15 June 2017, Crusader announced it had entered into a binding Scheme Implementation Deed ('**SID**') with Stratex. In addition to the SID, Crusader entered into an interim funding agreement with Stratex, pursuant to which Crusader issued a convertible note to Stratex with a face value of up to \$1.00 million.

On 25 July 2017, Crusader announced it had entered into a Deed of Termination and Restructure with Lepidico Limited ('**Lepidico**') in respect to the Third Element Metals ('**TEM**') joint venture established in April 2016. As a result of the restructure, Crusader will become the sole shareholder of TEM, which holds the Magna Lithium project in Brazil.

On 2 August 2017, the Company announced that it had signed a conditional sale of agreement to divest its 100% interest in the Posse Iron Ore Mine ('**the Posse Mine**'), as part of strategic decision to focus primarily on the development of its gold assets.

On 28 September 2017 the Company announced that it had entered into an amending deed with Stratex in relation to the Proposed Merger, in addition to an interim funding extension. Under the funding extension, Stratex was to make available up to an additional \$1.00 million able to be drawn upon certain milestones being achieved in relation to the Proposed Merger.

On 8 November 2017, Crusader announced the termination of the Proposed Merger with Stratex, following a resolution passed by Stratex shareholders to reject the Proposed Merger. Crusader was advised it will not be under obligation to repay amounts advanced by Stratex under the short-term funding arrangements, for a period of six months from when repayment is sought.

On 20 December 2017, the Company announced it had received binding commitments to raise \$3.30 million through the issue of 51,358,937 new fully paid ordinary shares at \$0.065. Of the total issue, 7.69 million shares were issued to related parties including Stephen Copulos.

On 5 March 2018, Crusader announced the conversion of the \$1.50 million convertible loan facility with the Copulos Group to shares in Crusader, at the issue price to be offered by Crusader at the capital raising anticipated in conjunction with the Company's upcoming AIM Initial Public Offering ('IPO').

On 12 April 2018, Crusader announced it had raised \$6.5 million through the issue of 118,147,449 ordinary shares at \$0.055 per share and 59,605,381 warrants. The funds were raised in relation to Crusader's admission to trade on AIM, with proceeds used towards completion of the Borborema Project Bankable Feasibility Study ('BFS') and to repay existing debt.

On 1 October 2018, Crusader was suspended from quotation on the ASX and AIM, pending clarification of its financial position.

On 30 October 2018, the Company announced legal proceedings against Inter Invest B.P. S/A ('Inter Invest') regarding the unpaid instalments on the sale agreement for Crusader's Posse Mine, were successfully concluded. Inter Invest is obligated to repay the R\$9.5 million (approximately US\$2.6 million) in monthly instalments concluding November 2019.

On 5 November 2018, Crusader announced the successful issue of secured convertible notes to raise \$1.00 million ('the Convertible Notes'). The Convertible Notes have a principal amount of A\$100,000 each, interest rate of 8% per annum payable in new fully paid ordinary shares at the 30-day volume weighted average price ('30-day VWAP') of Crusader, and mature one year from the date of issue. The proceeds were to fund completion of the Borborema Project BFS and an investigation into value realisation options at the Juruena and Novo Astro Projects.

On 11 December 2018, the Company announced that in addition to the Convertible Notes issued on 5 November 2018, three entities controlled by Stephen Copulos, Eyeon Investments Pty Limited, Spacetime Pty Ltd, and Copulos Superannuation Pty Limited, each subscribed for A\$100,000 in Convertible Notes. The additional Convertible Notes are on the same terms as those issued on 5 November 2018 and are subject to shareholder approval.

On 24 December 2018, Crusader announced the issue of Convertible Notes to raise an additional A\$0.50 million, with proceeds used to provide general working capital for Crusader. Pursuant to the issue, Eyeon Investments Pty Limited subscribed for an additional A\$200,000 in Convertible Notes, bringing the total funds raised under the Convertible Notes to A\$1.40 million.

On 23 January 2019, Crusader announced its requirement for immediate funding for short-term general working capital needs to continue as a going concern. The Board intend to follow with a pro-rata entitlement issue to eligible shareholders.

On 29 January 2019, the Company announced Stephen Copulos entered into binding agreements for the subscription of an additional A\$1.00 million worth of Convertible Notes, bringing the total raised under the convertible notes to \$2.40 million. In addition, the Company received commitments for the placement of

22.5 million shares at an issue price of A\$0.01 each to raise A\$225,000. The subscribers for the placement are existing investors in Crusader who are not associates of the Copulos Group.

On 22 February 2019, Crusader announced it had finalised the terms of the Rights Issue, under which the Company will seek to raise \$4.20 million before costs, to fund the completion of the Borborema Project BFS and continued development and maintenance of the Borborema and Juruena Projects. The Copulos Group has agreed to underwrite \$2.50 million of the Rights Issue.

On 28 February 2019, Shareholder's voted to cancel Crusader's shares trading on AIM. Pursuant to the Shareholder vote, on 11 March 2019, Crusader announced it is no longer listed on AIM and has terminated its UK representation.

On 20 March 2019, Crusader announced that it had executed an agreement with Pinnacle Corporate Finance Pty Ltd ('Pinnacle'), for the partial underwriting of the Rights Issue. In the announced the Company noted that Pinnacle had agreed to underwrite \$1.0 million of the Rights Issue. Terms of the agreement with Pinnacle include:

- Pinnacle will receive underwriting fees of \$60,000 plus 12 million options (exercisable at \$0.02, and expiring on 30 June 2022);
- Pinnacle's underwriting commitment is conditional on the Copulos Group fulfilling its underwriting commitment; and
- The Copulos Group's underwriting commitment to be fulfilled in priority to Pinnacle's underwriting commitment.

5.3 Projects

Borborema

Crusader's wholly owned Borborema Project is located in the Borborema province of Rio Grande do Norte State in north-eastern Brazil. The project area spans 29 square kilometres ('km²'), including freehold title over the main prospect area. The project comprises three mining leases with an estimated reserve of 2.43M ounces gold and is suited to an open pit mining operation, scalable with staged developments.

Located 20km from the mining town of Currias Novos, the Borborema Project has efficient logistics and access to an experienced labour force and local engineering and construction capacity, in addition to existing on-site facilities and power, water and transport infrastructure.

Crusader initially obtained the option to acquire the Borborema Project in December 2009 and exercised the option in August 2010 through a cash payment of approximately \$2.40 million. It commenced drilling in September 2010.

In July 2011, Crusader initiated a Pre-Feasibility Study ('PFS') on the Borborema Project.

In February 2012, Crusader commenced the BFS with international consulting group Conestoga Rovers and Associates Ltd ('CRA'), to further assess the financial viability of the Borborema Project.

In August 2012, Crusader completed a private placement of 16,500,000 shares at \$0.48 per share to raise \$7.9 million. The funds were raised to progress the BFS for the Borborema Project and to conduct regional exploration within the Seridó belt.

In March 2013, Crusader secured a \$20.00 million finance facility with Macquarie for the purpose of the development of the Borborema Project and the Posse Mine. The facility was made up of two tranches,

funds from the first tranche of up to \$10.00 million could be used for the development of the Borborema Project and Posse Mine, and funds from the second tranche were subject to a separate approval process. In May 2013, Crusader announced that it had met the legal due diligence and conditions precedent for the first tranche, which allowed the Company to draw down this amount.

In November 2013, Crusader released a Company presentation that stated that the BFS for the Borborema Project was on hold, due to the weak gold price.

During the December 2013 quarter, the Company announced its intention to focus the Company's resources on the Posse Mine, and consequently reduce funding being allocated to the development of the Borborema Project.

During the March 2016 quarter, the Company announced it had re-commenced its investment into the Borborema Project. The project's development scope was modified based on a 2MTpa throughput rate. This was a decrease from the previous BFS draft work, which was based on a 4.2MTpa throughput rate. The Company announced that the reduction in throughput at Borborema resulted in an assessment that the existing highway and power lines were sufficient to support forecast production and that additional farms would not need to be purchased.

In July 2016, Crusader's operating licence was renewed by the State Government Environmental Authority ('IDEMA'), which enabled the Company to continue its operations at Borborema.

In April 2017, Crusader was granted the Pre-Licence (Licença Previa) ('LP') by IDEMA, which approved the Environmental Impact Assessment for Borborema.

In July 2017, the Company announced that it had updated its Mineral Resource and Ore Reserve in order to comply with the 2012 version of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ('JORC Code'). There was no change to the resource or reserves previously announced, however the update contains additional disclosure as required by the updated JORC Code.

In March 2018, Crusader announced that it had updated its Borborema Ore Reserve in order to comply with the JORC Code. There was no change to the disclosed Mineral Resource estimate previously announced, but a revised production plan comprising 40 Mtpa for a period of approximately 11 years. The Company also stated that its intention is to optimise production based on a processing of 2 Mtpa for an initial ten-year period.

During July 2018, Crusader announced the engagement of Ausenco do Brasil Engenharia Ltda ('Ausenco') to assist with the application process for the installation licence required for mine construction. The licence permitted Crusader to commence engineering work at Borborema and was the only major outstanding permit required to commence construction at Borborema.

In August 2018, the Company announced an update on BFS metallurgical test work at the Borborema project. Evaluations suggest upfront capital expenditure will be reduced, as the ore is amenable to single stage SAG mining.

In January 2019, Crusader announced the completion of the design of the Borborema Project's 2.0Mtpa processing plant and submission of the associated installation permit to IDEMA for approval.

The sole focus of Crusader going forward is to bring the Borborema Project into production. This will include the disposal of non-core exploration projects in order to raise additional cash for the Borborema Project and to remote future expenditure commitments.

Completion of the BFS for the Borborema Project is expected by the end of the third-quarter in 2019, allowing for submission for funding the following quarter and plant and mine construction targeted for 2020.

The Juruena Gold Project

Crusader holds a 100% interest in Juruena, which is situated in the state of Mato Grosso, on the southern fringe of the Amazon Basin in central Brazil, in an area known as the Alta Floresta Gold Belt. Crusader acquired in July 2014 from Juruena Lago Dourado Minerals Limited commenced drilling in October 2014.

In May 2014, Crusader signed a sale and purchase agreement with ('LDM') to acquire Juruena ('LDM Agreement'). The consideration for the sale included cash of 0.65 million Canadian Dollars ('C\$') and 500,000 Crusader shares, with 750,000 shares issuable upon a defined JORC compliant gold resource milestone and an additional 750,000 shares issuable upon a defined annual gold production rate milestone. As at the date of this Report neither tranche of the conditional shares have vested. Crusader finalised the acquisition in July 2014 and commenced drilling on Juruena in October 2014.

In September 2016, Crusader raised \$8.5 million through the issue of 65,384,619 ordinary shares at \$0.13 per share. The funds raised were used for the development of Juruena.

On 5 November 2018, Crusader announced that it is pursuing the potential of a farm-in agreement for the Juruena Project and has already received initial expressions of interest in the project.

On 20 March 2019, Crusader announced that it had entered into a binding term sheet with Meteoric Resources Limited ('Meteoric') for the sale of the Juruena Project and Novo Astro Project ('Juruena Sale'). Under the terms of the Juruena Sale, Crusader would receive consideration comprised of:

- \$1.0 million in cash, at settlement;
- \$0.5 million worth of Meteoric shares, comprised of 50,000,000 shares at a deemed issue price of \$0.01, at settlement;
- \$0.75 million worth of Meteoric shares at an issue price equal to a 5-day VWAP conditional upon defining a mineral resource estimate of in accordance with the JORC code at the Juruena Project or Novo Astro Project, containing at least 400,000 ounces of gold; and
- \$0.75 million worth of Meteoric shares at an issue price equal to the 5-day VWAP conditional upon the board of directors of Meteoric approving a decision to Mine at the Juruena Project or Novo Astro Project, pursuant to a granted mining license.

Completion of the sale remains conditional on:

- The receipt of regulatory approvals in Brazil or change of control approvals;
- The provision of information and assistance required to lodge certain mining license applications;
- No breach of any warranties given by Crusader in relation to the assets being sold up to and including the date of completion; and
- The receipt of Crusader and Meteoric shareholder approvals, if required.

The Novo Astro Gold Project

The Novo Astro Project is wholly owned by Crusader, and is located within the Alta Floresta gold belt, approximately 25km south east of Juruena. Novo Astro is regarded as an intrusive related gold system ('IRGS') associated with granitic rocks. Work completed to date at Novo Astro includes regional aeromagnetic and radiometrics, multi-element geochemistry (soils & rock), auger drilling, induced polarisation ('IP'), and resistivity.

In January 2018, Crusader announced commencement of its drilling programme at Novo Astro. The purpose of this target program was to identify maiden drill targets.

On 20 March, Crusader announced that it had entered into a binding term sheet with Meteoric for the sale of the Juruena Project and Novo Astro Project. Details on the Juruena Sale can be found above.

The Manga Lithium Project

Crusader holds a 100% interest in the Manga Project, located in the north east of Goias state, Central Brazil. Crusader previously explored the area of Manga for tin, indium, and gold mineralisation throughout much of 2007 and discovered rock and chip samples that later were utilised to discover further lithium and additional samples.

On 3 February 2016, Crusader announced that it had identified lithium potential at the Manga Project. Crusader also announced its intention to establish a 50/50 strategic joint venture with Lepidico to pursue a range of lithium opportunities from mica ores in Brazil and Portugal.

On 19 April 2016, Crusader and Lepidico entered into a shareholders' agreement to establish TEM, to explore for and develop lithium resources in Brazil and Portugal. TEM has the exclusive rights to use the L-Max technology, a patented technology to extract lithium from mica ores.

On 9 March 2017, Lepidico announced that it had signed a binding term sheet with Grupo Mota ('Grupo'), owner and operator of the Alvarroes lepidolite mine, located near the city of Guarda in northeast Portugal. Under the terms of the agreement, Lepidico would spend a minimum of €250,000 on exploration and drilling over an 18-month exclusive period.

On 25 July 2017, Crusader announced that it restructured its joint venture with Lepidico. Pursuant to the terms of the restructure, Crusader will become the sole shareholder of TEM, however is required to progress the Gaia Project, pay Lepidico a royalty of 2% on the gross sale value of products from the operation. Lepidico also agreed to grant TEM a conditional licence to use its technology in relation to TEM's operations in Brazil and Portugal. However, the tenement applications for the Gaia project were rejected by the Portuguese government and the Company decided not to appeal or otherwise pursue them further. The technology licence with Lepidico and the interest in TEM remains.

As announced on 5 March 2019, following the recent restructure, Crusader plans to dispose of its non-core exploration projects.

5.4 Historical Statement of Financial Position

| Statement of Financial Position | Audited as at 31-Dec-18 \$ | Audited as at 31-Dec-17 \$ | Audited as at 31-Dec-16 \$ |
|--|----------------------------------|----------------------------------|----------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 432,228 | 2,632,054 | 1,560,782 |
| Trade and other receivables | 88,428 | 157,855 | 435,708 |
| Inventories | - | 1,617 | 229,100 |
| Other current assets | 239,798 | 364,771 | 382,740 |
| Assets classified as held for sale | 1,535,587 | - | - |
| TOTAL CURRENT ASSETS | 2,296,041 | 3,156,297 | 2,608,330 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | - | 145,661 | 148,661 |
| Exploration and evaluation assets | 19,325,779 | 27,955,110 | 28,091,173 |
| Mine development properties | - | - | 13,820 |
| Property, plant and equipment | 113,713 | 202,527 | 309,068 |
| TOTAL NON-CURRENT ASSETS | 19,439,492 | 28,303,298 | 28,562,722 |
| TOTAL ASSETS | 21,735,533 | 31,459,595 | 31,171,052 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 1,850,411 | 3,305,113 | 2,612,282 |
| Borrowings | 1,247,859 | 2,925,631 | - |
| Liabilities associated with assets classified as held for sale | 35,587 | - | - |
| TOTAL CURRENT LIABILITIES | 3,133,857 | 6,230,744 | 2,612,282 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 660,774 | 698,301 | 731,612 |
| Provisions | - | - | 212,818 |
| TOTAL NON-CURRENT LIABILITIES | 660,774 | 698,301 | 944,430 |
| TOTAL LIABILITIES | 3,794,631 | 6,929,045 | 3,556,712 |
| NET ASSETS | 17,940,902 | 24,530,550 | 27,614,340 |
| EQUITY | | | |
| Issued capital | 86,567,565 | 78,681,768 | 75,820,160 |
| Reserves | 9,275,431 | 9,718,130 | 10,782,506 |
| Accumulated losses | (77,902,094) | (63,869,350) | (58,988,326) |
| TOTAL EQUITY | 17,940,902 | 24,530,550 | 27,614,340 |

Source: Crusader's audited financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

The Company's auditor included an emphasis of matter in its audit report for the years ended 31 December 2018 and 31 December 2017 relating to a material uncertainty surrounding Crusader's ability to continue as a going concern.

Commentary on Historical Statements of Financial Position

We note the following in relation to the Company's financial position:

- Cash and cash equivalents increased from \$1.56 million at 31 December 2016 to \$2.63 million at 31 December 2017. This was mainly a result of proceeds of \$2.94 million from the issue of equity securities and proceeds from borrowings of \$3.00 million as well as receipts from customers of \$2.03 million which largely related to sale of ore from the Company's Posse mine. This was partially offset by payments to suppliers and employees of \$5.69 million and exploration expenditure of \$1.59 million.
- As at 31 December 2018, cash and cash equivalents decreased to \$0.43 million. This was primarily due to costs associated with further exploration of Crusader's mineral assets totalling approximately \$2.09 million. Additional expenses relating to corporate and administrative costs for the year ended 31 December 2018 totalling approximately \$5.00 million, and the repayment of \$1.50 million of convertible notes, were broadly funded by capital raisings of approximately \$6.50 million.
- Assets held for sale at 31 December 2018 relate to the reclassification of the Juruena Project which is the subject of a binding term sheet with Meteoric Resources Ltd to sell the Juruena Project. Initial consideration consists of \$1 million cash and \$0.5 million of Meteoric shares.
- Borrowings of \$2.93 million at 31 December 2017 relate to notes issued to Copulos and Stratex. The note issued to Copulos had interest payable quarterly at 12% per annum, with a maturity date of 30 March 2018. The loan was converted into shares after the General Meeting on 30 May 2018, with shares issued at a share price of \$0.055 per share, with one free attaching option for every two shares held. The free attaching options are exercisable at \$0.055 and expire on 31 May 2020. The note issued to Stratex comprised the principal amount \$1 million, with additional funding of \$0.5 million requested. Repayment of the notes occurred on 9 May 2018. The closing balance relates to convertible notes issued in November 2018 and December 2018 with a total face value of \$1.40 million that are outstanding as at 31 December 2018.
- Crusader raised \$2.94 million through the placement of 43 million ordinary shares during the year end 31 December 2017. Over the year ended 31 December 2018, Crusader raised \$6.5 million through the issue of 118 million ordinary shares and 59.6 million warrants as part of admission to trading on the Alternative Investment Market ('AIM').

5.5 Historical Statement of Profit or Loss and Other Comprehensive Income

| | Audited year ended 31-Dec-18 | Audited year ended 30-Jun-17 | Audited year ended 31-Dec-16 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Statement of Profit or Loss and Other Comprehensive Income | \$ | \$ | \$ |
| Revenue | | | |
| Other income | 160,744 | 366,690 | 239,141 |
| Expenses | | | |
| Administration | (1,141,143) | (1,294,659) | (1,431,254) |
| Corporate expenses | (4,464,440) | (2,533,415) | (1,963,609) |
| Finance Costs | (413,025) | (424,384) | (836,824) |
| Depreciation | (31,331) | (93,841) | (157,781) |

| | Audited year ended 31-Dec-18 | Audited year ended 30-Jun-17 | Audited year ended 31-Dec-16 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Statement of Profit or Loss and Other Comprehensive Income | \$ | \$ | \$ |
| Exploration and evaluation | (49,501) | (149,542) | (104,325) |
| Unrealised foreign exchange (loss)/gain | (103,535) | (48,689) | 238,710 |
| Other expenses from ordinary activities | (20,625) | (131,160) | (453,416) |
| Loss before income tax expense | (6,062,856) | (4,309,000) | (4,469,358) |
| Income tax expense | - | - | - |
| Net loss from continuing operations | (6,062,856) | (4,309,000) | (4,469,358) |
| Loss from discontinued operations | (7,986,889) | (572,024) | (4,114,680) |
| Net loss for the period | (14,049,745) | (4,881,024) | (8,584,038) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences arising on translation of foreign operations | (908,638) | (1,227,153) | 3,206,474 |
| Net fair value gain/(loss) on available-for-sale assets taken to equity | - | (3,000) | 10,000 |
| Other comprehensive loss for the year (net of tax) | (908,638) | (1,230,153) | 3,216,474 |
| Total comprehensive profit/(loss) for the year attributable to members of the parent | (14,958,383) | (6,111,177) | (5,367,564) |

Source: Crusader's audited financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

We note the following in relation to Crusader's historical statement of profit or loss and other comprehensive income:

- Other income of \$0.16 million for year ended 31 December 2018 largely relates to profit on disposal of an asset of \$0.122 million, rental and administrative services income of \$0.03 million and interest revenue of \$0.01 million.
- Corporate expenses of \$4.46 million for the year ended 31 December 2018, primarily comprised professional fees of \$2.06 million, staff costs of \$1.30 million, other corporate expense of \$0.44 million and marketing and media costs of \$0.28 million. Professional fees of approximately \$2.00 million incurred during the year primarily related to AIM listing and de-listing costs.
- Finance costs of \$0.47 million for the year ended 31 December 2018, related to interest expenses of \$0.29 million and debt issuance costs of \$0.18 million.
- The net loss from discontinued operations of \$7.99 million for the year ended 31 December 2018 primarily related to the Juruena Project (which is currently the subject of a binding term sheet with Meteoric Resources Ltd). The net loss from discontinued operations, was primarily a result of a \$7.96 million impairment charge to the Juruena assets, incurred when the assets were reclassified to held-for-sale.

5.6 Capital Structure

The share structure of Crusader as at 29 March 2019 is outlined below:

| | Number |
|---|---------------|
| Total Ordinary Shares on Issue | 616,870,802 |
| Top 20 Shareholders | 419,114,071 |
| Top 20 Shareholders - % of shares on issue | 67.94% |

Source: Crusader share register

The range of shares held in Crusader as at 29 March 2019 is as follows:

| Range of Shares Held | Number of Ordinary Shareholders |
|----------------------|---------------------------------|
| 1 - 1,000 | 110 |
| 1,001 - 5,000 | 145 |
| 5,001 - 10,000 | 165 |
| 10,001 - 100,000 | 478 |
| 100,001 - and over | 298 |
| Total | 1,196 |

Source: Crusader share register

The ordinary shares held by the most significant shareholders as at 29 March 2019 are detailed below:

| Name | Number of Ordinary Shares Held | Percentage of Issued Shares |
|---------------------------------------|--------------------------------|-----------------------------|
| Copulos Group | 110,871,102 | 17.97% |
| Westpark Operations Pl | 74,015,381 | 12.00% |
| Parkwise Corp | 32,076,923 | 5.20% |
| Subtotal | 216,963,406 | 35.17% |
| Others | 399,907,396 | 64.83% |
| Total ordinary shares on Issue | 616,870,802 | 100.00% |

Source: Crusader share register

6. Economic analysis

6.1 Australia

Domestic growth

The Australian economy grew slightly above trend in 2018 despite slow GDP growth in the September quarter. The Reserve Bank of Australia ('RBA') is expecting GDP growth to be 3.0% in 2019, before slowing in 2020 as mining production stabilises. Business investment conditions remain positive. Non-residential building and private infrastructure projects led growth in non-mining business investment, with the pipeline of work yet to be done above recent year averages. Forecast GDP growth in 2019 is supported by rising business investment and higher levels of public infrastructure spending.

Similar to trends exhibited globally, downside risks have increased. Slow growth in household income and consumption contributed to lower than expected GDP growth in the September quarter. Household income growth has been particularly weak over recent quarters. However, household income is expected to increase over coming years concurrently with household consumption.

Drought conditions have weighed on some types of rural production and have contributed to higher farm input costs. Farm GDP and rural exports fell by approximately 10% over the year to the September quarter. Rural exports increased marginally in the September 2018 quarter due to strong overseas demand. Rural output is forecast to fall further in the coming quarters due to lower crop production and an expected fall in livestock numbers.

Unemployment

Conditions in the Australian labour market have continued to improve, with the unemployment rate averaging 5% in the December 2018 quarter. Total employment increased by a further 80,000 in the December quarter to be 2.25% higher year-over-year. Wage growth has picked up slightly, but remains low. While low wage growth is expected to continue, a stronger domestic economy should see a gradual lift in wage growth overtime.

Inflation

Domestic inflation remains low, stable and in line with forecasts by the Consumer Price Index - increasing by 1.8% over the past year. Underlying inflation is expected to gradually increase over the next couple of years. Inflation is expected to reach 2% by late-2019 and 2.25% by the end of 2020.

Currency movements

On a trade-weighted basis, the Australian dollar has depreciated marginally in recent months, but remains within the narrow range that it has been trading recently. Australian market interest rates have narrowed the gap on major economies' market interest rates since the end of 2018. This has tended to offset exchange rate appreciation stemming from higher commodity prices.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 5 February 2019, Statement on Monetary Policy - February 2019

6.2 Global outlook

Global Growth Outlook

While conditions in the global economy remain positive, the outlook has become more uncertain. This is partly due to the difficulty predicting how global trade policies will evolve, particularly between China and the US. Trade tensions between China and the US remain high and this contributed to the sharp decline in exports between the two countries in late-2018.

Chinese GDP growth for 2018 was recorded at 6.6%. China's GDP growth is expected to moderate in 2019 due to tightening financial conditions. Recently targeted fiscal and monetary policies have partially offset any negative effects arising from trade tensions. However, growing trade tensions have led to considerable uncertainty around future growth in China and countries with strong trade links to China.

Financial market conditions in most advanced economies tightened in late-2018. This followed a lengthy period of accommodative market conditions. The tightening of conditions resulted in: rising corporate funding costs, easing of new debt issuances, lower equity prices and rises in volatility in financial markets. These risks have since been partially reversed, and it is worth noting that risk premiums historically remain low. Long term government bond yields have also declined in recent months, due to the scaling back of expectations over the frequency of central bank interest rate increases as well as a decline in inflation expectations. Monetary policy settings are expected to remain little unchanged globally for some time.

Emerging market currencies have somewhat appreciated in recent months, along with increases in equity prices. Despite these positive indications, some risks remain in emerging markets, specifically in East Asia, where growth has eased over the past year due to softer external demand. GDP growth in emerging Asian economies is just below 5%.

Core inflation in advanced economies including the USA, Canada, Norway, Sweden and the UK is around central banks' targets. In other advanced economies however, inflation remains noticeably below target. Headline inflation has decreased recently, and is expected to decline further due to falling oil prices.

Although GDP growth rates are expected to ease in a number of advanced economies, ongoing capacity constraints are likely to put upward pressure on inflation. Once oil prices return to stable levels, inflation is expected to rebound slightly in European and Japan, whilst remaining close to target in the US.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 5 February 2019, Statement on Monetary Policy - February 2019

6.2 Brazil

The Brazilian economy appears to be stabilising after its worst recession on record in 2015 and 2016, as recent indicators of economic activity point to the recovery of the economy. Following the impeachment of President Dilma Rousseff in 2016 and several corruption scandals, the current president Michel Temer proposed economic reforms, including measures aimed at slowing the growth of government spending, reducing barriers to foreign direct investment and strengthening the Brazilian workforce.

GDP growth was 0.2% over the first two quarters of 2018. This was the sixth quarter of growth following negative variation over eight consecutive quarters. GDP growth was 1.1% for the first half of 2018. This follows an expansion of 1.8% documented for the half year ended 31 December 2017.

Recent indicators of economic activity suggest that the Brazilian economy is gradually undergoing recovery. Despite recent shocks, inflation remains at 4.5% which is deemed appropriate by the relevant authorities. In coming years, inflation forecasts indicate a rate of 4.2% for 2019 and 4.0% for both 2020 and 2021.

Brazil is positioned to combat potential challenges faced by emerging market economies, given its robust balance of payments, floating exchange rate regime and adequate levels of reserves. Brazil's current account deficit accounts for approximately 0.8% of GDP as at August 2018. Further, Foreign Direct Investment ('FDI') comprises approximately 3.6% of GDP, amounting to more than four times the current account deficit.

The above highlights the historical uncertainty around the economic and political landscape in Brazil which may impact Crusader's operations. However, the recent stabilisation of the Brazilian economy following consecutive years of recession indicates that the outlook may not be so bleak.

Source: Minutes of the 218th Meeting of the Monetary Policy Committee (Copom) of the Central Bank of Brazil, Notes of the President of the Central Bank of Brazil, Ilan Goldfajn 11 October 2018, Brazilian Institute of Geography and Statistics

7. Gold Industry analysis

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the supply of gold for the seven years through 2018 is provided in the table below:

| Gold supply (tonnes) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Mine production | 2,917 | 3,072 | 3,138 | 3,208 | 3,285 | 3,312 | 3,347 |
| Net producer hedging | (45) | (28) | 105 | 13 | 33 | (28) | (29) |
| Recycled gold | 1,677 | 1,256 | 1,195 | 1,130 | 1,292 | 1,168 | 1,173 |
| Total supply | 4,549 | 4,300 | 4,438 | 4,351 | 4,610 | 4,453 | 4,490 |

Source: World Gold Council

The gold ore mining industry ('the Industry') has performed steadily in recent years, with Australian gold producers recording revenue growth of 5.4% per annum for the five years through FY19. The increase in revenue was driven by higher prices resulting from a weak Australian dollar and global expectations of higher inflation, in addition to gold's status as a counter cyclical commodity. According to IBIS World, Industry revenue is projected to increase at an annualised 0.8% over the five years through FY24 to reach \$18.8 billion.

Key External Drivers

The global gold price is denominated in USD. Therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker domestic currency benefits the local Industry by reducing prices in export markets and providing opportunities for expansion. Forecasts anticipate an appreciation of the AUD against the USD during FY20, despite a large depreciation of the AUD over the past five years.

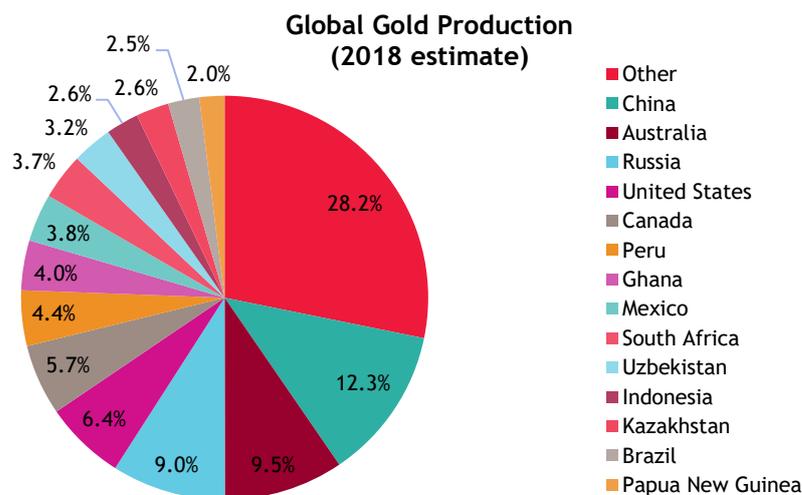
Domestic gold prices have a significant impact on the revenue generated by Industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades which require higher production. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders Industry growth.

Global demand for gold is also influenced by global economic performance, which is inversely related due to the counter cyclical nature of gold. Gold is regarded as a safe haven asset, where investors seek to store value throughout periods of weak economic growth and political turbulence. Stronger global GDP growth can therefore negatively impact gold demand and the Industry. According to IBIS World, global economic performance is expected to steadily improve, which may place downward pressure on demand for gold.

Gold Ore Mining Trends

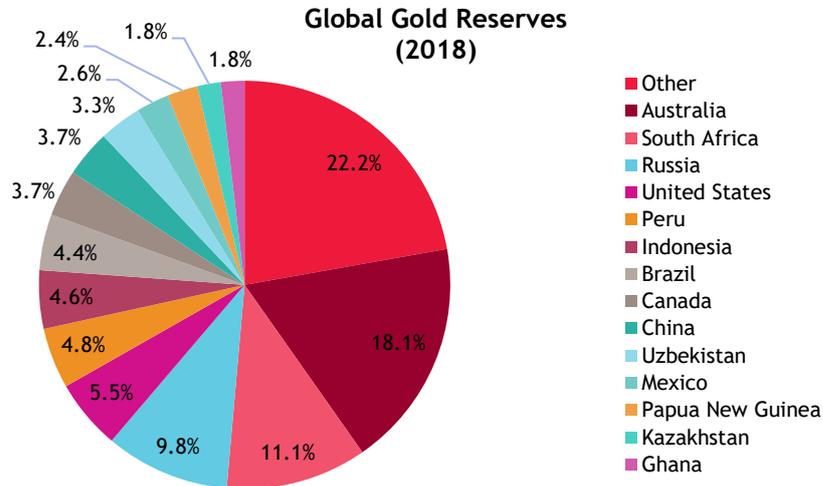
Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of global ore reserves decreases. The Industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short-term as a result of Industry operators' inability to significantly alter cost structures once a mine commences operation.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically, with China, Australia, Russia and the United States dominating global gold production. According to the 2019 United States Geological Survey ('USGS'), total estimated global gold ore mined for 2018 was approximately 3,261 metric tonnes, increasing 3.4% on the previous year. The chart below illustrates the estimated global gold production by country for 2018.



Source: United States Geological Survey and BDO analysis

Despite China being the largest gold producer, Australia, South Africa and Russia are endowed with the largest known gold mine reserves globally. As depicted in the graph below, collectively these three countries account for almost 40% of global gold reserves.



Source: United States Geological Survey and BDO analysis

Gold prices

The price of gold peaked at US\$1,900/ounce on 5 September 2011, due largely to the debt market crisis in Europe and the Standard and Poor's downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw a flood of investors towards safer havens such as gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015.

During 2016, gold prices strengthened, likely as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom's exit from the European Union. The price of gold reached US\$1,363 in late 2016 before stabilising around US\$1,200 for the first half of 2017.

The price of gold reached US\$1,358 late in the first quarter of 2018, prior to a decline in the latter half of 2018. The weakening gold price can be attributed to the U.S. imposing additional tariffs on China. Gold began to stabilise from late August through late September 2018, holding near US\$1,200.

The gold spot price since 2008 and forecast prices through to 2028 are depicted in the graph below:



Source: Consensus Economics and BDO analysis

Gold Ore Mining in Brazil

Gold ore mining is a significant contributor to Brazil’s GDP, however on a global scale, the nation is one of the smaller gold miners, accounting for an estimated 2.5% of total production in 2018. Brazil does however, hold approximately 4.4% of the world’s total ore reserves.

Brazil is considered accommodating of foreign Industry operators, with a mineral tax rate on gold of only 1%. However, we note that the Brazilian government has reviewed the country’s mining royalties and has signed a mining royalty stating the rates of Financial Compensation for the Exploration of Mineral Resources (‘CFEM’) will be applied up to the limit of 4%, as reported on 19 December 2017. Even so, Brazil’s royalty tax is considered generous compared to international standards, with some developed nations applying royalty rates of up to 12%.

8. Valuation approach adopted

8.1 The Transaction

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value, where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' valuation ('Sum-of-Parts').

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above. The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

8.1.1. Valuation of Crusader prior to the Transaction

In our assessment of the value of a Crusader share prior to the Transaction, we have chosen to employ the following methodologies:

- Sum-of-Parts, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different valuation methodologies. The component parts of Crusader are valued using the DCF and NAV methods; and
- QMP, as our secondary method, as this represents the value that a Shareholder may receive for a share if it were sold on market.

Sum-of-Parts

We have employed the Sum-of-Parts method in estimating the fair market value of Crusader by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- the value of Crusader's 100% interest in the Borborema Gold Project (applying the DCF methodology);
- the value of Crusader's interest in the residual resources at Borborema not included in the DCF, and the value of Crusader's other exploration assets (collectively 'Other Mineral Assets') (having reliance on an independent specialist opinion);

- the value of cash and share consideration to be received as part of the sale of the Juruena and Novo Astro Projects;
- the value of cash consideration to be received as part of the sale of the Posse Iron Ore Project; and
- the value of other assets and liabilities of Crusader (applying the NAV method).

Methodologies adopted

We have adopted the Sum-of-Parts methodology as we consider this to be the most appropriate method to value a company with different components that are most suitably valued on an individual basis using the most appropriate methodology for that component.

In valuing each component for our Sum-of-Parts, we have chosen these methodologies for the following reasons:

- we have used the DCF methodology to value Borborema because the cash flows have a finite life and these cash flows may vary substantially from year to year, rendering it suitable for a DCF valuation. Also, a PFS has been completed for Borborema and a reserve has been identified by Crusader. In our opinion the life of mine model provides a sufficiently reasonable basis to apply the DCF methodology. Additionally, we have engaged CSA Global Pty Ltd ('CSA') to provide an opinion on the reasonableness of the technical inputs underpinning the DCF model. We note that the ability to obtain funding for Borborema is assumed through a notional capital raising assumed to be undertaken by Crusader. Additionally, we consider it appropriate to rely on the use of a DCF methodology under the assumption of the development of Borborema through to production in the low, preferred and high valuation outcomes. Therefore, we do not consider it appropriate to assess the value of Borborema on a sale basis. We consider this to be an appropriate methodology given that Borborema has a declared reserve and any potential acquirer is likely to determine a purchase price using the same approach;
- a portion of Crusader's declared reserves are not included in the DCF valuation and are valued by CSA separately using the comparable transactions method and the yardstick method. We have only valued part of Crusader's reserves using a DCF valuation in accordance with the findings of the internal optimisation review which was announced on 16 May 2016. As part of CSA's review of Borborema, CSA formed the view that the optimisation forms a reasonable basis for a DCF valuation. CSA believe that mineral resources outside of the potential 20Mt development (including remaining reserves) can be valued using alternative methodologies;
- the residual resources of Borborema not included in the DCF are valued by CSA as we do not have reasonable grounds to include them in the DCF valuation of Borborema (the valuation approaches undertaken by CSA are described in their report in Appendix 4);
- Crusader's projects are not currently generating any income nor are there any historical profits that could be used to represent future earnings, therefore the FME approach is not appropriate; and
- other assets and liabilities of Crusader are valued using the NAV method.

Notional capital raising

In our Sum-of-Parts valuation approach we have assumed that Crusader will need to raise the capital required for the development of Borborema through a notional capital raising.

We have considered the likely price at which Crusader will have to place its shares to a third party or to current shareholders under a capital raising to raise the capital required.

Whilst we understand that there may be alternatives for Crusader to raise capital, we are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Further ASIC's Information Sheet 214 states that in arriving at the fair value of the Company's securities, the expert takes into account the funding required, such as considering the increase in the number of shares on issue. This reflects that the value of the project must be shared between existing security holders and new security holders who will assist in funding the project development. Therefore, we have assumed a 'notional' capital raising that is likely to result in significant dilution for the Company in order to raise this capital.

To determine the likely issue price, we have considered the pre-announcement volume weighted average trading price ('VWAP') of Crusader's shares and the discount at which shares have been issued by ASX listed companies when compared with the companies' share prices prior to the date of the announcement of the capital raising.

Technical expert

In performing our valuation of Crusader's Borborema Project using the DCF method, we have relied on the technical assessment and valuation report ('**Independent Technical Assessment and Valuation Report**') prepared by CSA based on CSA's review of the technical project assumptions contained in the cash flow model of Borborema.

This report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) ('**the Valmin Code**') and the JORC Code.

A copy of CSA's Independent Technical Assessment and Valuation Report is attached in Appendix 4.

Independent specialist valuation

In valuing Crusader's Residual Resources, we have relied on the Independent Technical Assessment and Valuation Report prepared by CSA in accordance with the Valmin Code and the JORC Code. Specific valuation methodologies used by CSA are referred to in the respective sections of our Report and in further detail in CSA's report contained in Appendix 4.

We are satisfied with the valuation methodologies adopted by CSA which we consider to be in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of CSA's Independent Technical Assessment and Valuation Report is attached in Appendix 4.

QMP

We consider the QMP basis to be a relevant methodology because Crusader's shares are listed on the ASX. This means that there is a regulated and observable market where Crusader's shares can be traded. However, in order for the QMP to be considered appropriate for the purposes of a valuation, the Company's shares should be liquid and the market should be fully informed on the Company's activities.

We note that the company was suspended from the ASX on 1 October 2018. Furthermore, our analysis in Section 9.2 indicates that there is not a deep market for Crusader's shares, therefore we have only relied on QMP as a cross check to our Sum-of-Parts.

8.1.2. Valuation of Crusader following the Transaction

In our assessment of the value of a Crusader share following to the Transaction, we have considered the following:

- the value of Crusader's 100% interest in the Borborema Gold Project (applying the DCF methodology);
- the value of Crusader's interest in the Other Mineral Assets (having reliance on an independent specialist opinion);
- the value of cash and share consideration to be received as part of the sale of the Juruena and Novo Projects;
- the value of cash consideration to be received as part of the sale of the Posse Iron Ore Project; and
- incorporated the effects of the Transaction in the context of Crusader's other assets and liabilities on a NAV basis; and
- the number of shares on issue to incorporate the shares to be issued upon conversion of the Convertible Notes, payment of interest and the Shortfall Subscription.

8.2 The Security Transaction

Under the Security Transaction, we have assessed how the value of the proceeds of the sale of the secured assets that would be provided to the Copulos Group to secure the repayment of monies owed under the Copulos Convertible Notes, in the event of a default, compares to the value of the liabilities that would be settled.

In the case of the Security Transaction, the value of the financial benefit to be provided by Crusader to the related party, the Copulos Group, is the value of the proceeds of the sale of the secured assets that would be provided as settlement or amounts payable to the Copulos Group in the event of a default (**'Security Provided'**).

The value of the consideration being provided to Crusader is the amounts payable to the Copulos Group that would be settled by the sale of the secured assets, including the principal amount drawn down and related interest accrued (**'Liabilities Settled'**).

The Security Transaction is fair if the value of the Security Provided to the Copulos Group is equal to or less than the value of the Liabilities Settled by this security in the event of default.

9. Valuation of Crusader prior to the Transaction

We have employed the Sum-of-Parts method in estimating the fair market value of a Crusader share on a control basis prior to the Transaction, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- value of Crusader's interest in Borborema;
- value of Crusader's interest in Other Mineral Assets;
- cash received and value of shares received from the sale of Juruena and Novo Projects;
- Cash received from sale of Posse;
- amount of cash received from a notional capital raising;
- present value of Crusader's corporate costs; and
- value of other assets and liabilities of Crusader.

We used the QMP approach as our secondary valuation method. Crusader is listed on the ASX which provides an indication of the market value where an observable market for the securities exists and this reflects the value that a Shareholder may receive for the sale of their shares on market.

9.1 Sum-of-Parts

The value of Crusader's assets on a going concern basis is reflected in our valuation below:

| Valuation summary | Note | Preferred | | |
|--|---------|---------------------|-----------------|----------------------|
| | | Low value \$000s | value \$000s | High value \$000s |
| Equity value of Borborema | 9.1.1.4 | 47,000 | 57,000 | 67,000 |
| Add: value of residual resources of Borborema | 9.1.2 | 21,700 | 27,200 | 32,600 |
| Add: Cash and share consideration receivable from Juruena Sale | 9.1.3 | 1,500 | 1,500 | 1,500 |
| Add: Cash consideration receivable from sale of Posse | 9.1.4 | 3,140 | 3,140 | 3,140 |
| Add: Cash received from notional capital raising | 9.1.5 | 147,868 | 147,868 | 147,868 |
| Add/(less): Other assets and liabilities | 9.1.6 | (2,069) | (2,069) | (2,069) |
| Less: Present value of corporate costs | 9.1.7 | (17,262) | (16,201) | (15,140) |
| Value of Crusader on a controlling basis | | 201,876 | 218,438 | 234,899 |
| Number of Crusader shares on issue (000s) | 9.1.8 | 39,529,621 | 26,558,704 | 20,073,246 |
| Value per share (controlling interest) | | 0.005 | 0.008 | 0.012 |

Source: BDO analysis

The table above indicates that the value of a Crusader share held prior to the implementation of the Transaction on a control basis is between \$0.005 and \$0.012, with a preferred value of \$0.008.

9.1.1. Discounted Cash Flow Valuation

We elected to use the DCF approach in valuing Borborema. The DCF approach estimates the fair market value by discounting the forecast future cash flows arising from Borborema to their net present value. Performing a DCF valuation requires the determination of the following:

- the expected future cash flows that Borborema is expected to generate; and

- an appropriate discount rate to apply to the cash flows of Borborema to convert them to a present value equivalent.

9.1.1.1. Future Cash Flows

The management of Crusader has prepared a detailed cash flow model for Borborema (**‘the Model’**). The Model estimates the future cash flows expected from gold production at Borborema based on determined JORC compliant reserves only. The Model depicts forecasts of real pre-tax and post-tax cash flows over the life of mine on an annual basis. We have reviewed the Model and the material assumptions that underpin it.

BDO has made certain adjustments to the Model where it was considered appropriate to arrive at an adjusted model (**‘the Adjusted Model’**). We have used the Adjusted Model in our DCF valuation. In particular, we have adjusted the Model to reflect any changes to technical assumptions together with operating and capital costs as a result of CSA’s review and any changes to the economic and other input assumptions from our research. We have also adjusted the Model to reflect cash flows on a nominal basis.

The Model was prepared based on estimates of a production profile, operating costs and construction and sustaining capital expenditure. The main assumptions underlying the Model include:

- mining and production volumes;
- commodity prices;
- operating costs;
- construction and sustaining capital expenditure;
- foreign exchange rates;
- royalties and corporate tax; and
- discount rate.

We undertook the following analysis on the Model:

- appointed CSA as technical expert to review, and where required, provide changes to the technical assumptions underlying the Model;
- conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and the discount rate applicable to the future cash flows of Borborema;
- held discussions with Crusader’s management regarding the preparation of the forecasts in the Model and its views; and
- performed a sensitivity analysis on the value of Borborema as a result of flexing selected key assumptions and inputs.

We have not undertaken a review of the cash flow forecasts in accordance with the Standard on Assurance Engagements ASAE 3450 ‘Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information’ and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of a technical expert

CSA was engaged to prepare a report providing a technical assessment of the assumptions underlying the Model. CSA's assessment involved the review and provision of opinion on the reasonableness of the assumptions adopted in the Model, including but not limited to:

- mining physicals (including volume mined, recovery and grade);
- processing assumptions (including products and recovery);
- operating costs (comprising mining, processing, administration and refining costs);
- capital expenditure (construction and sustaining capital required);
- rehabilitation; and
- other relevant assumptions.

Borborema is expected to have an initial mine life of 10 years.

A copy of CSA's Independent Technical Assessment and Valuation Report is included in Appendix 4.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic Assumptions

Inflation

We note that all cash flows contained in the Model were calculated on a real basis, with CSA's opinion on the reasonableness of these forecast costs also being on a real basis. However, we are assessing the value of Borborema on a nominal basis, using a nominal discount rate, therefore we have considered the appropriateness of inflation adjustments in deriving the forecast nominal cash flows of Borborema.

After considering the nature of forecast operating and capital costs and giving consideration to the fact that CSA advises capital expenditure and operating costs have been denominated in US dollars, we have concluded that the most appropriate rate of inflation to apply to costs and long term pricing is the US inflation rate. Although the construction and operations of Borborema are to be undertaken in Brazil, the costing analysis outlined in the PFS and reviewed by CSA are denominated in US dollars and therefore current inflationary pressures within Brazil will not affect the ongoing costs of Borborema.

Based on recent historical, current and forecast inflation rates, we consider the application of an annual US inflation rate of 2% to costs beyond 2019 to be appropriate, as sourced from Bloomberg historical and analyst consensus forecast data.

Our nominal forecast commodity prices are obtained until 2028, therefore we have applied an inflation rate of 2% to prices beyond 2028 on the basis that we do not have reasonable grounds for assuming that margins are to be eroded or increased in the long term.

The forecast prices obtained from our research sources are quoted on a nominal basis.

Foreign exchange rates

The cash flows presented in the Model are denominated in US dollars, however we are assessing the value of Borborema in Australian dollar terms, therefore we have converted the net cash flows of each forecast year of operations from US dollars to Australian dollars at the following forecast exchange rates.

| Exchange rate | 2019 | 2020 | 2021 | 2022 | 2023+ |
|---------------|------|------|------|------|-------|
| AUD/USD | 0.72 | 0.74 | 0.75 | 0.75 | 0.75 |

Source: BDO analysis

Revenue Assumptions

Gold price

In obtaining forecast gold prices, we considered:

- historical spot and forward prices from Bloomberg; and
- most recent Consensus Economics price forecasts.

Based on our analysis. We have adopted the following future gold prices (in nominal terms):

| Forecast Gold Price | 2019 | 2020 | 2021 | 2022 | 2023 | 2024+ |
|---------------------|------|------|------|------|------|-------|
| Gold (US\$/oz) | 1323 | 1342 | 1320 | 1332 | 1333 | 1404 |

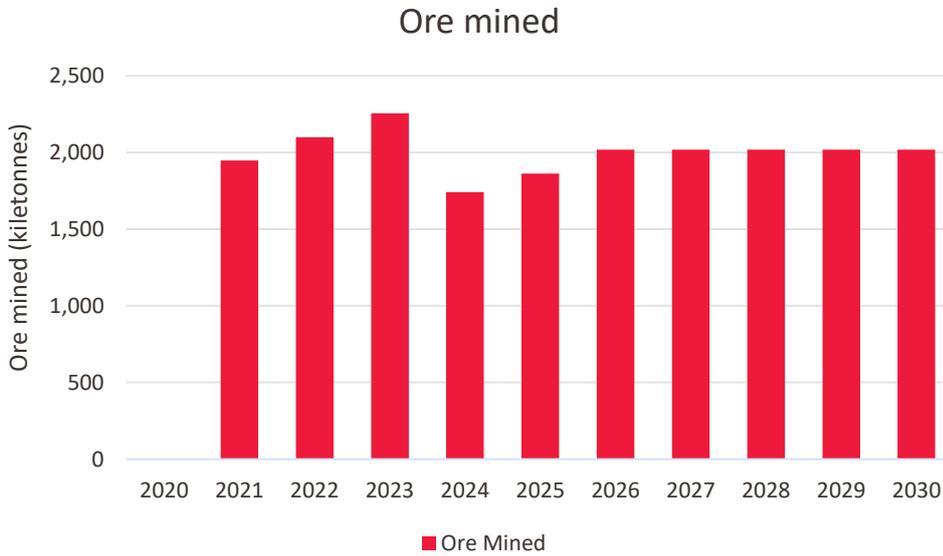
Source: BDO analysis

The resultant forecast gold pricing we have relied on from our review of Consensus Economics and Bloomberg outlines a long-term nominal gold price of US\$1,404/oz for the period from 2024 to 2028. We have applied an inflation rate of 2% to prices beyond 2028 on the basis that we do not have reasonable grounds for assuming that margins are to be eroded or increased in the long term.

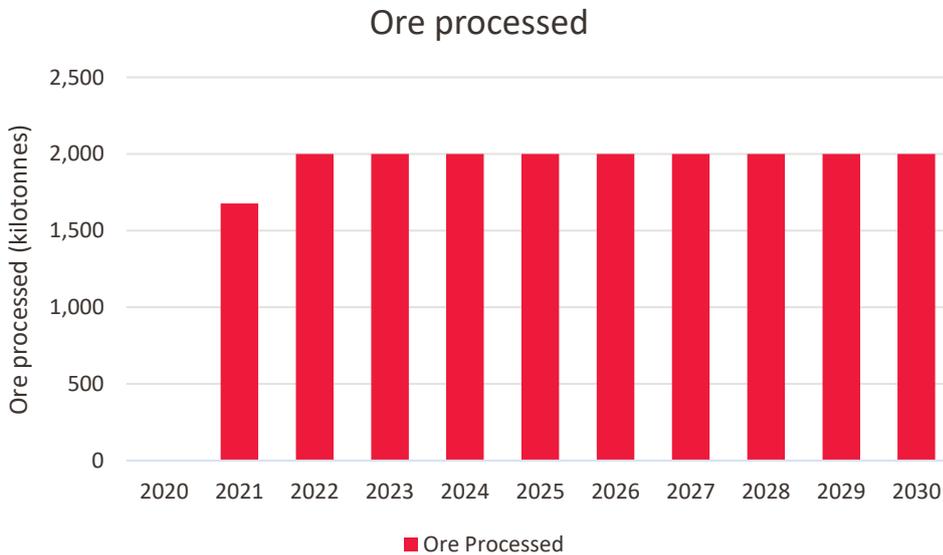
We note that from 2029 to 2030 we have inflated our nominal forecast pricing at our long term forecast US inflation rate of 2% per annum.

Mining Physicals

The graphs below show the forecast ore to be mined and processed over the life of mine of Borborema, with production commencing in 2021.



Source: BDO analysis



Source: BDO analysis

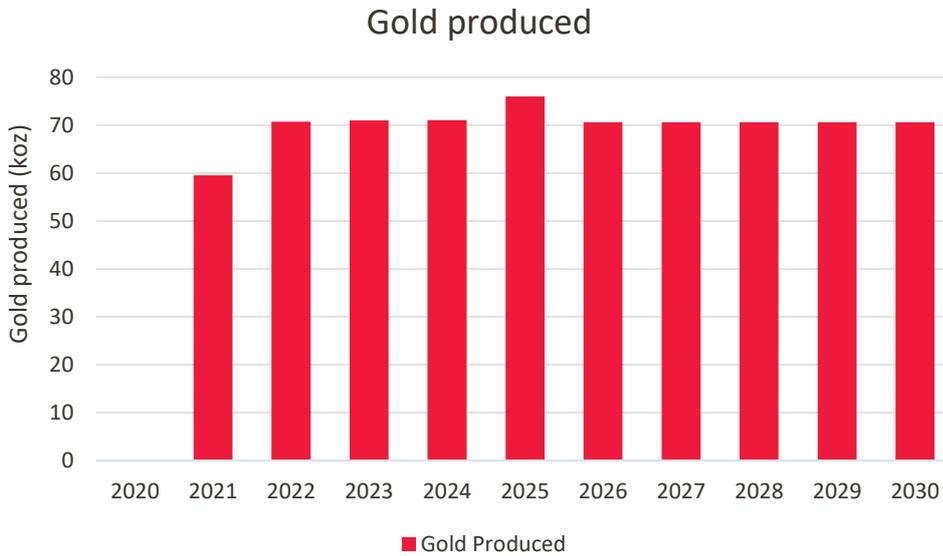
We note that Crusader has a JORC 2012 compliant reserve of 42Mt. However, as outlined in the Independent Technical Assessment and Valuation Report in Appendix 4, the life of mine plan represents mining and processing of the first 20Mt of the reported Borborema Ore Reserve estimate which has a stripping ratio of approximately 4 waste tonnes per ore tonne. The remainder of the deposit has an average stripping ratio of 10 waste tonnes per ore tonne, which is at a considerably lower profit margin

than the first 20Mt. Based on our analysis, we do not consider this to be an economically beneficial outcome for Shareholders.

Crusader completed an internal optimisation review in May 2016 into a 10-year mine life processing 2.0Mtpa, at a grade of 1.2g/t for 762koz of gold mined. This assessment has been confirmed by Crusader, who have advised that the Company’s strategy is to minimise capital expenditure requirements and optimise the project by producing 20Mt over the expected life of mine. We have assessed the merits of the alternatives available to Crusader and based on information available to us at the date of our Report, we have considered the 20Mt, 10-year life of mine production profile in the Adjusted Model, rather than the entire reserve of 42Mt. CSA has also confirmed the reasonableness of this reduced production scenario based on their analysis of the physical parameters of the Model, therefore providing us with reasonable grounds for reliance on this assumption.

Production Assumptions

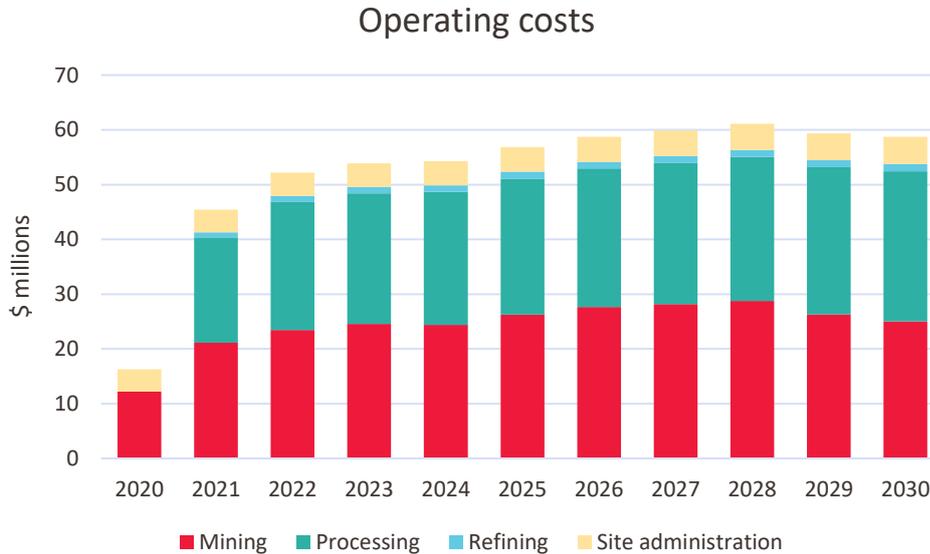
The graphs below show the production forecast over the life of mine of Borborema.



Source: BDO analysis

Operating Costs

Operating costs included in the Adjusted Model consists of mining costs, processing costs, refining costs and administration costs. The graphs below show the nominal operating costs forecast over the life of mine.



Source: BDO analysis

The operating costs assumptions underlying the Adjusted Model are based on a 2.0Mtpa production rate. We have engaged CSA to review and provide an opinion on the reasonableness of the operating costs underpinning the Model. CSA have concluded that all operating costs assumed in the Model are reasonable. Further details of operating costs assumptions contained in the Adjusted Model may be found in CSA's Independent Technical Assessment and Valuation Report in Appendix 4.

Capital Expenditure

Borborema is forecast to require a project investment of approximately US\$105 million in real terms over the entire life of mine.

The forecast total capital expenditure, in real terms, comprises US\$92 million in construction costs and US\$13 million in sustaining costs. CSA has confirmed the reasonableness of the capital expenditure. We have adjusted the capital expenditure from real to nominal terms.

Royalties

Crusader is assumed to be liable to pay the Compensation for the Exploration of Mineral Resources ('CFEM') mining tax of 1% levied on 100% of gold revenue. CSA confirmed this is consistent with their understanding of the appropriate royalty rate in Brazil.

Taxation

Taxation has been applied at the notional rate of 34% which represents the current tax rate for companies operating in Brazil.

Our base case scenario assumes nil tax losses will be available for future deductibility. We have conducted sensitivity analysis to the balance of tax losses in the Adjusted Model that are assumed to be available for future deduction and not that these have an insignificant effect on the value of the Borborema Project.

Closure costs

A total of US\$6.67 million in mine rehabilitation and closure costs are assumed in the Adjusted Model to be expensed evenly over the final year of production and the following year. This represents an estimate of the real cost provided by CSA, however adjusting for our forecast inflation rates, this equates to approximately US\$8.38 million on a nominal basis. A breakdown of the closure costs can be found in CSA's report, included in Appendix 4.

9.1.1.2. Discount Rate

We have selected a nominal after tax discount rate in the range of 10.1% to 13.1% per annum to discount the cash flows from Borborema to their present value. We have used a rounded discount rate of 12% in our base case.

In selecting this range of discount rates, we have considered the following:

- The rate of return for comparable ASX, TSX and AIM listed gold exploration and early stage production companies; and
- The risk profile of Crusader as compared to other gold exploration and early stage production companies.

A detailed consideration of how we arrived at the adopted discount range is shown in Appendix 3.

9.1.1.3. Sensitivity Analysis

The estimated value of Borborema is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast of operating costs, capital cost, gold prices and foreign exchange rates. We have therefore included an analysis to consider the value of Borborema under various pricing scenarios and in applying:

- a change of +/- 10% to the gold price;
- a change of +/-10% to operating costs;
- a change of +/-10% to capital costs;
- a change of +/- 10% the AUD:USD exchange rate; and
- a discount rate in the range of 10% to 14%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of Borborema if our base case assumptions change.

| Sensitivity Analysis | NPV (A\$000s) | NPV (A\$000s) | NPV (A\$000s) | NPV (A\$000s) |
|----------------------|-------------------------------|-------------------------------|-----------------------------|--------------------------|
| Percentage change | Gold price forecast (US\$/oz) | Operating expenditure (A\$/t) | Capital expenditure (A\$/t) | Exchange rate (A\$/US\$) |
| -10% | 19,358 | 79,380 | 65,227 | 62,960 |
| -8% | 26,819 | 74,839 | 63,516 | 61,592 |
| -6% | 34,281 | 70,297 | 61,806 | 60,281 |
| -4% | 41,742 | 65,756 | 60,093 | 59,025 |
| -2% | 49,203 | 61,215 | 58,378 | 57,821 |
| 0% | 56,664 | 56,664 | 56,664 | 56,664 |
| 2% | 64,104 | 52,095 | 54,950 | 55,553 |
| 4% | 71,533 | 47,526 | 53,236 | 54,485 |
| 6% | 78,963 | 42,957 | 51,522 | 53,457 |
| 8% | 86,393 | 38,388 | 49,807 | 52,467 |
| 10% | 93,822 | 33,818 | 48,093 | 51,513 |

Source: BDO analysis

| Discount Rate | | | | | |
|-------------------|--------|--------|--------|--------|--------|
| Discount rate (%) | 10.0% | 11.0% | 12.0% | 13.0% | 14.0% |
| NPV (A\$000s) | 74,089 | 64,973 | 56,664 | 49,084 | 42,165 |

Source: BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

9.1.1.4. Conclusion on the value of Borborema

Given the uncertainty involved with any forecast of commodity prices, exchange rates, inflation, operating and capital costs, we consider it appropriate to use the sensitivities in section 9.1.1.3 to form the basis of our valuation range for Borborema. As such, we consider the value of Borborema to be in the range of \$47 million to \$67 million, with a most likely value of \$57 million.

9.1.2. Value of residual resources of Borborema

In consultation with CSA, it was agreed to value all the residual resources including that element of the reserve that was excluded from our DCF valuation of Borborema under the Valmin Code that are not

included in the Adjusted Model. CSA has relied upon the comparable transactions method but has also considered the yardstick approach.

CSA concluded that the value of the residual resources of Borborema is between \$21.7 million and \$32.6 million, with a preferred value of \$27.2 million.

The valuation and approach is detailed in CSA's report which is contained in Appendix 4.

9.1.3. Cash and share consideration received from Juruena Sale

As announced on 20 March 2019, Crusader has entered into a binding Term Sheet with Meteoric Resources Ltd for the purchase of its 100% owned Juruena Gold Project which comprises the Juruena and Novo Astro prospects. Crusader expects to receive the initial \$1.0 million cash and \$0.5 million in Meteoric shares on completion of the sale, totalling \$1.5 million.

We have not included a value in our sum-of-parts valuation for the following contingent consideration items that are being offered as part of the Juruena Sale due to the high level of uncertainty that each performance measure will be met:

- \$0.75 million worth of Meteoric shares at an issue price equal to a 5-day VWAP conditional upon defining a mineral resource estimate of in accordance with the JORC code at the Juruena Project or Novo Astro Project, containing at least 400,000 ounces of gold; and
- \$0.75 million worth of Meteoric shares at an issue price equal to the 5-day VWAP conditional upon the board of directors of Meteoric approving a decision to Mine at the Juruena Project or Novo Astro Project, pursuant to a granted mining license.

9.1.4. Cash consideration from sale of Posse

On 28 November 2018, Crusader announced that the Company received its second instalment payment of R\$0.2 million on 19 November 2018 from the buyer ('the **Buying Company**'). Crusader expects to receive the remaining instalments totalling R\$9.1 million by November 2019.

The Crusader Annual Report for the year ended 31 December 2018 states that the Posse consideration currently outstanding totals approximately \$3.14 million and is being classified as a contingent asset.

9.1.5. Notional capital raising

We are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Therefore, we have included a notional capital raising that will be required to fund the development of Borborema itself.

The notional capital raising amount of \$147.87 million (AUD:USD exchange rate of 0.71 at March 2019) is broadly based on the cash required to fund the first two years of development and early stage of production. This primarily relates to construction expenditure over the first two years and early stage mining costs. We have increased the amount to be raised to reflect our estimate of the gross amount that will need to be raised to meet the costs likely to be incurred in conducting the capital raising. We have assessed the costs of a capital raising to be approximately 5% of the funds raised. We have also considered the available funds of Crusader regarding the following:

- Cash to be received from the Juruena Sale;
- Cash to be available from the Posse Iron Ore Project Sale;

- The repayment of cash received from the Copulos Group relating to the Copulos Convertible Notes that would be required to be repaid in full assuming the Copulos Convertible Notes are not approved.

Therefore, assuming Borborema is 100% equity funded, Crusader will be required to raise an equivalent of \$155.65 million in order to meet the funding requirements of Borborema, as detailed in the summary table outlined below.

We consider that there are reasonable grounds to believe that Crusader will be able to obtain the funding to develop Borborema. We note that there may be alternative funding options available to Crusader, including debt, convertible debt, royalty arrangements or through further asset sales. However, in the absence of information regarding the most likely funding structure for Borborema, to remain conservative and to provide a clear and simple view for Shareholders, we have assumed it will be fully funded by equity. As such, we have assumed a notional equity raising is used to fund the development of Borborema. Equity funding is a conservative assumption as we have reflected the potential difficulty of raising funds in our assessment of the likely range of prices at which a capital raising may be conducted.

In order to determine the likely price at which Crusader would have to place its shares to a third party or to current shareholders under a notional capital raising to raise the funds required, we considered the VWAP of Crusader's shares and the discount at which shares have been issued by ASX listed companies when compared to the respective companies' 30 day VWAP prior to the announcement of the placement.

We considered the discount at which shares have been issued since March 2016 by ASX listed companies to raise capital. A summary of our results is set out in the table below.

| | All companies | Capital raise to market cap >40% | Capital raise to market cap >100% |
|----------------|---------------|----------------------------------|-----------------------------------|
| All ASX | | | |
| Mean | 20.4% | 37.6% | 57.6% |
| Median | 13.6% | 24.1% | 79.7% |

Source: Bloomberg and BDO analysis

From our analysis, the average placement discount for ASX listed companies was approximately 20%. Given that the placement discounts ranged significantly, we have also considered the median of approximately 14% as a solid representation of central tendency.

However, given that the size of the notional capital raising required to fund Borborema would be significantly higher than Crusader's pre-Transaction net asset position (approximately \$18 million as at 31 December 2018), we consider that a higher discount is required to provide a sufficient incentive for investors to participate in any raising that Crusader performs. Hence our preference to bias the analysis conducted outlining the placement discounts of ASX listed companies that have raised amounts in excess of 100% of the company's market capitalisation. Our analysis shows that the average placement discount for ASX listed companies raising funds in excess of 100% of their current market capitalisation was approximately 58%, with a median of 80% noted.

Within the data analysed regarding placement discounts of ASX listed companies that have raised amounts in excess of 100% of the company's market capitalisation, we then looked at the relative size of the companies, and noted the following analysis:

| | Mkt cap <\$20m | Mkt cap >\$20m |
|-----------------------------------|----------------|----------------|
| Capital raise to market cap >100% | | |
| Mean | 60.3% | 48.2% |
| Median | 79.7% | 27.5% |

Source: Bloomberg and BDO analysis

We consider Crusader to be in the market capitalisation range of less than \$20 million, and therefore consider a placement discount in the range of 60% and 80% would provide a sufficient incentive for investors to participate in the notional capital raising, and therefore, would be an appropriate range to apply in our notional capital range calculations.

We have considered the last trading price of Crusader, prior to being suspended, of \$0.02 to be an appropriate base price from which to apply the placement discount determined. Applying a discount in the range of 60% to 80% the base price of \$0.02 results in an assumed notional capital raising price of between \$0.004 and \$0.008 per share.

We also note that the assessed range of notional capital raising price is broadly in line with expectation when cross checking against the Rights Issue capital raising price of \$0.01.

As shown in the table below, in order to raise an equivalent of \$159.7 million to provide funding to develop Borborema, between 19.46 billion and 38.91 billion new shares will need to be issued at between \$0.004 and \$0.008 per share.

| Notional Capital Raising | Low | Preferred | High |
|---|-------------------|-------------------|-------------------|
| Amount required for Borborema development (US\$000) | 106,861 | 106,861 | 106,861 |
| Exchange rate (AUD:USD) | 0.71 | 0.71 | 0.71 |
| Amount required for Borborema development (\$000) | 150,508 | 150,508 | 150,508 |
| Less: Cash received as part of the Jurueña Sale (\$000) | (1,000) | (1,000) | (1,000) |
| Less: Cash received as part of the Posse Sale (\$000) | (3,140) | (3,140) | (3,140) |
| Add: Repayment of Copulos Convertible Notes on non-approval (\$000) | 1,500 | 1,500 | 1,500 |
| Total funding required (\$000) | 147,868 | 147,868 | 147,868 |
| Underwriter's/Broker's fee (%) | 5% | 5% | 5% |
| Amount to be raised inclusive of capital raising costs (\$000) | 155,651 | 155,651 | 155,651 |
| Share price (\$/share) | 0.02 | 0.02 | 0.02 |
| Placement discount (%) | 60% | 70% | 80% |
| Share price: Placement price (\$/share) | 0.008 | 0.006 | 0.004 |
| Number of shares to be issued (000s) | 19,456,375 | 25,941,833 | 38,912,750 |

Source: BDO analysis

9.1.6. Value of Other Assets and Liabilities

Other assets and liabilities of Crusader represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Crusader and analysis of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below.

The table represents a summary of the assets and liabilities identified:

| Statement of Financial Position | | Audited as at 31-Dec-18 \$ | Adjusted as at 31-Mar-19 \$ |
|---|----|----------------------------------|-----------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | a) | 432,228 | - |
| Trade and other receivables | | 88,428 | 88,429 |
| Other current assets | | 239,798 | 239,798 |
| Assets classified as held for sale | b) | 1,535,587 | - |
| TOTAL CURRENT ASSETS | | 2,296,041 | 328,227 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation assets | c) | 19,325,779 | - |
| Property, plant and equipment | | 113,713 | 113,714 |
| TOTAL NON-CURRENT ASSETS | | 19,439,492 | 113,714 |
| TOTAL ASSETS | | 21,735,533 | 441,941 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,850,411 | 1,850,412 |
| Borrowings | d) | 1,247,859 | - |
| Liabilities directly associated with assets classified as held for sale | b) | 35,587 | - |
| TOTAL CURRENT LIABILITIES | | 3,133,857 | 1,850,412 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | | 660,774 | 660,775 |
| TOTAL NON-CURRENT LIABILITIES | | 660,774 | 660,775 |
| TOTAL LIABILITIES | | 3,794,631 | 2,511,187 |
| NET ASSETS | | 17,940,902 | (2,069,246) |

Source: BDO analysis, audited financial statements for the year ended 31 December 2018

We have not undertaken a review of Crusader's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any significant change in the net assets of Crusader since 31 December 2018 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the audited position at 31 December 2018 we have obtained support to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

Note a) Cash and cash equivalents

We reasonably consider the cash balance as at the date of this Report to not be materially dissimilar from the balance presented of \$nil. This is due to the fact that Crusader announced on 4 April 2019 that the Company has been required to enter a short term working capital funding package from the Copulos Group for up to \$750,000 until such time as funds are received from the Juruena Sale and the Rights Issue.

Note b) Assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale are related to the sale of Juruena and Nova Astro Projects. Given that we have accounted for the Juruena Sale separately in our sum-of-parts valuation, we have deducted the value of the assets and liabilities in other assets and liabilities to avoid double counting.

Note c) Exploration and evaluation assets

The entire exploration and evaluation assets balance of \$19.33 million as at 31 December 2018 has been removed and has been reflected in our Sum-of-Parts valuation as follows:

- exploration expenditure relating to Borborema has been separately valued in our DCF valuation and the valuation of the residual resources of Borborema in section 9.1.2 of our Report and Appendix 4;
- Crusader's expenditure on its other exploration assets including Serido, Manga, Mara Rosa and Espinharas has been expensed in accordance with its policy to only capitalise expenditure upon a project reaching feasibility. CSA has considered the value of these exploration assets to be not material and have therefore not assessed any material value these assets. We do not consider the value of these assets to differ materially from nil. This assessment is supported by the book value of these assets at 31 December 2018, which has been reviewed by the Company's auditor.

Note d) Borrowings

This balance relates to the debt liability relating to the convertible notes on issue as at 31 December 2018 with a total face value of \$1.40 million. Since 31 December 2018, the noteholders who hold \$0.90 million of the convertible notes have converted their holdings plus accumulated interest for 92.22 million shares. The remaining \$0.50 million of convertible notes are held by the Copulos Group. As part of our analysis, we must assume that, prior to the implementation of the Transaction, the Copulos Convertible Notes are repaid in cash, as set out in section 9.1.5.

9.1.7. Present value of corporate costs

Corporate expenses incurred during the financial years ended 31 December 2017 and 31 December 2018 were approximately \$2.53 million and \$4.46 million respectively. We note that corporate costs incurred in the year ended 31 December 2018 include \$2.20 million of costs related to the AIM listing. Given that Crusader has ceased trading on AIM since 31 December 2018, we do not consider these costs will be incurred going forward, therefore we consider the corporate costs incurred in the year ended 31 December 2018, excluding the AIM related costs, totalling \$2.26 million, to be more representative of Crusader corporate costs going forward.

We note that in March 2019, Crusader announced that it will endeavour to reduce corporate costs by implementing the following initiatives:

- Total annual directors' fees will reduce from approximately \$1.05 million to \$0.17 million, resulting in a cash saving of \$0.88 million per annum; and
- Office and personnel costs in Australia and Brazil will be reduced.

We consider the above corporate cost saving initiatives to be short term measures, not sustainable into the long term, once Crusader's Borborema Project becomes a producing gold mine.

In consideration of the above historical costs, we have assessed the forecast annual corporate costs for Crusader to be in the range of \$1.00 million to \$1.20 million, until the Borborema Project is in the construction phase, and then increase to an assessed range of \$2.20 million to \$2.50 million, on a real basis.

Based on the above selected range, we calculated the annual corporate costs over the life of mine of Borborema, inflating these at the Australian long-term inflation rate target of 2.5% per annum over the entire period. The net present value of Crusader's corporate costs discounted at 12% per annum is estimated to be in the range of \$15.1 million and \$17.3 million.

9.1.8. Number of Crusader shares on issue

In our Sum-of-Parts valuation approach to derive the value of a Crusader share prior to the implementation of the Transaction, we take into account the notional capital raising that Crusader will have to raise in order to be able to develop Borborema.

As discussed in section 9.1.5, in order to raise an equivalent of \$147.87 million (AUD:USD exchange rate of 0.71 at March 2019) to provide the funding required to develop Borborema, between 19.46 billion and 38.91 billion new shares will need to be issued based on an issue price of between \$0.004 and \$0.008 per share.

The adjustment to the number of shares currently on issue is set out in the table below:

| | Low | Preferred | High |
|---|-------------------|-------------------|-------------------|
| | (000s) | (000s) | (000s) |
| Number of shares on issue prior to the Transaction | | | |
| Number of Crusader shares on issue at the date of our Report | 616,871 | 616,871 | 616,871 |
| Number of shares to be issued under notional capital raise | 19,456,375 | 25,941,833 | 38,912,750 |
| Total number of shares on issue prior to the Transaction | 20,073,246 | 26,558,704 | 39,529,621 |

Source: BDO analysis

9.2 Quoted Market Prices for Crusader Securities

To provide a comparison to the valuation of Crusader in Section 9.2, we have also assessed the quoted market price for a Crusader share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

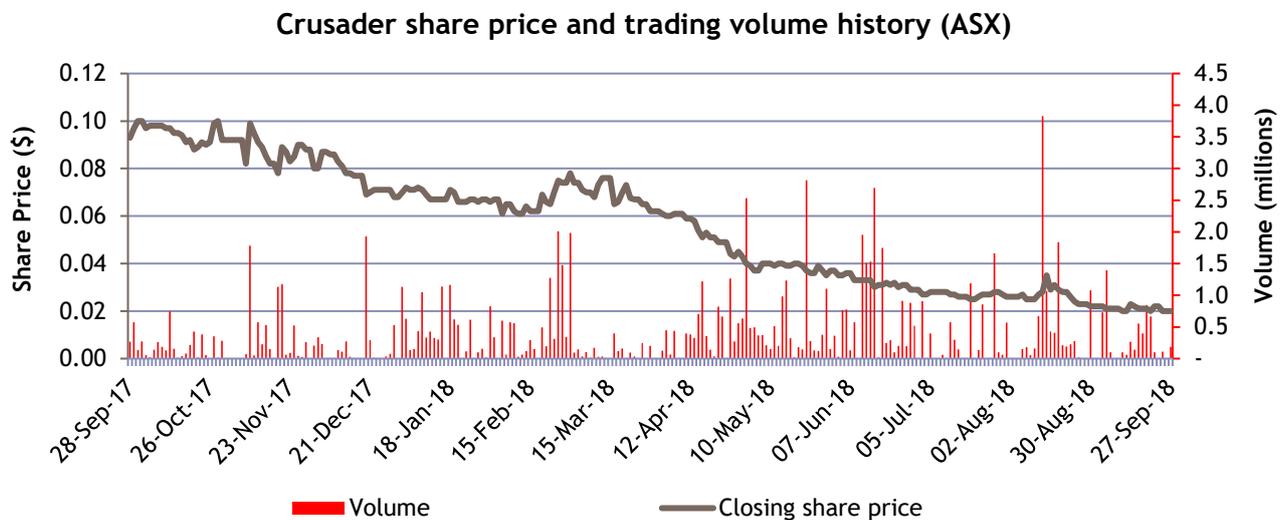
Whilst Mr Stephen Copulos will not be obtaining 100% of Crusader, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 12.

We are valuing Crusader on a controlling basis. Therefore, our calculation of the quoted market price of a share of Crusader including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value - Crusader

Our analysis of the quoted market price of a Crusader share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Crusader share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of a Crusader share following the announcement when we have considered reasonableness in Section 12.

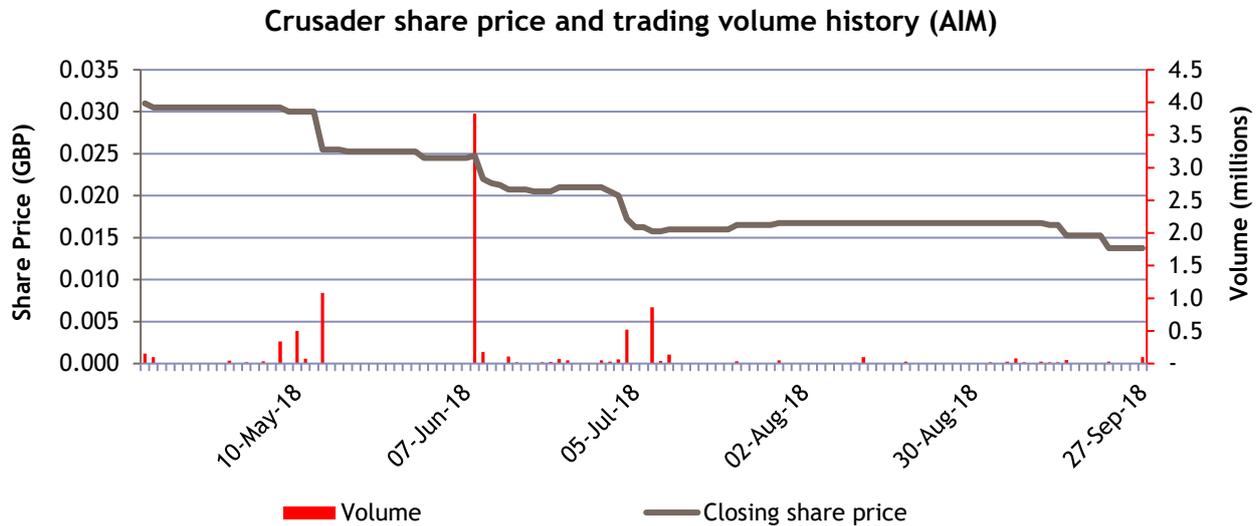
The first tranche of the Copulos Convertible Notes was announced to the market on 5 November 2018, however Crusader was suspended from trading on 1 October 2018. Therefore, the following chart provides a summary of the share price movement and volume traded over the twelve months ended 27 September 2018, which was the last trading day prior to the suspension.



Source: Bloomberg and BDO analysis

The daily price of Crusader shares on the ASX from 1 October 2017 to 30 September 2018 has ranged from a low of \$0.020 on 27 September 2018 to a high of \$0.100 on 9 November 2017. The Company's share price was in a declining trend from 1 October 2017 to 30 September 2018, with the exception of a 14 day share price rally from \$0.061 on 12 February 2018 up to \$0.078 on 1 March 2018. The highest single day of trading was on 14 August 2018, where 3,830,330 shares were traded.

Given that Crusader was dual listed on AIM, we have also considered the share price movements and trading volumes on AIM. Set out below is the share price and trading volumes of Crusader shares on AIM over the period from 16 April 2018 to 27 September 2018.



Source: Bloomberg and BDO analysis

The daily price of Crusader shares on AIM from 16 April 2018, the first day of trading since listing on AIM, to 27 September 2018 has ranged from a low of £0.014 on 27 September 2018 to a high of £0.031 on 16 April 2018.

During the twelve months to 27 September 2018, a number of announcements were made to the market. The key announcements are set out below:

| Date | Announcement | Closing Share Price Following Announcement | | Closing Share Price Three Days After Announcement | |
|------------|--|--|---------------|---|---------------|
| | | Price | \$ (movement) | Price | \$ (movement) |
| 14/09/2018 | Half Yearly Report and Accounts | 0.022 | ▼ 4.3% | 0.021 | ▼ 4.5% |
| 20/08/2018 | Borborema Gold Project BFS Metallurgical Testing | 0.029 | ▼ 6.5% | 0.026 | ▼ 10.3% |
| 09/08/2018 | Response to ASX Price and Volume Query | 0.025 | ► 0.0% | 0.028 | ▲ 12.0% |
| 01/08/2018 | Quarterly Activities Report | 0.026 | ▼ 3.7% | 0.026 | ► 0.0% |
| 01/08/2018 | Quarterly Cashflow Report | 0.026 | ▼ 3.7% | 0.026 | ► 0.0% |
| 30/07/2018 | Licensing Update for Borborema Gold Project | 0.028 | ► 0.0% | 0.026 | ▼ 7.1% |
| 11/07/2018 | Corporate Update Positive Progress Continues | 0.028 | ► 0.0% | 0.026 | ▼ 7.1% |
| 08/06/2018 | Juruena Gold Project Drilling Update | 0.033 | ▼ 8.3% | 0.033 | ► 0.0% |

| Date | Announcement | Closing Share Price Following Announcement | | Closing Share Price Three Days After Announcement | |
|------------|--|--|---------|---|---------|
| | | \$ (movement) | | \$ (movement) | |
| 09/05/2018 | Borborema Gold Project BFS. Commencement of Met. Testing | 0.040 | ▸ 0.0% | 0.040 | ▸ 0.0% |
| 01/05/2018 | Quarterly Activities Report | 0.043 | ▼ 4.4% | 0.037 | ▼ 14.0% |
| 01/05/2018 | Quarterly Cashflow Report | 0.043 | ▼ 4.4% | 0.037 | ▼ 14.0% |
| 16/04/2018 | First Day of Dealings on AIM | 0.054 | ▼ 6.9% | 0.051 | ▼ 6% |
| 12/04/2018 | AIM IPO and Fundraising of A\$6.5 Million | 0.059 | ▸ 0.0% | 0.051 | ▼ 14% |
| 11/04/2018 | Additional Information- Borborema Production Targets & Rates | 0.059 | ▼ 3.3% | 0.054 | ▼ 8% |
| 16/03/2018 | Proposed Cash Placing | 0.065 | ▼ 14.5% | 0.073 | ▲ 12.3% |
| 13/03/2018 | Trading Halt | 0.076 | ▲ 4.1% | 0.065 | ▼ 14.5% |
| 06/03/2018 | Crusader Announces Borborema Ore Reserve Update | 0.071 | ▼ 4.1% | 0.068 | ▼ 4.2% |
| 05/03/2018 | Crusader Announces Loan Conversion | 0.074 | ▸ 0.0% | 0.070 | ▼ 5.4% |
| 14/02/2018 | Update on AIM Admission and Board Changes | 0.064 | ▲ 4.9% | 0.062 | ▼ 3.1% |
| 13/02/2018 | Crusader Announces Update on Lithium Projects | 0.061 | ▸ 0.0% | 0.062 | ▲ 1.6% |
| 08/02/2018 | Borborema Optimisation Study | 0.065 | ▸ 0.0% | 0.061 | ▼ 6.2% |
| 31/01/2018 | Quarterly Activities Report | 0.067 | ▸ 0.0% | 0.067 | ▸ 0.0% |
| 31/01/2018 | Quarterly Cashflow Report | 0.067 | ▸ 0.0% | 0.067 | ▸ 0.0% |
| 16/01/2018 | 2018 Drilling Underway at Juruena Gold Project | 0.067 | ▸ 0.0% | 0.070 | ▲ 4.5% |
| 20/12/2017 | Successful capital raise of A\$3.3M by placement | 0.069 | ▼ 10.4% | 0.071 | ▲ 2.9% |
| 18/12/2017 | Trading Halt | 0.077 | ▸ 0.0% | 0.070 | ▼ 9.1% |
| 12/12/2017 | Update to Strategic Plan | 0.081 | ▼ 2.4% | 0.077 | ▼ 4.9% |
| 24/11/2017 | Presentation - Brazilian Gold - Clear Path to Production | 0.085 | ▲ 2.4% | 0.088 | ▲ 3.5% |
| 20/11/2017 | Appointment of Managing Director and AIM Listing | 0.078 | ▼ 4.9% | 0.083 | ▲ 6.4% |
| 08/11/2017 | Reinstatement to Official Quotation | 0.082 | ▼ 10.9% | 0.091 | ▲ 11.0% |
| 02/11/2017 | Suspension from official quotation | 0.092 | ▸ 0.0% | 0.092 | ▸ 0.0% |

| Date | Announcement | Closing Share | | Closing Share Price | |
|------------|------------------------------------|-----------------|--------|---------------------|--------|
| | | Price Following | | Three Days After | |
| | | Announcement | | Announcement | |
| | | \$ (movement) | | \$ (movement) | |
| 31/10/2017 | Quarterly Cashflow Report | 0.092 | ▼ 8.0% | 0.092 | ► 0.0% |
| 31/10/2017 | Quarterly Activities Report | 0.092 | ▼ 8.0% | 0.092 | ► 0.0% |
| 31/10/2017 | Trading Halt | 0.092 | ▼ 8.0% | 0.092 | ► 0.0% |
| 17/10/2017 | Update - Stratex International plc | 0.094 | ▼ 1.1% | 0.088 | ▼ 6.4% |

On 20 August 2018, Crusader issued an update on the BFS for Borborema, which included a suggested reduction in upfront capital expenditure as a result of the potential for single stage SAG milling and confirmed validity of a simple crush-grind-cyanidation processing circuit to provide high gold extractions in excess of 90%. On the date of the announcement the share price declined by 6.5% to close at \$0.029 and continued to decrease by 10.3% to close at \$0.026 in the subsequent three-day period following the announcement.

On 9 August 2018, Crusader issued responses in respect of an Appendix 5B Query from the ASX. On the day of the announcement the share price remained at \$0.025, but increased by 12% to close at \$0.028 in the subsequent three-day period following the announcement.

On 30 July 2018, Crusader announced it had engaged Ausenco Limited to assist Crusader in completing and reviewing the final documentation required to submit the application for the Installation Licence for Borborema. On the day of the announcement the share price remained at \$0.028, but then declined by 7.1% to close at \$0.026 in the subsequent three-day period following the announcement.

On 11 July 2018, Crusader announced it had commenced the application process for the full Installation Licence required for mine construction at Borborema. On the day of the announcement the share price remained steady at \$0.028, but then declined by 7.1% to close at \$0.026 in the subsequent three-day period following the announcement.

On 8 June 2018, Crusader announced the results of three new drilling prospects at the Juruena Gold Project, including a 12.22 g/t Au result at the Daniel target. On the day of the announcement the share price declined by 8.3% to close at \$0.033, but remained steady in the subsequent three-day period following the announcement.

On 1 May 2018, Crusader released its quarterly activity and cash flow report, in which it highlighted the successful listing on the AIM in London, the successful \$6.5 million placement and updates to the Borborema Optimisation Study and Ore Reserve. On the day of the announcement the share price declined by 4.4% to close at \$0.043 and continued to decline by 14% to close at \$0.037 in the subsequent three-day period following the announcement.

On 12 April 2018, Crusader announced it had received a \$6.5 million placement from institutional and other investors as part of the Company's admission to the AIM. On the day of the announcement the share price remained at \$0.059 but declined by 14% to close at \$0.051 in the subsequent three-day period following the announcement.

On 16 March 2018, Crusader announced its intention to raise a proposed placing of between US\$6 million and US\$15 million. On the day of the announcement the share price declined by 14% to close at \$0.065, but then increased by 12% to close at \$0.073 in the subsequent three-day period following the announcement.

On 20 December 2017, Crusader announced the successful capital raise of \$3.3 million via a private placement to use as working capital for the costs associated with the AIM admission and preliminary development funding for Borborema. On the day of the announcement the share price declined by 10% to close at \$0.069, but then increased by 3% in the subsequent three-day period following the announcement to close at \$0.071.

On 8 November 2017, Crusader was reinstated by the ASX following a suspension on 2 November 2017. On the day of the reinstatement the share price decreased by 11% to close at \$0.082, but then increased by 11% to close at \$0.091 in the subsequent three-day period following the announcement.

To provide further analysis of the market prices for a Crusader share, we have also considered the weighted average market price for Crusader shares quoted on the ASX and AIM. In respect of the Crusader shares listed on the ASX, we have considered the 10, 30, 60, 90 day and 1 year periods to 27 September 2018. In respect of the Crusader shares listed on the AIM, we have considered the 10, 30, 60 and 90 day periods to 27 September 2018.

| ASX | | | | | |
|--------------------------------------|-----------|---------|---------|---------|---------|
| Share Price per unit | 27-Sep-18 | 10 Days | 30 Days | 60 Days | 90 Days |
| Closing price | \$0.020 | | | | |
| Volume weighted average price (VWAP) | | \$0.021 | \$0.024 | \$0.026 | \$0.029 |

Source: Bloomberg and BDO analysis

| AIM | | | | | |
|--------------------------------------|-----------|---------|---------|---------|---------|
| Share Price per unit | 27-Sep-18 | 10 Days | 30 Days | 60 Days | 90 Days |
| Closing price | £0.014 | | | | |
| Volume weighted average price (VWAP) | | £0.013 | £0.015 | £0.015 | £0.021 |

Source: Bloomberg and BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction and avoid the influence of any movement in the price of Crusader shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Crusader shares for the same period used above is set out below:

| Trading days | Share price | Share price | Cumulative volume | As a % of |
|--------------|-------------|-------------|-------------------|----------------|
| ASX | low | high | traded | Issued capital |
| 1 Day | \$0.020 | \$0.020 | 183,200 | 0.04% |
| 10 Days | \$0.020 | \$0.024 | 2,994,471 | 0.60% |
| 30 Days | \$0.020 | \$0.032 | 9,885,379 | 1.97% |
| 60 Days | \$0.020 | \$0.035 | 22,070,459 | 4.40% |
| 90 Days | \$0.020 | \$0.039 | 40,692,757 | 8.10% |
| 180 Days | \$0.020 | \$0.078 | 76,549,284 | 15.24% |
| 1 Year | \$0.020 | \$0.110 | 99,445,838 | 19.80% |

Source: Bloomberg and BDO analysis

| Trading days | Share price | Share price | Cumulative volume | As a % of |
|--------------|-------------|-------------|-------------------|----------------|
| AIM | low | high | traded | Issued capital |
| 1 Day | £0.014 | £0.017 | 50,000 | 0.01% |
| 10 Days | £0.014 | £0.015 | 180,000 | 0.04% |
| 30 Days | £0.014 | £0.021 | 510,684 | 0.10% |
| 60 Days | £0.014 | £0.021 | 1,750,701 | 0.35% |
| 90 Days | £0.014 | £0.025 | 6,743,738 | 1.34% |

Source: Bloomberg and BDO analysis

This table indicates that Crusader shares display a low level of liquidity, with 1.97% and 0.10% of the Company's current issued capital being traded on the ASX and AIM, respectively, in a 30 trading day period.

RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Crusader, we do not consider there to be a liquid market for the Company's shares, with 19.22% of the Company's current issued capital being traded on the ASX over the year prior to 27 September 2018, being the last trading day prior to the announcement of the Transaction.

Our assessment is that a range of values for Crusader shares based on market pricing, after disregarding post announcement pricing, is between \$0.020 and \$0.026.

Control Premium

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX since 2008. We have summarised our findings below:

Mining companies

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2018 | 11 | 66.96 | 54.49 |
| 2017 | 7 | 19.51 | 18.45 |
| 2016 | 18 | 63.48 | 74.92 |
| 2015 | 17 | 196.59 | 24.67 |
| 2014 | 21 | 94.41 | 38.22 |
| 2013 | 28 | 83.36 | 51.18 |
| 2012 | 33 | 145.94 | 42.14 |
| 2011 | 31 | 583.71 | 35.68 |
| 2010 | 29 | 441.54 | 43.92 |
| 2009 | 32 | 88.99 | 43.68 |
| 2008 | 1 | 56.79 | 10.37 |

Source: Bloomberg and BDO analysis

As additional analysis, we have also reviewed the control premiums paid by acquirers for all ASX listed companies, as set out in the table below:

All ASX listed companies

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2018 | 38 | 1075.80 | 40.95 |
| 2017 | 39 | 794.61 | 38.05 |
| 2016 | 55 | 589.56 | 48.39 |
| 2015 | 52 | 2022.41 | 24.23 |
| 2014 | 58 | 427.29 | 36.84 |
| 2013 | 70 | 103.69 | 39.12 |
| 2012 | 81 | 379.11 | 43.16 |

| Year | Number of Transactions | Average Deal Value (AU\$m) | Average Control Premium (%) |
|------|------------------------|----------------------------|-----------------------------|
| 2011 | 90 | 781.29 | 43.77 |
| 2010 | 78 | 441.50 | 37.74 |
| 2009 | 95 | 398.08 | 49.99 |
| 2008 | 10 | 2013.12 | 26.69 |

Source: Bloomberg and BDO analysis

The mean and median of the entire data sets, respectively, comprising control of transactions for mining companies and all ASX listed companies, from 2008 onwards, are set out below:

| Entire Data Set Metrics | Mining companies | | All ASX listed companies | |
|----------------------------|--------------------|-----------------|--------------------------|-----------------|
| | Average Deal Value | Average Control | Average Deal Value | Average Control |
| | (AU\$m) | Premium (%) | (AU\$m) | Premium (%) |
| Mean | 218.32 | 43.39 | 658.69 | 40.94 |
| Median | 27.78 | 37.51 | 59.55 | 33.73 |

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited; ability to integrate the acquire into the acquirer's business;
- level of pre-announcement speculation of the transaction; and
- level of liquidity in the trade of the acquiree's securities.

The table above indicates that the long term average of announced control premiums paid by the acquirers of mining companies and all ASX listed companies is approximately 43% and 41% respectively. However, in assessing the sample of transaction included in the table, we noted transactions that appear to be extreme outliers. This included 17 mining transactions and 37 all ASX listed companies in which the announced premium was in excess of 100%.

In determining a control premium most appropriate for Crusader, we considered a number of factors. The principal influencing factor we considered is that Crusader is a mining exploration company and therefore does not currently have any revenue generating operations. Also, in the Company's audit report for the year ended 31 December 2018, the Company's auditor has noted a material uncertainty around the ability to continue as a going concern. Further, the Company's Borborema project requires funding of approximately \$154 million, which represents in excess of 800% of the Company's pre-Transaction net asset position as at 31 December 2019. As such, to fund the project and realise its value, the Company will either need to raise equity or debt. We consider it unlikely that Crusader will be able to source conventional debt financing, therefore any fund raisings are likely to be dilutive to shareholders. Therefore, potential acquirers will be less willing to pay a premium for control in line with historical

averages as Borborema will either require additional funding from the controlling party or the controlling party may face the risk of losing or diminishing control when future equity raisings are completed.

Based on the above analysis, we consider an appropriate premium for control to be between 20% and 30%, with a midpoint of 25%.

Quoted market price including control premium

Applying a control premium to Crusader's quoted market share price results in the following quoted market price value including a premium for control:

| | Low | Midpoint | High |
|--|--------------|--------------|--------------|
| | \$ | \$ | \$ |
| Quoted market price value | 0.020 | 0.023 | 0.026 |
| Control premium | 20% | 25% | 30% |
| Quoted market price valuation including a premium for control | 0.024 | 0.029 | 0.034 |

Source: BDO analysis

Therefore, our valuation of a Crusader share based on the quoted market price method and including a premium for control is between \$0.024 and \$0.034, with a midpoint value of \$0.029.

9.3 Assessment of the value of Crusader prior to the Transaction

The results of the valuations performed are summarised in the table below:

| | Low | Preferred | High |
|---------------------------------|-------|-----------|-------|
| | \$ | \$ | \$ |
| Sum-of-Parts (Section 9.1) | 0.005 | 0.008 | 0.012 |
| ASX market prices (Section 9.2) | 0.024 | 0.029 | 0.034 |

Source: BDO analysis

We note the values obtained under the QMP method are higher than the values obtained from the sum-of-parts method. The difference in values under the QMP method and the sum-of-parts method may be explained by the following:

- Given that Crusader has been in suspension since October 2018, there is some possibility that the QMP is outdated and therefore may not accurately reflect the fair market value of the Company's shares. Our analysis in section 9.2 also shows that the liquidity for Crusader's shares was low to moderate, therefore in the absence of a sufficiently active trading market, the quoted market price may not accurately reflect the fair market value of the Company's shares.
- The QMP value reflects investors' perception of the future prospects of Borborema and other exploration assets and may have taken into account more positive sentiment on the future commodity prices and the prospects of these projects;

- Investors may have made different economic assumptions on Borborema, including exchange rates, discount rates, inflation rates, and level of required dilution that may affect their valuation of Borborema;
- detailed operating and capital cost assumptions have not been disclosed to the market, therefore it is likely that the market price is based on more optimistic cost assumptions than those assumptions which form the basis of our DCF valuation;
- Our Sum-of-Parts valuation includes the DCF valuation of Borborema, which incorporates technical assumptions provided by an independent specialist. Investors may have made different technical assumptions in forming their valuation;
- In arriving at our DCF value of Borborema, we are required by RG111.15 to consider the value on a funded basis which we have done by assuming a notional capital raising at a discount to the pre-announcement VWAP of a Crusader share. Investors may have a different view on how this project may be funded and the extent of the resulting dilution to existing shareholders;
- Our Sum-of-Parts valuation incorporates a resource valuation of part of Borborema's reserves and its remaining resource which was not included in our DCF, as well as a resource valuation of Juruena's resource. The market may have valued these projects more aggressively using a DCF approach as they are not bound by ASIC's regulatory guides. Depending on the assumptions used, a DCF valuation of Crusader's mineral assets may have yielded a higher value than that derived from the comparable transactions and multiple of exploration expenditure methods; and

For the reasons stated above, we consider the Sum-of-Parts method to be the most appropriate method to value a Crusader share prior to the implementation of the Transaction. In particular, our Sum-of-Parts valuation includes valuations and technical inputs provided by CSA, an independent technical specialist. We consider the methodologies used by CSA to more accurately reflect the fair market value of Crusader's assets. Also, given that we do not consider there to be a liquid and active market for Crusader's shares, we do not consider it appropriate to rely on this approach.

Based on the results above we consider the value of a Crusader share to be between \$0.005 and \$0.012, with a preferred value of \$0.008.

10. Valuation of Crusader following the Transaction

10.1 Sum-of-Parts

we employed the sum-of-parts method in estimating the fair market value of Crusader following implementation of the Transaction by aggregating the estimated fair market value of its underlying assets and liabilities as set out below.

| Valuation summary | Note | Preferred | | |
|--|---------|---------------------|-----------------|----------------------|
| | | Low value \$000s | value \$000s | High value \$000s |
| Equity value of Borborema | 10.1.1 | 47,000 | 57,000 | 67,000 |
| Add: value of residual resources of Borborema | 10.1.2 | 21,700 | 27,200 | 32,600 |
| Add: Cash and share consideration receivable from Juruena Sale | 10.1.3 | 1,500 | 1,500 | 1,500 |
| Add: Cash consideration receivable from sale of Posse | 10.1.4 | 3,140 | 3,140 | 3,140 |
| Add: Cash received from underwritten Rights Issue | 10.1.5 | 3,500 | 3,500 | 3,500 |
| Add: Cash received from notional capital raising | 10.1.6 | 142,868 | 142,868 | 142,868 |
| Add/(less): Other assets and liabilities | 10.1.7 | (2,069) | (2,069) | (2,069) |
| Less: Present value of corporate costs | 10.1.8 | (17,262) | (16,201) | (15,140) |
| Value of Crusader on a controlling basis | | 200,376 | 216,938 | 233,399 |
| Minority interest discount | 10.1.9 | 17% | 20% | 23% |
| Value of Crusader on a minority basis | | 166,980 | 173,550 | 179,538 |
| Number of Crusader shares on issue | 10.1.10 | 38,725,621 | 26,193,371 | 19,927,246 |
| Value per share (minority interest) | | 0.004 | 0.007 | 0.009 |

Source: BDO analysis

The table above indicates that the value of a Crusader share held following the implementation of the Transaction on a minority basis between \$0.004 and \$0.009, with a preferred value of \$0.007.

10.1.1. Value of Borborema

We have performed our DCF valuation of the Borborema Project after the Transaction having consideration to the following:

- Issue and conversion of the Convertible Note and issue of the underwritten Rights Issue shares in place of a portion of the notional capital raising outlined in section 9.1.5.

All other project assumptions of the Borborema Project are detailed in section 9.1.1.

Discount Rate

We have selected a nominal after tax discount rate in the range of 10.1% to 13.1% per annum to discount the cash flows from the Borborema Project to their present value. We have used a rounded discount rate of 12% in our base case.

In selecting this range of discount rates, we have considered the capital structure of Crusader following the Transaction. A detailed consideration of how we arrived at the adopted discount range is shown in Appendix 3.

Sensitivity Analysis

Refer to section 9.1.1.4 for further details regarding the sensitised equity value of the Borborema Project. The Post-Transaction equity value of Borborema Project is the same as the Pre-Transaction equity value of the Borborema Project.

10.1.2. Value of residual resources of Borborema

The Post-Transaction value of the residual resources of Borborema Project is the same as the Pre-Transaction value. Refer to section 9.1.2 for further details regarding the value of the residual resources of Borborema Project.

10.1.3. Cash and share consideration from Juruena Sale

The cash and share consideration to be received as part of the Juruena Sale is consistent both prior to and following the Transaction. Refer to section 9.1.3 for further details regarding the value of the Juruena Sale consideration.

10.1.4. Cash consideration from sale of Posse

The cash consideration to be received as part of the sale of the Posse Iron Ore Project is consistent both prior to and following the Transaction. Refer to section 9.1.3 for further details regarding the value of the consideration to be received as part of the sale of Posse.

10.1.5. Cash received from underwritten Rights Issue

As set out in section 1 and section 4 of this Report, the proposed Rights Issue is underwritten by the Copulos Group for \$2.50 million, with a further underwritten tranche of \$1.00 million to be taken up by Pinnacle once the Copulos Group has fulfilled its Underwriting Agreement. Therefore, we have assumed that at least \$3.50 million of the proposed \$4.1 million Rights Issue will be taken up.

10.1.6. Notional capital raising

We are required by RG 111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Therefore, we have included a notional capital raising to complement the funding received as part of the Transaction that the Company will require to fund the development of Borborema itself.

The notional capital raising amount of \$142.9 million (AUD:USD exchange rate of 0.71 at March 2019) is broadly based on the cash required to fund the first two years of development and early stage of production. This primarily relates to construction expenditure over the first two years and early stage mining costs. We have increased the amount to be raised to reflect our estimate of the gross amount that will need to be raised to meet the costs likely to be incurred in conducting the capital raising. We have assessed the costs of a capital raising to be approximately 5% of the funds raised. We have also considered the available funds of Crusader regarding the following:

- Cash to be received from the Juruena Sale;
- Cash to be available from the Posse Iron Ore Project Sale; and
- The cash received from the underwritten portion of the Rights Issue, totalling \$3.50 million.

Therefore, assuming Borborema is 100% equity funded, Crusader will be required to raise an equivalent of \$150.4 million in order to meet the funding requirements of Borborema, as detailed in the summary table outlined below.

We consider that there are reasonable grounds to believe that Crusader will be able to obtain the funding to develop Borborema. We note that there may be alternative funding options available to Crusader, including debt, convertible debt, royalty arrangements or through an asset sale. However, in the absence of information regarding the most likely funding structure for Borborema, to remain conservative, we have assumed it will be fully funded by equity. As such, we have assumed a notional equity raising is used to fund the development of Borborema. Equity funding is a conservative assumption as we have reflected the potential difficulty of raising funds in our assessment of the likely range of prices at which a capital raising may be conducted.

In order to determine the likely price at which Crusader would have to place its shares to a third party or to current shareholders under a notional capital raising to raise the funds required, we considered the VWAP of Crusader's shares and the discount at which shares have been issued by ASX listed companies when compared to the respective companies' 30 day VWAP prior to the announcement of the placement.

We considered the placement discount and base share price assessed in section 9.1.5 to be appropriate for use following the Transaction. Therefore, we have assumed the use of a notional capital raising price of between \$0.004 and \$0.008 per share.

As shown in the table below, in order to raise an equivalent of \$142.87 million to provide funding to develop Borborema, between 18.80 billion and 37.60 billion new shares will need to be issued at between \$0.004 and \$0.008 per share.

| Notional Capital Raising | Low | Preferred | High |
|--|-------------------|-------------------|-------------------|
| Amount required for Borborema development (US\$000) | 106,861 | 106,861 | 106,861 |
| Exchange rate (AUD:USD) | 0.71 | 0.71 | 0.71 |
| Amount required for Borborema development (\$000) | 150,508 | 150,508 | 150,508 |
| Less: Cash received as part of the Juruena Sale (\$000) | (1,000) | (1,000) | (1,000) |
| Less: Cash received as part of the Posse Sale (\$000) | (3,140) | (3,140) | (3,140) |
| Less: Cash received from underwritten Rights Issue (\$000) | (3,500) | (3,500) | (3,500) |
| Total funding required (\$000) | 142,868 | 142,868 | 142,868 |
| Underwriter's/Broker's fee (%) | 5% | 5% | 5% |
| Amount to be raised inclusive of capital raising costs (\$000) | 150,387 | 150,387 | 150,387 |
| Share price: Base price (\$/share) | 0.02 | 0.02 | 0.02 |
| Placement discount (%) | 60% | 70% | 80% |
| Share price: Placement price (\$/share) | 0.008 | 0.006 | 0.004 |
| Number of shares to be issued (000s) | 18,798,375 | 25,064,500 | 37,596,750 |

Source: BDO analysis

10.1.7. Value of Other Assets and Liabilities

The Post-Transaction value of other assets and liabilities is the same as the Pre-Transaction value of other assets and liabilities. Refer to section 9.1.6 for further details regarding the value of other assets and liabilities.

However, we note a difference in treatment for the Copulos Convertible Note. Following the Transaction, the Copulos Group will have autonomy to convert the \$1.50 million of convertible notes held. Given that Shareholders' are approving the issue of shares for conversion of the Copulos Convertible Notes and payment of Interest Shares, we have assumed the Copulos Convertible Notes will be converted following the Transaction, rather than redeemed. This results in the same nil balance that is assumed prior to the Transaction, however we note the number of shares on issue in section 10.1.9 will be affected by conversion of the Copulos Convertible Notes. See section 10.1.9 for details.

10.1.8. Present value of corporate costs

The Post-Transaction present value of corporate costs is the same as the Pre-Transaction present value of corporate costs. Refer to section 9.1.7 for further details regarding the present value of corporate costs.

10.1.9. Minority interest discount

The value of a Crusader share derived under the Sum-of-Parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and the value of that company. However, if the Transaction is approved, the current Shareholders will be minority holders in Crusader, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company.

Therefore, we have adjusted our valuation of a Crusader share following the Transaction to reflect the minority interest holding. The minority discount is based on the inverse of the control premium and is calculated using the formula $1 - (1 / (1 + \text{control premium}))$.

As discussed in section 9.2 of our Report, we consider an appropriate control premium for Crusader to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of 17% to 23%.

10.1.10. Number of Crusader shares on issue

In our Sum-of-Parts valuation approach to derive the value of a Crusader share following the implementation of the Transaction, we take into account the notional capital raising that Crusader will have to raise in order to be able to develop Borborema, the conversion of the Copulos Convertible Notes and payment of Interest Shares.

As discussed in section 10.1.5, in order to raise an equivalent of \$xx million (AUD:USD exchange rate of 0.71 at March 2019) to provide the funding required to develop Borborema, between 18.80 billion and 37.60 billion new shares will need to be issued based on an issue price of between \$0.004 and \$0.008 per share.

The adjustment to the number of shares currently on issue is set out in the table below:

| Number of shares on issue following the Transaction | Low (000s) | Preferred (000s) | High (000s) |
|--|-------------------|---------------------|-------------------|
| Crusader shares on issue at the date of our Report | 616,871 | 616,871 | 616,871 |
| Shares to be issued from underwritten Rights Issue | 350,000 | 350,000 | 350,000 |
| Shares to be issued on conversion of Copulos Convertible Note | 150,000 | 150,000 | 150,000 |
| Shares to be issued on payment of Interest Shares | 12,000 | 12,000 | 12,000 |
| Shares to be issued under notional capital raise | 18,798,375 | 25,064,500 | 37,596,750 |
| Total number of shares on issue following the Transaction | 19,927,246 | 26,193,371 | 38,725,621 |

Source: BDO analysis

We note that the low number of shares on issue above forms the high end of our valuation range and the high number of shares on issue forms the low end of our valuation range.

11. Are the Transactions fair?

The Transaction

A comparison between the value of a Crusader share prior to the Transaction on a control basis, and the value of a Crusader share following the Transaction, on a minority basis, is set out below:

| | Ref | Low \$ | Preferred \$ | High \$ |
|--|------|-----------|-----------------|------------|
| Value of a Crusader share prior to the Transaction | 9.3 | 0.005 | 0.008 | 0.012 |
| Value of Crusader share following the Transaction | 10.1 | 0.004 | 0.007 | 0.009 |

Source: BDO analysis

We note from the table above that the value of a Crusader share following the Transaction on a minority basis, is less than the value of a Crusader share prior to the Transaction, on a control basis. Therefore, we consider that the Transaction is not fair for Shareholders.

The Security Transaction

As stated in section 8.2, the Security Transaction is fair if the value of the Security Provided is equal to or less than the value of the Liabilities Settled in the event of default.

In the scenario that the value of the secured assets is greater than or equal to the amounts owed to the Copulos Group, and there is an event of default, then the Copulos Group would only be entitled to recover the principal and interest outstanding under the Copulos Convertible Notes.

In a scenario that the value of secured assets is less than the amounts owed to the Copulos Group, in an event of default, then the secured assets would be sold and the proceeds provided to Copulos Group. This can be summarised as follows:

| Scenario | | | Consequence | | | Fairness |
|----------------|---|---------------------------|-------------------|---|---------------------|----------|
| Secured Assets | > | Liabilities to be settled | Security Provided | = | Liabilities Settled | Fair |
| Secured Assets | = | Liabilities to be settled | Security Provided | = | Liabilities Settled | Fair |
| Secured Assets | < | Liabilities to be settled | Security Provided | < | Liabilities Settled | Fair |

Source: BDO analysis

Therefore, on the terms of the Copulos Convertible Notes, specifically if there is an event of default, then the Copulos Group is only entitled to be repaid the principal and interest outstanding under the Copulos Convertible Notes, we consider that the Security Transaction is fair in all scenarios.

Conclusion on fairness

In our opinion:

- the Transaction is not fair to Shareholders; and
- the Security Transaction is fair to Shareholders.

12. Are the Transactions reasonable?

12.1 Advantages of approving the Transactions

We have set out the key advantages of approving the Transactions below.

The Transaction

12.1.1. Provides immediate short term working capital and Borborema BFS funding

Crusader is focussed on providing funding for working capital to continue with the development of its Borborema Project, specifically progressing the BFS currently underway. Crusader's working capital position has been significantly depleted by AIM listing costs and fees and the ongoing non-payment of the Posse deferred consideration payments.

The Convertible Notes and Rights Issue will enable Crusader to continue working towards completion of the Borborema BFS, which will give the Company the best opportunity to enhance shareholder value by releasing potentially positive results regarding the future of the Borborema Project.

Prior to entering into the Convertible Notes and partially underwritten Rights Issue, Crusader had made extensive efforts to negotiate and secure funding options for working capital funding to continue development of the Borborema Project. This process resulted in Crusader's management team negotiating the Convertible Notes and partially underwritten Rights Issue as the most favourable option.

12.1.2. Shareholders are offered the same terms to acquire shares as Mr Copulos through the Rights Issue

Shareholders have the opportunity to participate in the Rights Issue on the same terms as Mr Copulos as he is merely the underwriter of the capital raising, and will only participate over his proportional entitlement to the extent that there is a shortfall on the minimum funding required.

12.1.3. Strengthens Crusader's balance sheet

If the Transaction is approved, Crusader will receive a significant cash inflow of at least \$3.50 million on issue of the Rights Issue shares, and on conversion of the Convertible Notes, will increase the Company's net assets position by the same amount.

The Transaction provides an opportunity for the Company to raise the funds required to continue development of the Borborema Project to the point where the BFS is completed.

The larger equity base also increases Crusader's capacity to take on debt in the event that the Company requires additional funding in the future. Debt financiers and other funding providers may look favourably on the strength of the Borborema BFS results, and be more likely to provide debt financing on more attractive terms in the future, if required.

12.1.4. Completion of the BFS could reasonably be foreseen to add value to the Borborema Project

As discussed above, the majority of the capital received as part of the Transaction is to be used to finish the BFS for the Borborema Project. This could be reasonably foreseen to increase certainty around the assumptions made in the life of mine projections of the Borborema Project. This increase in certainty

could potentially be value accretive to the Crusader share price. As outlined above, Debt financiers and other funding providers may look favourably on the strength of the Borborema BFS results, and be more likely to provide debt financing for construction of the Borborema Project in the future, if required.

The Security Transaction

12.1.5. The Security Transaction is fair

As set out in section 11, the Security Transaction is fair. RG 111 states that an offer is reasonable if it is fair.

12.1.6. Supports convertible note funding

The provision of security enables Crusader to obtain the convertible note funding that it requires. If Crusader seeks alternative funding through bank debt, it is most likely that there will be a requirement by bank lenders to request the provision of security to secure the bank debt it seeks. Therefore, the provision of security for debt funding purposes is not unusual.

12.2 Disadvantages of approving the Transactions

If the Transactions are approved, in our opinion, the potential disadvantages to Shareholders include those detailed below.

The Transaction

12.2.1. The Transaction is not fair

As set out in section 11, the Transaction is not fair to Shareholders.

12.2.2. Dilution of Shareholders' interests

If the Transaction is approved, the Convertible Note is converted at the floor price of \$0.01 and Mr Copulos underwrites the full amount of the Rights Issue allowed to him, Shareholders will hold approximately 52% on a fully diluted basis.

This means that Shareholders' interests following the Transaction may be diluted from holding 82% of Crusader to holding approximately 48%. This will dilute Shareholders' interests and their level of collective influence on the operations of the Company

12.2.3. Presence of a significant shareholder may reduce the attractiveness of Crusader's shares to potential takeover bidder

If the Transaction is approved, the maximum shareholding that Mr Copulos could obtain would be 52%. With the presence of a significant shareholder, the attractiveness of the Company's shares to a potential bidder may be reduced with a potential decrease in liquidity of the Crusader shares outstanding. Furthermore, the ability of Shareholders to receive a takeover premium in the future may also be diminished.

The Security Transaction

12.2.4. Potential restrictions could be placed on Crusader's ability to deal with its assets without the Copulos Group's consent

The provision of security over all of Crusader's present and after acquired property by Crusader to the Copulos Group under the Copulos Convertible Notes, and common to most security arrangements, place restrictions on the Company's ability to deal with its assets.

12.3 Other considerations

12.3.1. Consequences of not approving the Transaction

If the Transaction is not approved, the Company will be forced to repay the already issued tranches of the Copulos Convertible Notes to Mr Copulos. If the Company is unable to repay the Copulos Convertible Notes, the Convertible Note holder will have security over Crusader's present and after acquired property.

12.3.2. Alternative Proposal

We are unaware of any alternative proposals that might offer the Shareholders of Crusader a premium over the value resulting from the Transactions.

12.3.3. Practical Level of Control

If the Transactions are approved then the Copulos Group will hold an interest of approximately 56.39% in Crusader, on a fully diluted basis. In addition to this, Crusader will have one Board members nominated by the Copulos Group.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transactions are approved, then the Copulos Group will be able to block special resolutions and pass general resolutions.

Crusader's Board currently comprises three directors. The Copulos Group will not nominate any additional directors as part of the Transaction. This means that the Copulos Group nominated directors will make up 33% of the Board.

The Copulos Group's control of Crusader following the Transactions will be significant when compared to all other shareholders as the Copulos Group will be able to block special resolutions but will not be able to pass general nor special resolutions. Therefore, in our opinion, while the Copulos Group will be able to significantly influence the activities of Crusader, it will not be able to exercise a similar level of control as if it held 100% of Crusader. As such, the Copulos Group should not be expected to pay a similar premium for control as if it were acquiring 100% of Crusader.

12.3.4. Post announcement pricing

Given that Crusader has been suspended since October 2018, we have not been able to undertake any post announcement pricing analysis.

13. Conclusion

We have considered the terms of the Transaction as outlined in the body of this Report and have concluded that, in the absence of a superior offer and any other relevant information the Transaction is not fair but reasonable to Shareholders.

We have considered the terms of the Security Transaction as outlined in the body of this Report and have concluded that, in the absence of any other relevant information the Security Transaction is fair and reasonable to Shareholders.

14. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Crusader for the years ended 31 December 2016, 31 December 2017 and 31 December 2018
- Independent Valuation Report of Crusader's mineral assets dated March 2019 performed by CSA;
- Share registry information;
- Bloomberg;
- Consensus Economics;
- S&P Capital IQ;
- IBIS World;
- Information in the public domain; and
- Discussions with Directors and Management of Crusader.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$90,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Crusader in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Crusader, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Crusader and Mr Stephen Copulos and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Crusader and Mr Stephen Copulos and their respective associates.

A draft of this report was provided to Crusader and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the former Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Global Natural Resources Leader for BDO.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

17. Disclaimers and consents

This report has been prepared at the request of Crusader for inclusion in the Notice of Meeting which will be sent to all Shareholders. Crusader engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to issue shares to Mr Stephen Copulos upon conversion of the Convertible Notes, payment of interest accrued on the Convertible Notes, and the Shortfall Subscription.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting

as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Mr Stephen Copulos. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Crusader and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Crusader, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Crusader.

The valuer engaged for the mineral asset valuation, CSA, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

Appendix 1 - Glossary of Terms

| Reference | Definition |
|---------------------------|---|
| The Act | The Corporations Act 2001 Cth |
| The Adjusted Model | The Model provided by Crusader management, appropriately adjusted by BDO |
| AFCA | Australian Financial Complaints Authority |
| AIM | Alternative Investment Market of the London Stock Exchange |
| APES 225 | Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| Ausenco | Ausenco do Brasil Engenharia Ltda |
| BFS | Bankable Feasibility Study |
| BDO | BDO Corporate Finance (WA) Pty Ltd |
| Borborema | Borborema Gold Project |
| CAPM | Capital asset pricing model |
| The Company | Crusader Resources Limited |
| Convertible Notes | As announced on 5 November 2018, 24 December 2018 and 29 January 2019, the Company has raised a total of \$2.4 million, before costs, through the issue of convertible notes. The Convertible Notes have a principal amount of \$100,000 each and carry an interest rate of 8% per annum. |
| Copulos Convertible Notes | \$1.5 million of the Convertible Notes are subscribed for by the Copulos Group |
| Copulos Group | Mr Stephen Copulos and his controlled entities |
| Corporations Act | The Corporations Act 2001 Cth |
| CRA | Conestoga Rovers and Associates Ltd |
| Crusader | Crusader Resources Limited |
| CSA | CSA Global Pty Ltd |

| Reference | Definition |
|---|---|
| DCF | Discounted Future Cash Flows |
| EBIT | Earnings before interest and tax |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| FDI | Foreign Direct Investment |
| FME | Future Maintainable Earnings |
| FOS | Financial Ombudsman Service |
| FSG | Financial Services Guide |
| Grupo | Grupo Mota |
| IDEMA | State Government Environmental Authority |
| Independent Technical Assessment and Valuation Report | The technical assessment and valuation report prepared by CSA based on CSA's review of the technical project assumptions contained in the cash flow model of Borborema |
| The Industry | gold ore mining industry |
| Inter Invest | Inter Invest B.P. S/A |
| Interest Shares | The Convertible Notes have a principal amount of \$100,000 each and carry an interest rate of 8% per annum, which is payable in new fully paid ordinary shares at the 30-day VWAP in Crusader, calculated on the day before the relevant interest payment date, subject to a floor price equal to the lower of \$0.01 or the issue price of the Rights Issue. |
| IPO | Initial Public Offering |
| IRGS | Intrusive related gold system |
| JORC Code | The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) |
| Juruena | Juruena Gold Project |
| Juruena Sale | Crusader's binding term sheet with Meteoric for the sale of the Juruena Project and Novo Astro Project |
| Km ² | Square kilometres |
| Lepidico | Lepidico Limited |

| Reference | Definition |
|---------------------|---|
| Liabilities Settled | The value of the consideration being provided to Crusader is the amounts payable to the Copulos Group that would be settled by the sale of the secured assets, including the principal amount drawn down and related interest accrued |
| Manga | Manga Lithium Project |
| Meteoric | Meteoric Resources Limited |
| The Model | Detailed cash flow model for the Borborema Project prepared by the management of Crusader |
| NAV | Net Asset Value |
| Novo Astro | Novo Astro Gold Project |
| PFS | Pre-Feasibility Study |
| Pinnacle | Pinnacle Corporate Finance Pty Ltd |
| The Posse Mine | Posse Iron Ore Mine |
| Proposed Merger | Proposed acquisition of Crusader by Statex by way of a Scheme of Arrangement |
| QMP | Quoted market price |
| RBA | Reserve Bank of Australia |
| Regulations | Corporations Act Regulations 2001 (Cth) |
| Our Report | This Independent Expert's Report prepared by BDO |
| RG 74 | Acquisitions approved by Members (December 2011) |
| RG 111 | Content of expert reports (March 2011) |
| RG 112 | Independence of experts (March 2011) |
| Rights Issue | Crusader's proposed non-renounceable pro rata entitlement offer to eligible shareholders, through which it will seek to raise \$4.1 million, before costs |
| Section 411 | Section 411 of the Corporations Act |
| Section 611 | Section 611 of the Corporations Act |
| Security Provided | Value of the proceeds of the sale of the secured assets that would be provided as settlement or amounts payable to the Copulos Group in the event of a default. |

| Reference | Definition |
|------------------------|--|
| Security Transaction | Crusader is proposing to grant security to the Copulos Group over the assets of Crusader for amounts owing on the Copulos Convertible Notes |
| SID | Scheme Implementation Deed |
| Shareholders | Shareholders of Crusader not associated with the Transactions |
| Stratex | Stratex International Plc |
| Sum-of-Parts | A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies |
| TEM | Third Element Metals |
| The Transaction | Collectively, the issue of shares upon conversion of the Copulos Convertible Notes, issue of Interest Shares and the Underwriting Agreement |
| The Transactions | Collectively, the Transaction and the Security Transaction |
| Underwriting Agreement | The Copulos Group will underwrite \$2.5 million of the Rights Issue for an underwriter's fee in the form of 30 million Underwriter Options |
| Underwriter Options | 30 million options exercisable at \$0.02 each, expiring on 30 June 2022 as payment of underwriting fee. |
| USGS | United States Geological Survey |
| Valmin Code | Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) |
| Valuation Engagement | An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time. |
| VWAP | Volume Weighted Average Price |
| WACC | Weighted Average Cost of Capital |



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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Discount Rate Assessment

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

In our valuation, the Adjusted Model assumes that Borborema is 100% equity funded, both prior to and following the Transactions. Prior to the proposed implementation of the Transactions, we have assumed Borborema is fully funded by a notional capital raising. Assuming the Transactions are approved, we have assumed that development of Borborema is funded by a combination of the Rights Issue, the Convertible Notes and a notional capital raising. We have considered the Convertible Notes as a quasi-equity funding facility, assuming the Convertible Notes will be converted for shares. This is because the Convertible Notes expire on 31 December 2019, at which time Crusader is not projected to generate free cash flow available to repay the Convertible Notes on maturity. As such, the cash flows derived from the Adjusted Model are equity cash flows. Therefore, the appropriate discount rate to use is a cost of equity.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. The CAPM provides the required return on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM

$$K_e = R_f + \beta \times (R_m - R_f) + \alpha$$

Where:

K_e = expected equity investment return or cost of equity in nominal terms

R_f = risk free rate of return

R_m = expected market return

$R_m - R_f$ = market risk premium

β = equity beta

α = alpha factor

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

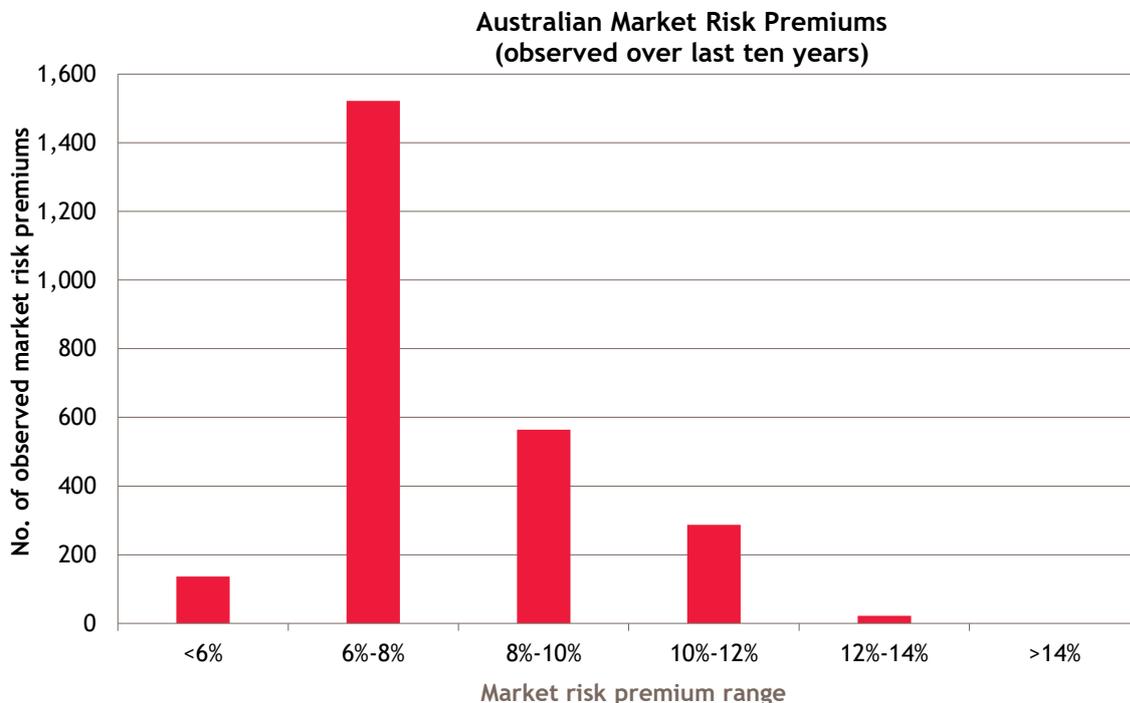
The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received.

We have adopted the 10-year Government Bond yield of 2.03% as at the date of analysis (8 March 2019) as a proxy for the risk free rate.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the past ten years.

The Australian market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year government bond rates.



Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice. For the purpose of our report we have adopted a market risk premium of between 6% and 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one

implies that the business' will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta (β_a) by applying the following formula:

$$\beta_a = \beta / (1 + (D/E \times (1-t)))$$

Selected Beta (β)

In order to assess the appropriate equity beta for Borborema, we have had regard to the equity beta of Crusader, ASX-listed, AIM-listed and TSX-listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated against the S&P All Ordinaries Index, using weekly data over a five-year period.

In selecting an appropriate beta for Borborema, we have considered the similarities between the comparable companies selected below. The comparable similarities and differences noted are:

- the comparable companies' mining and exploration assets have varying risk profiles depending on the location, funding, maturity of the assets, and stage of production;
- we consider those with a smaller market capitalisation to have a size that is more comparable to that of Crusader; and
- there are varying stages of development of the comparable companies' projects compared to Borborema.

Having regard to the above, we consider that an appropriate ungeared beta to apply to Borborema is between 0.85 and 0.95.

The capital structure for Borborema is assumed to be 100% equity, in accordance with the Adjusted Borborema Model. As such the re-gearred beta is the same as the ungeared beta. A summary of the comparable companies funding structure and Betas are set out below:

| | Market Capitalisation Mar-19 (\$m) | Gearred Beta (B) | Gross Debt/Equity (%) | Ungeared Beta (Ba) |
|------------------------------------|---|------------------------|-----------------------------|--------------------------|
| Explorers & developers | | | | |
| Bassari Resources Limited | 41.17 | 0.65 | 1.25% | 0.64 |
| Alicanto Minerals Limited | 3.66 | 1.30 | 0.00% | 1.30 |
| BBX Minerals Limited | 74.79 | 0.93 | 0.00% | 0.93 |
| Altamira Gold Corp. | 48.77 | 0.65 | 38.04% | 0.52 |
| Cabral Gold Corp. | 5.27 | 1.18 | 0.00% | 1.18 |
| Producer | | | | |
| Troy Resources Limited | 8.96 | 0.88 | 0.00% | 0.88 |
| Jaguar Mining Inc. | 72.91 | 0.64 | 6.82% | 0.61 |
| Serabi Gold plc | 44.48 | 0.62 | 9.10% | 0.59 |
| West Wits Mining Limited | 7.73 | 1.14 | 1.92% | 1.12 |
| Mean (excluding Crusader) | 34.19 | 0.89 | 6.35% | 0.86 |
| Median (excluding Crusader) | 41.17 | 0.88 | 1.25% | 0.88 |

Source: Bloomberg and BDO analysis

In selecting the above range of comparable companies we have had regard to companies with gold mining operations (at varying stages - exploration and production) located in countries facing similar risks to Brazil, as this is where the Borborema project is located.

A description of the comparable listed companies selected are summarised below.

| Company Name | Exchange | Company Description |
|---------------------------|----------|--|
| Bassari Resources Limited | ASX | <p>Bassari Resources Limited is a gold explorer, transitioning to producer with the development of its assets in Senegal. The company is headquartered in Melbourne, Australia and has:</p> <ul style="list-style-type: none"> 63% ownership of the Makabingui Gold Project in Senegal which is currently under development, and for which US\$12.2 million in project financing has been successfully secured; 70% interests in two adjoining permits currently under exploration; and \$86,000 cash and cash equivalents balance as at 31 December 2018. |
| Alicanto Minerals Limited | ASX | <p>Alicanto Minerals Limited is a mineral exploration company, focused on the development of a portfolio of gold projects in South America. The company was incorporated in 2011 and is based in Subiaco, Australia. Alicanto Minerals Limited has:</p> <ul style="list-style-type: none"> 100% ownership of the Arakaka Gold Project located in Guyana, at which exploration drilling is currently underway; An exclusive option to acquire 100% of the Ianna Gold Project located in Guyana through exploration drilling currently underway; 100% ownership in the Tassawini gold exploration project, located approximately 45km east of the Arakaka gold project; and \$886,000 million in cash and cash equivalents as at 31 December 2018. |

| | | |
|------------------------|-------------|---|
| BBX Minerals Limited | ASX | <p>BBX Minerals Limited is a mineral exploration company with assets located in Brazil and its head office located in Perth, Western Australia. The company has:</p> <ul style="list-style-type: none"> • 100% ownership of the Tres Estados Project located in Amazonas State of Brazil, at which exploration drilling for gold and base metals is currently underway; • 100% ownership of the Ema Project located in Amazonas State, at which exploration drilling for gold and base metals is currently underway; • 100% ownership of the Juma East Gold project located in Amazonas State, at which exploration drilling commenced in 2015; and • Cash and cash equivalents of \$608,596 at 31 December 2018. |
| Altamira Gold Corp. | TSXV FSE | <p>Altamira Gold Corp. is a gold exploration company with assets in central Brazil and its head office located in Vancouver, Canada. The Company has:</p> <ul style="list-style-type: none"> • 100% ownership of the Cajueiro and Apiacas gold exploration projects located in the state of Mato Grosso, Brazil; • 100% ownership of Crepori gold exploration project located in the Tapajos Region of northern Brazil; and • Cash and cash equivalents of C\$405,820 at 30 November 2018. |
| Cabral Gold | TSX | <p>Cabral Gold Inc. is an emerging gold exploration company with assets located in Brazil and its head office located in Vancouver, Canada. Cabral Gold Inc. has:</p> <ul style="list-style-type: none"> • 100% ownership of the Cuiu Cuiu Gold Project located in the Tapajos region of Brazil, at which exploration drilling is currently underway; • 100% ownership of the Bom Jardim early stage exploration project located 25km from the Cuiu Cuiu Project; and • Cash and cash equivalents of C\$880,893 at 30 September 2018. |
| Troy Resources Limited | ASX TSX | <p>Troy Resources Limited is a small to mid-tier Australian gold producer with assets in South America and its head office located in Perth, Western Australia. The Company has:</p> <ul style="list-style-type: none"> • 100% ownership of the producing Karouni gold mine and surrounding exploration permits located in Guyana; • 30% ownership of the Casposo gold mine located in Argentina. Austral Gold Limited is currently completing an earn in agreement for the remaining 70%; and • Cash and cash equivalents \$5.69 million, net debt of \$5.47 million and gold inventories of \$21.26 million at 31 December 2018. |
| Jaguar Mining Inc. | TSX | <p>Jaguar Mining Inc. is a junior gold mining, development and exploration company with operations in Brazil its head office located in Toronto, Canada. The Company has:</p> <ul style="list-style-type: none"> • 100% ownership of the Turmalina Gold Mine which was recommissioned in 2015 and is located in Minas Gerais State, Brazil; • 100% ownership of the Caete Gold Mining Complex comprising the producing Pilar and Roca Grande Gold Mines located in Minas Gerais State, Brazil; • 100% ownership of the Paciencia gold mine which has been on care and maintenance since 2012; • 100% ownership of the Pedra Branca gold exploration project located in Ceara State, Brazil; • Cash and cash equivalents of US\$6.67 million, gold inventories of \$11.87 million and debt of \$11.20 million at 30 September 2018. |
| Serabi Gold plc | LSE TSX | <p>Serabi Gold plc is a gold production and development company with assets in Brazil and its head office located in London, UK. The Company has:</p> <ul style="list-style-type: none"> • 100% interest in the producing Palito and Sao Chico gold mines, located in the Tapajos region of Brazil; |

- 100% ownership of the advanced Coringa gold development project located in the Tapajos region of Brazil, which will require additional funding to bring into production;
- 100% ownership of additional early stage exploration projects in the Tapajos region; and
- Cash and cash equivalents of US\$15.20 million, gold inventories of US\$7.34 million and debt of US\$6.34 million at 3 September 2018.

| | | |
|--------------------------|-----|---|
| West Wits Mining Limited | ASX | <p>West Wits Mining Limited explores and develops gold mining tenements in Western Australia, South Africa, and Indonesia and has its head office located in Carlton, Australia. West Wits Mining Limited holds the following assets:</p> <ul style="list-style-type: none"> • 67% ownership of the Witwatersrand Basin Project located in South Africa currently in production; • 64% ownership of the Derewo River Gold Project located in the Papua Province, Indonesia which is currently under development; • 100% ownership of the Mt Ceciila Gold exploration project located in the Pilbara region of Western Australia; • 100% ownership of the Tambina Gold exploration Project, also located in the Pilbara. The company has recently entered into a Joint Venture agreement in which First Au can earn up to an 80% interest in the project; and • \$776,000 cash and cash equivalents as at 31 December 2018. |
|--------------------------|-----|---|

Source: S&P Capital IQ and respective Company websites

Adjustments for additional risk factors

We have adjusted our discount rate to reflect the following additional risks:

- funding risk; and
- development risk.

Funding Risk

As Crusader has not yet sourced the required funding for the development of Borborema, we have assumed a notional capital raising. Based on the cash flows of the Adjusted Borborema Model, the amount required to fund the project is approximately nine times Crusader's net asset position as at 31 December 2018. Given this, we believe there is a risk that Crusader will be unable to raise the required capital.

Development Risk

As announced in the Company's December 2018 quarterly activities update, Crusader is awaiting the approval for the Installation License for Borborema, which would allow the Company to begin construction of the mine. Crusader has already been granted environmental licence and plans to complete the BFS for Borborema by the end of the third quarter 2019. Given that the mine is yet to be constructed, there is a degree of risk associated with the development, construction and commission of operations at Borborema which adds to the risk of the underlying cash flows emerging as projected.

To provide further analysis, we have compared the funding and development risk of Crusader relative to the development and funding risk of the above selected comparable companies. We have assigned a risk score from 1 to 5, with 5 meaning that a company has a greater exposure to funding and development risk compared to a company with a risk score of 1. To provide a basis of comparison we have assigned a development risk score of 4 and funding risk score of 5 for Crusader.

| Company | Development Risk | Funding Risk | Comments |
|-----------------------------------|------------------|--------------|--|
| Crusader Resources Limited | 4 | 5 | <ul style="list-style-type: none"> JORC compliant mineral resource estimate Capital raise required to fund development |
| Explorers & developers | | | |
| Bassari Resources Limited | 3 | 2 | <ul style="list-style-type: none"> JORC compliant mineral resource estimate Secured US\$12 million in project financing for its Makabingui Project |
| Alicanto Minerals Limited | 5 | 5 | <ul style="list-style-type: none"> Projects are in early exploration phase No funding package secured |
| BBX Minerals Limited | 5 | 5 | <ul style="list-style-type: none"> Projects are in early exploration phase No funding package secured |
| Altamira Gold Corp. | 5 | 5 | <ul style="list-style-type: none"> Projects are in early exploration phase No funding package secured |
| Cabral Gold Corp. | 5 | 5 | <ul style="list-style-type: none"> Projects are in early exploration phase No funding package secured |
| Producers | | | |
| Troy Resources Limited | 0 | 0 | <ul style="list-style-type: none"> JORC compliant mineral resource estimate Secured US\$12 million in project financing for its Makabingui Project |
| Jaguar Mining Inc. | 0 | 0 | <ul style="list-style-type: none"> JORC compliant mineral resource estimate Sufficient cash, inventories and access to funding to sustain operations |
| Serabi Gold plc | 0 | 0 | <ul style="list-style-type: none"> JORC compliant mineral resource estimate Sufficient cash, inventories and access to funding to sustain operations |
| West Wits Mining Limited | 2 | 3 | <ul style="list-style-type: none"> Single project in production Joint ventures in place for advanced projects Funding required to progress other projects |
| Mean (excluding Crusader) | 2.78 | 2.78 | |

Source: BDO analysis

As shown above, we have scored Crusader a development risk of 4 and a funding risk of 5. For the above companies that are producers, we consider their development risk to range from 0 to 2, depending on the various stages of their projects. For explorers without a mineral resource statement, we considered the development risk to be higher than Crusader and have assigned a score of 5.

In consideration of all the above factors, we consider an alpha in the range of 3.0% and 3.5% to be appropriate to apply to the discount rate calculation for Borborema, to reflect the higher level of development and funding risk associated with Crusader relative to the comparable companies identified. This range is based on the difference between the average risk score associated with the comparable companies and the risk score of Crusader. Therefore, we consider this alpha factor to represent the funding and development risk that is not captured in the comparable company betas.

Sovereign Risk

We have also considered whether to adjust our discount rate to reflect the sovereign risk of operating in Brazil. In selecting the comparable companies, we focused on companies which have operations in countries with similar levels of risk to Brazil. Therefore, we did not consider it necessary to apply an additional sovereign risk premium in our calculation.

In addition to the above factors, the comparable companies have been selected based on the location of their projects, as shown below.

| Company | Location |
|-----------------------------------|-------------------------------------|
| Crusader Resources Limited | Brazil |
| Explorers & developers | |
| Bassari Resources Limited | Senegal |
| Alicanto Minerals Limited | Guyana |
| BBX Minerals Limited | Brazil |
| Altamira Gold Corp. | Brazil |
| Cabral Gold Corp. | Brazil |
| Producers | |
| Troy Resources Limited | Guyana & Argentina |
| Jaguar Mining Inc. | Brazil |
| Serabi Gold plc | Brazil |
| West Wits Mining Limited | South Africa, Indonesia & Australia |
| Crusader Resources Limited | Brazil |

Source: Company websites

Cost of Equity

We have assessed the cost of equity to be in the range of 10.13% to 13.13% with our preferred value being a rounded midpoint of 12.00%.

| Input | Value Adopted | |
|----------------------------|---------------|---------------|
| | Low | High |
| Risk free rate of return | 2.03% | 2.03% |
| Equity market risk premium | 6.00% | 8.00% |
| Beta | 0.85 | 0.95 |
| Alpha | 3.00% | 3.50% |
| Cost of Equity | 10.13% | 13.13% |

Source: Bloomberg and BDO analysis



Appendix 4 - Independent Valuation Report



CSA Global
Mining Industry Consultants



**Independent Technical
Specialists' Report**

**Crusader Resources' Mineral
Assets in Brazil and Portugal**

**CSA Global Report Nº 518.2018
31 March 2019**

www.csaglobal.com

Report prepared for

| | |
|-----------------------|--|
| Client Name | Crusader Resources Limited |
| Project Name/Job Code | CASITV02 |
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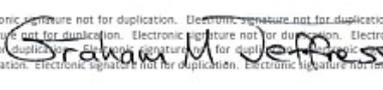
Report issued by

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|--|--|--|

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Executive Summary

Crusader Resources Limited (“Crusader” or “the Company”) proposes to issue shares to Mr Stephen Copulos upon conversion of secured convertible notes, payment of interest accrued on the secured convertible notes, and any shortfall subscribed to in the proposed future entitlement issue. Crusader has a portfolio of three gold assets in Brazil being the Borborema, Jurueña and Novo Astro projects; plus rare earths prospectivity in their Espinharas project, and lithium, tin and indium exploration prospectivity in the Manga project, both also in Brazil. Crusader’s interests in Portugal comprise the Gaia lithium project, located 290km from the capital Lisbon.

The Company has engaged BDO Corporate Finance (WA) Pty Ltd (“BDO”) to prepare an Independent Expert’s Report (“IER”) for inclusion in the Company’s Notice of Meeting to assist the shareholders of Crusader.

BDO has in turn commissioned CSA Global Pty Ltd (“CSA”) to prepare an independent technical assessment and valuation of the mineral assets for inclusion in the IER. The review and valuation report, or a summary of it, is to be appended to the IER, and as such, will become a public document, prepared in accordance with the requirements of the JORC Code 2012 and VALMIN Code 2015, as appropriate.

A CSA Global staff member completed a field visit in May 2017 to the Borborema and Jurueña gold projects, the Crusader assets in Brazil considered to be the most material. This report has been based upon information available up to and including 31 March 2019 in relation to Crusader’s assets. Table 1 presents a summary of Crusader’s assets.

CSA Global has also relied upon discussions with Crusader’s management for information contained within this Report relating to the Company’s assets.

CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by Crusader.

Table 1 summarises the project areas and the details of each tenement are provided in Appendix 1. Table 2 provides the categorised grades and tonnes in Crusader’s Mineral Resources and Ore Reserves, reported in accordance with the JORC Code 2012.

Table 1: Summary table of assets

| Asset | Holder | Interest (%) | Status | Licence expiry date | Licence area (km ²) | Comments |
|--------------|----------|--------------|-------------|-------------------------|---------------------------------|--|
| Borborema | Crusader | 100 | Development | Variable ⁽⁴⁾ | 29 | 3 gold tenements |
| Espinharas | Crusader | 100 | Exploration | Variable | 117 | 7 rare earth and gold tenements |
| Faixa Seridó | Crusader | 100 | Exploration | Variable | 330 | 31 gold and 2 iron tenements |
| Jurueña | Crusader | 100 | Exploration | Variable | 772 | 24 gold tenements – divested 20 March 2019 |
| Mara Rosa | Crusader | 100 | Exploration | Variable | 27 | 3 gold tenements |
| Manga | Crusader | 100 | Exploration | Variable | 14 | 1 gold, lithium, tin and indium tenement |
| Total | | | | | 1,289 | 71 tenements |

Table 2: Summary of Reserves and Resources

| Category | Tonnes (millions) | Grade (g/t) | Contained metal (koz) |
|--|-------------------|-------------|-----------------------|
| Ore Reserves per asset (note Ore Reserves are included in Mineral Resources) | | | |
| Borborema: JORC 2012, reported at 0.4 g/t cut-off (oxide) 0.5 g/t cut-off (fresh) and gold price of US\$1,210/oz | | | |
| Proved | 7.9 | 1.2 | 309 |
| Probable | 35 | 1.2 | 1,298 |
| Total | 42 | 1.2 | 1,607 |
| Mineral Resources per asset | | | |
| Borborema JORC 2012 Mineral Resources are reported inclusive of Ore Reserves, above a 0.5 g/t Au cut-off | | | |
| Measured | 8.1 | 1.2 | 320 |
| Indicated | 42.8 | 1.1 | 1,550 |
| Inferred | 17.6 | 1.0 | 566 |
| Subtotal | 68.5 | 1.1 | 2,433 |
| Jurueña: JORC 2012 Mineral Resources only, no Ore Reserves reported; Jurueña comprises Dona Maria, Querosene (reported above 2.5 g/t Au cut-off) and Crentes (reported above 1.0 g/t Au cut-off) | | | |
| Measured | n/a | n/a | n/a |
| Indicated | 0.1 | 18.3 | 58 |
| Inferred | 1.2 | 5.3 | 203 |
| Subtotal | 1.3 | 6.3 | 261 |
| TOTAL | 69.8 | 1.2 | 2,694 |

Source: Crusader Resources ASX releases 22 Dec 2016 and 24 July 2017 (Mineral Resources), 6 March 2018 (Ore Reserves).

Notes:

Rounding may result in numeric inconsistencies.

“Operator” is name of the company that operates the asset.

“Gross” are 100% of the reserves and/or resources attributable to the licence whilst “Net attributable” are those attributable to Crusader, as the assets are 100% owned by Crusader, the numbers are identical.

Metal equivalent grades were not used in reporting.

Borborema Project

Borborema is a gold deposit in north-eastern Brazil, set in a high-grade metamorphic sequence of gneiss and schist with common garnet, cordierite, andalusite and sillimanite, and subsequent retrograde biotite and muscovite.

The main gold orebody at Borborema is tabular, being striking in a north-east direction, continuing to several hundred metres depth, and being 10 m or more in thickness. This body dips at 35° south-east, and higher-grade sections plunge at a shallow angle to the south-southeast. The main visual guides to mineralisation are quartz veining and sulphide minerals that include pyrrhotite and subordinate arsenopyrite, pyrite, chalcopyrite, galena and sphalerite. Calcite is minor and retrograde.

The “re-discovery” of the Borborema deposit stemmed from a decision by Crusader to focus on gold within the Proterozoic belts of Brazil. As the historical São Francisco mine, Borborema had a large footprint of known mineralisation exposed in the open pit. Borborema was seen as an attractive target with relatively unexplored surroundings, and proximity to infrastructure in a district with an established mining history.

Borborema is considered a pre-development mineral project. An Ore Reserve has been declared. CSA Global considers that the Ore Reserve Estimate for the Borborema Gold project, as published on 6 March 2018 complies with the requirements of the JORC Code. The basis of the valuation is in line with the Ore Reserve Statement (6 March 2018) as summarised in this document.

The Ore Reserve estimate for the Borborema Gold Project is presented in Table 2.

On 8 February 2018, Crusader announced the results of an optimisation study for the Borborema gold project. The announcement described an optimised project plan that focusses on the mining and processing of 20 Mt. This tonnage represents approximately half of the material addressed in the draft feasibility study and the current Ore Reserve statement.

This optimisation study determined that a development of the upper 20 Mt zone of the 42 Mt Borborema Ore Reserves optimised the resource for the prevailing modifying factors, as well as matching a simplified development plan (including respecting the road limit and considering filtration for tailings treatment).

This optimised “Stage 1” for Borborema, targets 20 Mt at a grade of 1.2 g/t for approximately 762 koz mined, with a processing rate of 2.0 Mt/a over a ten-year period which results in reduced capital and operating costs when compared to the original draft feasibility study, while not sterilising the future development of the deeper Borborema mineralisation.

The Mine Plan for this Stage 1 case represents mining and processing of the first half (approx.) of the reported Borborema Ore Reserve estimate which has a stripping ratio of 4 waste tonnes per ore tonne. The remainder of the deposit has an average stripping ratio of 10 waste tonnes per ore tonne at a lower profit margin than the first portion.

The mine plan is accompanied by a corresponding financial model. CSA Global have reviewed this model to confirm that the technical parameters used in the financial model form a reasonable basis for the estimate of the Borborema Gold Project value, and reached this conclusion.

Furthermore, CSA Global considers that the proposed optimisations of the Borborema Gold Project are likely to identify opportunities to increase the value of the asset. As this work is completed to an appropriate level of confidence, these optimisations should be introduced to the Mine Plan and included in future Ore Reserve estimations.

The remaining Mineral Resources were estimated and reported in accordance with JORC Code and were completed in a competent and appropriate manner. There is potential for the identification of new regional targets within the Borborema project tenements. Potential also exists to increase the Mineral Resource down dip of the mineralised shear zone.

There remains exploration upside adjacent to and around the Borborema project. Along strike and down dip areas remain open. Other targets, based on regional magnetic interpretations coupled with geochemistry, remain untested. Better understanding of the plunge controls on the mineralisation offer options to improve the resources. Borborema is hosted by a major shear zone in a relatively distinctive host rock. The gold is associated with magnetic pyrrhotite. These factors provide geophysical options to advance exploration via detailed aeromagnetic surveys and IP/resistivity ground surveys. The potential for discovery of additional gold resources is considered good.

Juruena Project

The Juruena gold project is located in the north-western part of Mato Grosso state, within the Alta Floresta gold belt, near its boundaries with Pará and Amazonas states. The mineralisation is hosted by Paleoproterozoic volcanic and granitoid rocks of varying composition, and the host rocks are found within the Juruena-Rondonia block of the Amazon Craton. The 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 within epithermal systems.

Juruena is considered a pre-development project with classified Mineral Resources reported in accordance with the JORC Code. Preliminary economic assessment studies are in progress into conceptual mine and project planning. Both open-pit and underground development scenarios are being considered as a standalone gravity plus carbon-in-pulp (CIP) processing plant.

Several gold targets exist in the Juruena Gold Project at the Juruena and Novo Astro prospect areas to the east of Juruena. Several prospects have been identified requiring drill follow-up, with some first exploratory drill holes completed and requiring additional follow up. No drilling has been undertaken within the Novo Astro prospect area, which has been subject to extensive garimpeiro workings in the past.

Similarly, Juruena provides considerable scope for the discovery of additional resources. There are multiple gold in soil anomalies (> 50 ppb Au) identified over an 8 km x 4 km wide zone. Clear structural controls on the mineralisation have been identified, and regional mapping has identified a number of untested structures. The project is still at an early stage and warrants further exploration activity.

The Espinharas, Serido, Mara Rosa and Manga projects are considered exploration projects in terms of the AIM Note. Espinharas has potential for rare earths and gold once the appropriate approvals are in place. Serido is an early grass roots exploration project with potential for gold and iron ore. Mara Rosa shows promise for gold, and some copper. Like Espinharas, the Manga polymetallic (gold, tin, indium and lithium) project show promise and will be investigated further once the appropriate exploration approvals for the minerals in addition to gold have been finalised.

The Company announced on 20 March 2019 that it had agreed to sell the Juruena and Novo Astro Gold Projects to Meteoric Resources Limited (ASX:MEI) for a combination of cash and MEI shares.

Valuation of Resources outside Mine plans and Exploration Assets

Crusader's Borborema gold project has potential and further investigation and development of the deposits is warranted.

CSA Global has prepared an independent opinion on the market valuation of Crusader's mineral assets, including:

- Borborema Project Mineral Resource not included in the DCF Stage 1 model

Table 3: Summary valuation of Resources outside Mine plans and Exploration Assets

| Project | Mineral Asset | Crusader Equity (%) | Valuation (A\$ millions) | | |
|-----------|---------------------------|---------------------|--------------------------|-----------|------|
| | | | Low | Preferred | High |
| Borborema | Remnant Mineral Resources | 100 | 21.7 | 27.2 | 32.6 |

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

CSA Global has not undertaken a valuation of the Juruena Project, as the Company announced on 20 March 2019 that it had signed an agreement to sell the Juruena Project.

CSA Global have not undertaken a valuation of Crusader's other Brazilian Mineral Assets: Seridó, Espinharas, Mara Rosa and Manga. All these projects are at a very early stage "greenfields" exploration projects and in CSA Global's opinion the stage that the projects are at, their value, estimated at less than A\$1 million, is not material in comparison to the other Mineral Assets being valued. CSA Global has also not undertaken a valuation of the Gaia Project in Portugal, there is presently uncertainty over the granting of the tenure to Crusader, due to the Portuguese government now having classified lithium as a strategic mineral.

There is significant range in the values derived for Crusader's projects. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the project, given the uncertainties inherent in valuing early-stage exploration and pre-development projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

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1 Introduction

1.1 Context, Scope and Terms of Reference

Crusader Resources Limited (“Crusader” or “the Company”) is a gold focused development and exploration company with assets in Brazil. The Company is looking to grow by developing existing assets. The focus of this report is on Crusader’s development asset in Brazil, the Borborema Gold Project, as well as the pre-development Jurueña Project and early exploration assets in Goias, Matto Grosso, Paraiba, and Rio Grande do Norte.

Crusader is currently dual listed on the Australian Securities Exchange (ASX) in Australia and the AIM Market of the London Stock Exchange (AIM). The Company announced that it has entered into agreements for the subscription and issue of secured convertible notes to raise \$1.0 million (Convertible Notes) (before costs). Use of proceeds from the Convertible Notes will be used to fund the Company’s immediate working capital requirements.

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Crusader to prepare an Independent Expert’s Report (the ‘IER’) for inclusion in the Company’s Notice of Meeting to assist the shareholders of Crusader. The Notice of Meeting will address, and BDO’s IER will address, the proposed issue of shares to Mr Stephen Copulos upon conversion of secured convertible notes, payment of interest accrued on the secured convertible notes, and any shortfall subscribed to in the proposed future entitlement issue.

CSA Global Pty Ltd (CSA Global) was in turn commissioned by BDO to provide an independent technical specialists report (CSA Global Report or “the Report”) in accordance with the requirements of the JORC Code 2012 (“the JORC Code¹”) and the VALMIN Code 2015, (“the VALMIN Code²”). BDO will rely on, and the BDO IER will refer to, the CSA Global valuation opinion, and a copy of the CSA Global Report will be appended to the BDO Report.

The Report comprises a professional and independent appraisal of the assets in question and provides a valuation of those parts of these assets not forming part of mine plans. In addition, CSA Global has provided input and advice on the reasonableness of the technical inputs used in the mine cash flow model for the Borborema Project, including discussing the level of reserves and resources, production profiles (including production profiles or potential expansion cases), mining and processing physicals, production and operating costs including rehabilitation and abandonment costs, and capital expenditures.

BDO are valuing the mine plans based the CSA Global review of inputs. CSA Global has used a range of valuation methodologies to reach a conclusion on the value of the other Mineral Assets outside the mine plans.

Note that the CSA Global valuations are of the Mineral Assets and not the value of Crusader as a company.

The BDO IER Report will provide an opinion to Crusader’s shareholders, and as such it will be a public document. CSA Global will provide its consent to the use of the Report in the form and context in which it will be published.

1.2 Compliance with the JORC and VALMIN Codes

This Report has been prepared in accordance with the JORC Code and the VALMIN Code, which are binding upon members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM).

¹ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

² Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code, 2015 Edition. Prepared by The VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the assets on information made available to the principal authors by Crusader along with technical reports prepared by consultants, government agencies and previous tenement holders, and other relevant published and unpublished data.

A CSA Global staff member completed a field visit to Crusader's assets in Brazil as part of the previous exercise in preparing an independent CPR, in the assessment of the Brazilian projects.

This Report has been based upon information available up to and including 31 March 2019.

CSA Global has also relied upon discussions with Crusader's management and consultants for information contained within this assessment relating to the Brazilian exploration assets (Espinaras, Serido, Mara Rosa, and Manga), and the Gaia exploration project in Portugal. These assets are in an early stage of exploration and were not considered to be material to Crusader and are of secondary and minor value, and not requiring a field assessment.

CSA Global has relied on the representations of tenure presented by Crusader and made enquiries to the extent that we are able to. However, CSA Global does not have the appropriate legal expertise and cannot guarantee security of tenure beyond the extent of our enquiries.

CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by Crusader.

Crusader was provided a final draft of this Report and requested to identify any material errors or omissions prior to it being published.

Descriptions of the mineral tenure, tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by Crusader or its legal consultants. Crusader has warranted to CSA Global that the information provided for preparation of this Report correctly represents all material information relevant to the assets.

1.4 Authors of the Report – Qualifications, Experience and Competence

This Report has been prepared by CSA Global, a privately-owned consulting company that has been operating for over 30 years; with its headquarters in Perth, Western Australia.

CSA Global provides multi-disciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation, exploration, resource estimation, project evaluation, development studies, operations assistance and corporate advice, such as valuations and independent technical documentation.

The technical assessment of the Borborema and Jurueña Mineral Resources was completed by CSA Global Principal Consultant, Ms Ivy Chen, BAppSc (Geology), MAusIMM, GAICD. Ms Chen has over 30 years' experience in mining and resource estimation. Ms Chen's experience in the mining industry in Australia and China, as an operations and consulting geologist includes open pit and underground mines for gold, manganese, and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Ms Chen has the relevant qualifications, experience, competence and independence to be considered a "Competent Person" relevant to the style of mineralisation and type of deposit described in the Report, as defined in the JORC Code.

The valuation of Crusader's projects in Brazil were completed by CSA Global Principal Consultants Mr Sam Ulrich BSc (Hons) Geology, GDipAppFinInv, MAusIMM, MAIG, FFin, and Mr Neal Leggo B.Sc.(Hons) Geology, MAIG, MSEG.

Mr Ulrich has over 20 years' experience in gold, copper and uranium mineral exploration, resource development and more recently in consulting undertaking independent valuation and geological reporting. He is a VALMIN specialist having undertaken valuations for Independent Experts Reports, stamp duty assessments, due diligence, and asset impairments in numerous commodities for projects worldwide, he specialises in the valuation of non-producing mineral assets. He has also undertaken Independent Technical Assessment reports for IPO's.

Mr Leggo is a geologist with over 30 years' experience including five years in exploration management, ten years consulting, four years in resource geology, three years in underground operations, one year in open pit mining and ten years in mineral exploration. He has worked in a variety of Australian geological terrains and specialises in copper, gold, silver-lead-zinc and iron ore for which he has the experience required for code compliant reporting. He also has experience with uranium, vanadium, manganese, tin, tungsten, nickel, lithium, niobium, gemstones, mineral sands and industrial minerals.

The assessment of the technical inputs in the Borborema mining studies was undertaken by CSA Global Manager Mining, Principal Mining Engineer, Karl van Olden, BSc (Eng), GDE, MBA, FAusIMM. Mr van Olden is a mining engineer with 26 years' experience in planning, development and operation of a diverse range of open pit and underground mines across Africa and Australia. Mr van Olden's broad expertise includes mining engineering, business process development, business and mine planning, Ore Reserves, financial analysis and valuation.

The reviewer of this Report is CSA Global Principal Geologist, Manager – Corporate, Mr Graham Jeffress BSc (Hons) Applied Geology, RPGeo (Mineral Exploration), FAIG, FAusIMM, FSEG, MGSA. Mr Jeffress is a geologist with over 30 years' experience in exploration geology and management in Australia, PNG and Indonesia. He is Principal Geologist with CSA Global in Perth and manages the corporate services work undertaken by CSA Global. He has worked in exploration (ranging from grassroots reconnaissance through to brownfields, near-mine, and resource definition), project evaluation and mining in a variety of geological terrains, commodities, and mineralisation styles within Australia and internationally. He is competent in multidisciplinary exploration, and proficient at undertaking prospect evaluation and all phases of exploration. Mr Jeffress has completed numerous independent technical reports (IGR, CPR, QPR) and valuations of mineral assets.

1.5 Prior Association and Independence

CSA Global's relationship with Crusader, is solely one of professional association between client and independent consultant. Neither CSA Global, nor the authors of this Report, have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence in the preparation of this Report.

Neither CSA Global, nor the authors of this Report, have or have had previously, any material interest in Crusader, or the mineral properties in which Crusader has an interest. CSA Global's relationship with Crusader is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report. The fee for the preparation of this report is approximately A\$80,000.

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of Crusader. No member or employee of CSA Global has, or has had, any shareholding in Crusader. There is no formal agreement between CSA Global and Crusader for CSA Global to continue further work for Crusader in the future.

CSA Global has previously been retained by Crusader to prepare a Competent Persons Report (CPR) to form part of the listing document supporting the Company's listing on the AIM Market of the London Stock Exchange.

To enhance our independent review work as part of this new Report, CSA Global has included new consultants not previously involved with the CPR to review resources, undertake valuation work, and validate the review of technical inputs.

1.6 Declarations

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. This Report has been compiled based on information available up to and including the date of this Report. The statements and opinions are based on the reference date of 31 March 2019 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

The opinions expressed in this Report have been based on the information supplied to CSA Global by Crusader. The opinions in this Report are provided in response to a specific request from Crusader to do so. CSA Global has exercised all due care in reviewing the supplied information. Whilst CSA Global has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. CSA Global does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features, as they existed at the time of CSA Global's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, which CSA Global had no prior knowledge of nor had the opportunity to evaluate.

CSA Global's valuations are based on information provided by Crusader, and on public domain information. This information has been supplemented by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data.

No audit of any financial data has been conducted.

1.6.1 Notice to Third Parties

This Report has been prepared by CSA Global at the request of and for the benefit of BDO. Its purpose is to provide an assessment of Crusader's Mineral Assets. This Report is to be included in its entirety within an IER prepared by BDO in connection with a commercial transaction. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The Report has been prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

1.6.2 Results are Estimates and Subject to Change

The interpretations and conclusions reached in this Report are based on current scientific understanding and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty.

The ability of Crusader achieving forward-looking production and economic targets is dependent on numerous factors that are beyond CSA Global's control and cannot be anticipated by CSA Global. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalise operations, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.

CSA Global confirms that to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Report is in accordance with the facts and does not

omit anything likely to affect the import of such information. CSA Global confirms that nothing has come to its attention to indicate any material changes to what is reported in this Report.

CSA Global confirms that it has reviewed the information contained elsewhere in the transaction document relating to information contained in the Report and confirms that the information presented is accurate, balanced, not misleading and is consistent with the information contained within the Report.

1.6.3 *Site Visit*

CSA Global undertook a site visit to the Borborema and Juruena gold projects in late May 2017. The Company has indicated that no additional work has been completed, and CSA Global concluded that a new site visit was not required. CSA Global had access to, and discussions with, key Crusader personnel, and are satisfied that there is sufficient current information available to allow an informed evaluation. The findings from the site visit have been incorporated into the project assessments.

In preparing this Report, CSA Global has relied on the observations and impression formed on the site visit completed as part of the CPR process, and verified to our satisfaction that there has been no additional work completed in the intervening period and no material change has occurred, and that there is sufficient current information available to allow an informed evaluation to be made.

1.6.4 *Competent Person Consents*

The information in the Report that relates to Mineral Resources is based on information compiled by Mr. Lauritz Barnes, Mr. Aidan Platel and Mr. Brett Gossage, and Mr Rob Smakman, Competent Persons who are Members of The Australasian Institute of Mining and Metallurgy. Mr. Barnes (Trepanier), Mr. Platel (Platel Consulting) and Mr. Gossage (EGRM Consulting) are all independent consultants to Crusader. Mr Smakman was a director of Crusader Resources at the time the Mineral Resource estimate was completed.

The information in the Report that relates to Ore Reserves is based on information compiled by Mr. Linton Kirk, Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Kirk is employed by Kirk Mining Consultants Pty Ltd and is an independent consultant to Crusader.

Mr. Barnes, Mr. Platel, Mr. Gossage, Mr Smakman, and Mr. Kirk all have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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, Mr. Platel, Mr. Gossage and Mr. Kirk consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

1.6.5 *Practitioner Consent*

The information in this report that relates to Technical Assessment of the Mineral Assets (Mineral Resources and Ore Reserves), Exploration Targets, or Exploration Results is based on, and fairly reflects information compiled and conclusions derived by Ms Ivy Chen and Mr Karl van Olden who are both Competent Persons and a Member and Fellow, respectively, of the AusIMM.

The information in this report that relates to the Technical Valuation of the Mineral Assets, Exploration Targets, or Exploration Results for Crusader's Brazilian assets is based on, and fairly reflects information compiled and conclusions derived by Mr Sam Ulrich and Mr Neal Leggo who are both Competent Persons and a Member of the AusIMM, and the AIG respectively.

Ms Chen, Mr Leggo, Mr Ulrich and Mr van Olden are independent consultants and employed by CSA Global, independent mining industry consultants.

Ms Chen, Mr Leggo, Mr Ulrich and Mr van Olden have sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under



consideration and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the “Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets”, and as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Ms Chen, Mr Leggo, Mr Ulrich and Mr van Olden consent to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

2 Overview of the Gold Exploration and Production Industry in Brazil

2.1 Overview of Brazil

Brazil is the largest country in South America, sharing common boundaries with every South American country, except Chile and Ecuador, and lies adjacent to the Atlantic Ocean. Brazil has the eighth largest economy in the world and has a population of approximately 206 million making it South America's most populous country, and the fifth most populous country in the world. It is divided into 26 states and one federal district.

Portuguese is the official language of Brazil and is the most widely spoken. The capital, Brasilia, is located in the country's central region and is primarily the governmental centre, with Sao Paulo recognised as the commercial capital of the country. Brazil's currency is the real, the average value of which was approximately 3.49 reals per US\$1 in 2016 and approximately 3.19 per US\$1 in 2017. In 2016, Brazil's official exchange rate GDP was US\$1.799 trillion (equivalent, on a purchasing power parity basis, to US\$3.141 trillion), equating to a per capita GDP of US\$15,200. Brazil's economic and social progress between 2003 and 2014 lifted 29 million people out of poverty. The income level of the poorest 40% of the population rose, on average, 7.1% (in real terms) during the same period. This rate has slowed since 2015 and economic reforms were proposed in 2016 which aim to slow the growth of government spending and reduce barriers to foreign investment in an attempt to rejuvenate the economy.

2.2 Macro-economic Environment in Brazil

Brazil is a federative republic with the President presiding as both chief of state and head of government. Brazil is currently emerging from the worst recession in its history and recovery is generally expected to be weak and slow. Economic reforms were proposed in 2016 and aim to slow the growth of government spending and reduce barriers to foreign investment. Government spending growth helped to push public debt to 70% of GDP at the end of 2016 up from 50% in 2012.

Unemployment (11.3% in 2016) is projected to decline only gradually. Inflation (9% in 2015 and 8.7% in 2016) has decreased significantly, partly due to lower demand, and is projected to close the year below the 4.5% inflation target. The income level of the poorest 40% of the population rose, on average, 7.1% (in real terms) between 2003 and 2014, compared to a 4.4% income growth for the population as a whole. However, the rate of reduction of poverty and inequality appears to have stagnated since 2015 and inequality remains high.

The economy remains fairly closed and trade barriers remain high, which hamper competition and limit access to imported intermediate inputs. Policies to strengthen Brazil's workforce and industrial sector, such as local content requirements, are considered to have boosted employment at the expense of investment. Domestic policy reforms to raise competitiveness, including a major tax reform, lower administrative burdens and stronger infrastructure investment, are intended to boost growth and ease the adjustment towards a more open economy.

2.3 Brazilian Political Environment

Brazil gained independence from Portugal in 1822 and maintained a monarchical system of government until it was proclaimed a republic by the military in 1889. It underwent more than a half century of populist and military government until 1985, when the military regime peacefully ceded power to civilian rulers.

Brazil operates a federal presidential republic system of government composed of the union, the states, the federal district and the municipalities. Within the union, there is separation of power among the executive, legislative and judicial arms of government. Brazil has a highly fragmented multiparty system, anchored by the Brazilian Social Democratic Party, the Party of the Brazilian Democratic Movement and the Workers' Party.

The President is elected for a four-year term by an absolute majority popular vote, in two rounds if necessary, and is eligible for a second term. The President is both the head of state and the head of government. Within the legislative branch, the National Congress consists of: (1) the Federal Senate with members elected by simple majority to serve eight-year terms whereby one-third and two-thirds of the membership are elected alternately every four years; and (2) the Chamber of Deputies where members are elected by proportional representation to serve four-year terms.

In 2014, Dilma Rousseff was elected President of Brazil. However, political scandal resulted in her impeachment in 2016. Vice President Michel Temer of the Brazilian Democratic Movement Party subsequently took over as Acting President and is to serve as President for the remainder of Rousseff's term which ends on 1 January 2019.

2.4 Overview of the Gold Market

Gold is a precious metal which has been used for centuries in jewellery due to its unique physical properties and as a form of currency due to its relative rareness. The supply/demand balance and pricing of gold is heavily influenced by multiple factors including global macroeconomics, geopolitics, monetary policy and demand for jewellery and use in technology.

Annual global gold production is currently over 162 million ounces (Moz). Supply is governed by primary new production from mines (typically ≈75%) and secondary supply from refining (typically ≈25%). In 2016, total global supply increased by 5%, spurred by a 17% increase in recycling, whilst primary production from mines remained relatively flat.

Global gold demand is predominantly driven by the jewellery industry (≈50%), as an asset class for investing and by central banks as a method by which to hedge currency and inflation risk.

India and China are the largest markets for jewellery demand in terms of volume. In 2016, global jewellery demand weakened by 15% to 72 Moz representing a seven-year low, largely due to an 80% decline in demand from India and China as a result of higher gold prices, domestic regulatory changes and reduced investor sentiment. The technology space is also becoming an increasingly important sector for gold demand as new technology tends to require specialist metal components.

Gold is often considered a safe haven for investment purposes. It is often bought as a “flight to safety” by investors during times of economic uncertainty in the belief that gold holds its value relative to other investible commodities and asset classes. As a result of several key events in 2016, such as the US presidential election, the US Federal Reserve increasing interest rates and general heightened geopolitical uncertainty and risk, investment demand for gold in 2016 increased 70%, reaching its highest level since 2012. China alone saw a 25% year-on-year increase in bar and coin demand and annual exchange-traded funds (ETF) flows were the strongest since 2009. US based ETFs led the increase in demand in the first half of the year, driven by uncertainties over the US election and upcoming decisions by the US Federal Reserve on raising interest rates. However, between Q1 2017 and Q3 2017, investment demand fell by 38% as significant improvements in equity markets (predominantly US) materialised and confidence in global economies grew. This was particularly evident in the ETF markets (80% decrease in demand between Q1 and Q3) and bar and coin demand (23% decrease).

Central banks continued to add gold to their reserves during 2017 making it the seventh consecutive year of net purchases. However, year-on-year growth slowed by 33% during 2016 due to pressure on FX reserves over the course of the year. The first three quarters of 2017 saw a 7% increase in demand over the first three quarters of 2016.

As a result of all these factors, the gold price increased by 12.4% over the course of 2017 from US\$1,159/oz at the start of 2017 to US\$1,303/oz at the end of the year, peaking at US\$1,349/oz in September 2017. Over the same period, equity markets strengthened considerably (S&P500 index gained 18.0% to 2,674 points).

Over the last five years to the end of 2017, the average gold price has been US\$1,269/oz, reaching a maximum of US\$1,693/oz and a minimum of US\$1,051/oz during that period.

New mine supply is linked to the investment that mining companies make into exploration in order to generate a pipeline of new projects. Between 2012 and 2016, the industry saw significant reductions in global exploration budgets as mining companies battled depressed commodity prices. From 2012 to 2016, total global exploration budgets for gold dropped by 66% to US\$6.95 billion. However, 2017 saw a 14% recovery in exploration spends to US\$7.95 billion. A continued lack of investment in exploration will likely impact on the supply chain as the pipeline of new projects is not replenished. Gold is, however, currently the top-explored commodity, accounting for 51% of global exploration budgets in 2017 (increase from 48% in 2016).

2.5 Brazilian Gold Industry

Brazil has a well-established mining industry. In 2016, Brazil exported US\$36.6 billion worth of mineral commodities, accounting for approximately 20% of total exports, with iron ore being the most prevalent at 374 million tonnes (Mt). Brazil is also the world's largest producer of niobium.

In 2017, total exploration expenditure in Brazil rose to 3.3% of global exploration budgets (US\$260 million), of which US\$110 million was spent on gold exploration. Brazil has an established gold industry, producing approximately 2.57 Moz gold in 2016 which equates to approximately 2.6% of global output, making it the twelfth largest producer of gold globally. The United States Geological Survey estimates that there are over 80 Moz of economic reserves currently identified in Brazil. Several multi-billion-dollar market cap mining companies have operated successfully in Brazil for many years, including Kinross Gold, AngloGold Ashanti and Yamana Gold, with multiple late stage and exploration companies continuing to develop early stage assets.

2.6 Geological Setting

Brazil is located in the relatively stable centre of the South American Platform and is comprised of seven major tectonic units. It has had a complex geological evolution that originated in the Archaean period. Following the disaggregation of Pangaea, Brazil became separated from what is now West Africa, as the Atlantic Ocean opened.

The economic mineralisation of Brazil is widespread, and emplacement of various commodities has occurred throughout time. Brazil hosts significant economic reserves of iron ore, gold, aluminium (bauxite/alumina), niobium, manganese and nickel amongst many other valuable commodities as well as coal, and oil and gas.

Gold-bearing quartz veins occur frequently throughout Brazil, particularly in north-eastern Brazil in the Borborema province, with the general structure being a mosaic of Archaean-Early Proterozoic massif terranes surrounded by Proterozoic fold belts. Crustal-scale shear zones, intruded batholiths and stocks of granitoids related to the Brasiliano-Pan African thermal-tectonic event (0.9–0.5 billion years ago) define the major tectonic features of the region. North to northeast trending structures are characterised as second-order shear zones. These zones accommodated the movement of metal-bearing hydrothermal fluids and provided sites for gold mineralisation. These mesothermal lode-type gold deposits occur either within the shear zones, on the limbs of folds commonly associated with thrust faults and strike-slip faults, or in close association with major shear zones.

3 Brazilian Mining Law

3.1 Overview

Mining activities in Brazil are primarily regulated by the Mining Code of 1967 (“the Mining Code”) and the Mining Code Regulation of 1968 (“the Regulation”).

In Brazil, mineral resources are the property of the Federal Government and are distinct from the ownership of the land in which the resources are located. Exploration and mining activities can be carried on by private entities through an authorisation or concession granted by the Federal Government.

The Mining Code and the Regulation establish, among other things, the legal regime applicable to the exploration for and development of mineral resources, including the rights and obligations of licence holders and landowners, the classification of mining activities, applicable sanctions and the rights in respect of governmental inspection of the mineral industry.

The National Mining Agency (Agência Nacional de Mineração or ANM), a federal agency of the Ministry of Mines and Energy, regulates the Brazilian mining regime. The restructuring of the prior regulatory body, Departamento Nacional de Produção Mineral (DNPM), into the ANM was approved by the Federal Senate in November 2017, and finally enacted on the 12th of June 2018.

Mineral tenements in Brazil are granted subject to various conditions prescribed by the Mining Code, including rental payment and reporting requirements, and each tenement is granted subject to standard conditions that regulate the holder’s activities or are designed to protect the environment.

Mineral tenements in Brazil generally comprise:

- Prospecting licences
- Exploration licences/research permits
- Mining licences.

The holder of a prospecting licence, exploration licence or mining licence is not required to spend a set annual amount per hectare in each tenement on exploration or mining activities. Therefore, there is no statutory or other minimum expenditure requirement in Brazil. However, an application fee and annual rental fees per hectare are payable to the ANM. The fee is dependent upon the mineral being explored, the location and size of the area and certain other factors. In addition, certain payments must be made to the landowners in which the licence area is situated.

Lodging a caveat or registering a material agreement against the tenement may protect various interests in a mining licence. If a mineral tenement is located on private land, then the holder must arrange, or agree with the landowners, to access the property.

The new 2018 regulations provide that exploitation permits can be used as collateral in the financing framework, which may give access to new forms of funding, such as reserve-based lending transactions. Market players expect this ruling to be an incentive for extending similar collateral attributes to other mining titles in the near future. Two other important changes are the standardisation of the legal concepts of 'resources' and 'reserves' to international standards. This includes the possibility for exploration permit holders to continue exploration activities even after delivery of the final exploration report, provided that those activities aim to convert the resources into reserves.

3.2 Prospecting Licences

Prospecting licences allow immediate development of a mineral deposit that, due to its nature, size, location and economic use, can be developed without the need for preliminary exploration work. Minerals subject to prospecting licences include gold, diamonds, cassiterite, columbite, tantalite and wolframite in alluvial, eluvial

and colluvial forms; scheelite, other gemstones, rutile, quartz, beryl, muscovite, spodumene, lepidolite, feldspar, mica and others, in certain types of occurrence as specified in the criteria of the ANM.

A prospecting licence entitles the holder, to the exclusion of all others, to explore for minerals in the area of the licence, but not to conduct commercial mining. A prospecting licence may cover a maximum area of 50 hectares and remain in force for up to five years. The holder may apply for a renewal of the mining consent which is subject to approval by ANM. The period of renewal may be up to a further five years.

3.3 Exploration Licences/Research Permits

Under Brazilian law, mineral exploration comprises the activities required for defining and evaluating the deposit and determining the feasibility of its economic exploitation.

In common with a prospecting licence, an exploration licence or research permit entitles the holder, to the exclusion of all others, to explore for minerals in the area of the licence, but not to conduct commercial mining. The maximum area of an exploration licence is 2,000 hectares outside of the Amazonia region and 10,000 hectares within the Amazonia region (Amazonas, Para, Mato Grosso, Amapá, Rondônia, Roraima and Tocantins States), although certain minerals such as sand, gems, feldspar, mica and mineral water are subject to a licence of 50 hectares.

Once an application has been made in relation to an area considered “free”, the applicant is granted priority in obtaining title to that area. Broadly, the area will be considered free when the area is not the object of an exploration permit, permit registration, mining concession, mine manifest, aerial geological recognisance permission, or any extraction registration by the federal, state and municipal agencies of the direct administration or by independent governmental agencies or there is no application, request or renewal which has been presented in time and which is pending approval.

An exploration licence remains in force for a period of between two and four years and can be extended once by the same period originally granted. In applying for an extension, the holder must submit a report to the ANM demonstrating its compliance with the conditions stipulated by the Mining Code. The grant of an extension to the licence period is at the ANM’s discretion.

An exploration licence is granted subject to conditions regulating the conduct of activities, which includes the obligation to commence exploration work no later than 60 days after the exploration licence has been published in the Federal Official Gazette and not to interrupt exploration activities without due reason for more than three consecutive months or 120 non-consecutive days, to perform exploration work under the responsibility of a geologist or mining engineer which is legally qualified in Brazil, to inform the ANM of the occurrence of any other mineral substance not included in the exploration permit and to inform ANM of the start or resumption of the exploration work and any possible interruption.

The titleholder of an exploration licence may undertake the required work and necessary auxiliary services, as well as work on land of private or public domain included in the area indicated on the exploration title. The titleholder is assured the right of free passage on the private property, including the soil and subsoil in the title area, as well as in neighbouring areas, for performance of the respective work. The titleholder of a set of exploration licences for the same mineral substance in neighbouring or close areas is entitled and authorised to present a single research plan and final report, involving and covering the whole set.

The holder of a mineral exploration licence must pay rent and compensation for any damage and loss caused or that may be caused as a result of the exploration work to the landowner (which may include squatters) of the relevant licence area.

The payment cannot exceed the maximum net income from the area occupied for exploration. Compensation for damage caused cannot exceed the assessed value of the property actually occupied.

The licence holder and the landowner or squatter (as applicable) may reach an agreement to determine the values for rent and compensation payable. If no agreement is reached, a judicial procedure may be commenced to determine the values.

In order to renew a licence, the ANM takes into consideration the development of the work performed to date. The request for renewal of the permit must be presented 60 days prior to the expiration date of the original permit or the previous renewed permit and include a renewal report detailing the results achieved, as well as reasons justifying continued work. The renewal report must be prepared under the technical responsibility of a legally qualified professional and contain various information including the quality of the mineral substance and definition of the deposit, reports on assays, a demonstration of the economic feasibility of the deposit and information for the calculation of the reserve, such as the density, area, volume and content.

At the expiration of the final term of the licence, a final exploration report must be submitted to ANM. The final exploration report must conclude the feasibility or non-feasibility of the exploitation development or the non-existence of a deposit. If the holder of an exploration licence does not present a final report within the date established by the regulations they may be fined, subject to certain exceptions where relinquishing the licence.

Title to a mineral exploration licence (or an application which has secured priority) is capable of assignment, in whole or part, with the consent of the ANM.

If the holder of an exploration licence proves the existence of a commercial ore reserve (as defined in the Mining Code) in the licence area, it has the exclusive right to request a mining licence for the area.

The grant of a mining licence may only be refused where the mining operations are considered harmful to the public or if the Government considers that they compromise interests which are more relevant than industrial exploitation. In the latter case, the holder of the exploration permit is entitled to be indemnified by the Government for the expenses incurred with prospecting work, if the final report has been approved.

3.4 Mining Licences

A mining licence grants the holder the exclusive right to execute the mining work for the minerals specified and indicated in the title and within the authorised area. However, if another mineral is found in the authorised area, the titleholder may request an addendum to the licence, so that the new mineral is also included in the concession.

In addition, the holder of a mining licence may obtain easements on the property where the mine is located, as well as on bordering and neighbouring properties, with prior indemnification and may divide the concession into two or more distinct concessions, provided that it is not harmful for the development of the deposit.

Application for a mining licence is made by the holder of an exploration licence. The application must contain details of: (i) the development plan; and (ii) the availability of finance to conduct the development.

The mining concession shall only be granted when:

- a) The area has already been explored and mining is considered technically and economically feasible by the ANM;
- b) The respective final exploration report has already been presented and approved by the ANM;
- c) The mining area to be exploited has been considered technically and economically feasible by the ANM and adequate for the extraction and processing of the deposits, duly observing the limits of the area indicated in the exploration licence; and
- d) The competent environmental agency has issued the corresponding environmental licence.

The applicant must specify the size of the area required for mining within the area granted for exploration. The ANM has the unconditional authority and power to establish the size of the mining area.

In Brazil, a mining licence covers maximum areas ranging from 2,000 hectares to 10,000 hectares, depending on the mineral and geographical area, as detailed above, and remains in force indefinitely until exhaustion of the deposit. The holder must report annually on the status and condition of the mine.

As with other mining tenements, a mining licence is granted subject to conditions regulating the licence holder's activities. Standard conditions regulating activities include matters such as:

- a) The area intended for mining must lie within the boundary of the exploration area.
- b) Work described in the mining plan must be commenced no later than six months from the date of official publication of the grant of the mining licence, except in the event of force majeure.
- c) Mining activity must not cease for more than six consecutive months once the operation has begun, except where there is proof of force majeure.
- d) The holder must develop the deposit according to the mining plan approved by the ANM.
- e) The holder must undertake the mining activity according to environmental protection standards detailed in an environmental licence obtained by the holder.
- f) The holder must pay financial compensation to the State and local authorities for exploiting mineral resources by way of the *Compensação Financeira pela Exploração de Recursos Minerais (CFEM)*, ranging from 1% for certain minerals used as construction aggregates and a maximum of 3.5% for iron ore. The CFEM for gold is set at 1.5%. The CFEM is calculated on net revenue, being the income from sales, less sales taxes.
- g) The holder must pay to the landowner (or squatter) a share of mining proceeds according to certain values and conditions of payments specified by law. The payment is set at a minimum of 50% of the CFEM but may be higher by agreement between the parties.

Failure to comply with the applicable requirements may result in warnings, fines or forfeiture being imposed by the ANM. A request for reconsideration can be made to the Executive Secretary to the Ministry of Mines and Energy against the decisions of the Ministry of Mines and Energy or to the courts.

An application for a mining licence may only be granted solely and exclusively to individual firms or companies incorporated under Brazilian law, which will have a head office, management and administration in Brazil and are authorised to operate as a mining company.

Title to a mining licence (or an application which has secured priority) is capable of assignment, in whole or part, with the consent of the Executive Secretary to the Ministry of Mines and Energy.

3.5 Environmental Legislation

Article 225 of the Brazilian Constitution requires reclamation and rehabilitation of mined out areas by the operators. All possible polluting activities are required to be licensed under the terms of the Brazilian National Environmental Policy (Federal Law 6.938 of 31 August 1981). Regulations for the administration of environmental policy are established by the National Council of the Environment's ("CONAMA") Resolution 237 issued on 19 December 1997. CONAMA sets the conditions, limits and the control and use procedures for natural resources and permits implementation and operation of projects. Licenses are issued by either a federal, state or a municipal agency.

The extent of the proposed impact is considered by CONAMA in determining the issuance of a licence and is based on regulations set forth by Resolution 237/97, listed below:

- a) Federal entities are responsible for licensing activities which may cause national or regional-level environmental impact (more than two federal States).
- b) State entities and Federal District entities are responsible for the activities which may cause State-level environmental impact (two or more cities).

- c) Municipal entities are responsible for licensing the activities, which may cause local environmental impact (within city limits).

Brazilian environment legislation provides that any mineral activity shall be subject to licensing, environment impact assessment and restoration of degraded areas. Companies which carry on activities considered as potentially polluting or utilising natural resources, such as mining, shall be registered with the Brazilian Environmental and Renewable Natural Resources Institute.

An environmental licence may be issued in one of the forms described in Table 4:

Table 4: *Environmental licences*

| Licence | Conditions |
|-----------------------------|---|
| Preliminary Licence ("LP") | The LP must be obtained prior to the planning stage and is granted on the basis of an environmental impact assessment, an environmental impact report and a plan for recovery of the degraded areas. The grant of an LP indicates the environmental viability of the project and sets out the basic requirements and conditions to be met in the subsequent stages. |
| Installation Licence ("LI") | The LI must be obtained at the development stage following the approval of an environmental control plan by the relevant agency. The LI authorises project initiation and permits the commencement of engineering work in accordance with the environmental control plan and other conditions. |
| Operation Licence ("LO") | The LO must be obtained at the mining stage and is issued by the competent environmental agency after satisfactory implementation of the environmental control plan and other conditions. |

Source: *Crusader Resources*

In addition to the environmental licence process, requirements of the preliminary licensing phase may also include approval for water resource use, authorisation for forest exploration or authorisation of disturbance of vegetation in prescribed permanent protected areas or in units of conservation.

3.6 Regulatory and Fiscal Environment of Brazil

There have been several recent changes to the regulatory and fiscal framework of the Brazilian mining industry, aimed at making regulations clearer and more consistent in order to boost the long-term outlook of Brazil's resources industry.

On 25 July 2017, Brazilian President Michel Temer and Mining Minister Fernando Coelho Filho announced the launch of a new mining policy in order to improve the regulatory framework for mining companies, while also increasing government revenues from mining royalties. The legislative changes were enforced through a temporary presidential decree, which required approval from Congress within 90 days in order to take permanent effect.

The changes to the mining legislation include provisional measure 789, which alters the royalty on mining (also called CFEM – *Compensação Financeira pela Exploração de Recursos Minerais*), provisional measure 790, which introduces changes to the mining code, and provisional measure 791, which replaces the former Brazilian mining regulator. Some of the introduced policies are enforceable immediately on 1 August 2017, while many only come into effect if approved by Congress.

On 19 December 2017, Congress approved certain changes to the CFEM regime through enacting law no. 13540/2017. These changes primarily relate to a change in the tax basis and applied rates. Broadly speaking, the tax basis will now be based on the gross revenue of mineral sales (less sales taxes), as opposed to the prior basis of net revenue (excluding sales taxes, insurance and transportation costs). The new applicable royalty regime will depend on the commodity extracted. For iron ore, the prior rate of 2% was increased to 3.5% and rates were increased from 1% to 1.5% for gold. Diamonds attract a royalty of 2%, while niobium, bauxite and manganese have a rate of 3%.

On 28 November 2017, the Federal Senate approved the creation of the National Mining Agency (ANM), a federal agency of the Ministry of Mines and Energy, to regulate the Brazilian mining regime, in place of the prior regulatory body, DNPM.



The Mining Code is being adapted to introduce extended exploration deadlines, changes to applicable fees and fines and to allow for electronic tenders in order to facilitate a more efficient bidding process. Exploration deadlines can now be increased from two to four years; and further the deadline can be renewed once. In addition, extraordinary deadlines can be granted depending on the circumstances.

4 Crusader Tenure and Environmental Obligations

CSA Global has relied on the representations of tenure presented by Crusader and made enquiries to the extent that we are able to. However, CSA Global does not have the appropriate legal expertise and cannot guarantee security of tenure beyond the extent of our enquiries.

CSA Global has indirectly relied on representations from Crusader, who have in turn relied on a title opinion from their solicitors as to Brazilian law and an environmental licensing and mineral licensing audit report on procedural compliance prepared by independent lawyers (the "Licensing Audit Report"). The authors of the legal report have not consented to the public release of their report. The title opinion addressed:

- The Borborema gold project located in the Seridó area of the Borborema province, in north-eastern Brazil;
- The Juruena gold project located in the state of Mato Grosso, Brazil;
- Exploration tenements relating to the:
 - Espinharas gold project Rio Grande do Norte
 - Serido gold project in Rio Grande do Norte and Paraiba
 - Mara Rosa gold project in Goias
 - Manga gold, tin, indium and lithium project in Goias,

which are held through several of the Company's wholly-owned subsidiaries, Crusader do Brasil Mineração Ltda, Cascar Brasil Mineração Ltda, Lago Dourado Mineração Ltda, Crusader do Nordeste Mineração Ltda; and Juruena Mineração Ltda.

In preparing the Licensing Audit Report, the independent consultant reviewed, and reported on, the following mining licence documents of the Brazilian companies:

- a) A pre-licence (LP) for the Borborema project issued by the Rio Grande do Norte State Government Environmental Departments on 17 April 2017 and valid until 17 April 2019 for an area of 490 hectares;
- b) An operational licence (LO) for mineral exploitation DNPM No. 805,049/1977 for the Borborema project valid until 6 July 2020;
- c) An environmental licence for the use of water for industrial purposes for the Borborema project issues by ANA (Water National Agency) and valid until 26 September 2019;
- d) An environmental licence for the use of water for industrial purposes – reutilization of effluents – for the Borborema project issued by the Rio Grande do Norte State Government Water Agency and valid until 6 February 2018;
- e) Mining exploration licences issued by the DNPM No. 805,049/1977, 840,149/1980, 840,152/1980 and 948,262/2014 for the Borborema project covering a total area of 2,907 hectares;
- f) 21 mineral exploration environmental licences issued to Juruena Mineracao Ltda for extraction of precious metals at the Juruena project. The Company is entitled to apply for mining licences in respect of licence no's 866,085/2009 and 309,545/2014 prior to 13 October 2017. The Company applied on 4 October 2017 for a one-year extension of this deadline;
- g) A mining exploration licence no. 866,633/2006 for the Lago Dourado project;
- h) A licence for mineral research for the Posse project issued by DNPM under certificate no. 272/2012;
- i) A pre-licence (LP) and installation licence (LI) for the Posse project issued by DNPM under certificate no. 075/2013;
- j) An operation licence (LO) for the treatment of iron ore at the Posse project under certificate no. 004/2015 valid until 31 March 2019;

- k) A mining exploration licence no. 834,705/1993 for the Posse*³ project;
- l) A mining exploration licence no. 36/2014 for the Posse project;
- m) 33 mining exploration licences (including three mining exploration licence applications) for the Seridó project covering an area of 27,239 hectares. Exploration licence no's 846,285/2012, 846.314/2012 and 846,317/2012 expired on 15 September 2017 and are in the process of being relinquished by the Company. Exploration licence no's 848,135/2011, 848,141/2011, 848.206/2011, 848,2017/2011 and 848.208/2011 expired on 26 December 2017 and are in the process of being relinquished by the Company, which has also filed a research report with ANM confirming that no economically viable mineral deposits had been discovered. The remaining licenses for the Seridó project are due to expire in the second half of 2018;
- n) A mining exploration licence no. 860,057/2016 for the Manga project. The licence covers an area of 1,364 hectares and is due to expire on 19 July 2018;
- o) Mining exploration licences for the Espinharas project. The total area of the licences is 3,700 hectares. These licences expire in September and October 2018; and
- p) Mining exploration licenses for the Mara Rosa project. The total area of the licences is 2,713 hectares. These licences expire on 14, 15 and 16 September 2018,

which together with the applicable laws and regulations of Brazil set out the Brazilian companies' interests in the tenements (the "Mineral Interests").

Based on advice from their solicitors, Crusader has advised CSA Global that all consents, licences, approvals or authorisations of, or registrations, filings or similar formalities with any governmental, judicial, regulatory or other authority or agency in Brazil which are required by Brazil law have been duly obtained or made, except for those set out in the Licensing Audit Report.

The Licensing Audit Report identifies issues relating to Borborema and Juruena which require attention or action by Crusader when it is appropriate; to ensure continuity of tenure, but do not in themselves currently compromise Crusader's tenure. These issues are:

- **Borborema:** The Licensing Audit Report indicates that a development plan (PAE) is required to be updated to conform with the mining project approval in the LP. In the absence of any further clarity, CSA Global has interpreted that there is an administrative issue in relation to the preliminary licence application (LP) where the current licence application outlines a development plan (PAE) that is inconsistent with the details provided in the preliminary licence application.
- **Juruena:** The Licensing Audit Report indicates that clarification is required for environment licensing approvals to proceed; the matters requiring clarification relate to previous trial mining approvals for the mining of iron ore. It appears that any payments and applications for renewals were lodged appropriately, and in a timely manner, but there remain matters outstanding with regard to the requirements of the Brazilian Forestry Code.

CSA Global notes that there remains a degree of risk associated with the Brazilian tenement portfolio, but that the Company has addressed these risks to the extent possible.

CSA Global concurs with the advice to Crusader's that current tenure is not under threat, as adequate provisions have been made to address ongoing environmental obligations as they arise. CSA Global further concludes that the Company's proposed strategy to expedite the necessary applications where possible, to ensure continuity of tenure is appropriate.

Figure 1 illustrates the locations of Crusader's project areas, and Table 5 presents a summary of the project areas. A full listing of the tenements is provided in [Appendix 1](#).

³ The Posse tenement was transferred in February 2018, pursuant to the agreement for the sale of the Posse iron ore project dated 28 July 2017 (as amended on 1 August 2017 and 20 December 2017).



Figure 1: Project locations

Table 5: Tenement summary (by project)

| Project | State | No. of tenements | Situation | Mineral | Area (km ²) |
|-------------------------------|--------------------------|------------------|-----------------------------|----------------------------|-------------------------|
| Borborema | Rio Grande do Norte (RN) | 3 | Mining Concession granted | Gold | 29.1 |
| Espinharas | Paraiba (PB) | 7 | Exploration authorised | Gold | 116.9 |
| Serido | RN - PB | 34 | Exploration authorised | Gold, Iron | 309.9 |
| | | 2 | Exploration Permit required | Gold | 29.8 |
| Juruena | MatoGrosso (MT) | 24 | Exploration authorised | Gold | 771.8 |
| Mara Rosa | Goias (GO) | 3 | Exploration authorised | Gold | 27.1 |
| Manga | GO | 1 | Exploration authorised | Gold, lithium, tin, Indium | 13.6 |
| Total no. of tenements | | 71 | | Total area | 1,289 |

Note: Please see Appendix 1: Licence Summary as at 22 November 2018

5 Borborema Gold Project

Borborema is a gold deposit in north-eastern Brazil, set in a high grade metamorphic sequence of amphibolite facies biotite-bearing gneiss and schist with common garnet, cordierite, andalusite and sillimanite, and subsequent retrograde biotite and muscovite.

The main gold orebody at Borborema is tabular, being striking in a north-east direction, continuing to several hundred metres depth, and being 10m or more in thickness. This body dips at 35° south-east, and higher-grade sections plunge at a shallow angle to the south-southeast. The main visual guides to mineralisation are quartz veining and sulphide minerals that include pyrrhotite and subordinate arsenopyrite, pyrite, chalcopyrite, galena and sphalerite. Calcite is minor and retrograde.

The “re-discovery” of the Borborema deposit stemmed from a decision by Crusader to focus on gold within the Proterozoic belts of Brazil. As the historical São Francisco mine, Borborema had a large footprint of known mineralisation exposed in the open pit. Borborema was seen as an attractive target with relatively unexplored surroundings, and proximity to infrastructure in a district with an established mining. Historical production from early stages of artisanal mining in Borborema is thought to be significant; mined from gravimetric free gold in sluices, to a more sophisticated production from heap leaching in the later years.

The result of this is a large pit (Figure 2), which overlies the current resource and old heap leach piles in the area.



Figure 2: Current Borborema pit looking to the northeast

5.1 Location and Access

The Borborema gold project is located in eastern Brazil, within the State of Rio Grande do Norte at approximately 6°12'27.5" S latitude and 36°17'58.6" W longitude, 140 km west of the state capital, Natal and 30 km east of the regional centre, Currais Novos. Access from Natal to the Borborema Gold Project is via the BR-226 national highway, which crosses the property (Figure 3).

Borborema has good access, serviced by the asphalted National Highway BR-226 which is in good condition and offers year-round access to the mine-site (Figure 4). The BR-226 is also supported by multiple powerlines offering voltages ranging from 16.9 kV, 138 kV and 230 kV high tensions. The 138 kV is likely to be sufficient for Borborema's power needs with licensing in place to draw from this power source 6 km from the site. The mine-site, which is currently under care and maintenance, is accessed directly off the BR-226 road with a security detail at the gate and all necessary licences displayed at the mine entrance as required by Brazilian law.



Figure 3: Location of Crusader's Borborema gold project in Brazil



Figure 4: BR-226, with asphalt surface and small bridges and powerlines

5.2 Topography and Climate

The climate in the region is semi-arid tropical, characterised by hot summers, extending from October to March, and warm, generally dry winters. Mean annual rainfall is 695 mm, falling predominantly between the months of February to July, generally in irregular scattered thunderstorms. Mean annual temperature is 27.5°C, with an average minimum of 18°C and an average maximum of 33°C. The predominant wind direction is from the east at a mean velocity of 1.4 m/second. The mean humidity is 64%, with a total of 2,455 hours of sunshine per annum.

The Borborema gold project is located at an altitude of approximately 470–490 m above sea level in a gently undulating upland dissected by shallow valleys occupied by ephemeral streams. The vegetation in the area comprises a dense thorny scrub known as caatinga, with a sparse grass cover and very few large trees.

5.3 Mineral Tenure

CSA Global has relied on representations from Crusader, who have in turn relied on a title opinion from their solicitors, with regards to the validity of Crusader's Borborema gold project licences. All licences are reported to be in good standing, without any liens, by the Company and its lawyers. Further details have also been sourced from an internal Crusader tenement report. Details of the licences are provided in Table 6 and a map of the licence area is shown in Figure 5. Cascar Brasil Mineração Ltda is a Brazilian subsidiary company of Crusader. Some administrative issues remain to be resolved (see Section 4), but no material impediment to tenure is evident.

In 2014, Crusader applied to amalgamate the three licences into one (948.262/2014) and this process is still ongoing.

Table 6: *Borborema gold project – tenement details*

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽²⁾ | Expiry date | Area (km ²) | Tenement no. ⁽³⁾ | Comment |
|-----------------------|------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|--|
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | 29.07 | 948.262/2014 | In August 19 2014, Puma applied to amalgamate the three Borborema licences (805.049/1977, 840.149/1980, 840.152/1980) into a single licence (948.262/2014). This process is still in progress. |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | (10.00) | 805.049/1977 | As above |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | (9.07) | 840.149/1980 | As above |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | (10.00) | 840.152/1980 | As above |

- (1) All assets are located in Brazil.
- (2) Interest is 100% when applications in progress are granted.
- (3) Note Appendix 1, provides a summary for all Brazilian tenements.

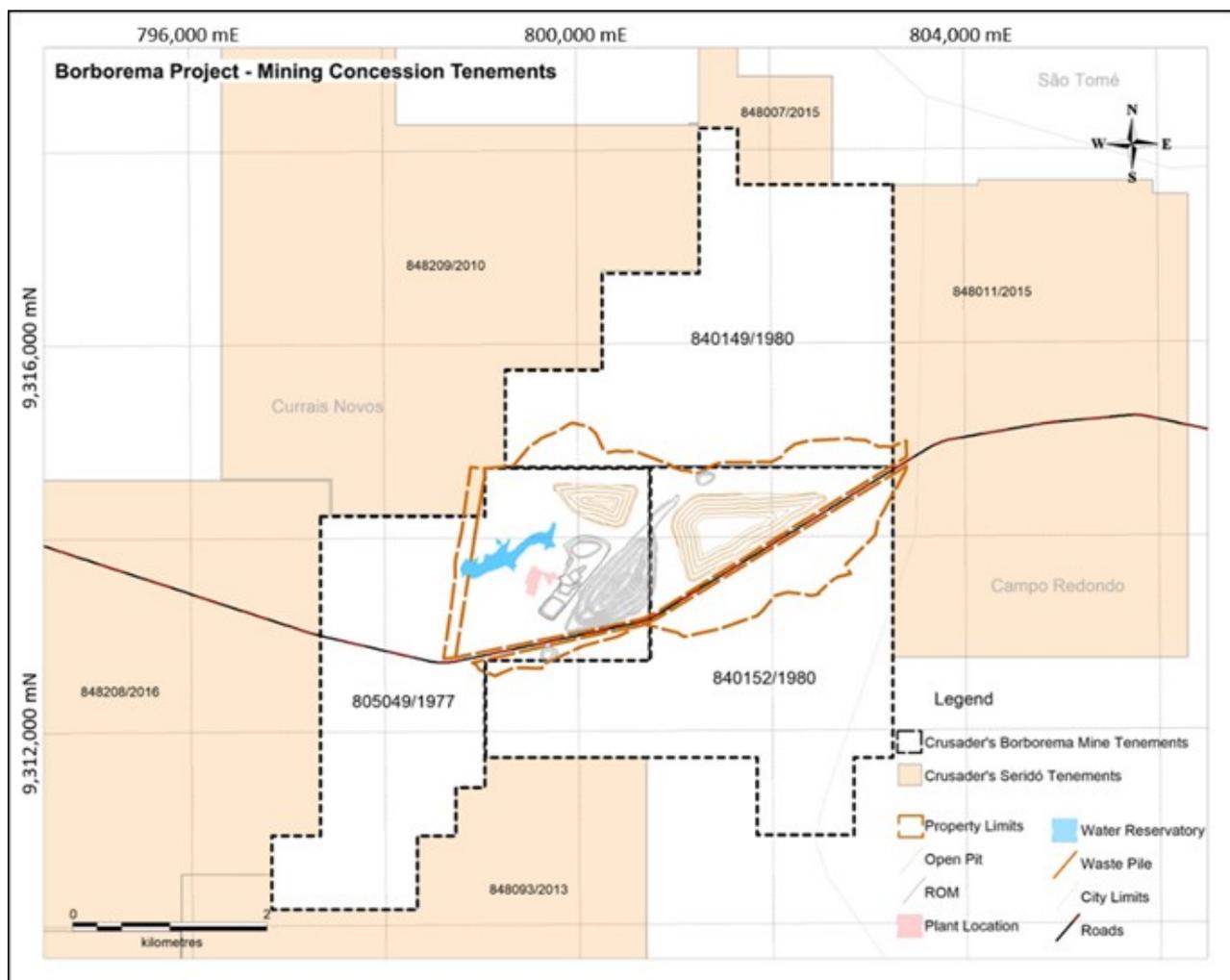


Figure 5: *Borborema gold project tenements*
Source: Crusader Resources Limited

5.4 Local Infrastructure

CSA Global was informed that there are regional water supplies piped from Gargalheiras; however, this supply is restricted for use by the local population, agriculture and farms. Drinking water is trucked into the local communities and farms and this will be required to meet the potable water requirements of the Borborema gold project. Crusader is licensed to use the grey water from the nearby town of Currais Novos, which will provide the necessary volumes of water to supply the plant and mine and for dust reduction and other applications. The plant design includes options to reprocess/recycle water where possible to reduce dependence on other water sources. Groundwater sources appear limited as they are provided by fluvial catchment from rain and the Borborema gold project is situated in an arid, dry climate.

On site, Crusader has a well laid-out camp facility with office and mess facilities, a high quality and well-maintained core shed and sampling shed for laying out core and sample preparation. Figure 6, Figure 7 and Figure 8 illustrate these facilities.

The Borborema gold project lies within 25 km of Currais Novos, a traditional mining town with multiple scheelite and scheelite–gold mines active in the area. The town has a mining technician school and an experienced workforce, which will potentially benefit the Borborema Gold Project. Professional staff such as mining engineers and geologists are readily available from the nearby [towns/cities] of Natal and Recife.

The surrounding vegetation is typical of northeast Brazil, with low undulating hills, scarce vegetation and arid, sandy soils. The land is generally poor for agriculture and farming with a thin soil cover and poor groundwater supplies due to the impermeable nature of the soils and outcropping lithologies.

There are no surrounding national parks or environmental reserves apart from the standard Legal Reserve that all farms must maintain a portion of their property untouched with native forest or flora. Crusader has moved the designated Legal Reserve to other parts of the farms away from the mine and plant area.



Figure 6: Borborema office



Figure 7: Borborema core shed



Figure 8: Borborema core shed and core storage

5.5 Geology

5.5.1 Regional Geology

The Borborema gold project is situated in the Borborema Province within the domain of the Seridó Belt in north-eastern Brazil (Figure 9).

The Borborema deposit is an orogenic gold deposit in a sheared and deformed Archaean to Proterozoic age greenstone belt sequence comprised of metamorphosed volcanic-sedimentary rocks units intruded by slightly younger post-tectonic igneous bodies.

The regional basement is comprised of Archaean and Palaeoproterozoic gneisses and migmatites, unconformably overlain by a sequence of supercrustal rocks of Neoproterozoic age belonging to the Seridó Group.

The basal unit of this group is the Jucurutu Formation, comprised of gneisses, amphibolites, marbles and calc-silicate rocks, overlain by the Equador Formation, comprising quartzites and meta-conglomerates and the upper Seridó Formation, consisting of mica-schists and phyllites.

During the Brasiliano Orogeny the basement and supercrustal rocks were intruded by dominantly granitic and granodioritic stocks, sills and dykes.

During the Neoproterozoic, the region underwent a complex tectonic evolution involving thrusting (D2) and trans-current shearing (D3), with metamorphic conditions varying from greenschist facies in the west to upper amphibolite facies in the east, with some local anatexis (partial melting).

A series of quartz vein-hosted, or vein-related, gold deposits occur within the Seridó Belt, concentrated along the eastern margin of the Seridó Group, in addition to several tungsten ± bismuth ± gold skarn deposits. The Borborema Deposit is the largest known gold occurrence in the province.

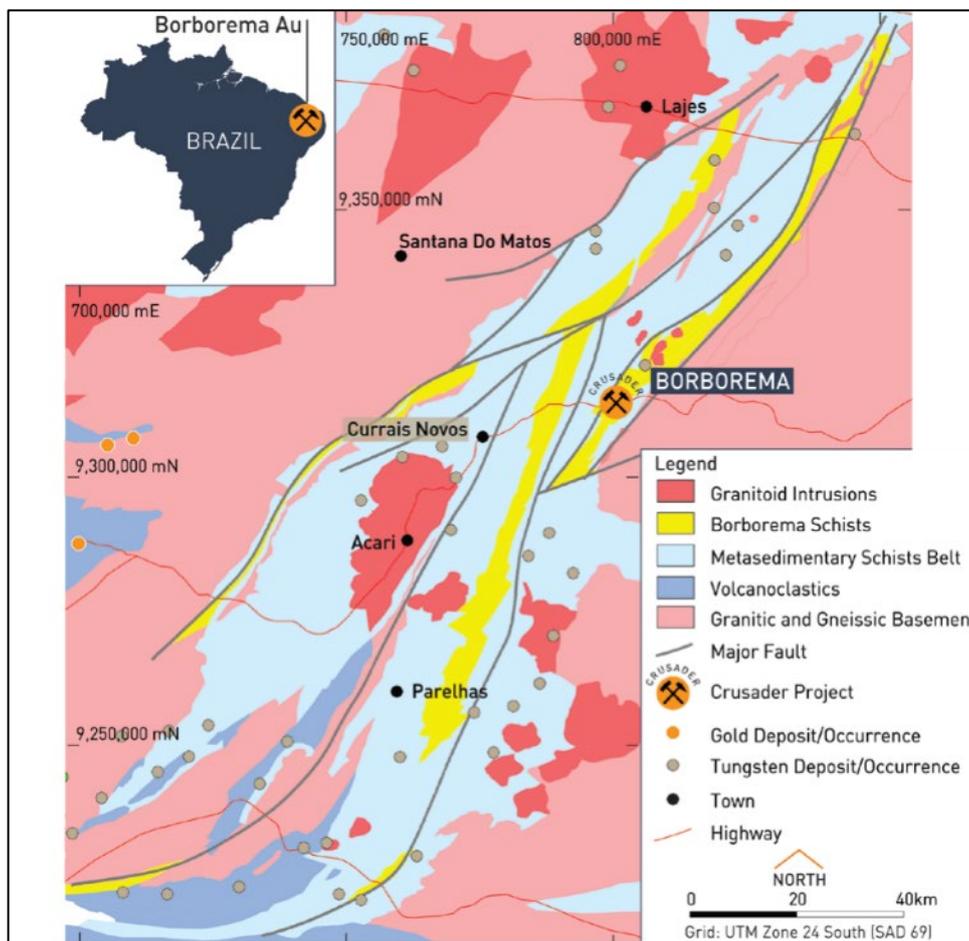


Figure 9: Simplified Borborema regional geology showing major interpreted structures, mineral occurrences along the Seridó Group schists
Source: Crusader Resources

5.5.2 Local Geology and Mineralisation

The Borborema project area is situated at the top of the Seridó Group (the Seridó Formation), within a sequence of banded arkosic metapelitic schists, subjected to upper-amphibolite facies regional metamorphism (Baars, *et al.*, 2011). Mineral assemblages are dominated by plagioclase, K-feldspar and quartz, with subordinate biotite, garnet, sillimanite, cordierite, muscovite and andalusite. Widespread retrograde sericite overprints the prograde mineral assemblage. The schists are intruded by Brasiliano-age pegmatites.

The Borborema deposit is located within a north-northeast trending structure, which forms part of the northern segment of the Santa Mônica dextral shear zone (Araujo, *et al.*, 2002) The shear zone displays a penetrative north-northeast trending fabric, dipping east at around 35°. In the project area, the principal mineralised shear zone, termed the Morro Pelado shear is around 30 m thick.

The mineralised sequence has been subjected to a complex, multi-stage deformational history, with folded, sheared, dismembered and boudinaged quartz and quartz-carbonate veins and veinlets commonly associated with the gold mineralisation.

Recrystallised sulphides, dominated by pyrrhotite with lesser pyrite, chalcopyrite, sphalerite and galena are common within the mineralised zones. Stewart (2011) suggests that the gold mineralisation was emplaced at

close to peak metamorphism adjacent to D2 shear zones, preferentially in the more psammitic units (Figure 10).

The main gold orebody at Borborema is tabular, being 3.5 km long in a northeast direction, continuing to several hundred metres depth, and being 10 m or more in thickness. This body dips at 35° southeast and higher-grade sections plunge at a shallow angle to the south-southeast. The main visual guides to mineralisation are quartz veining and sulphide minerals that include pyrrhotite and subordinate arsenopyrite, pyrite, chalcopyrite, galena and sphalerite. Calcite is minor and retrograde.

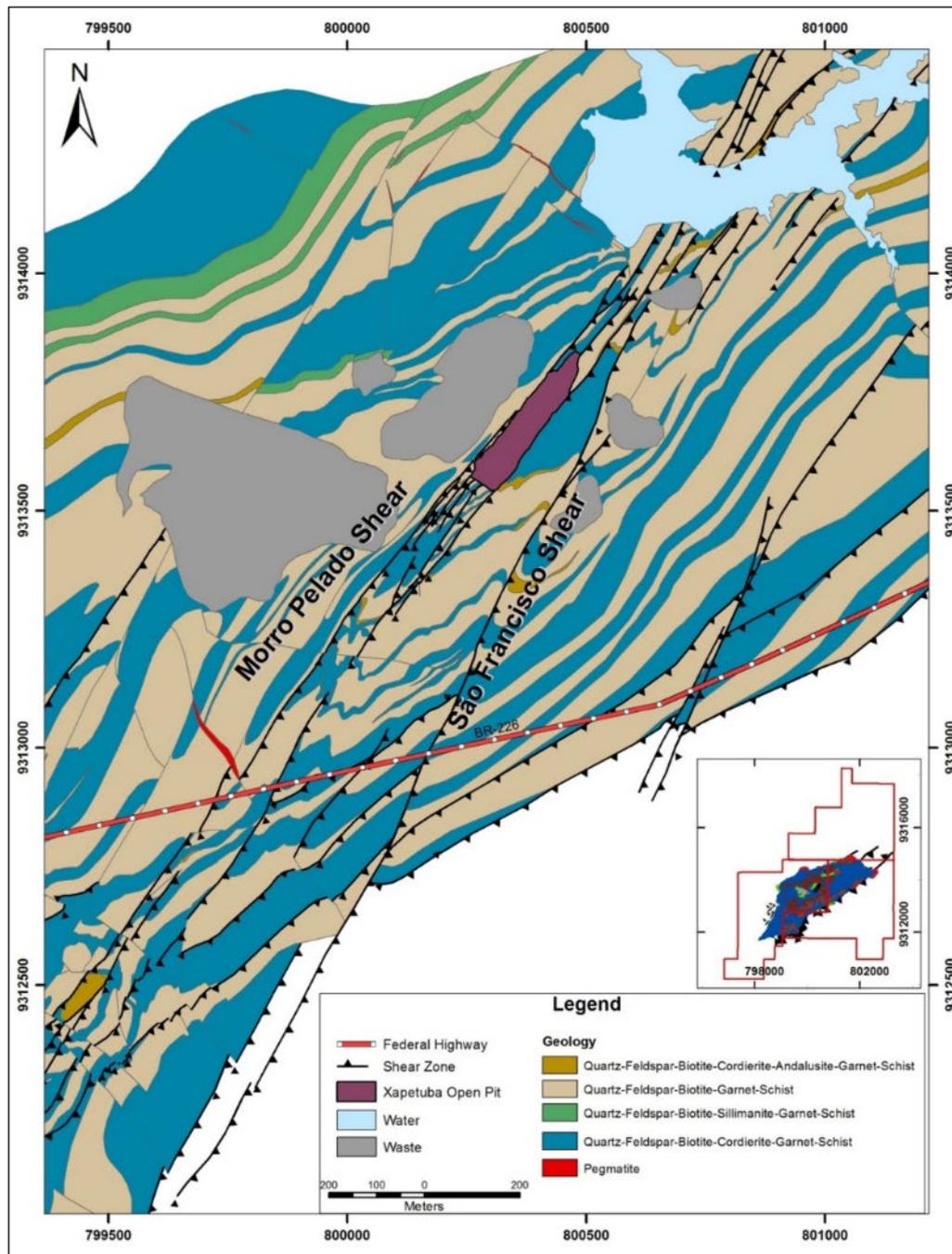


Figure 10: Borborema local geology
 Source: Stewart, 2011

5.6 Borborema Exploration and Mining History

The Borborema mineralisation was discovered by garimpeiros (artisanal miners) in the 1920s and was subject to minimal artisanal mining until 1977. An estimated 150,000 oz of gold was reported by the DNPM (Mines Department) to have been mined over this period. Borborema was formerly known as the Saõ Francisco mine.

Between 1979 and 1983, Itaperiba Mármore e Granitos Ltda (Itaperiba) completed 13 trenches at Borborema totalling 3,250 m. A very primitive resource model was constructed based on the results.

The first relatively modern exploration work was completed by Mineração Xapetuba Ltda (Xapetuba) between 1984 and 1990, during which time 209 reverse circulation percussion (RC) and 13 diamond core holes were drilled.

Xapetuba operated a 150,000 t/year open pit heap-leach operation on oxide material until 1991, when production was suspended due to rapidly declining recoveries as fresher ore was encountered at depth. Approximately 100,000 oz of gold was reportedly recovered with gold recoveries estimated at 70% (Tetra Tech, 2013).

From 1991 to 1994, Metais do Seridó Ltda (Metasa) attempted rudimentary gravity separation of the heap leach rejects; no production reports have been located.

In 1995, Mineração Santa Elina Indústria e Comercio S/A (Santa Elina) drilled a total of 15 diamond holes for 1,185 m, mainly on the northern extension of the Xapetuba open pit.

The project was subsequently acquired by MGP Mineração e Agropecuaria Ltda (MGP) who began treating the heap leach rejects via gravimetric separation in 1998. This operation was closed in 2000 due to low gold prices.

In 2007, Mineração Caraiba Ltda (Caraiba) took an option over the property and completed 75 diamond drillholes totalling 10,528 m. Caraiba also performed preliminary metallurgical testwork, regional mapping and completed a resource estimate (not reportable under the JORC Code). Caraiba declined to exercise the purchase option and returned the property to MGP.

Crusader entered into an option agreement to acquire the property in December 2009 and exercised the option to purchase 100% of the project in June 2010. Title was transferred to Crusader's Brazilian subsidiary, Cascar Brasil Mineração Ltda, in December 2010. Table 7 summarises the historical drilling statistics for Borborema.

Table 7: Borborema historical drilling statistics

| Company | Year | Diamond drilling | | RC drilling | | Total | |
|--------------|-----------|------------------|---------------|-------------|--------------|------------|---------------|
| | | Holes | Metres | Holes | Metres | Holes | Metres |
| Itaperiba | 1979–1983 | 4 | 295 | - | - | 4 | 295 |
| Xapetuba | 1984–1990 | 13 | 264 | 209 | 5,003 | 222 | 5,267 |
| JICA | 1991 | 2 | 200 | - | - | 2 | 200 |
| Santa Elina | 1995 | 15 | 1,185 | - | - | 15 | 1,185 |
| Caraiba | 2007 | 75 | 10,528 | - | - | 75 | 10,528 |
| Total | | 109 | 12,473 | 198 | 4,545 | 307 | 17,017 |

5.7 Borborema Exploration by Crusader

In addition to drilling, Crusader has concentrated on mapping and soil sampling within the deposit corridor covering approximately 4 km of strike.

5.7.1 Soil Sampling

Crusader undertook extensive geochemical soil sampling over the entirety of the Borborema licences, except in the areas of previous workings in which the surface material was deemed to no longer be *in situ*. The results have defined several broad anomalies along strike and parallel to the main Borborema deposit, the larger of which are named Cobia, Remora and Northern Extension (see Figure 11).

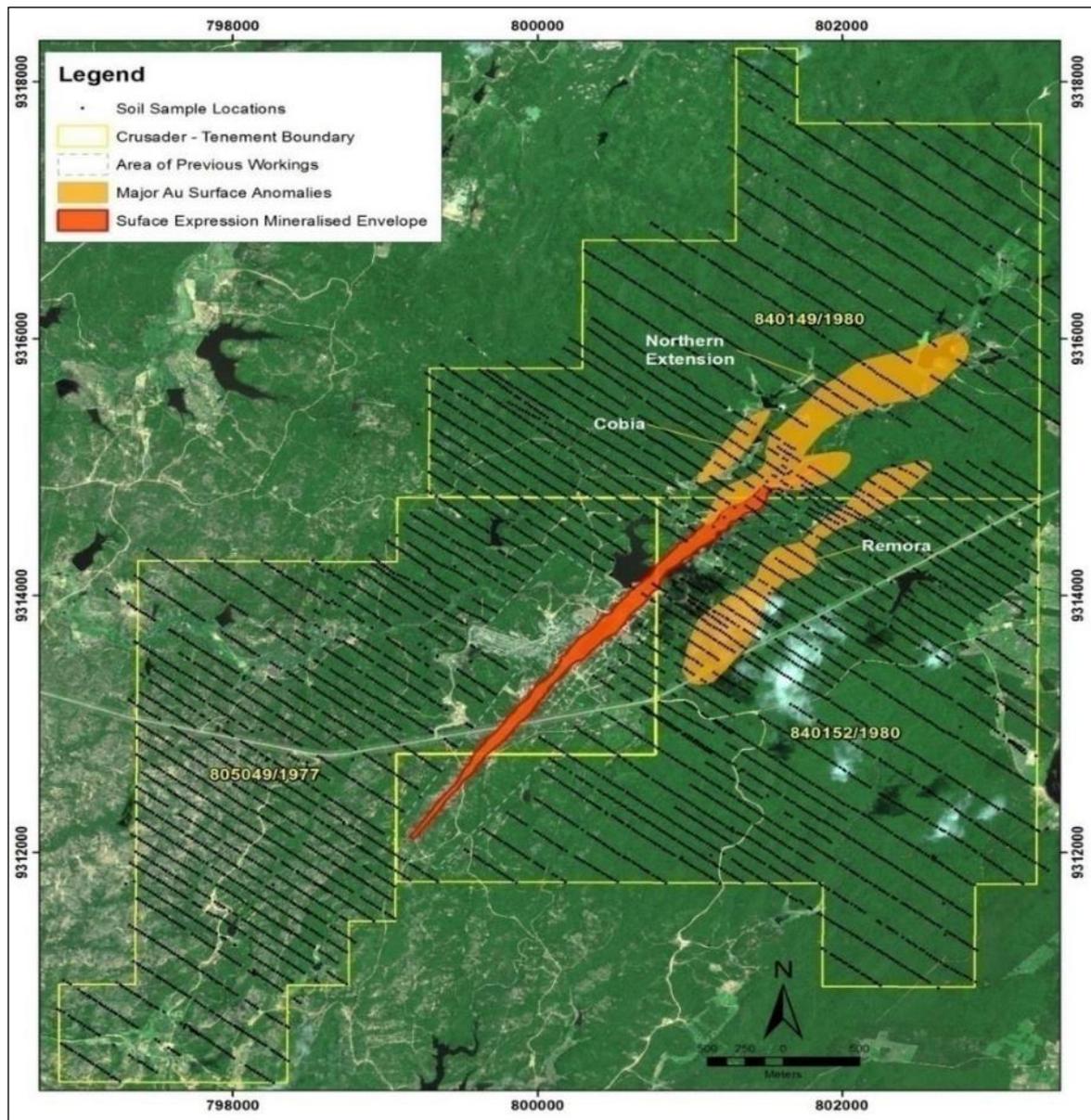


Figure 11: Borborema soil sampling and associated gold anomalies

5.7.2 Drilling

Crusader undertook several drilling programs at the Borborema gold project between 2010 and 2012 as part of their prefeasibility and feasibility studies. An additional program of metallurgical drilling was completed in 2014 as part of Crusader’s re-optimisation study. A summary of the drilling is presented in Table 8.

Table 8: Borborema Crusader drilling statistics

| Drilling program | Diamond drilling | | RC drilling | | Auger drilling | | Total | |
|------------------|------------------|---------------|-------------|---------------|----------------|------------|------------|---------------|
| | Holes | Metres | Holes | Metres | Holes | Metres | Holes | Metres |
| Resource | 172 | 39,131 | 380 | 23,794 | | | 552 | 62,925 |
| Metallurgical | 8 | 1,235 | | | | | 8 | 1,235 |
| Sterilisation | | | 267 | 13,984 | | | 267 | 13,984 |
| Brownfields | 1 | 253 | 76 | 8,248 | | | 77 | 8,501 |
| Geotechnical | 2 | 382 | | | | | 2 | 382 |
| Heap leach piles | | | | | 48 | 250 | 48 | 250 |
| Total | 175 | 39,766 | 723 | 46,026 | 48 | 250 | 954 | 87,276 |

The drilling was completed in various stages, which can be grouped into the following broader phases:

- Resource drilling – Crusader drilled a combination of RC and diamond drillholes, which were the principal drill holes used in the resource estimation, comprising 172 diamond holes and 380 RC holes.
- Metallurgical drilling – Crusader undertook a large diameter (PQ) metallurgical diamond drilling program consisting of eight drillholes for 1,235 m.
- Sterilisation drilling – During 2011 and 2012, Crusader undertook a dedicated drilling program to sterilise the areas immediately around the Borborema deposit where permanent infrastructure, waste dumps and tailings storage facilities are planned. The program comprised vertical RC drillholes, generally 50 m deep, with a drillhole spacing of 100 m east-west by 250 m north-south. The sterilisation drilling consisting of 267 drillholes for 13,984 m, indicated that no significant mineralisation exists in the proposed footprint of the Borborema Project.
- Brownfields exploration drilling – The main targets generated by the geochemical soil sampling were tested with relatively-shallow RC drillholes. The intention of this program was twofold: either to delineate further gold mineralisation and thus add to the current resources; or to effectively sterilise these areas so that they could be used for future mine infrastructure. Gold mineralisation was encountered in several drillholes at the Remora, Cobia and Northern Extension targets.
- Auger drilling – Handheld auger drills were used to complete a drilling program of the existing heap-leach piles that were left from the Xapetuba operations. A total of 48 drillholes for 249.6 m were drilled across the three main piles at roughly 25 m to 30 m spacings. The drillholes were drilled from the surface of the pile until the true topographical surface was encountered with drillhole depths varying from 0.3 m to 16.4 m.

All Crusader and Caraiba holes were surveyed using a differential global positioning system (DGPS). Downhole surveys were completed using a Peewee well bore electronic single-shot survey system, which is analogous to a Reflex Easy-shot, a generally acceptable industry standard approach.

The field visit by CSA Global in May 2017 found the quality of the exploration work conducted to date at Borborema to be of high quality, and similarly the professional ability of the local team. Drilling logs that were inspected were clear; and the preparation and storage of quarter-core diamond drill core with clearly marked sampling, recoveries and general quality assurance/quality control (QAQC) was acceptable. An earlier issue with the early QAQC in 2010–2011 relating to samples assayed at Bureau Veritas in Brazil, was addressed by re-assaying the samples at a different laboratory.

All mineralised intervals in the core were clearly identified, with sample numbers clearly represented on the core boxes. Diamond holes have been collared with concrete, and re-entry is possible should deeper drilling be required at a later date to test the footwall of the orebody.

CSA Global notes that the exploration, sample preparation, analysis, and QAQC procedures detailed as performed by Crusader are appropriate for the mineralisation type. The confidence in the data is appropriately reflected in the classification of the estimates.

5.8 Exploration Potential

At Borborema, potential exists to increase the Mineral Resource down dip within the mineralised shear zone (Figure 12). There are also indications of mineralisation in the footwall of the main zone (a target called Remora) which has not been adequately tested. Remora was discovered by soil sampling and follow-up trench sampling and mapping, that identified a mineralised structure parallel to the main Borborema trend; confirmed by Crusader drilling in 2012. Remora has the potential to fall within the largest Borborema pit and may be an additional source of oxide mineralisation.

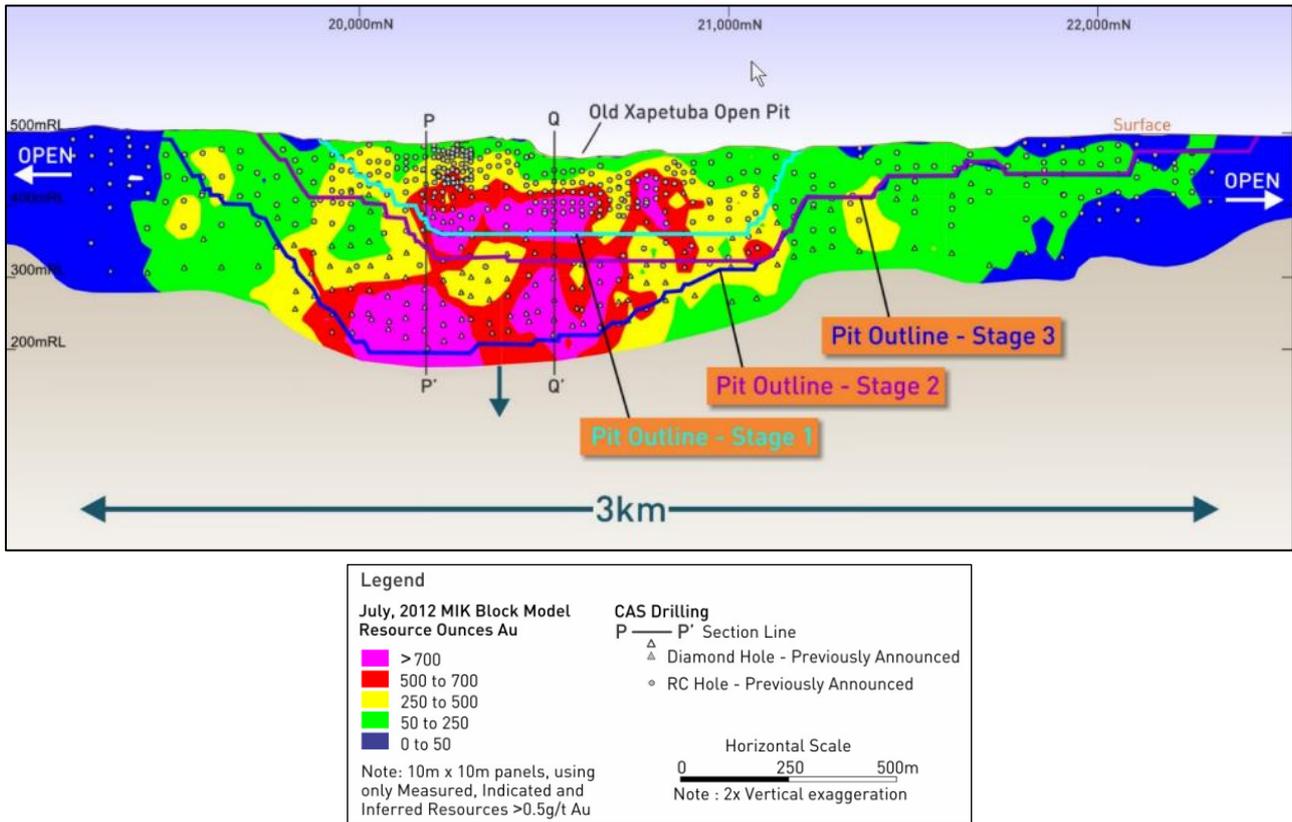


Figure 12: Long section of Borborema, looking west, showing block model (coloured by Au), and drill pierce points
Source: Crusader Resources

In-pit mapping and inspection of the long section (see also Figure 13) also suggests the presence of a shallowly southerly plunge control on mineralisation, providing an additional focus for near-deposit exploration. The shallow plunge is interpreted by Crusader to be the result of an intersection lineation between the main lithology and Santa Mónica shear zone. It has been mapped in pit and is evident in long-section displays of the deposit. The shallow nature of the plunge could limit the outcropping of the mineralisation along strike.

It is also worth noting that the main mineralised zone is increasing in both grade and width with depth, increasing the potential down dip resources, and warranting consideration of underground mining options.

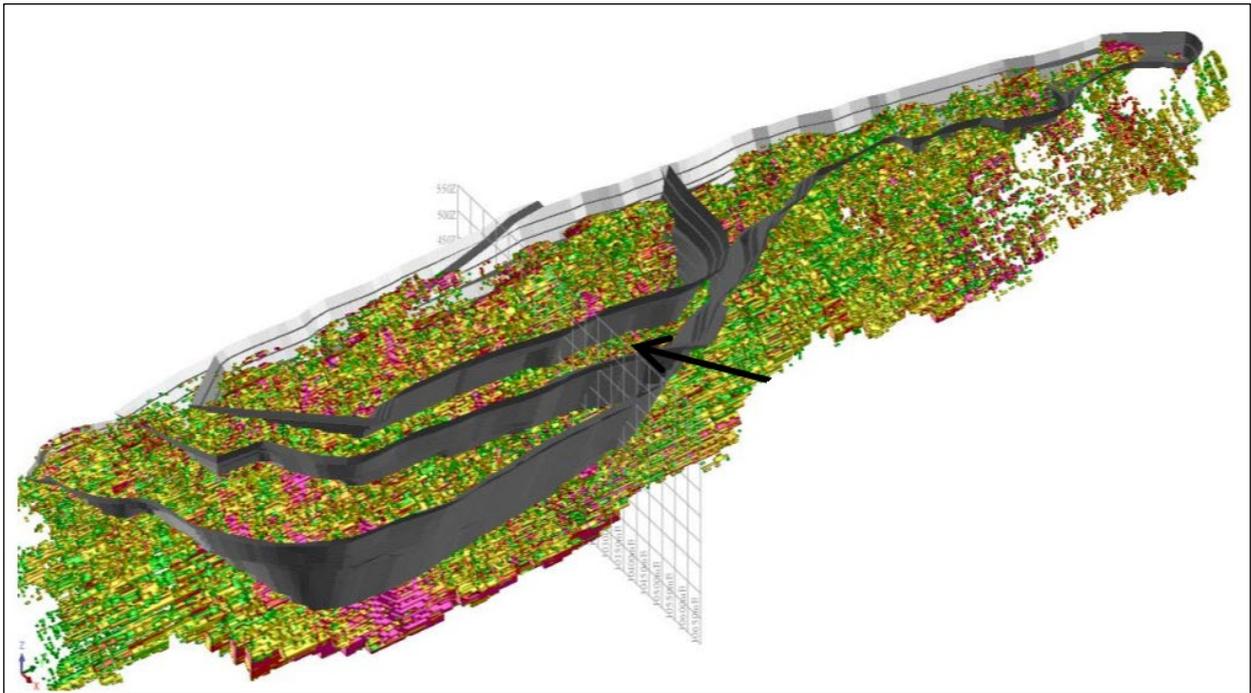


Figure 13: Oblique view (looking northwest) of Borborema block model showing possible staged pit options
Note the southerly plunge high grade (magenta) shoots. Source: Crusader Resources.

The Borborema deposit is located on a northeast-trending structural zone that extends for over 20 km to the northeast and southwest of the deposit (Figure 14). This structural zone has been geologically mapped and interpreted from historical aeromagnetic geophysics.

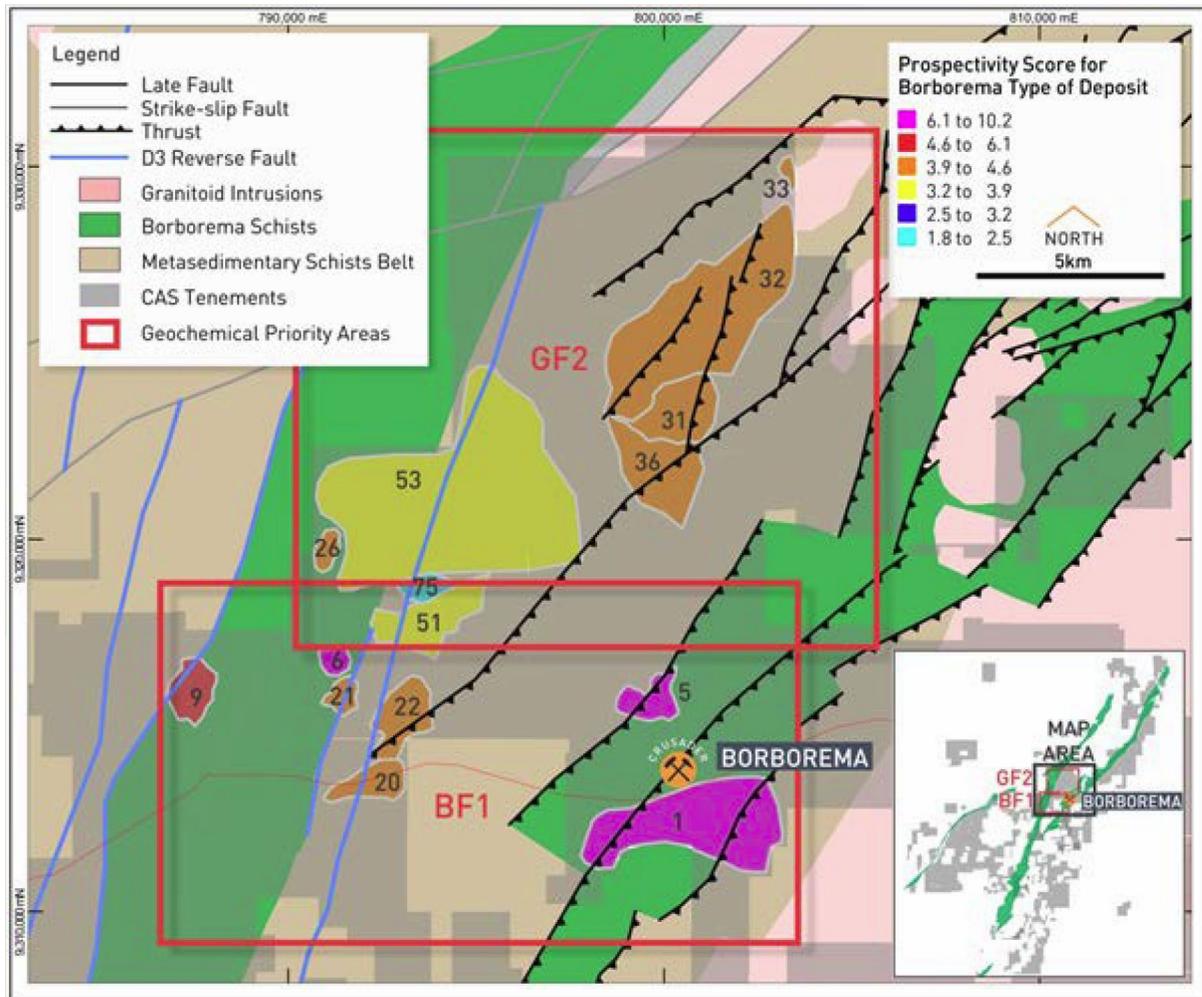


Figure 14: Borborema regional geophysical interpretation showing series of northeast-trending structures in the same host rocks as the known mineralisation as well as prospectivity ranked catchments
Source: Crusader Resources Limited ASX release dated 17 July 2012

Borborema is a strongly structurally controlled orebody. It is considered likely that similar structural settings occur elsewhere along the Santa Mónica shear zone. Work by Crusader in the past (see ASX releases dated 9 March 2012 and 17 July 2012) highlighted a series of exploration targets along the major shear zone, based on host geology, structural setting (as interpreted by geophysical modelling) and an extensive study of historical geochemical surveys completed in the region. Many of the new exploration targets also have evidence of artisanal gold workings.

Only a small portion of the regional structure has been drilled, coinciding with the Borborema deposit. The drilling at the extremities of the Borborema orebody intersects mineralisation in the structural zone and considered open along strike in both directions.

Mapping of the geology along strike and around the Borborema region has identified the main host rock types and these have been mapped as being sub-parallel to the structural zone identified above. A clear connection between specific lithology and mineralisation has yet to be defined; however, the mineralised lithologies extend along with the main mineralised zone.

Shallow cover has obscured mapping around the region and small deviations in the structure which may have significant implications in the mineralisation have yet to be mapped.

Importantly, the observed correlation of gold mineralisation with magnetic pyrrhotite (confirmed by recent magnetic susceptibility measurements on drill core, Figure 15) has significant implications for identifying

additional mineralisation (both along strike and at depth) since the 1980s vintage aeromagnetics were very coarse spaced and therefore may have missed important targets for additional mineralisation. It is also worth noting that no significant ground magnetic surveys have been completed by Crusader or other groups.

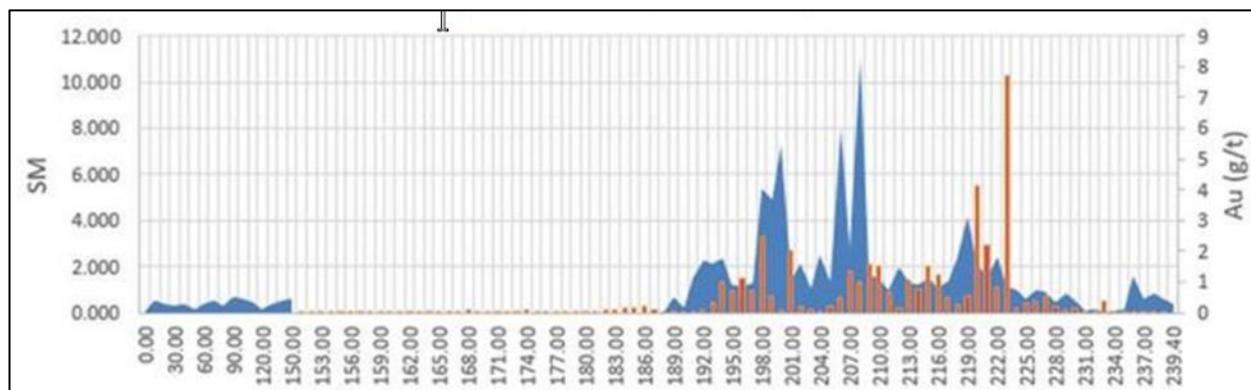


Figure 15: Correlation of magnetic susceptibility (SM, LHS) and gold grade (g/t Au, RHS) in drill hole CRDD106
Source: Crusader Resources Limited

Additionally, the character of the mineralised zones, comprising deformed quartz veining and silicification in some of the higher-grade zones, together with the association with disseminated sulphides, suggest that induced polarisation/resistivity geophysical surveys may be an effective tool to target gold mineralisation. The mineralisation being expressed as high resistivity (due to the added silica) and chargeable (due to the disseminated sulphides) zones.

Induced polarisation (IP) surveys coupled with a detailed aeromagnetic surveys (50 m line spacing) would help define the structural controls (higher grade zones are generally associated with a greater degree of deformation and shearing) and potential for parallel shear zones along with testing the CPRM magnetic anomaly on the southeast of the main orebody (important to note the higher-grade zones within the main orebody have a shallow southeast plunge).

There is also a potential in the Borborema tenements adjoining the Seridó area, where a magnetic anomaly was detected. Targets are proposed in this region for exploration activities in 2018 by Crusader.

5.9 Mineral Resources

Mineral Resources have been estimated for Borborema. Table 9 summarises the reported Mineral Resources which were reported in accordance with JORC 2012 (Barnes et al., 2017)

Table 9: Borborema Mineral Resources

| Category | Gross | | | Net attributable (100% owned by Crusader) | | |
|--------------|-------------------|-------------|-----------------------|---|-------------|-----------------|
| | Tonnes (millions) | Grade (g/t) | Contained metal (koz) | Tonnes (millions) | Grade (g/t) | Contained metal |
| Measured | 8.2 | 1.2 | 320 | 8.1 | 1.2 | 320 |
| Indicated | 42.8 | 1.1 | 1,550 | 42.8 | 1.1 | 1,550 |
| Inferred | 17.6 | 1.0 | 566 | 17.6 | 1.0 | 566 |
| Total | 68.8 | 1.1 | 2,433 | 68.5 | 1.1 | 2,433 |

Mineral Resources are reported inclusive of Ore Reserves, above a 0.5 g/t Au cut-off (fresh) and 0.4 g/t cut-off (oxide).

Multiple Indicator Kriging (MIK) was selected as the estimation approach. Review of the geology and gold grades at Borborema showed no clear relationship between geology and anomalous gold grades at the cut-off grades of interest. A high level of spatial variability was noted, and 0.1 g/t Au lower cut-off grade was selected as an appropriate basis to interpret a mineralisation zone.

The grades captured within the mineralisation zone interpretation show a moderate to high level of short scale variability and on this basis a non-linear grade estimation approach was considered appropriate.

The estimation domains comprised an oxidation surface and mineralisation constraints. A single wireframe was generated for the 0.1 g/t Au interpretation through the Southern, Central and Northern zones and is shown in Figure 16.

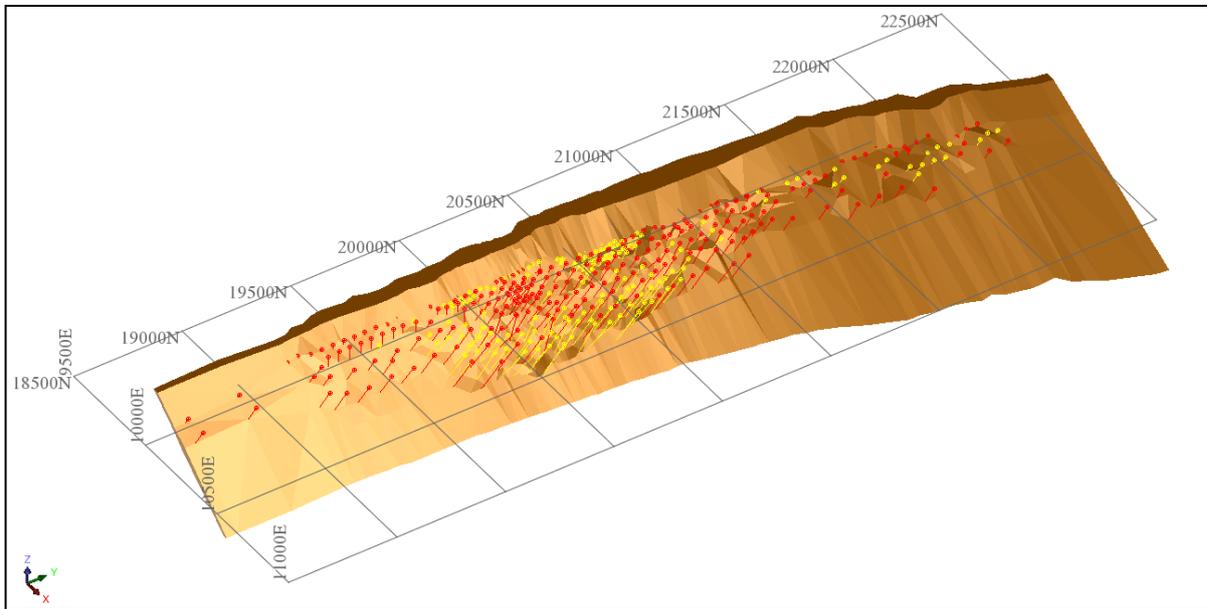


Figure 16: Borborema mineralisation wireframe

The mineralisation zone was subdivided into the Southern (Zone 1), Central (Zone 2) and Northern (Zone 3) domains at 20,050mN and 21,300mN, to capture the higher grade (Central Domain), versus the northern and southern regions of the deposit. Two-metre composites were used to stabilise and reduce the total sample variance. Seventeen indicator variograms were modelled to support the MIK estimation. Relative nugget values between 52% and 68% indicated substantial short-range variability of between 20 m in the first structures and up to 110 m in the second.

Table 10 summarises the block model parameters.

Table 10: Borborema block model parameters

| Parameter | East | North | Elevation |
|-----------------------|-------|--------|-----------|
| Origin minimum | 9,000 | 18,000 | 150 |
| Origin maximum | 1,150 | 23,500 | 600 |
| Parent block size (m) | 25 | 25 | 5 |
| Sub-block size (m) | 5 | 6.25 | 2.5 |

Grades were estimated within the interpreted mineralised envelopes, using MIK and 2 m composited gold data for each domain, with soft boundaries between domains. Kriging parameters were determined from variography, the sample search routine based on neighbourhood testing. Grade was generally interpolated in three passes (50 x 50 x 25 m, 75 x 75 x 35 m, and 150 x 150 x 70 m). A change of support was applied to the MIK estimate, to reflect the anticipated mining selectivity and estimate the proportion of ore above a particular cut-off grade, within panels large enough for robust estimation. A selective mining unit (SMU) of 5.0 x 6.25 x 2.5 m was used.

The estimate was validated visually and statistically, by comparing block model and composite data in cross section, long section, and plan views, and using swathe plots in northing, easting and elevation. Correlation between data and estimate was acceptable where sufficient data existed, however in the regions of low data density, the estimates showed evidence of smoothing.

Studies by Bloy and Nicolls (2015a, 2015b, 2015c) indicate that it may be possible to apply a different style of estimate to the Borborema mineralisation, one more suited to a higher grade lower tonnes approach, which could potentially exclude more sub-economic grade material. The result was, as expected, a reduction of the contained ounces in the low-grade margins, and an increase in the grade above cut-offs. These estimates were largely indicative, and not completed to sufficient rigour to be declared in accordance with the JORC Code.

Density was based on 36,444 bulk density measurements obtained via the Archimedes process. There were limited bulk density measurements for oxide samples. CSA Global does not consider this to be material as the oxide represents a relatively insignificant proportion of the deposit. There was a low variability in the density measurements and 2.76 t/m³ was used to report tonnages in fresh rock and 2.65 t/m³ in oxides.

The resource classification for this deposit was largely based upon data density; with consideration also for data quality and understanding of the controls of mineralisation. A wireframe was created around the area of higher density drilling. Measured Resources were generally drill tested at <25 m, Indicated resources generally 25 m <50 m and Inferred Resources 75 m extension down dip from Indicated blocks, or on <100 m spaced drill sections. Figure 17 illustrates the relative proportions of the different categories of classified resources.

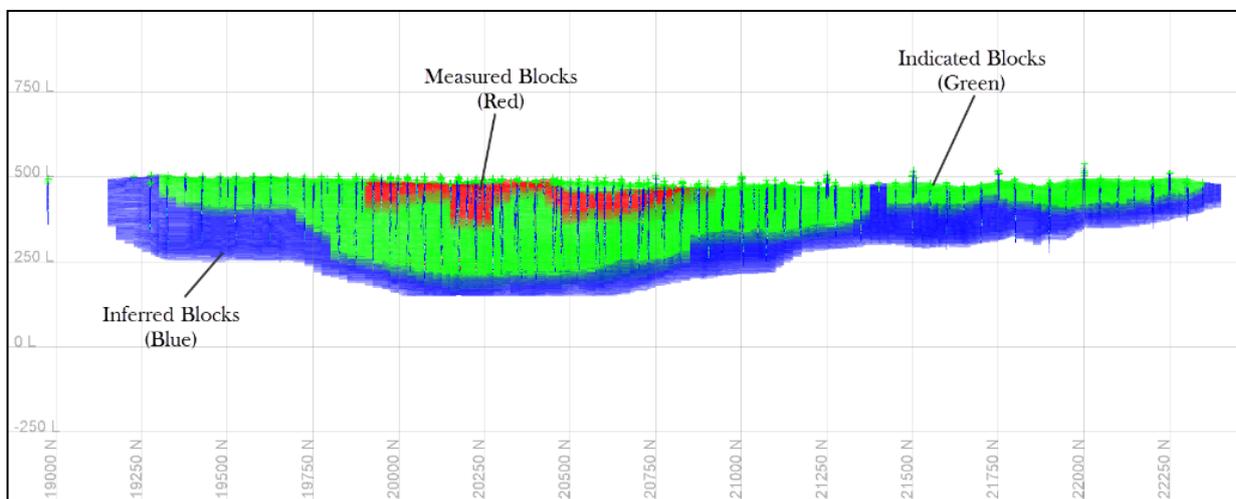


Figure 17: Borborema resource classification, in long section

CSA Global is of the opinion that the complex geology and structural controls on mineralisation at Borborema were examined with due care, and the estimation approaches selected were appropriate, and the classification of the estimate appropriately reflects the consideration of uncertainty, impact and materiality of this uncertainty and the confidence of the Competent Persons who estimated the Mineral Resources (Messers Barnes, Gossage and Platel) in the data and interpretation.

CSA Global's opinion the understanding of the controls on mineralisation, particularly in the higher-grade zone in Borborema, could be improved by more data, and the Measured classification is possibly premature in this light. However, the disclosure in the reports reviewed by CSA Global is clear: the areas of uncertainty sufficiently described and the impact and materiality of these areas of uncertainty discussed and quantified where possible. The Borborema estimate is fit for the purpose of a valuation.

5.10 Mining Studies

5.10.1 Borborema – Studies, Reports and Announcements

Crusader has completed, and announced on the ASX, the high-level results of several feasibility and optimisation studies for Borborema since 2011. These studies are ongoing, as the Company seeks to maximise the value of the Borborema gold project.

On 16 November 2012, Crusader released a Proven and Probable Ore Reserve for Borborema, which was completed in accordance with the JORC Code (2004). The Ore Reserve estimate was based on the work completed in a draft feasibility study for the project. The Ore Reserve estimate comprised 42.4 Mt at a grade of 1.18 g/t with contained gold of 1.61 Moz.

A draft feasibility study based on processing 4.2 million tonnes per annum (Mt/a) was completed in 2012 by TetraTech Mining and Minerals Brazil (TetraTech) but not adopted due to the falling gold price from April 2013.

In January 2018, Crusader commissioned TetraTech to review the project data and complete an optimised study for the initial development of Borborema. TetraTech has prepared an updated capital and operating cost estimate for the processing plant and infrastructure costs.

On 8 February 2018, Crusader announced the results of an optimisation study for the Borborema gold project. The announcement described an optimised project plan that focusses on the mining and processing of 20 Mt. This tonnage represents approximately half of the material addressed in the draft feasibility study and the current Ore Reserve statements (6 March 2018).

This optimisation study determined that a development of the upper 20 Mt zone of the 42 Mt Borborema Ore Reserves optimised the resource for the prevailing modifying factors, as well as matching a simplified development plan (including respecting the road limit and considering filtration for tailings treatment). This optimised “Stage 1” for Borborema, targets a processing rate of 2.0 Mt/a which results in reduced capital and operating costs when compared to the original draft feasibility study, while not sterilising the future development of the deeper Borborema mineralisation.

Crusader has indicated that the remaining 22 Mt of the current Ore Reserve statement will be subject to a future work plan of exploration and studies to target an optimisation of the value of the remaining Mineral Resource.

The Mineral Resource estimate used for the Ore Reserves has used MIK to estimate grade. MIK was used to estimate the block grades within the mineralisation envelope to represent a SMU of 5 m(E) x 6.25 m(N) x 2.5 m(RL).

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.

On 6 March 2018, Crusader released an Ore Reserve update statement for the Borborema gold project as at 31 December 2017. The Borborema Ore Reserve estimate values of ore tonnes, grade and contained gold ounces were unchanged from previous estimates. The values of the 6 March 2018 Ore Reserve estimate for the Borborema Gold Project are described in Table 11

Table 11: Borborema gold project Ore Reserve

| Category | | Tonnes (Mt) | Grade (Au g/t) | Gold to mill (koz) |
|--------------|-------|--------------|----------------|--------------------|
| Proven | Oxide | 0.65 | 0.80 | 17 |
| | Fresh | 7.26 | 1.25 | 292 |
| Probable | Oxide | 1.68 | 0.70 | 38 |
| | Fresh | 32.82 | 1.20 | 1,260 |
| Total | | 42.41 | 1.18 | 1,610 |

Notes: Reported at a 0.4 g/t cut-off for oxide and 0.5 g/t cut-off for fresh material. The cut-off grades have been based on the latest throughput costs, gold price of US\$1,301/oz. Appropriate rounding has been applied; subtotals may not equal total figures. Reported in accordance with the JORC code 2012

5.10.2 Borborema Mine Plan

For the preparation of this report, CSA Global have been presented with a life of mine plan for the Borborema Gold Project based on a mining and production schedule containing 20 Mt at a grade of 1.2 g/t for

approximately 762 koz mined. This plan represents production of approximately 2.0 Mt/a over a ten-year period.

The Life of Mine Plan represents mining and processing of the first half (approx.) of the reported Borborema Ore Reserve estimate which has a stripping ratio of 4 waste tonnes per ore tonne. The remainder of the deposit has an average stripping ratio of 10 waste tonnes per ore tonne at a lower profit margin than the first portion. CSA Global has not addressed an evaluation of the mining of this deeper portion of the deposit.

The life of mine plan is accompanied by a corresponding financial model. CSA Global have reviewed this model to confirm that the technical parameters used in the financial model form a reasonable basis for the estimate of the Borborema Gold Project value.

5.10.3 *Material components of the Mine Plan*

The work completed on the Borborema gold project since the November 2012 Ore Reserve includes internally generated reports and studies as well as the incomplete bankable feasibility study (BFS), which was suspended in 2013 when the falling gold price rendered the study financials obsolete. The 2013 draft BFS work was based on a processing rate of 4.2 Mt/a. Crusader completed an internal optimisation review into a 2 Mt/a development for Stage 1 of the Borborema gold project in May 2016 (refer ASX release dated 16 May 2016).

Mining

The mining operations comprise operations to excavate the top portions of the Borborema deposit using conventional open pit mining methods. The mining method is planned to be typical drill and blast operation with excavators loading off-highway trucks which haul ore to the run-of-mine pad and waste to the waste dump. The mining factors include:

- Mining Recovery: 95%
- Mining Dilution: 5%
- The mining rate for the total mined material peaks at 11,4 Mt/a

The mining is defined by a series of mine designs that represent a staged mining approach to the deposit. The thickness and dip of the deposit is relatively constant. The average dip of the deposit is approximately 40 and mining a relatively straight forward as the footwall of the deposit forms the low-wall of the pit.

The extent of the open pit is illustrated in Figure 18 and Figure 19 below.

CSA Global considers these technical factors applied to the mining estimates for the Mine plan to be reasonable.

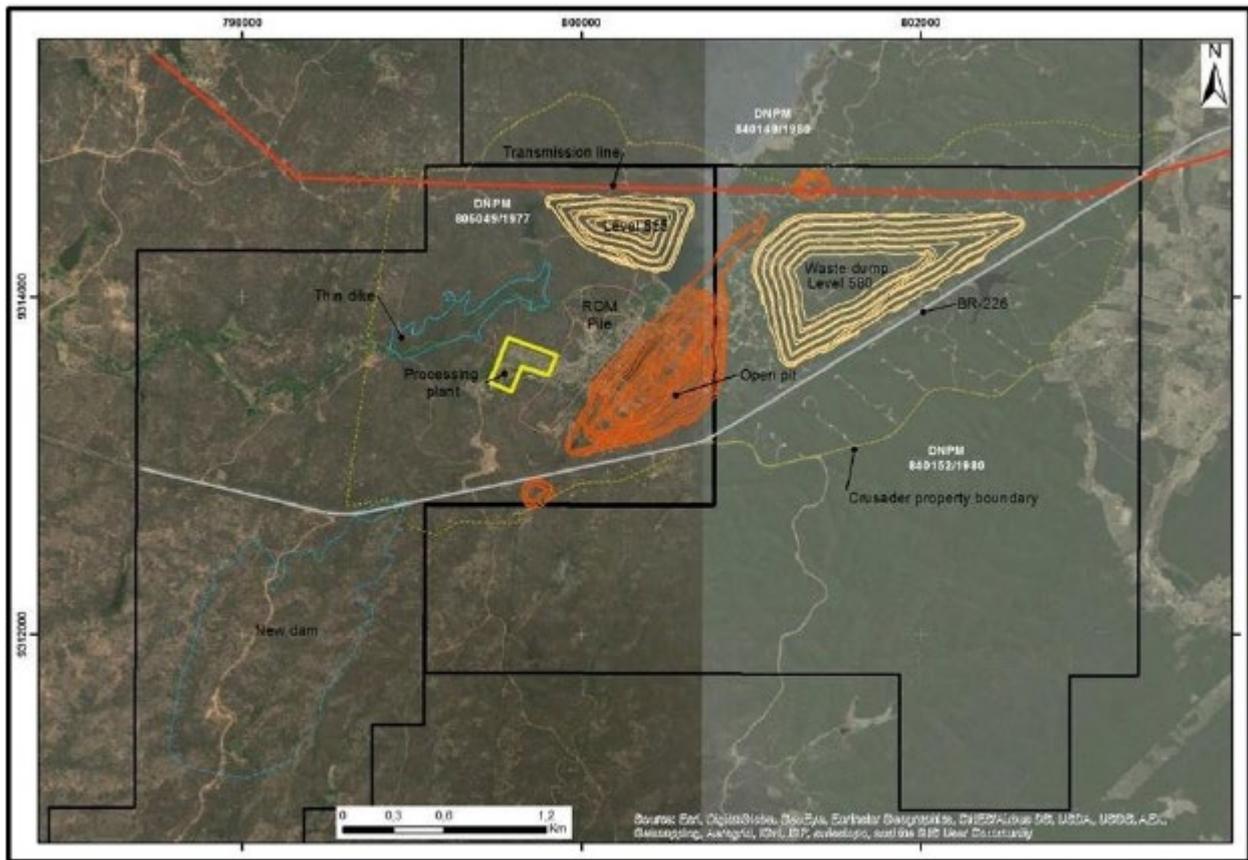


Figure 18 Borborema Project General Layout
 Source: Crusader Resources

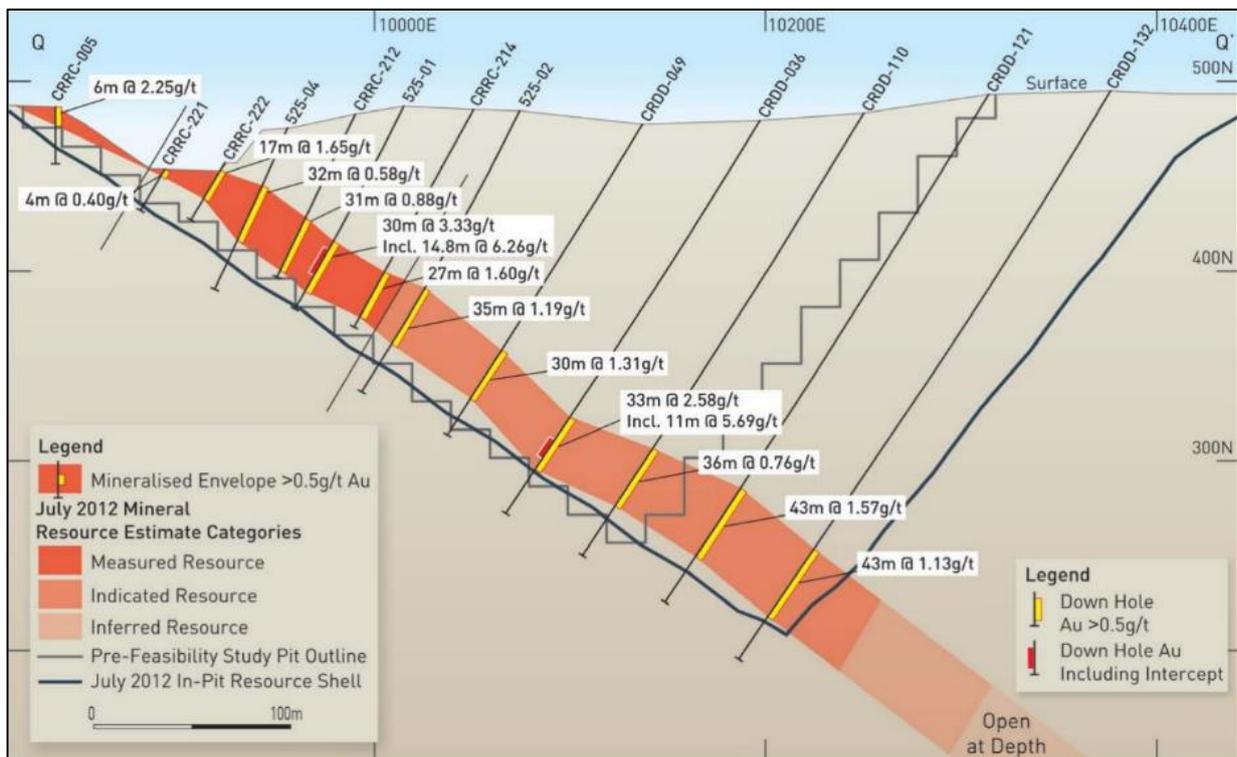


Figure 19: Borborema gold project – cross section (northwest to southeast)
 Source: Crusader Resources Limited

Processing

The process flowsheet developed for treating Borborema material is based on a carbon-in-leach (CIL) processing route and includes:

- Three-stage crushing.
- Ball milling
- Leaching in sodium cyanide.
- Cyanide destruction of leach tails.
- Tails storage is intended to be through dry stacking of tailings and co-disposal with mine waste. Water is reclaimed and recycled back to the process plant.
- Elution using a ZADRA circuit.
- Electrowinning.
- Carbon regeneration.
- Smelting to produce doré.

The process flowsheet is described in Figure 20.

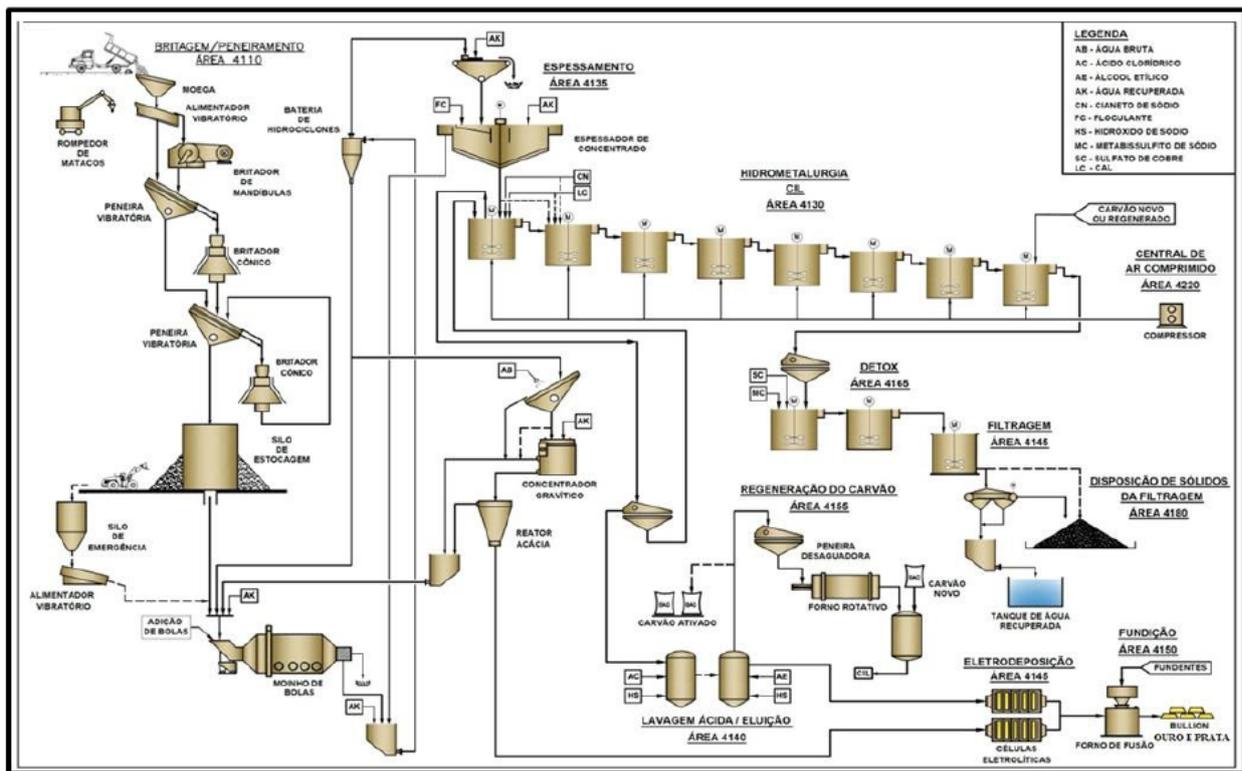


Figure 20 Beneficiation Flowsheet
Source: Crusader Resources

Results of the metallurgical testwork indicate that Borborema ore is suited to SAG milling and requires lower than average energy demands, reducing capital cost as well as providing a simplified comminution circuit.

The metallurgical recoveries for gold and silver used in the Mine Plan are 92% for gold there has been no revenue estimated for the small portion of silver present in the doré.

There are no identified deleterious elements associated with ore processing.

CSA Global considers that the planned beneficiation process is appropriate for the Borborema Gold 150 Project.

Infrastructure

The draft BFS has identified suitable existing local infrastructure to support the development of the project. The land required to develop Stage 1 of the project is owned by Crusader.

Currais Novos with a population of approximately 42,000, is located 30 km west of the Borborema gold project and provides a full range of commercial services, banking facilities, hotel accommodation, potential staff accommodation, schooling and basic medical and hospital facilities.

CSA Global notes that the current mining plan for the 20 Mt open pit results in the pit lying totally within land owned by Crusader. The larger pit required to access the remainder of the Ore Reserve, which is not part of the current Mine Plan, will require relocation of the BR226 Highway and an extension of mining into property not owned by Crusader.

Environmental

The major studies incorporated by the Environmental Impact Study (EIA) and Environmental Report (RIMA) included the following:

- Physical environment assessment
- Terrestrial fauna and flora inventory survey
- Physical-chemical and bacteriological analyses of water
- Aquatic fauna and flora inventory survey and assessment
- Socioeconomic assessment
- Analysis of environmental impacts, impact mitigation measures and environmental control programs
- Archaeological inventory survey.

Geochemical testing has shown that the Borborema tailings and waste rock are geochemically inert. The results from static geochemical testing and on-site geochemical kinetic testing completed over a period of two years show no alkaline drainage risk and no acid rock drainage (ARD) risk from the waste samples. Also, the kinetic cells have not exhibited metals leaching of significant concern.

Crusader has received the critical Pre-Licence (Licença Previa or “LP”) for its Borborema gold project from the Rio Grande do Norte State Government Environmental Department (IDEMA). This is approval of the EIA, based on the reduced project footprint for Stage 1 of the project and dry stacked tailings.

Importantly, the state Ministério Público (Public Ministry) has positively reviewed the licence and endorsed the licence issue by IDEMA.

Social

Strong support for the project has been received from both the environmental agency, local municipal council, the State Government of Rio Grande do Norte and the local community, as demonstrated with the recent approval of the EIA (refer to ASX release dated 20 April 2017).

Capital Costs

The capital costs for the establishment of the Borborema Gold Project total US\$93.4 million. The capital cost estimate has been developed using the BFS 4.2 Mt/a project capital cost estimate as a base. The Scoping Study completed in 2016 factored the BFS capital estimate to reflect a smaller scale project operating at 2.0Mt/a. The process of factoring has resulted in a value that is lower confidence than the detailed BFS estimate but is considered at an appropriate level to provide a reasonable basis for the valuation of the Borborema Gold Project.

The capital cost estimates are divided into the categories described in Table 12.

Table 12: Capital cost estimate

| Category | Capital amount (US\$M) |
|----------------|------------------------|
| Infrastructure | 24.9 |
| Plant | 65.6 |
| Mining | 0.0 |
| Ancillary | 2.9 |
| TOTAL | 93.4 |

There has been no estimate for Mining capital as the Mine plan considers contractor mining, where all Capital Equipment is provided by the contractor. The infrastructure to support the mining operation, such as workshops, stores and the like, have been included in the Ancillary section of the estimate.

CSA Global considers that this allowance for Capital expenditure is reasonable

Sustaining Capital

Sustaining capital has been estimated at 2% of the Capital cost of the processing plant. This amounts to US\$1.3 million per year for the duration of the Mine Plan.

CSA Global considers that this allowance for Sustaining Capital is reasonable

Operating Costs

The average mining cost applied in the financial model is US\$2.28 / t mined. The amount includes a contractor margin of 15%.

CSA Global considers that this value falls within a reasonable range for the type of mining and location of the Borborema Gold Project.

The average processing cost is estimated at US\$11.00/t processed. This is based on an adjustment from BFS value to represent the smaller scale project in the Mine Plan.

CSA Global considers this value to be a reasonable estimate for a 2.0 Mt/a CIP processing plant operating in Brazil.

The General and Administration (G&A) cost has been estimated at US\$4.0 million per year. This is equivalent to US\$2.00/t processed.

CSA Global considers this value to be a reasonable estimate for the scale and nature of the project.

The refining charge has been estimated at US\$15 / oz au.

CSA Global considers this a reasonable estimate.

A Mining Royalty rate of 1.5% revenue has been applied to the project. This rate is consistent with CSA Global's understanding of the appropriate rate in Brazil.

Closure Costs

CSA Global notes that the Borborema Mine Plan reviewed does not contain an estimate for closure costs. However, the Borborema draft BFS did address closure costs. Table 13 contains estimates taken from the BFS, which are still considered by CSA to be reasonable (the monitoring costs have been extended to run for 6 years).

Table 13 Closure cost estimate

| Element | Cost (US\$ million) | Percentage of Total |
|------------------------------------|------------------------|------------------------|
| Crusader's administration | 0.77 | 12.6% |
| Facilities dismantling | 1.50 | 24.7% |
| Waste dump and topsoil reclamation | 2.94 | 48.5% |
| Personnel demobilisation | 0.25 | 4.1% |
| Social and Community relations | 0.49 | 8.1% |
| Environmental Monitoring | 0.72 | 2.0% |
| TOTAL | 6.67 | 100% |

This closure cost should be evenly spread over two years starting with the final year of production and the year after production ceases.

Monitoring will likely be required for several years and the Environmental Monitoring costs are likely to be incurred over a period of 6 years after completion of operations.

6 Juruena Gold Project

The Juruena gold project is located in the north-western part of Mato Grosso state, near its boundaries with Pará and Amazonas states. The mineralisation is hosted by Paleoproterozoic volcanic and granitoid rocks of varying composition, and the host rocks are found within the Juruena-Rondonia block of the Amazon Craton. The 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 within epithermal systems.

The historical production at the Juruena gold project from many years of artisanal mining is substantial, with gravimetric free gold recovered in sluices. At its peak, up to 20,000 garimpeiros (artisanal miners) worked the Juruena area and there are thought to be currently less than 30 garimpeiros still active in the region. Artisanal mining at Juruena has evolved from alluvials to open pits and rudimentary shafts with some more sophisticated production from heap leaching in recent years. The result of this is a number of open pits and trenches and a series of abandoned, flooded and active and rudimentary shafts, utilising pneumatic drills, explosives and limited ventilation under precarious mining conditions. Garimpeiros are reported to be currently concentrating on the Querosene area targeting the fine-grained mineralised mafic dykes (Pedra Sabao) and associated wall rock mineralisation.

Current artisanal production is passed through small hammer mills with recovery utilising gravity over copper plates and use of mercury to collect the fines.

The Company announced on 20 March 2019 that it had agreed to sell the Juruena and Novo Astro Gold Projects to Meteoric Resources Limited (ASX:MEI) for a combination of cash and MEI shares.

6.1 Location and Access

The Juruena gold project is located in central Brazil, in the northern region of the State of Mato Grosso at approximately 9°08'08"S latitude and 58°33'19"W longitude (Figure 3). It is located at the western end of the Alta Floresta-Juruena mineralised belt. The Juruena gold project is bordered by the Juruena River and the Apiácas mountain range.

Access to the Juruena gold project is more difficult when compared to the Borborema gold project. Access to the project is via light aircraft from Alta Floresta (a 70-minute journey) or from the city of Apiacás (45-minute journey) to a well-maintained 1,000 m airstrip on site at Juruena. Access by non-sealed road is also possible for all heavy equipment and this is possible both through the dry and wet season being 180 km from the city of Nova Bandeirantes. During the wet season, exploration and travel is more onerous but still possible by barge via the Juruena River.

6.2 Topography and Climate

The municipality of Juruena, which covers an area of 3,190 km² is located at a latitude of 10°19'05"S and 58°21'32"W and sits 300 m above sea level. The topography of the region is classified as gently rolling (70%), flat (20%) and hilly (10%). Approximately 74% of the land is covered by native vegetation whilst 26% has been cleared.

The climate in the region of the Juruena project is categorised as tropical consisting of two clearly defined seasons: a high rainfall summer season (October to April) and a dry winter season (May to September). Temperatures range from 15°C to 35°C with an overall average of 24°C. At the height of the rainy season total monthly rainfall often approaches or exceeds 500 mm with a total annual rainfall of 2,250 mm. Humidity levels throughout the year reach 80% to 85%.



6.3 Mineral Tenure

CSA Global has relied on representations from Crusader, who have in turn relied on a title opinion from their solicitors, with regards to the validity of Crusader's Juruena licences. An assessment of tenement status prepared by in-house Crusader staff (Barros & Viana, 2018) indicate that all the permits are authorised for exploration, but with different conditions (Appendix 1, Comments field) before the DNPM.

Details of the licences are provided in Table 14 and the licence area is shown in Figure 21. Juruena Mineração Ltda and Lago Dourado Mineração Ltda are Brazilian subsidiary companies of Crusader.

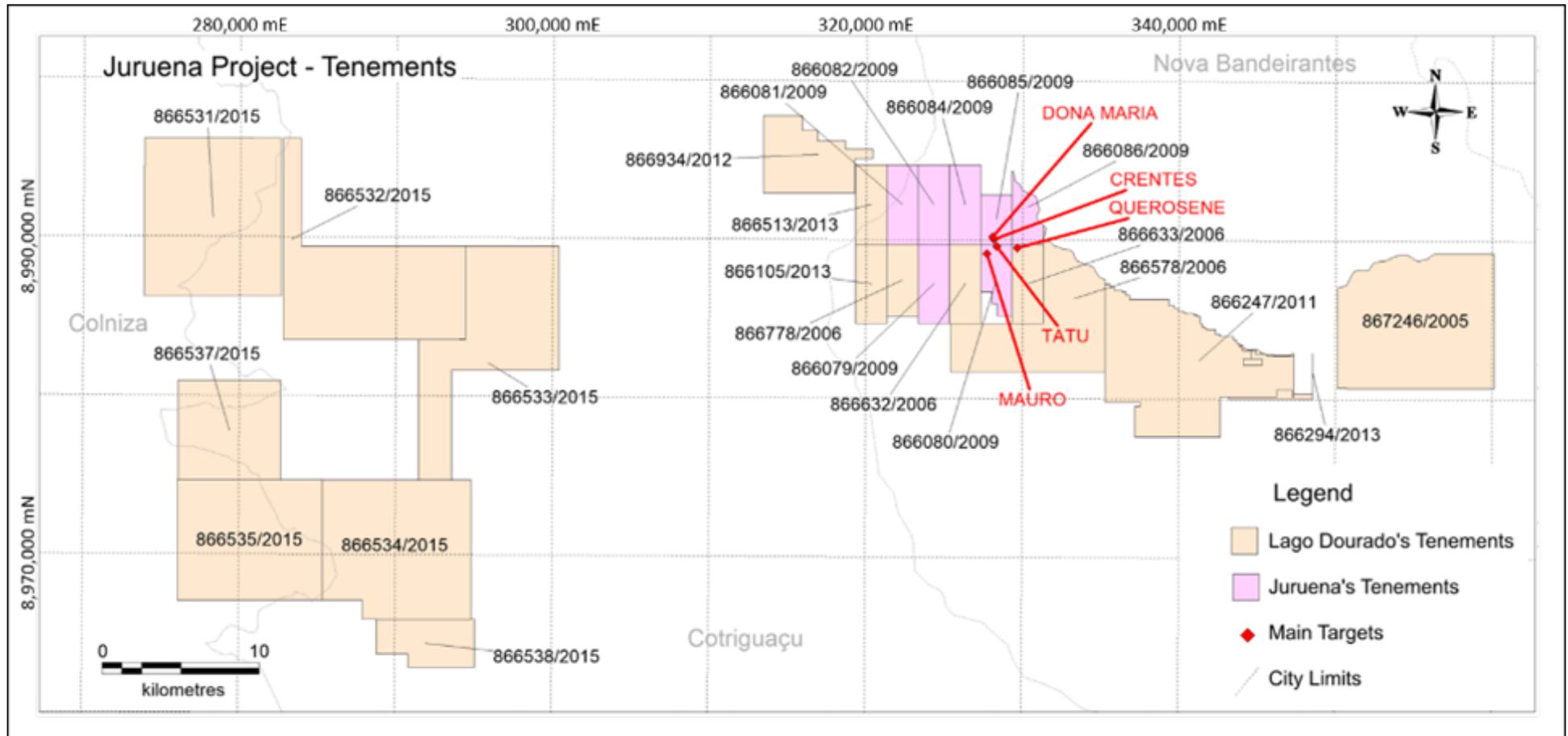


Figure 21: Juruena gold project tenements

Source: Crusader

Table 14: Juruena tenements

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|-------------------------------------|-----------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 12/04/2019 | 10.00 | 866.632/2006 | Extension of term for mining permit application (term extend by 1 year as from the date of publication April 13, 2018). |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 12/04/2019 | 10.00 | 866.633/2006 | As above |
| Nova Bandeirantes/Mt | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.079/2009 | Crusader lodged a mining exploration report which was rejected by ANM. Puma is appealing that decision and is not entitled to perform exploration activities on the licence area until the appeal is successful. If the appeal is unsuccessful, Puma will not be entitled to perform exploration activities on the licence. This licence area is considered to be non-core. |
| Nova Bandeirantes/Mt | Juruena Mineração Ltda | 100% | Exploration Licence | 07/25/2019 | 7.72 | 866.080/2009 | Research report approved. Extension of Research Authorization until July 25, 2019. |
| Cotriguaçu/Mt, Nova Bandeirantes/Mt | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.081/2009 | Crusader lodged a mining exploration report which was rejected by ANM. Crusader is appealing that decision and is not entitled to perform exploration activities on the licence area until the appeal is successful. This licence area is considered to be non-core. |
| Cotriguaçu/Mt, Nova Bandeirantes/Mt | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.082/2009 | As above. |
| Nova Bandeirantes/Mt | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.084/2009 | As above. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 07/25/2019 | 6.14 | 866.085/2009 | Extension of Research Authorization until July 25, 2019. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 9.12 | 866.778/2006 | Crusader lodged a mining exploration report which was rejected by ANM. Crusader appealed that decision in Dec. 07, 2018 and is not entitled to perform exploration activities on the licence area until the appeal is successful. This licence area is considered to be non-core. |

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|-------------------------------------|-----------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Nova Bandeirantes/Mt | Juruena Mineração Ltda | 100% | Exploration Licence | 22/08/2016 | 6.19 | 866.086/2009 | Crusader filed a positive exploration report in respect of this licence, along with a request for “sobrestamento” on 22 August 2016. “Sobrestamento” delays the decision on the final exploration report for a period (usually three years) where development is not feasible at this time due to technical or financial reasons. The ANM is yet to provide a response. Crusader is not entitled to continue activities on this licence area until the ANM provides its response. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 10/31/2021 | 80.86 | 867.246/2005 | Research permit valid until Oct. 31, 2021. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 07/16/2020 | 2.30 | 866.294/2013 | Partial exploration reports were filed with the ANM on 6 October 2017. Research permit valid until Jul. 16, 2020. |
| Cotriguaçu/Mt, Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 07/16/2020 | 9.99 | 866.513/2013 | As above. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 9/03/2018 | 69.59 | 866.247/2011 | Crusader lodged a mining exploration report on time, along with a request for “sobrestamento” on March 06 2018. “Sobrestamento” delays the decision on the final exploration report for a period (usually three years) where development is not feasible at this time due to technical or financial reasons. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 5/05/2018 | 46.58 | 866.578/2006 | As above |
| Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 10/31/2021 | 24.13 | 866.934/2012 | Research permit valid until Oct. 31, 2021. |
| Nova Bandeirantes/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 10/31/2021 | 10.00 | 866.105/2013 | As above |
| Colniza/Mt, Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 86.67 | 866.531/2015 | Research permit valid until Mar. 18, 2019. |
| Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 76.38 | 866.532/2015 | As above |
| Colniza/Mt, Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 67.15 | 866.533/2015 | As above |

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|---------------------------|-----------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|----------|
| Colniza/Mt, Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 80.37 | 866.534/2015 | As above |
| Colniza/Mt, Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 70.39 | 866.535/2015 | As above |
| Colniza/Mt, Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 41.04 | 866.537/2015 | As above |
| Cotriguaçu/Mt | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 17.19 | 866.538/2015 | As above |

(1) All assets are located in Brazil

(2) Interest is 100% when applications in progress are granted

(3) Status – Exploration, Development or Production

(4) Appendix 1, provides a summary of all Brazilian tenements

6.4 Local Infrastructure

A well-maintained and functional camp is available at Juruena consisting of site offices, a small auditorium, housing amenities for 60 people, a 1,000 m airstrip, a core shed, laundry facilities, a canteen and a workers' lounge and gym, which includes a soccer field. Staff have access to a fixed landline and internet. Power is supplied with diesel generators with no external power supply to the campsite at this stage, however there are regional powerlines in the area. Figure 22 and Figure 23 show the Juruena campsite and core shed.

The Juruena gold project is set within thick rainforest but the main project area has already been cleared due to historical garimpeiro mining activity. A source of fresh produce such as fish from the Juruena River and local farmers for meat and poultry can potentially make the camp locally self-sufficient. Historical mining has altered the local terrain with some large flooded pits and tailings storage from historical production. All-weather access is conceptually possible by 180 km of unsealed roads, including access for heavy equipment. During the wet season, exploration and travel is easier by barge along the Juruena River.



Figure 22: Juruena project campsite



Figure 23: Juruena project core shed

6.5 Geology

6.5.1 Regional Geology

The Juruena gold project is hosted in a magmatic arc terrain (2.2 Ga to 1.6 Ga), a well-defined host of significant gold deposits globally. Juruena is located in the Paleoproterozoic Juruena domain of the Rondonia-Juruena block (2.24 Ga to 1.6 Ga) in the southern sector of the Amazonian Craton, which is cored by Archean high-grade metamorphic rocks and lower-grade supracrustal rocks that host the giant iron oxide copper-gold (IOCG) deposits of the Carajas Province (see Figure 24).

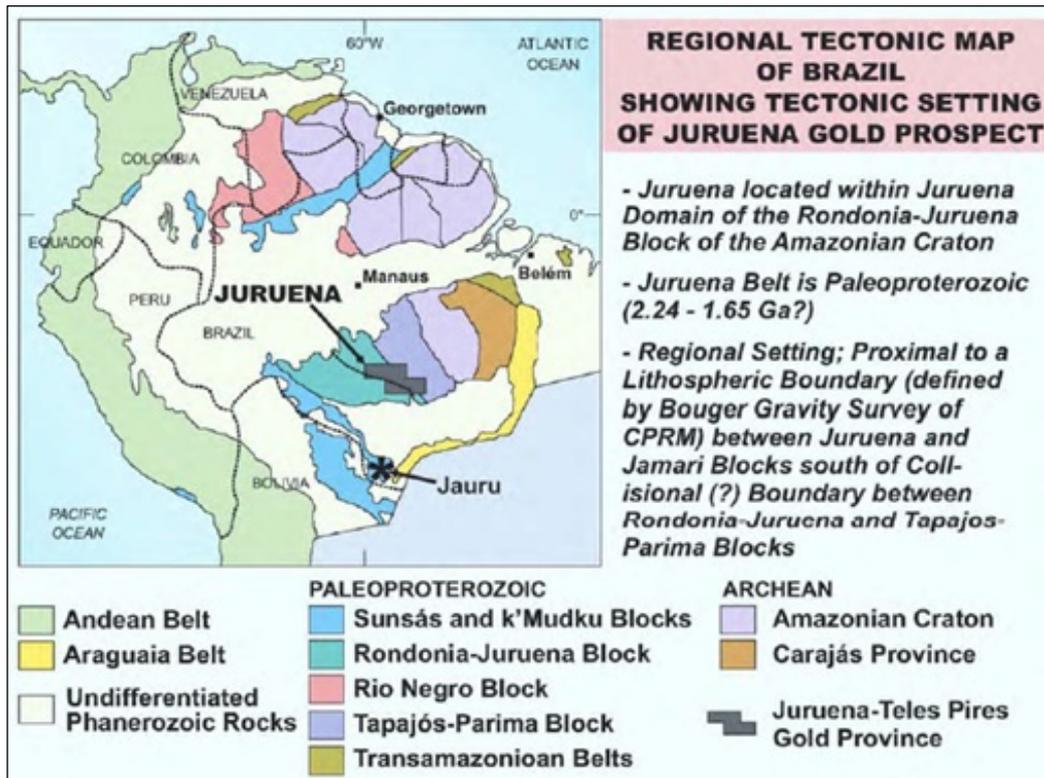


Figure 24: Regional geology showing Juruena gold project
 Source: Global Resource Engineering, 2017; after Groves, Carmen and Groves, 2011

The Alta Floresta Gold Belt (Figure 25) is an extensive granite/felsic volcanic belt stretching approximately 400 km east-west with multiple intrusive and extrusive events identified. Between 1979 and 1997, the DNPM records indicate approximately 7 Moz of gold production from 40 documented gold discoveries.

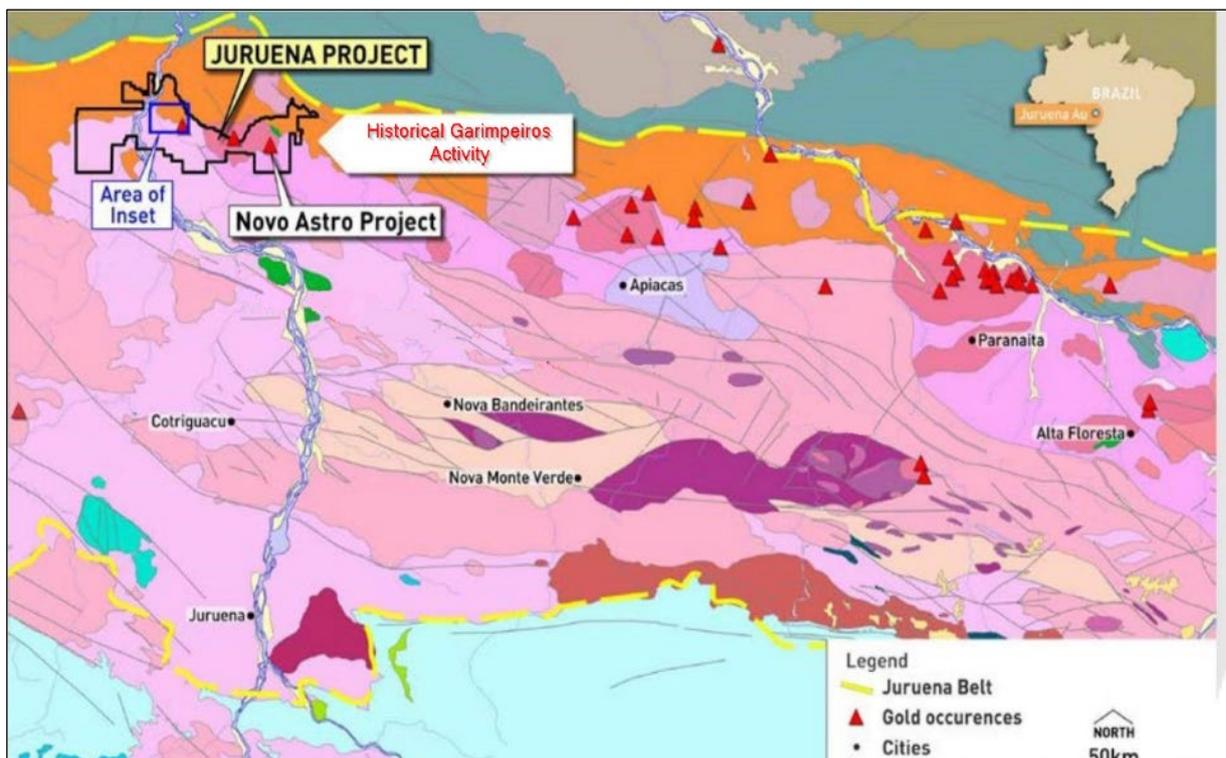


Figure 25: The Alta Floresta–Juruena Gold belt
 Source: Crusader, 22 July 2014

6.5.2 *Local Geology*

The local geology of the Juruena project is presented below in Figure 26. Gold mineralisation thus far defined at the Juruena project is hosted by an intrusive suite of granitic to micro-granitic rocks, and rhyolite in the south-western part of the project with overall low metamorphic grade.

The dominant faults at Juruena trend at 100° to 135°, including the Jacare's Fault, the Gleba Fault, the Juruena Fault and the Arrastro East Fault. These structures are parallel to the regional structural trends and are interpreted to have channelized at least some of the gold mineralising fluids.

Mineralised veins, fractures, faults and shears are oriented in multiple directions. However, two principal orientations dominate: 110° dipping south 70° to vertical and 030° dipping steep west to vertical. Other significant trends include 000° and 340° with rare 050° trending mineralised zones.

6.5.3 *Mineralisation*

Mineralisation at Juruena is structurally controlled and multi-element geochemistry completed across the area has refined targeting using copper, silver, bismuth, molybdenum and iron.

Geologically there appear to be at least two distinct types of primary gold mineralisation within the Juruena Project area. The first type consists of widely spaced, structurally controlled high-grade veins with minor fine-grained sulphides (e.g. Querosene and Dona Maria), while the second type consists of discrete zones of sheeted quartz veins, stockworks and minor breccias, all of which contain 3% to 5% sulphides (e.g. Crentes).

Garimpeiros have exploited the alluvial, as well as the saprolitic or eluvial expression of both types of primary mineralisation through a combination of narrow trenches and pits on the higher grade narrow veins, and small open pits over wider multiple (four to six) vein and stockwork systems, such as the Crentes pits.

Most of the three mineralised zones (Querosene, Dona Maria and Crentes) appear to dip quite steeply (70° to vertical). The exact width of the mineralised zones varies between 20 cm and 3 m with respect to the narrow vein type and up to 30 m for the sheeted veins.

The high-grade gold intersections are associated with intense sericitic and chloritic alteration with sulphides concentrated within the chlorite-rich fractures, quartz veins, and locally sheeted veins. Mafic dykes are also intimately related to the mineralised zones and are locally sheared, contain carbonate alteration, which seems to be late and does not penetrate the surrounding host rocks, apart from localized fracturing. The contacts of mafic and aplitic dykes with altered granites also carry anomalous geochemistry. Pyrite is generally fine-grained and disseminated; but can be seen as coarser grained selvages associated with chloritic fracture zones and associated with quartz veining. Visible gold can also be seen locally associated with quartz veining.

Pyrite is the dominant sulphide species at Juruena, while other primary sulphide minerals include chalcopyrite, galena, molybdenite and possibly minor sphalerite. Typical non-sulphide gangue minerals in mineralised veins include quartz, dolomite, an unidentified iron carbonate (probably ankerite), and occasionally minor amounts of dark purple fluorite.

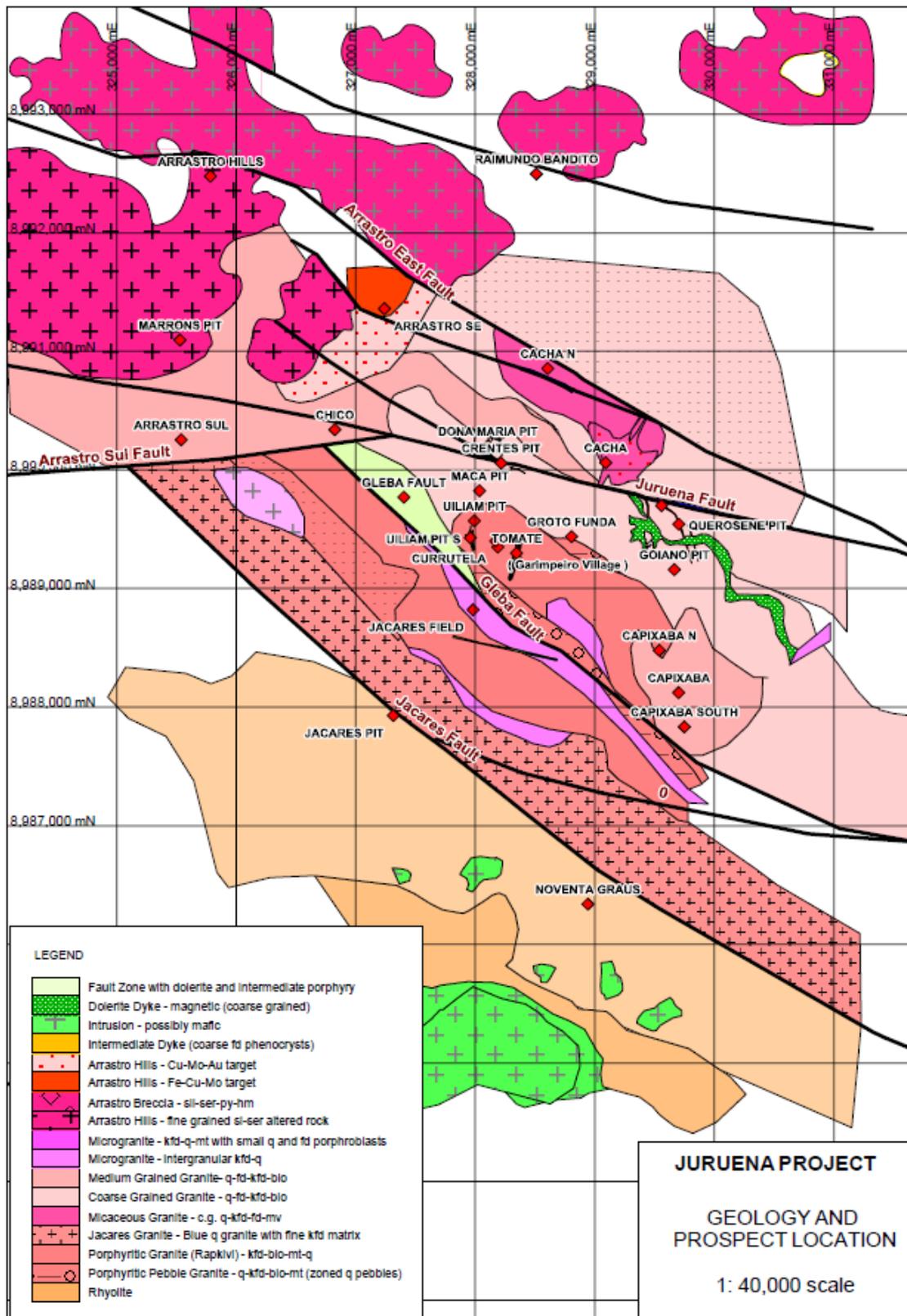


Figure 26: Juruena local geology and gold prospects and workings
 Source: Crusader, 2015

6.6 Juruena Exploration and Mining History

During the 1980s, an estimated 500,000 oz of gold were produced from a peak 20,000 strong garimpeiro workforce.

The Juruena project area was first drilled by Consolidated Madison Holdings Ltd (Madison) in the 1990s. From 1994 to 1998, Madison systematically explored the area with a diamond drilling program totalling 15,822 m in 91 holes. Madison also carried out an aeromagnetic survey of over 10,600 line km.

Mineral rights and licences were acquired by Talon and GEOMIN in 2006. No modern exploration was reported (or available) by these entities during their ownership, which lasted until Lago Dourado Mineração Ltda (Lago), a subsidiary of Crusader, purchased Talon in 2010. In March 2011, Lago signed an agreement to acquire the remaining 16 exploration licences from GEOMIN, consolidating the Juruena property – at that point consisting of 25 individual exploration licences in total covering 710 km².

Between 2010 and 2013, Lago conducted extensive exploration work, which included geochemistry, geophysics, and drilling. Lago detailed major soil anomalies over both the Juruena (Figure 27) and Novo Astro prospects (Figure 28).

Highlights of this work include:

- Soil – 11,499 samples
- Rock chip – 802 samples
- Auger drilling – 3,458 m for 423 holes
- RC drilling – 6,618 m in 90 holes
- Diamond drilling – 22,018 m in 70 holes
- Geophysics: Aeromag – 2,600 line km, tight spaced, gradient IP
- Total diamond and RC drilling – 44,458 m.

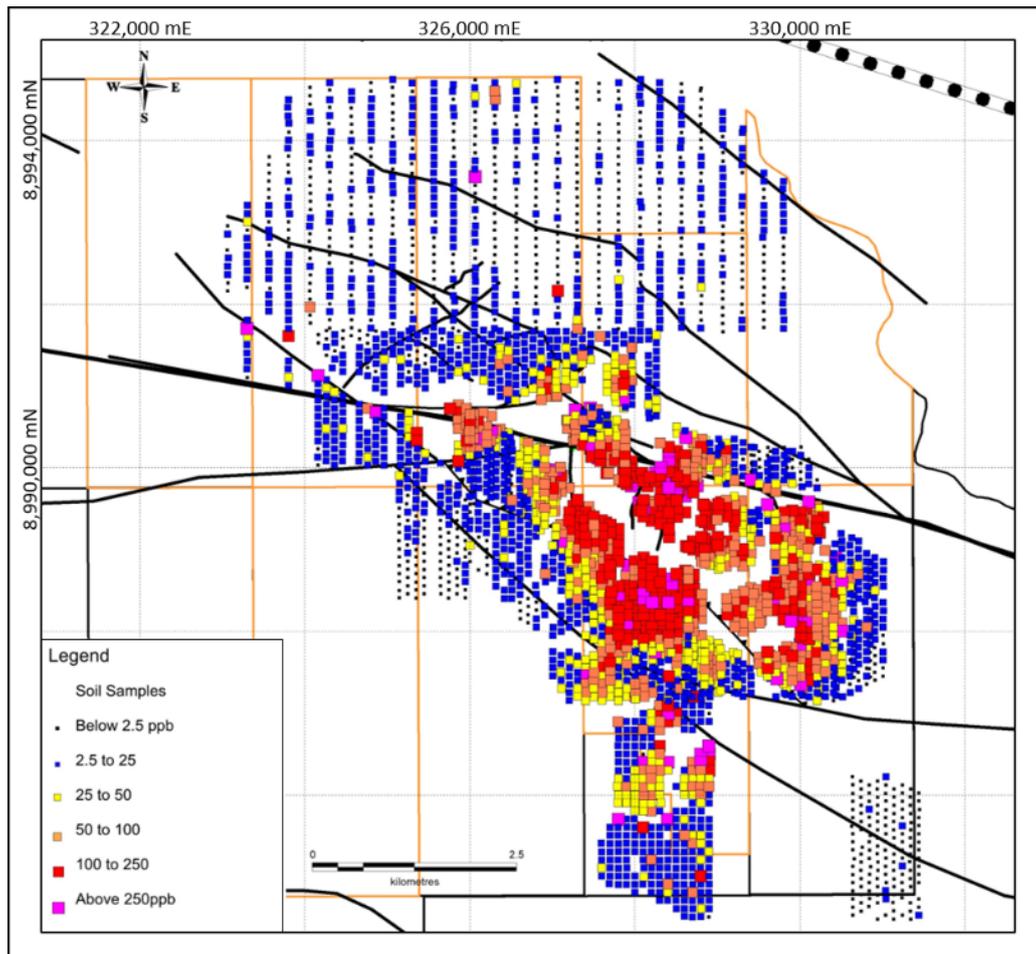


Figure 27: Juruena – gold in soils
Source: Crusader

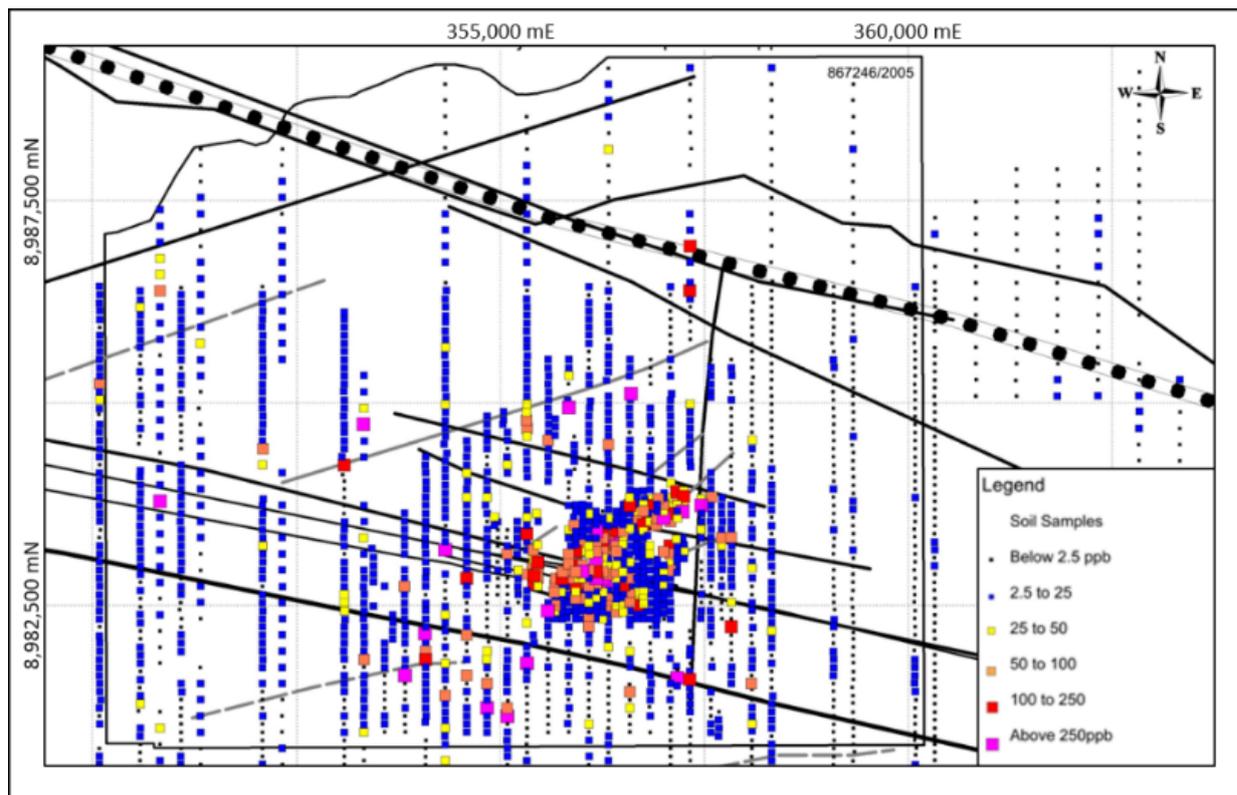


Figure 28: Novo Astro prospect – gold in soils
Source: Crusader

6.7 Juruena Exploration by Crusader

Following the acquisition of the Juruena project in 2014, Crusader initiated a drilling and sampling program to test the highest-grade targets that had been previously defined by Lago. Exploration statistics since acquisition include:

- Rock chipping – 52 samples
- Auger drilling – 2,424 m in 319 holes
- RC drilling – 7,739 m in 73 holes.
- Diamond drilling – 9,735.05 m in 75 holes.

All (bar one) Crusader drillholes were surveyed using DGPS to an accuracy of <5 cm. Lago and Madison drill collars were checked where they could be found, and while not as accurately surveyed as the more recent Crusader drillholes, were found to be fit for purpose. Downhole surveys for diamond drillholes were completed approximately every 30–40 m using non-gyroscopic methods.

CSA Global notes that the exploration, sample preparation, analysis, and QAQC procedures detailed as performed by Crusader are appropriate, and similar to that observed during a field visit by CSA Global staff in May 2017. Less detail is available for the earlier data acquired before Crusader owned the Juruena gold project. This earlier data was examined by Crusader and found to be fit for purpose, CSA Global has found no evidence to the contrary and concurs. The confidence in the data is appropriately reflected in the classification of the estimates.

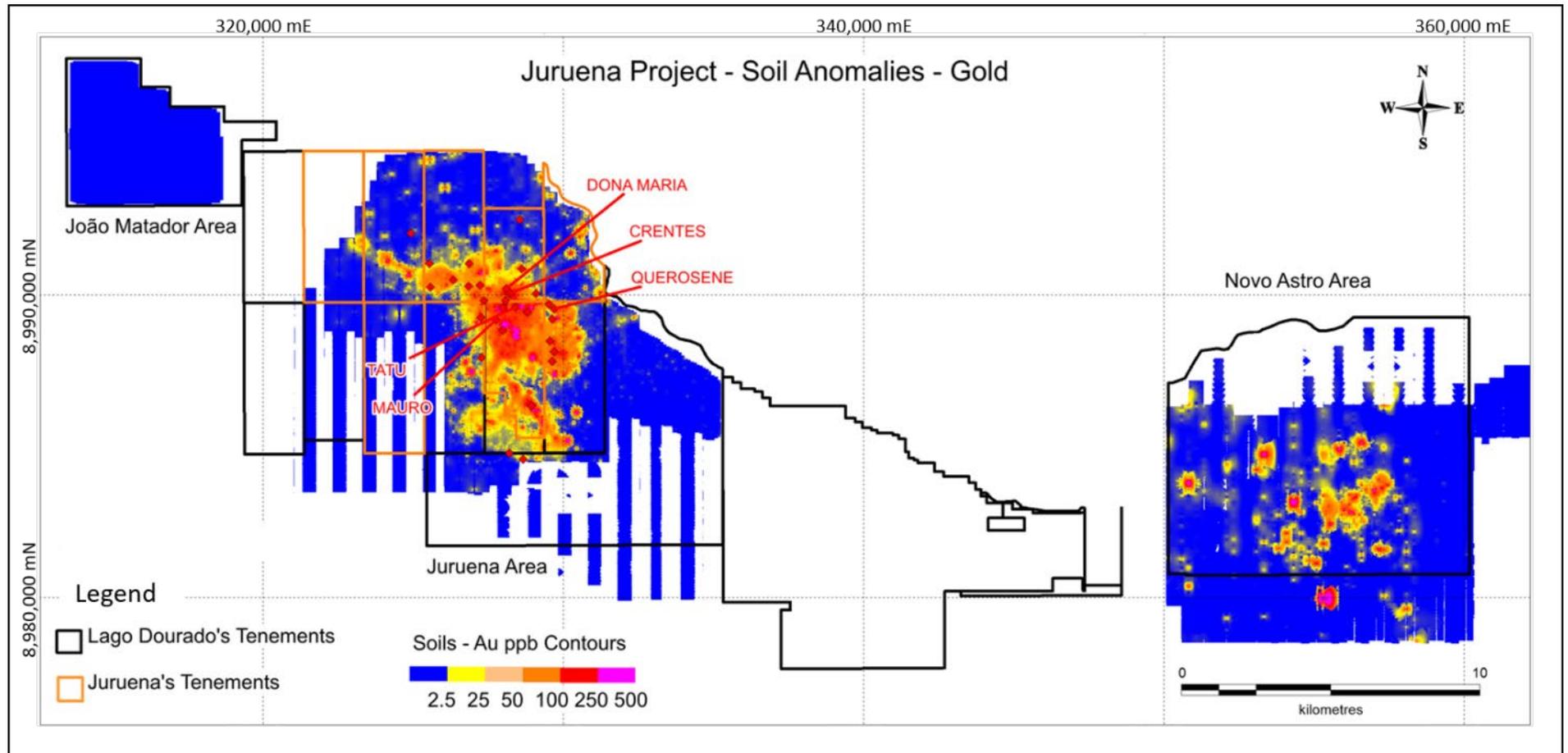


Figure 29: Juruena Gold Project – gridded gold-in-soils
 Source: Crusader

6.8 Exploration Potential

There are numerous gold targets for follow up in the Juruena gold project at the Juruena and Novo Astro prospect areas. The gridded gold in soils image in Figure 29 (above) demonstrates the regional extent of some of the gold anomalies, with the main anomaly at Juruena being 4 km x 2 km in size. Several prospects have been identified requiring drill follow-up and some with first exploratory drillholes requiring additional follow up (e.g. Tatu prospect). No significant work (drilling) has been undertaken within the Novo Astro prospect area, which has also been subject to extensive garimpeiro workings in the past.

Exploration efforts are focused on extending currently defined Mineral Resources, and to refine parameters for developing a scoping study on development of processing facilities. Crusader reports that an application for a new “Guia de Utilização - GU” has been lodged, seeking approval bulk sampling in the mineralised bodies already identified to conduct metallurgical and processing tests, and to refine geotechnical parameters of the Mineral Resources.

Crusader’s exploration strategy in the Juruena project area in 2018 is aimed towards developing a larger scale resource. Based on results obtained during an extensive program of auger drilling, chip sampling and geological mapping completed during the last quarter of 2017, Crusader has commissioned its first drilling and exploration program for 2018, focusing on several new targets identified in line with the main trend in the Juruena fault region.

Novo Astro is Crusader’s second project area on the Alta Floresta gold belt (see Figure 25), ≈25 km south east of Juruena. Alta Floresta is a belt of placer and intrusion-related gold deposits striking for 600 km in the northern border of the Paleoproterozoic Juruena Orogenic Belt. The Novo Astro project is highlighted by a 5 km wide circular soil anomaly that remains untested with rock chip samples returning significant grades. The project had previously been mined for its high grade alluvial gold for over 40 years.

Crusader’s exploration team has commenced work on a drilling program to follow the successful definition of Mineral Resources at Juruena, using a combination of IP geophysics and geochemistry, including soil sampling and auger drilling. Novo Astro is regarded as an intrusive related gold system (IRGS) associated with granitic rocks and appears to be forming concentric gold mineralisation (approximately 5 km diameter) centred on a probable granite plug (Crusader, January 2018).

The proposed activities for 2018 and in future at the Juruena project are:

- Resource definition and extensional drilling
- Mineralogical characterization and metallurgical and processing tests
- Volume and density investigations
- Detailed geological mapping
- Soil and rock sampling
- Geophysical investigations
- Trenching
- Topographic survey.

CSA Global endorses this approach for investigating the potential for the Juruena, Novo Astro as well as the other project areas in Crusader’s tenements in the Alta Floresta-Juruena belt.

6.9 Mineral Resources

Mineral Resources have been estimated for Juruena and their locations are presented in Table 15 below.

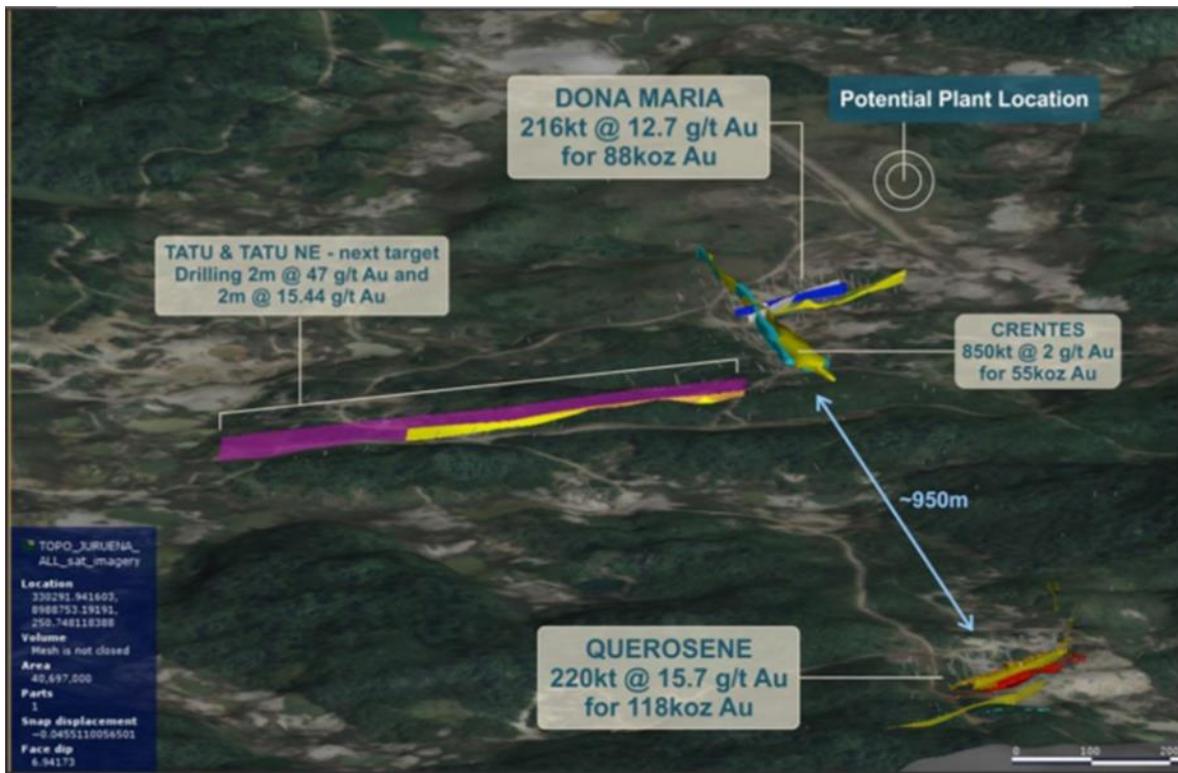


Figure 30: Juruena Mineral Resource locations
Source: Crusader

Table 15 summarises the reported Mineral Resources, prepared to a standard in accordance with JORC 2012 and released as an ASX update on 24 July 2017. Estimates for the Juruena project have been completed for Crusader by Lauritz Barnes and Aidan Platel (Barnes & Platel, 2015) who are independent consultants to Crusader, and members of the relevant professional associations to qualify as Competent Persons under the JORC Code (2012).

Table 15: Juruena summary Mineral Resource, as at 22 Dec 2016 (current)

| Prospect name | Category | Gross | | | Net attributable (100% owned by Crusader) | | |
|--|-----------------|---------------|-------------|-----------------------|---|-------------|-----------------------|
| | | Tonnes ('000) | Grade (g/t) | Contained metal (koz) | Tonnes ('000) | Grade (g/t) | Contained metal (koz) |
| Dona Maria | Indicated | 68 | 13.7 | 30 | 68 | 13.7 | 30 |
| | Inferred | 148 | 12.2 | 58 | 148 | 12.2 | 58 |
| | Subtotal | 216 | 12.7 | 88 | 216 | 12.7 | 88 |
| Querosene | Indicated | 31 | 28.4 | 28 | 31 | 28.4 | 28 |
| | Inferred | 189 | 14.7 | 89 | 189 | 14.7 | 89 |
| | Subtotal | 220 | 16.7 | 118 | 220 | 16.7 | 118 |
| Dona Maria and Querosene (high-grade material) | Indicated | 99 | 18.3 | 58 | 99 | 18.3 | 58 |
| | Inferred | 337 | 13.6 | 148 | 337 | 13.6 | 148 |
| | Subtotal | 436 | 14.7 | 206 | 436 | 14.7 | 206 |
| Crentes | Inferred | 846 | 2.0 | 55 | 846 | 2.0 | 55 |
| JURUENA GOLD PROJECT – TOTAL | | 1,283 | 6.3 | 261 | 1,283 | 6.3 | 261 |

Note: Mineral Resources at Dona Maria and Querosene reported above a 2.5 g/t Au cut-off; Crentes above a 1.0 g/t Au cut-off. Numbers may not add up due to rounding.

Grades were estimated for Querosene and Dona Maria, using inverse distance squared (ID²) estimation, with check estimates completed using ordinary kriging (OK), and accumulation methods. Crentes was estimated using MIK.

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

Composites within wireframed mineralised domain envelopes were examined. This statistical analysis of the data population indicates that grade-thickness top-cuts of 85 and 100 were appropriate to apply to Querosene and Dona Maria (Domain 2) accumulation models respectively. A top-cut of 15 g/t Au was selected for Crentes, with only two composites ultimately being cut, for a total metal reduction of 6.3%.

The ID² accumulated model was selected as the primary estimation in Querosene and Dona Maria, and directional variograms generated for Querosene and Dona Maria were used to generate OK versions of the model for comparisons.

Indicator variography was completed for Crentes, to support the MIK model. Table 16 summarises the block model parameters in all three areas.

Table 16 Block model parameters

| Prospect | Prospect | Parameter | East | North |
|------------|-----------------------|-----------|---------|-------|
| Querosene | Origin minimum | 329200 | 8989100 | 40 |
| | Origin maximum | 330000 | 8989900 | 280 |
| | Parent block size (m) | 4 | 20 | 20 |
| | Sub-block size (m) | 1 | 5 | 5 |
| Dona Maria | Origin minimum | 327800 | 8989340 | -20 |
| | Origin maximum | 328600 | 8990420 | 260 |
| | Parent block size (m) | 10 | 10 | 10 |
| | Sub-block size (m) | 1.25 | 1.25 | 2.5 |
| Crentes | Origin minimum | 327900 | 8989950 | 20 |
| | Origin maximum | 328500 | 8990150 | 240 |
| | Parent block size (m) | 10 | 5 | 5 |
| | Sub-block size (m) | 10 | 5 | 5 |

A three-pass grade estimation strategy was used for all domains at Querosene and Dona Maria. The major search distance used for the first pass was generally 37.5 m, the second pass was 75 m, and then expanded up to 5,000 m in the third pass to fill remaining cells. The search ellipse orientations varied depending on the prospect and associated domains. No plunge component was applied. All domains were treated as hard boundaries, with only data from within the domain used to estimate blocks within the domain.

For Crentes, MIK grade estimation was completed within the interpreted mineralised envelopes using 2 m composites. Kriging parameters were determined from variography, and a sample search routine based on neighbourhood testing. Search ranges were 50 x 50 x 25 m, 100 x 100 x 50 m, 200 x 200 x 100 m in first, second and third passes respectively.

A change of support was applied in the Crentes MIK model to reflect the anticipated mining selectivity, estimating the proportion of material above a particular cut-off grade, within panels large enough for robust estimation. MIK estimation was completed with panel sizes of 25 m along strike x 25 m across strike x 5 m vertical. A SMU of 5 m x 10 m x 5 m was generated using an indirect lognormal correction. The 0.1 change of support coefficient (f) used for all domains was derived from variography.

All three block models were validated by comparing resource wireframes to block model volumes. Comparisons of block model and composite data in cross section, long section and plan views, and using swathe plots in northing, easting and elevation.

There were 1,758 bulk density measurements in the database obtained using the Archimedes process; the host altered granite values ranged between 2.63 t/m³ and 2.85 t/m³, of these the majority were in fresh rock. Oxidised material had largely been removed by artisanal miners and the remainder only represented a relatively small proportion of the deposit. A global average bulk density of 2.70 t/m³ was applied.

The estimates were classified as Indicated and Inferred based on confidence in the geological model, continuity of mineralised zones, drilling density, confidence in the underlying database, and the available bulk density information.

CSA Global's opinion is that the Juruena Mineral Resource estimate is appropriately classified and is fit for purpose.

6.10 Mining Studies

Prior to the end of 2016, Crusader initiated a preliminary economic assessment (PEA) with mining consultancy Global Resource Engineering (GRE) to assist with conceptual mine and project planning. GRE is working with Crusader to prepare the PEA into the potential project development. Both open-pit and underground development scenarios are being considered as a standalone gravity plus carbon-in-pulp (CIP) processing plant. A summary of the metallurgical and comminution results that have been reported are presented below.

6.10.1 Metallurgical Test Results

- Gravity separation completed on various size fractions and grades. Recoveries of 20% and 40% adopted for Querosene and Dona Maria flowsheets respectively (pre-leaching).
- CIL and CIP trade-off completed - all results indicate >90% recoveries. CIP adopted for PEA (combined results after gravity).
- Trade-off between flotation and leaching also completed. Flotation rejected despite achieving overall recoveries ≈90% for both deposits. The variation in results (mass pull and overall recoveries) were the reason why CIP was preferred.

6.10.2 Comminution Test Results

- Work index results for Querosene and Dona Maria, 18.8 and 21.3 kWh/t respectively.
- Abrasion index of 0.434 for a composite sample from Querosene and Dona Maria is considered medium to high.
- Sedimentation, cyanide neutralisation, filtration and tests to minimise the tailings grades were also completed with favourable results.

CSA Global's opinion is that the complex geology and structural controls on mineralisation at Juruena were examined with due care, the estimation approaches selected were appropriate and the classification of the estimate reflects the confidence in the data and interpretation. The estimates are robust and reported in accordance with the JORC Code. Crusader is continuing to review mining and processing options internally and with judicious use of external consultants. CSA Global anticipates that these will be completed to an appropriate level of rigour to be reported in accordance with the JORC Code in due course as project development continues.

CSA Global's opinion is that the complex geology and structural controls on mineralisation at Juruena were examined with due care, the estimation approaches selected were appropriate and the classification of the estimate reflects the confidence in the data and interpretation.

7 Espinharas Rare Earths Project

7.1 Location and Access

The Espinharas gold project comprises seven tenements and is located in the municipality of São Jose de Espinharas, state of Paraíba, totalling 116.92 km² (Table 17). Figure 31 illustrates these tenements. Access to the project is via road, travelling inland for approximately 300 km to the municipality of São José do Espinharas on the BR-230 road from Joao Pessao on the coast.

Table 17: *Espinharas gold project – summary of tenements*

| Region | Ownership | Interest(2) | Tenement type(2) | Expiry date | Area (km2) | Tenement no.(4) | Comment |
|---------------------------|-------------------------------|-------------|---------------------|-------------|------------|-----------------|--|
| São José De Espinharas/Pb | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 5/11/2011 | 20.00 | 846.128/2005 | Extension applied for. Pending the decision of ANM. Crusader is not entitled to continue its operations on the licence area. This is an area with uranium reserves. The Brazilian government has not granted uranium activities as a regular ore. |
| São José De Espinharas/Pb | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 15/04/2012 | 20.00 | 846.134/2005 | As above. |
| São José De Espinharas/Pb | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 15/04/2012 | 20.00 | 846.136/2005 | As above. |
| São José De Espinharas/Pb | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 15/04/2012 | 20.00 | 846.140/2005 | As above. |
| São José De Espinharas/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 11.95 | 846.208/2012 | Crusader request the extension of term of permit on July 13, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| São José De Espinharas/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 11.77 | 846.209/2012 | As above |
| São José De Espinharas/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 2/10/2018 | 13.20 | 846.210/2012 | As above |

(1) All assets are in Brazil.

(2) Status – Exploration, Development or Production.

(3) Additional to requirements of AIM Note Appendix 1, added to provide further clarity on tenements.

(4) DNPM - Departamento Nacional de Produção Mineral (Brazilian National Mines Department).

The discovery of uranium on these leases has resulted in delays in obtaining full approval to explore, but the Company is continuing to work with the Brazilian authorities to obtain this clearance.

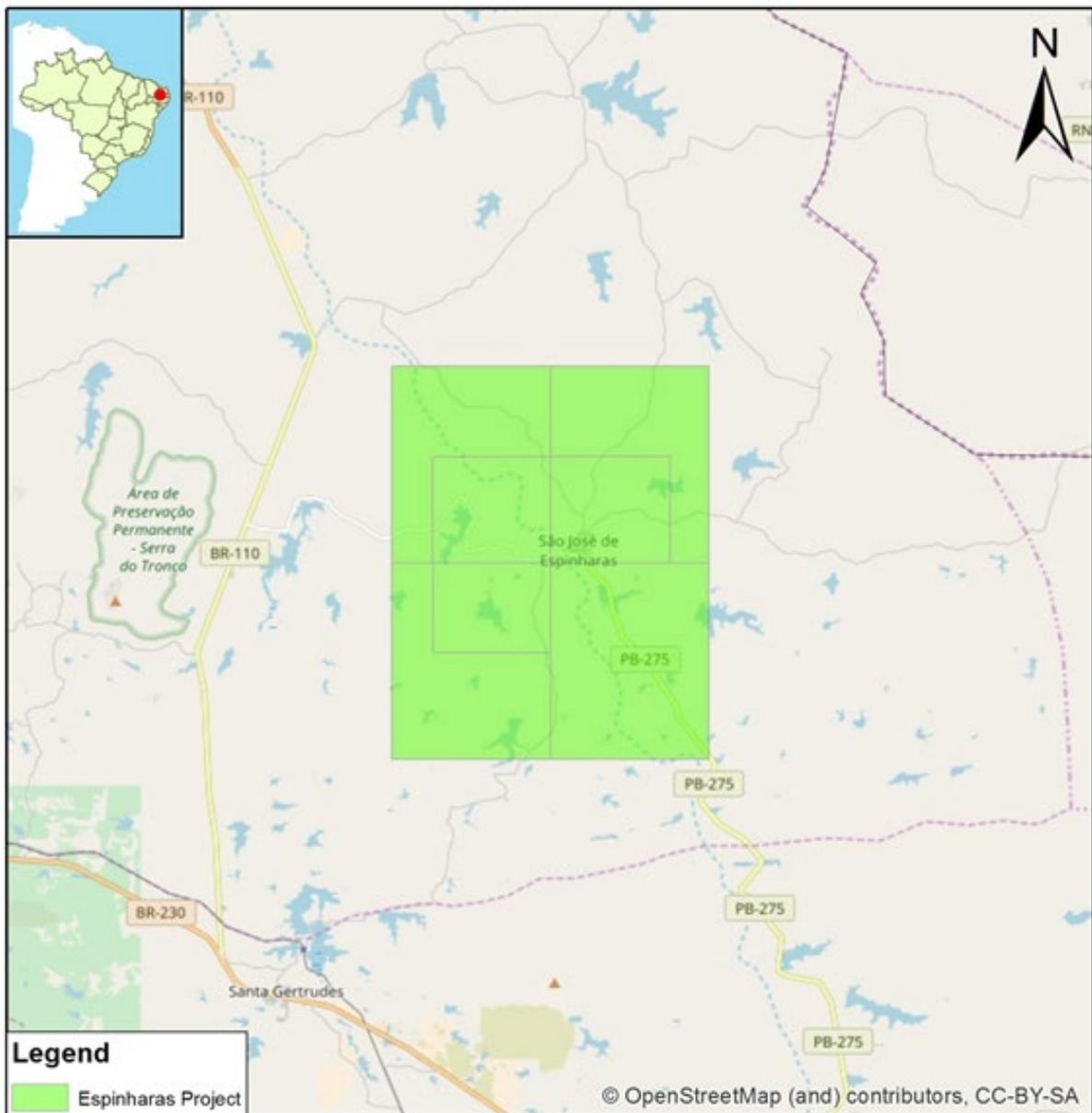


Figure 31: Espinharas project – location map
Source: Barros & Viana, 2018

7.2 Exploration History, Geology and Mineralisation

7.2.1 Historical Exploration

The original radiometric anomaly was discovered during a radiometric survey executed by the CNEN/CPRM (Comissão Nacional de Energia Nuclear/Companhia de Pesquisa de Recursos Minerais) – the Brazilian National Commission for Nuclear Energy and the national mineral research organisation in 1972. A 2 km uranium anomaly was identified in 1976 and a geophysical survey and drilling program (13 holes averaging between 150 mm and 200 mm for 2,720 m) were completed. A uranium reserve was estimated in 1980, following subsequent drilling programs (42 additional drillholes). Further investigation was discontinued due to low uranium prices at the time. No gold exploration was completed during this time.

7.2.2 *Geology and Mineralisation*

The regional setting of the Espinharas project area is adopted from Dahlkamp (2010). Figure 32 and Figure 33 present simplified geological interpretations of the geology.

The Espinharas project area is in the Serido Basin within the Proterozoic Cariri mobile belt. Dominant lithologies are the Lower Proterozoic sediments of the Seriso and Caico groups which rest unconformably upon crystalline rocks of the Archaean Sao Vicente Group. These units are considered to have been regionally metamorphosed during the Transamazonian (~2000 Ma) and Brazilina (650–450 Ma) orogenies and were intruded by several generations of granite during the Brazilian orogeny (Dahlkamp, 2010). The Serido Group consists of a variety of schists with a basal quartzite and metaconglomerate horizon, referred to as the Equador Formation and which rests unconformably upon the older Caico Group. The Caico Group comprises gneiss intercalated with quartz-feldspar rocks, amphibolite, schist and large lenses of marble, which enclose scheelite-bearing tactite. The whole sequence has been strongly modified by migmatization.

The structural grain of the metasediments in the northern part of the region shows north-northeast/south-southwest oriented folding, which turns into an east-west direction in the southern section where it parallels the Patos Lineament. Prominent fault systems trend northeast-southwest and northwest-southeast. Some faults contain late orogenic alkali granite, pegmatite or quartz veins (Dahlkamp, 2010).

A facies of coarse-grained alkali granite typified by microclination of plagioclase contains appreciable amounts of uraninite. Certain metasediments likewise have uraninite concentrations associated with chalcopyrite, galena magnetite, pyrite, quartz, chlorite, and epidote, and which are distributed either concordantly or discordantly to the foliation.

The predominant rock at Espinharas is amphibole-biotite gneiss with intercalated minor amphibolite and tactite of the Caico Formation. These metasediments are folded into an anticline, the axis of which plunges north-northeast. Foliation strikes 10° to 30° and dips 50° to 60° west-northwest. A basement complex of granodiorite and porphyritic granite outcrops west of the deposit. Numerous apophyses and dikes, commonly a few centimetres to 5 m, but exceptionally up to 50 m thick, of alkali granite, pegmatite and orthopyroxene transect the older rocks. A regional pre-mineralisation tensional fault trending east-northeast/west-southwest parallel to the Patos Lineament and dipping 50° to 70° northwest is the prominent structure at the uranium mineralisation. Many post-mineralisation faults displace the uranium mineralisation into numerous blocks (Dahlkamp, 2010).

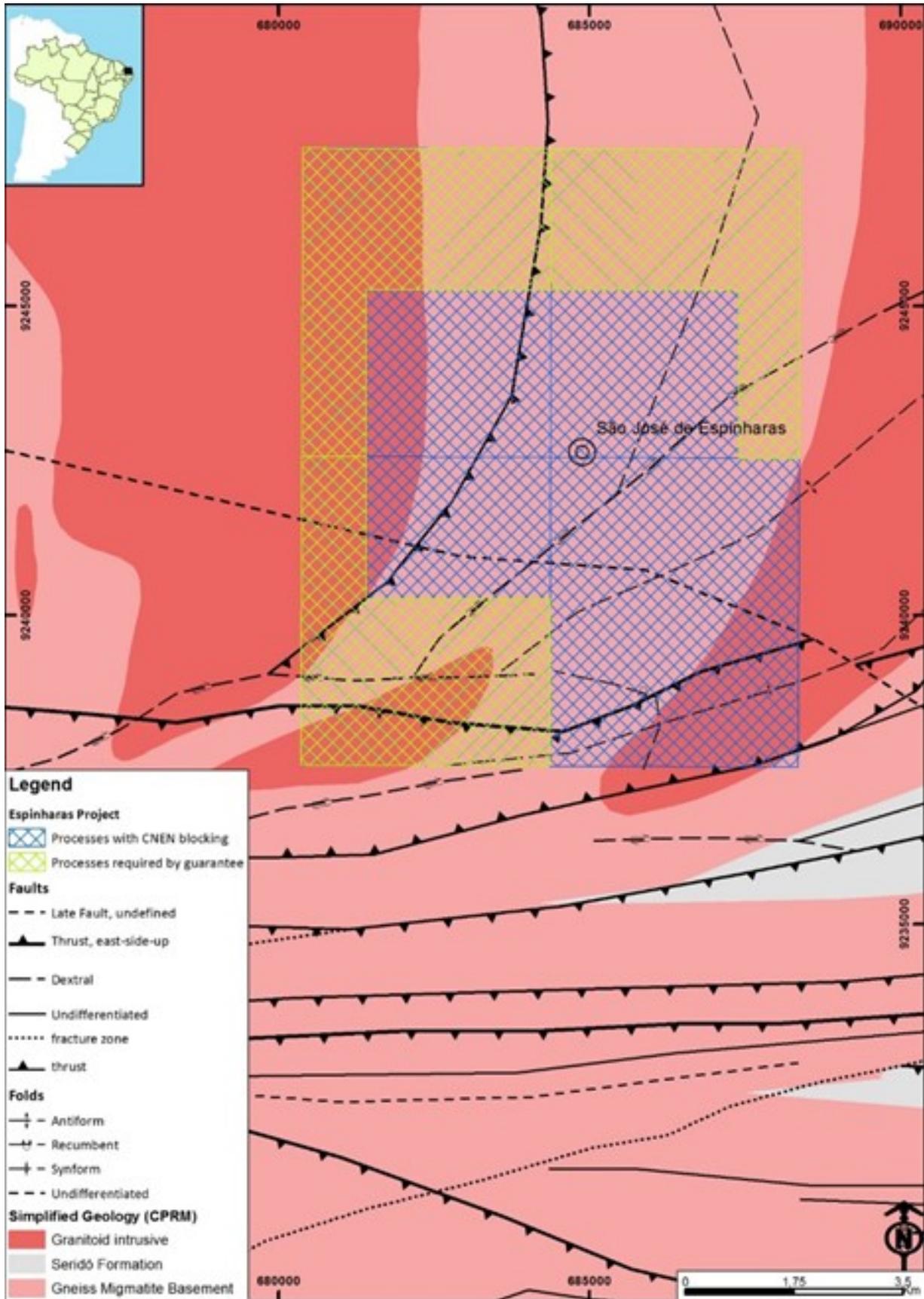


Figure 32: Espinharas simplified geology and tenement boundaries
 Source: Crusader

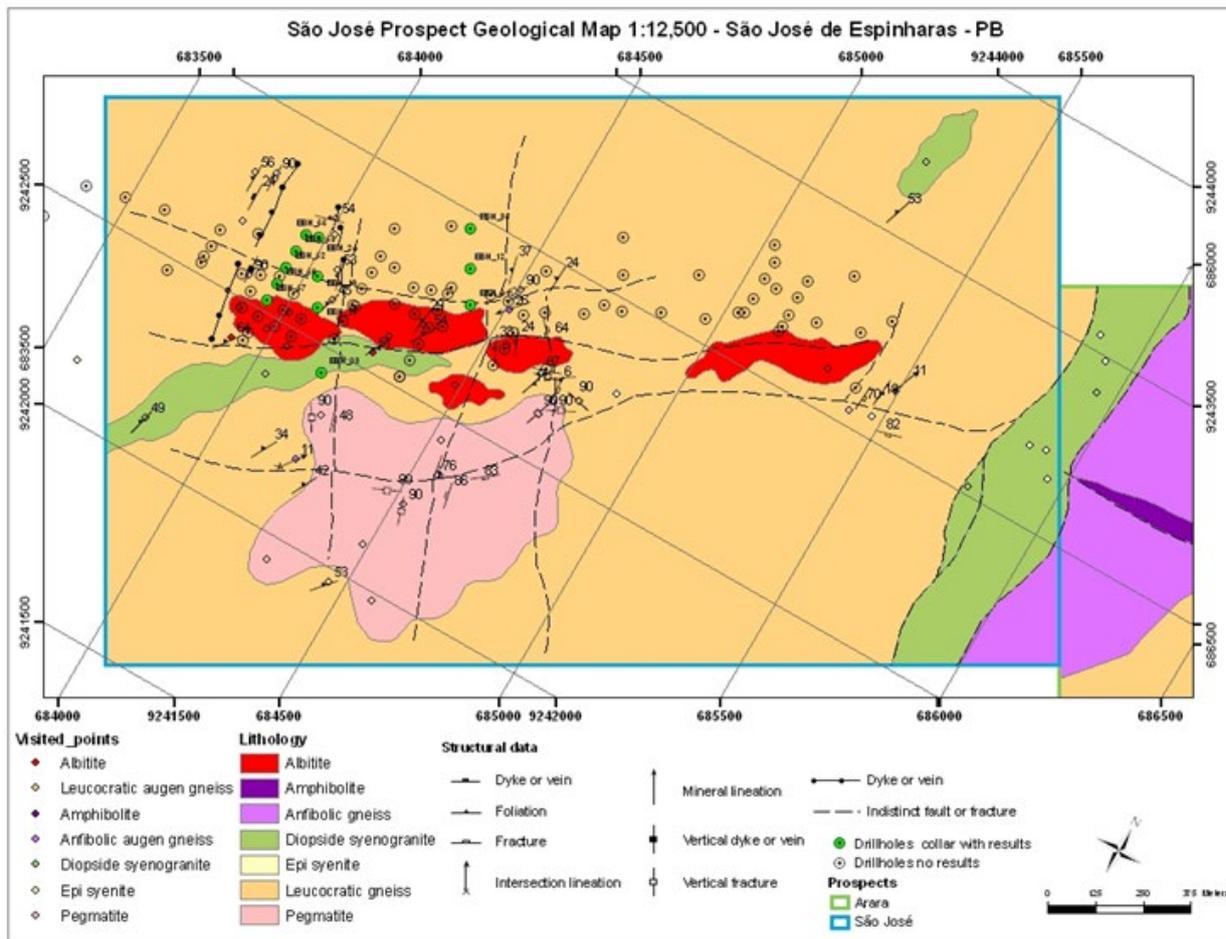


Figure 33: Interpreted geology of the Arara prospect; Espinharas project
Source: Crusader

7.2.3 Crusader Exploration Activities

Geological Mapping

Geological mapping (1:10,000 scale) was completed over an area of approximately 675 hectares and schematic cross sections were produced. Lithology, structures and degrees of metasomatic alteration were recorded to produce the geological map.

Rock Chip Sampling

A total of 117 rock chip samples were collected, and 112 samples were sent to the SGS laboratory Geosol in Belo Horizonte-MG for multi-element analyses, including indium, potassium, phosphate, uranium, thorium and rare earth elements.

The results were plotted and used to create two thematic maps, identifying two significant anomalies. The first (larger) anomaly featured a trend roughly parallel to the northeast-southwest direction. The second, located approximately 3 km further east, showed a north-south trend.

Diamond Drill Core Sampling

Multi-element analysis was undertaken for 725 samples of quarter NQ core from 12 diamond drill cores. Crusader concluded that the recent samples broadly replicated trends reported in historic drill sampling, however it was not possible to examine this correlation directly as the individual historical assay results were no longer available.

7.3 Exploration Strategy

Crusader reports that the 2017 exploration results indicated that the Espinharas deposit contained anomalous heavy rare earth elements (REEs), with significant values for ytterbium. Crusader has concluded that a strategy to target the REE potential at Espinharas in combination with uranium appears warranted.

The Crusader exploration team has proposed the following strategy for exploration activities in 2018 and beyond, subject to final ratification by management:

- Further examination of the detailed spatial and geochemical association of uranium and heavy REE mineralisation, which is not yet evident from existing data.
- A detailed geochemical analysis of the distribution and association of the REEs and alteration; detailed geological logging of core should accompany this study.
- A petrological and structural study of the association between microgranite/aplogranite dykes, alteration intensity, uranium and REE. This study to commence with a review of existing published papers and available regional literature in regard to granite geochemistry. A regional study of uranium and REE mineral occurrences to be undertaken, with consideration given to including iron as an alteration association and phosphate occurrences.
- Compilation of a geophysical atlas for the Espinharas deposit as a basis for future exploration within the region for REE and/or uranium; with a focus the geophysical characteristics of sodic-calcic-iron-silica enrichment. The atlas to consider geological, magnetic, radiometric, gravity, electrical geophysical, ASTER and Landsat data.
- Should the opportunity arise, the company proposes to lobby the government authorities to adopt a more flexible approach towards the current state monopoly on uranium. There is precedence based on the on the Itataia project, Ceará, a joint venture between the Galvani group (a private company) and Indústrias Nucleares do Brasil (INB, a state-owned uranium producer).

Crusader has noted that according to the current legislation, all uranium mining has to be developed by the state company. A single exception exists where one company was granted a concession in Ceará state, to produce uranium as a by-product of phosphate production. Should the legislation governing uranium production change, Crusader may have the right to produce uranium, and the output will have to be sold to the government.

CSA Global's opinion is that this is a very ambitious strategy; but given that potential for heavy REEs is worth further testing, this program is not inappropriate. However, CSA Global notes that the exploration approvals that have been granted for Espinharas are all for gold; approvals to explore for heavy REEs should be confirmed before fully committing to this strategy.

8 Seridó Gold and Iron Project

8.1 Location

The Seridó gold and iron project is located in the states of Rio Grande do Norte and Paraíba. It comprises 33 tenements, of which 31 are approved for gold exploration and two for iron. [The Company has pending applications over the remaining two tenements]. The total combined area of the tenements is 330.37 km²; Table 18 summarises the tenements. The Seridó project represents a strategic interest for Crusader, due in part to its proximity to the Borborema project.

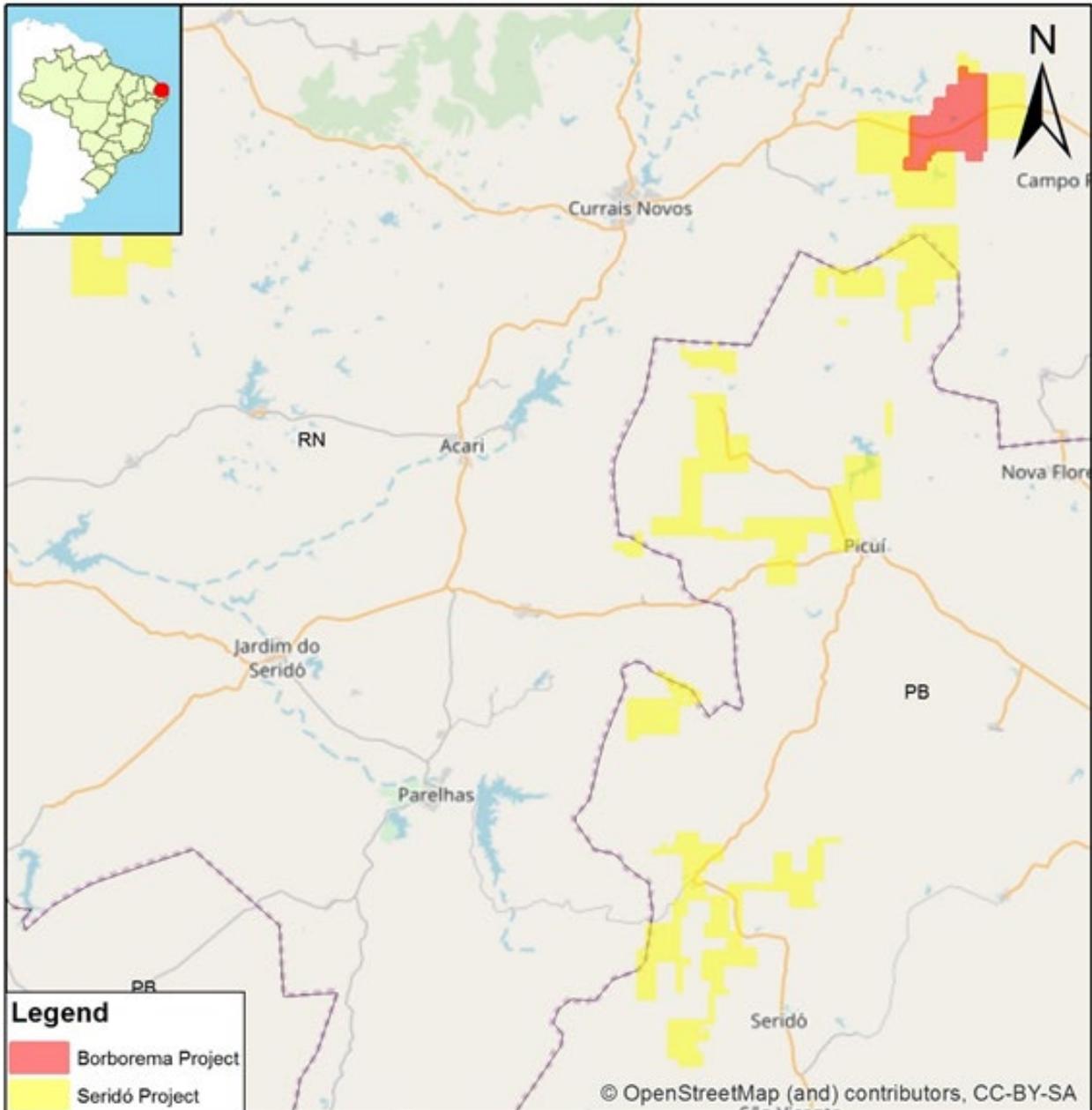


Figure 34: Seridó project – location map illustrating the proximity to Borborema
Source: Barros & Viana, 2018

Table 18: Seridó project – summary of tenements

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|--|---------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Currais Novos/Rn, Frei Martinho/Pb, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 8/09/2014 | 8.06 | 846.158/ 2011 | Extension applied for on June 3, 2014. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Frei Martinho/Pb, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 26/06/2017 | 18.39 | 846.227/ 2011 | Extension applied for on June 27, 2014. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Frei Martinho/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 21/08/2018 | 3.91 | 846.502/ 2011 | Extension applied for on June 19, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Frei Martinho/Pb, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 21/08/2018 | 0.06 | 846.503/ 2011 | As above |
| Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 21/08/2018 | 8.00 | 846.504/ 2011 | As above |
| Frei Martinho/Pb, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 28/08/2018 | 16.78 | 846.505/ 2011 | As above |
| Campo Redondo/Rn, Currais Novos/Rn | Puma do Nordeste Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 14.90 | 848.011/ 2015 | Extension applied for on June 22, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 6.33 | 846.130/ 2012 | Extension applied for on July 13, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 7.24 | 846.131/ 2012 | As above |
| Carnaúba Dos Dantas/Rn, Frei Martinho/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 1.32 | 846.313/ 2012 | As above |
| Carnaúba Dos Dantas, Nova Palmeira/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 2.27 | 846.316/ 2012 | As above |
| Carnaúba Dos Dantas, Nova Palmeira/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 9.38 | 846.506/ 2011 | As above |

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|--|---------------------------------|-------------------------|------------------------------|-------------|-------------------------|---|---|
| Frei Martinho/Pb, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 0.07 | 846.604/ 2011 | As above |
| Parelhas/Rn, Pedra Lavarada/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 12.45 | 846.635/ 2011 | As above |
| Pedra Lavrada/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 3.98 | 846.637/ 2011 | As above |
| Nova Palmeira/Pb, Pedra Lavrada/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 8.77 | 846.638/ 2011 | As above |
| Nova Palmeira/Pb, Pedra Lavrada/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 10.95 | 846.639/ 2011 | As above |
| Currais Novos/Rn, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 2.10 | 846.640/ 2011 | As above |
| Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 0.40 | 846.643/ 2011 | As above |
| PEDRA LAVRADA/PB, São Vicente Do Seridó/PB | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 7.16 | 846.644/ 2011 | As above |
| Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 9.13 | 846.651/ 2011 | As above |
| São Vicente Do Seridó/PB | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 29/10/2018 | 7.35 | 846.654/ 2011 | As above |
| Caicó/Rn, Cruzeta/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 11/11/2018 | 19.33 | 848.281/ 2014 (original case 848.408/2007). | Request for extension of term of permit on August 28, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Cruzeta/Rn, Florânia/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 29/05/2019 | 19.34 | 848.055/ 2015 (original case 848.409/2007). | Request for extension of term of permit on August 28, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Currais Novos/Rn | Puma do Nordeste Mineração Ltda | 100% | Exploration Licence | 19/05/2019 | 17.36 | 848.093/ 2013 (Original Case 848.029/2004) | Research Permit Extended Until May 29, 2019. |
| Currais Novos/Rn, São Tomé/Rn | Puma do Nordeste Mineração Ltda | 100% | Exploration Licence | 08/24/2021 | 3.18 | 848.007/ 2015 | Research permit valid until August 24, 2021 |

| Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|--|------------------------------|-------------------------|---------------------------------|-------------|-------------------------|---|--|
| Campo Redondo/Rn, Currais Novos/Rn, Picuí/Pb | Cascar Brasil Mineração Ltda | 100% | Exploration Licence Application | - | 12.00 | 848.804/ 2011 | Exploration Permit Solicited required on Nov. 28, 2011. |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 14/09/2019 | 18.55 | 848.208/ 2016 | Research permit valid until Sept. 14, 2019 |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 05/29/2019 | 17.36 | 848.093/2013 (Original Case 848.029/2004) | Research permit valid until May 29, 2019 |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence Application | - | 17.77 | 846.124/2018 | Compliance with the requirements on Oct. 01, 2018 Exploration Permit Solicited required on Jul. 24, 2018 |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/15/2017 | 1.67 | 846.285/2012 | Negative Final Report was filed on July 06, 2017, but the area still remain in the company's name. Awaiting pronouncement of ANM and exclusion of the company as holder of the asset |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/15/2017 | 0.72 | 846.314/2012 | As above |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/15/2017 | 0.11 | 846.317/2012 | As above |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 12/26/2017 | 19.75 | 848.135/2011 | Negative Final Report was filed on Dec. 18, 2017, but the area still remain in the company's name. Awaiting pronouncement of ANM and exclusion of the company as holder of the asset |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 12/26/2017 | 16.76 | 848.141/2011 | As above |
| Currais Novos/Rn | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 12/26/2017 | 16.79 | 848.207/2011 | As above |

(1) All assets are located in Brazil.

(2) Interest is 100% when applications in progress are granted.

(3) Status – Exploration, Development or Production.

(4) Note Appendix 1, is a summary of all Brazilian tenements.

8.2 Regional and Local Geology

The Seridó project is situated in the Borborema Province within the greater Seridó Belt in north-eastern Brazil.

The regional basement is comprised of Archaean and Paleoproterozoic gneisses and migmatites unconformably overlain by a sequence of super crustal rocks of Neoproterozoic age belonging to the Seridó Group. The basal unit of this group is the Jucurutu Formation, comprised of gneisses, amphibolite, marbles and calc-silicate rocks, overlain by the Ecuador Formation, comprising quartzites and meta-conglomerates and the upper Seridó Formation, consisting of mica-schists and phyllites.

During the Brazilian Orogeny the basement and super crustal rocks were intruded by dominantly granitic and granodioritic stocks, sills and dykes. During the Neoproterozoic the region underwent a complex tectonic evolution involving thrusting (D2) and trans-current shearing (D3), with metamorphic conditions varying from greenschist facies in the west to upper amphibolite facies in the east, with some local anatexis, or partial melting (Barros & Viana, 2018).

A series of quartz vein-hosted or vein related gold deposits occur within the Seridó Belt, concentrated along the eastern margin of the Seridó Group, in addition to a number of W +/- Bi +/- Au skarn deposits, Figure 35 summarises the regional geology of the project area, and the mapped mineral occurrences.

8.3 Exploration Strategy

In December 2017, Crusader submitted exploration reports for five tenements indicating no significant mineralisation of interest was found on these tenements. Historically deferments (sobrestamento) of surrender have been approved, but the ANM (National Mining Agency) can also require a reduction in the size of the tenement and the decision of the authorities in this regard is in progress.

Crusader's exploration strategy in the Seridó project area is as proposed:

- Compilation, review and interpretation of existing literature and data, aimed at identifying a correlation with the Borborema project and definition of targets in the Seridó tenements
- Reinterpretation of geophysical data from the CPRM (Brazilian Geological Survey)
- Regional geological recognition and detail mapping
- Stream sediment sampling
- Soil sampling
- X-ray fluorescence studies
- Integration of existing assay data with base GIS data.

CSA Global's opinion is that this grassroots program is appropriate for the degree of maturity of these tenements.

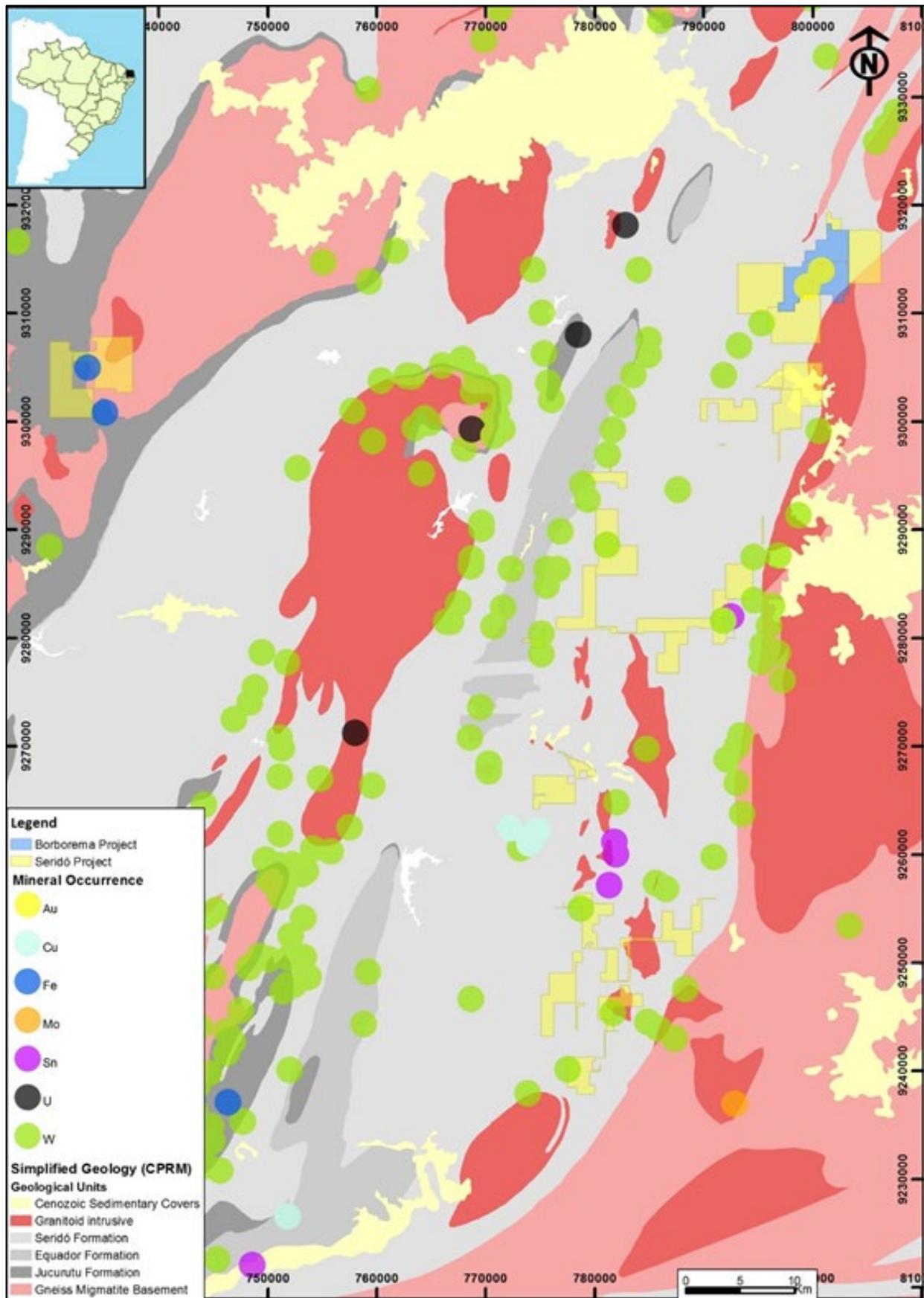


Figure 35: Seridó project, regional geological map with mineral occurrences
 Note the proximity of the Borborema project tenements to the north (blue). Source: Barros & Viana, 2018.

9 Mara Rosa Gold Project

9.1 Location

The Mara Rosa gold project consists of three tenements covering a total area of 27.14 km² (Table 19), located in the municipalities of Mara Rosa and Alto Horizonte in the state of Goiás (Figure 36). Access is via road from Goiânia by the BR-060 and BR-153 highways, to the north of the state passing by Jaragua, Rialma, São Luís do Norte, Uruaçu and Campinorte to the city of Mara Rosa then via the GO-241 towards Amaralina.

Table 19: Summary of tenements – Mara Rosa project

| | Region ⁽¹⁾ | Ownership | Interest ⁽²⁾ | Tenement type ⁽²⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|---------------------------------|------------------------------|-----------|-------------------------|------------------------------|-------------|-------------------------|--|---------|
| Alto Horizonte/Go, Mara Rosa/Go | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/12/2020 | 13.62 | 860.957/2012 | Request for extension of term of Permit on June 26, 2018. Request of extension approved in September 12, 2018. Original Case 860.814/2005 Research permit valid until Sept. 12, 2020 | |
| Mara Rosa/Go | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/12/2020 | 3.30 | 860.958/2012 | As above | |
| Alto Horizonte/Go | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/12/2020 | 10.22 | 860.959/2012 | As above | |

(1) All assets are located in Brazil.

(2) Interest is 100% when applications in progress are granted.

(3) Status – Exploration, Development or Production.

(4) Note Appendix 1, provides a summary of all Brazilian tenements.

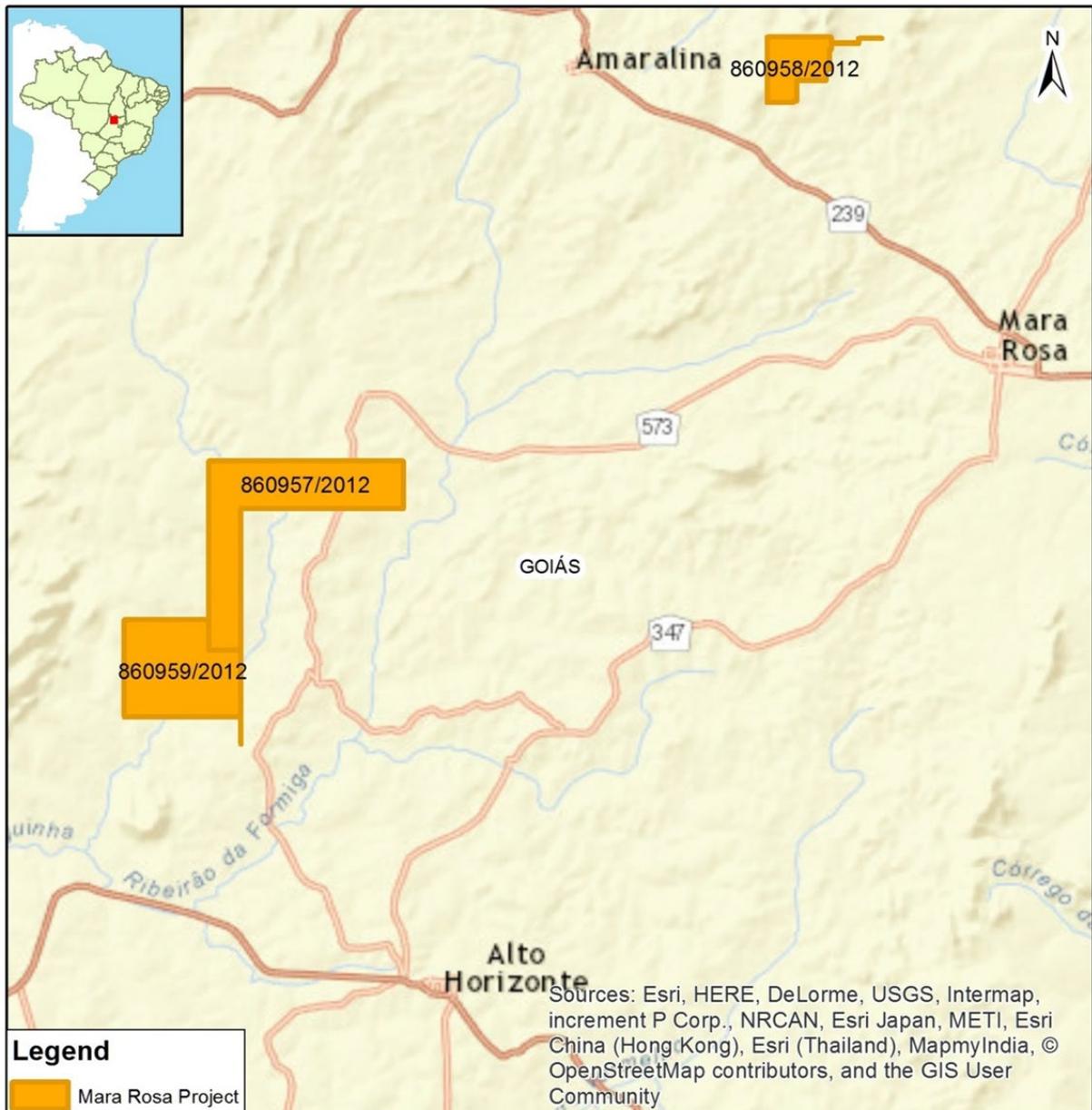


Figure 36: Mara Rosa project – location plan
 Source: Barros & Viana, 2018

9.2 Geology and Mineralisation

9.2.1 Regional Geology

The Mara Rosa project is located in the Brasília Belt, in the eastern portion of the Tocantins tectonic province, an orogenic belt formed by the collision of the Amazonas and São Francisco cratons.

The province is divided into two domains: the Maciço of Goiás, an Archean-Paleoproterozoic granite-greenstone domain, and the Neoproterozoic Goiás magmatic arc. Situated in the central part of the province of Tocantins, the Goiás magmatic arc extends for about 300 km, and is divided into the Arenópolis arc in the south-southwest, and the Mara Rosa arc or Mara Rosa Belt, which hosts the Mara Rosa gold district.

9.2.2 *Local Geology and Mineralisation*

Five main domains or lithostratigraphic have been mapped in the area:

- Quartz domain-amphibole-plagioclase gneiss (possibly metamorphosed greywackes)
- Domain amphibolite with Epidote
- Domain Amphibolite Hornblendite
- Domain of tonalite gneiss
- Orthogneiss domain.

Restricted occurrences of banded iron formations (BIFs), graphite phyllite, pegmatites and milonites have also been mapped. Localised granite intrusions have also been mapped (Barros & Viana, 2018).

The distribution of the gold deposits in the Mara Rosa arc are thought to follow a model of continuous evolution of a collision belt: (1) the deposition of the Zacarias Au-Ag-Ba is interpreted to be associated with volcanogenic processes in an intra-oceanic subduction environment; (2) the Chapada Cu-Au deposit associated with plutonic rocks connected to an immature intra-oceanic island arch; and (3) the Mundinho Au-Cu-Bi deposit is postulated to be related to granitic intrusions accompanying the post-collision extent.

However, the nature of the deposition of gold requires further study, being related by some authors to acidic, hydrothermally altered volcanic, and others to alkaline granitic intrusions, altered hydrothermally and later metamorphosed

9.3 **Exploration Strategy**

Crusader is of the view that the exploration results obtained so far are positive and sufficient to justify the continuity of the work, extending the search for the rest of the area. Crusader's exploration program for the region was developed based on the work plan highlights shown below:

- Geochemical sampling of soils
- Geological mapping of detail
- Surface geophysics campaign
- Drilling campaign.

CSA Global's opinion is that this grassroots programme is appropriate for the degree of maturity of these tenements.

10 Manga Project (Gold, Tin, Indium and Lithium)

10.1 Location and Access

The Manga project is located in the municipality of Monte Alegre de Goiás, in Goiás state. It is a single tenement of 13.64 km²(tenement ID: 860.057/2016) with an extension of tenure until 8 March 2020 (Figure 37). The tenement is 100% owned by Crusader through its subsidiary Cascar Brasil Mineração Ltda. Access to the Manga Project is via the GO-118 highway from Brasília. The closest significant city to the area is Monte Alegre de Goiás, 29 km to the northeast of the project.

Manga is prospective for gold, lithium, tin and indium (used in liquid crystal display screens) mineralisation.

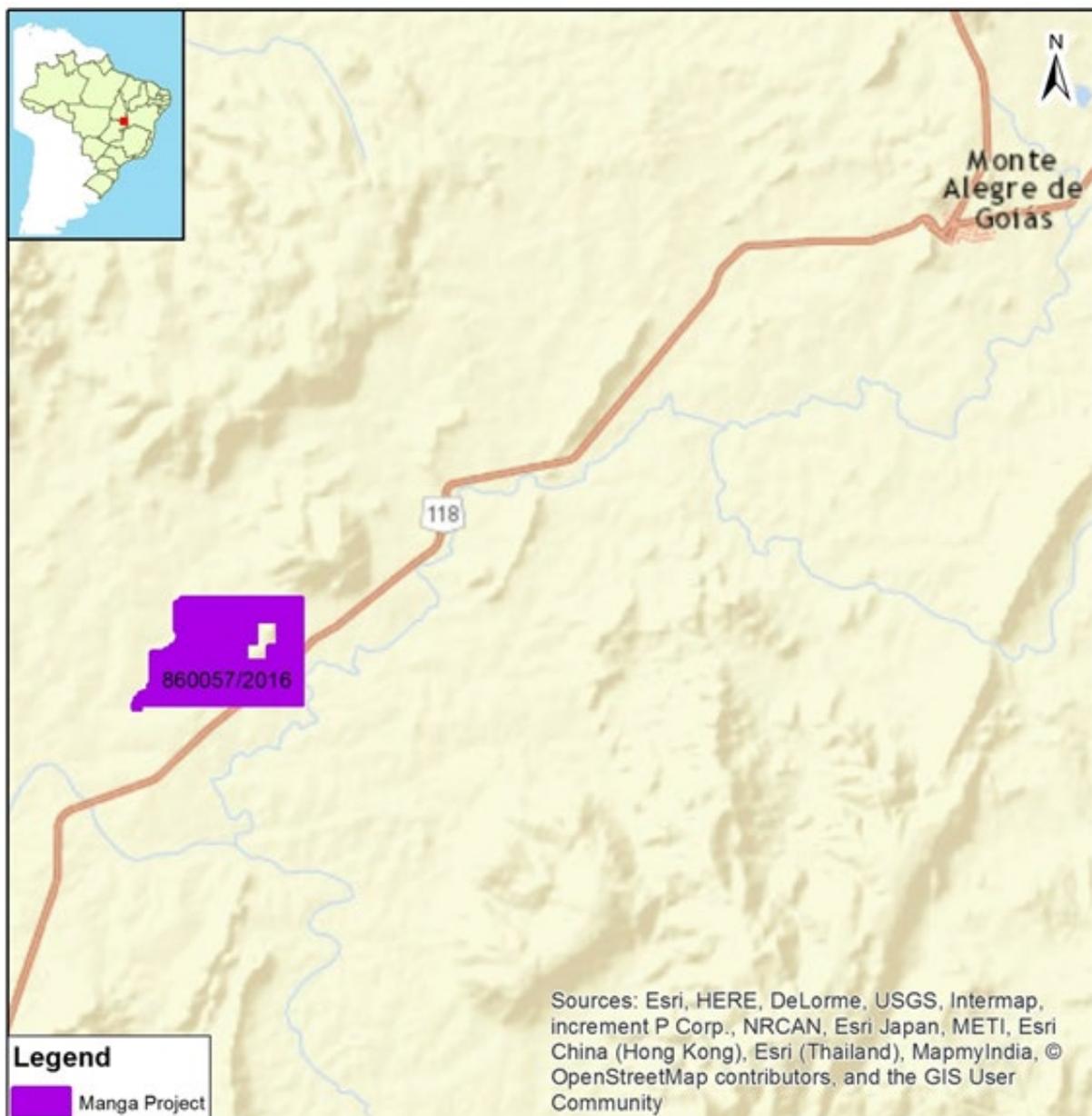


Figure 37: Manga project – location plan
Source: Barros & Viana, 2018

10.2 Geology and Mineralisation

10.2.1 Regional Geology

The Manga project is located in the Faixa Brasília fold belt, approximately 50 km west of the São Francisco Craton, the largest tectonic unit within the Tocantins province, in the central portion of Brazil, extending for more than 1,000 km in the north-south direction.

The main tectonic activity in the region occurred from the Archean to the Upper Proterozoic, with mineral assemblage indicating low-grade amphibolitic metamorphism.

The Manga project is located in the northeast portion of the Faixa de Dobramentos Brasília (FDB) at the boundary between the outer zone and the Cratonic zone. The project is bounded by regional longitudinal faults oriented from north-south to northeast.

Continental rifting at the end of the Paleoproterozoic (~2.0 Ga) precipitated the intrusion of intraplate granites (~1.8 Ga); followed by the sedimentation of the Araí group and the associated Bimodal volcanism (mafic and acid). The end of the Araí group's sedimentary cycle appears to have occurred around 1.56 Ga, age of granite intrusions related to the Serra da Mesa suite.

The deposition of the Paranoá group developed near Alto Paraíso de Goiás, in the region immediately south of the Cavalcante limb, after a long period of erosion induced by the rigid tectonics that affected the area. At the end of the Neoproterozoic, the entire region was affected by the deformation related to the Brazilian event (630 Ma), which was characterised in FDB by folding, metamorphism and transport from west to east towards the São Francisco craton.

10.2.2 Local Geology

The Mad Massif is in the Parana sub-province of the tin-bearing province of Goiás. It is predominantly composed of a biotite pink granite, type A, middle-aged Proterozoic and evolved granites and greisen. The main Greisen zone (ZGP) of the massif is composed of different granites. Granites are differentiated on the basis of petrographic and chemical data, the study of different micas being fundamental in the characterization of the rocks in the ZGP.

The area is known to be prospective for lithium, but very little gold exploration has occurred on this tenement. Manga is a greisen hosted deposit. Crusader has mapped various greisens in the area over an extensive region and drilling intersected different greisen facies.

Based on a literature review Crusader highlights the similarity of the geological setting at Manga to the Cinovec Sn-W-Li project in the Czech Republic. Given the similarities in geology, it is possible that the Manga project too could also host economic quantities of tin, wolfram and lithium like the Cinovec project.

The previous rock-chip program conducted by Crusader was assayed for multi-elements and includes some anomalous results. Li₂O grades of up to 1.3% were returned, within a zinnwaldite-rich greisen zone, proximal to the anomalous tin and indium bearing greisen. The rock chip sampling program was undertaken targeting tin and indium and returned results up to 5% tin and 750 ppm indium, noting that the tin and indium mineralisation was hosted in a different greisenised zone from the proximal zinnwaldite-rich and Li-rich muscovite greisen zones.

10.3 Exploration by Crusader

10.3.1 Completed to Date

The work completed by Crusader to date in the Manga project area includes:

- Literature review
- Area reconnaissance and contact with landowners

- Geological reconnaissance and target definition
- Soil geochemistry, sampling and chemical analysis
- Integration of existing assay data with base GIS data
- Production of maps, technical reports and drillhole collar plan
- Drilling and sampling
- Drillhole analysis.

10.3.2 *Future Work*

Crusader regard the preliminary results to date as positive and sufficient to warrant continuing to investigate evaluate the prospectivity of the Manga tenement. The next stage of exploration activity will be to continue mapping activities, to refine the understanding of possible geological controls on mineralisation and to develop conceptual three-dimensional models of deposition.

CSA Global is of the opinion that this is an appropriate strategy to employ at this early stage of exploration. However, we note that while Crusader proposes to explore for lithium, tin, indium and other minerals, the Manga tenement currently only has approval to explore for gold. CSA Global recommends that the appropriate approvals be obtained before committing to this proposed exploration strategy.

11 Valuation

Valuation of Mineral Assets is not an exact science and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are several generally accepted procedures for establishing the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

The valuation is always presented as a range, with the preferred value identified. The preferred value need not be the median value and is determined by the Practitioner based on their experience and professional judgement.

Refer to Appendix 2 for a discussion of Valuation Approaches and Valuation Methodologies, including a description of the VALMIN classification of Mineral Assets.

Following the technical assessment of the Mineral Assets, CSA Global have identified the Borborema, Juruena, as material projects requiring a valuation. The Mineral Resources not forming part of the current mine plan have been valued, as have the Mineral Resources identified at the Juruena Project. The exploration ground surrounding these resources have also been valued.

CSA Global have not undertaken a valuation of Crusader’s other Brazilian Mineral Assets: Seridó, Espinharas, Mara Rosa and Manga. All these projects are at a very early stage “greenfields” exploration projects and in CSA Global’s opinion the stage that the projects are at, their value, estimated at less than A\$1 million, is not material in comparison to the other Mineral Assets being valued.

CSA Global has also not undertaken a valuation of the Gaia Project in Portugal, there is presently uncertainty over the granting of the tenure to Crusader, due to the Portuguese government now having classified lithium as a strategic mineral.

11.1 Gold Market

The gold price history in US\$/oz and A\$/oz for the five years prior to 31 March 2019 is illustrated in Figure 38. The variation in the gold price within Figure 38 over time in US\$ and A\$ terms, highlights the need to normalise transactions to account for variations in commodity prices and foreign exchange rates over time.

The average gold price for March 2019 was US\$1,300.37/oz or A\$1,836.73/oz and the spot price on 29 March 2019 was US\$1,295.72/oz or A\$1,825.15/oz.

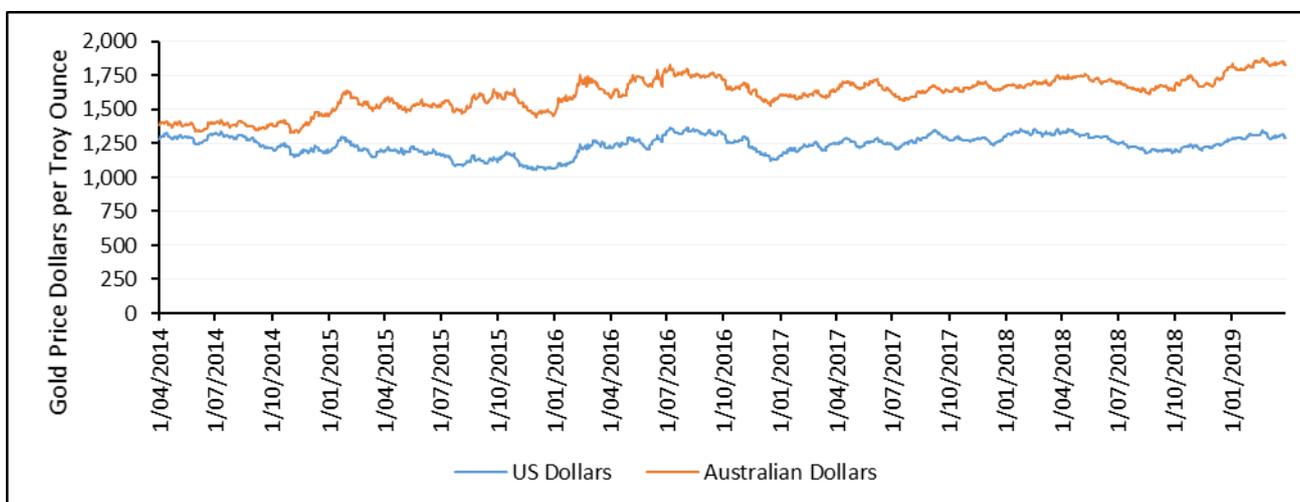


Figure 38: Five Year Spot Gold Price
Source data from S&P Global market Intelligence

11.2 Previous Valuations

CSA Global is not aware, nor have we been made aware, of any previous publicly released valuations completed on the Borborema Project.

11.3 Transactions

In analysing the transactions, all amounts were converted to A\$ at the relevant exchange rate at the time of the transaction announcement. Joint venture transactions were only valued to the first earn in milestone and any subsequent earn in milestones were ignored. Exploration expenditure was discounted at a nominal 10% over the earn-in period. Future payments contingent on a future milestone such as declaration of a Mineral Resource or decision to mine were ignored.

The transactions considered were announced post-December 2009, and sufficient information on the transaction and material projects were available in the public domain for the analysis of the transactions.

11.3.1 Mineral Resources

CSA Global identified 14 transactions involving Mineral Resources in Brazil. These transactions are summarised and analysed in Appendix 3. Three of the transactions relate to operating mines and are considered more advanced in comparison to the Mineral Resources being valued and have been excluded from further analysis.

Two further transactions were considered outliers one high and one low were excluded. The low outlier transaction as CSA Global suspects that not all information relating to the transaction was available. The transaction on the high side the Mineral Resource also includes, copper, lead and zinc, making it a different style of deposit.

The normalised A\$/oz values were calculated using the average gold price for the month of March 2019 being A\$1,836.73/oz (US\$1,300.37/oz). The use of a weighted average limits the influence of transactions involving small Mineral Resources, but does increase the influence of transactions involving larger Mineral Resources.

Statistics of the transactions before and after the removal of the high and low outliers are presented in Table 20.

Table 20: Summary statistics of Mineral Resource transactions

| Statistic | All Transactions | | Outliers Removed | |
|------------------------|------------------|-------------------|------------------|-------------------|
| | Implied A\$/oz | Normalised A\$/oz | Implied A\$/oz | Normalised A\$/oz |
| Number of Transactions | 11 | 11 | 9 | 9 |
| Minimum | 0.94 | 1.17 | 2.70 | 3.02 |
| Maximum | 68.22 | 75.90 | 16.79 | 25.32 |
| Mean | 12.26 | 14.95 | 7.30 | 9.70 |
| Median | 5.39 | 6.41 | 5.39 | 6.41 |
| Weighted average | 9.30 | 11.70 | 7.70 | 10.01 |

11.4 Market Valuation of the Borborema Mineral Resources Outside the Mine Plan

CSA Global consider the Borborema Gold Project to be a Pre-Development Mineral Asset. The project valuation is based entirely on its Mineral Resources as the proposed mining activities in the scoping study effect all three Borborema tenements.

CSA Global has valued the Borborema Gold Project on the Mineral Resources outside of those being valued by BDO, where CSA Global has provided confirmation of the technical inputs. As per Crusader's statement, "...The

residual Mineral Resources within the current final pit design will be reviewed as part of the full optimisation study that has yet to be completed for the entire Ore Reserve at 41 Mt at 1.1 g/t Au that was declared in July 2017.” The Mineral Resources and Ore Reserves were reported with a revised production plan and no other changes on 12 March 2018.

CSA Global is satisfied that it is most appropriate to consider these as high confidence Mineral Resources, and not as residual Ore Reserves until the full optimisation study has been completed.

CSA Global has estimated the value of the remaining Mineral Resources, outside those considered in the BDO cash flow model, at Borborema by subtracting those used in the DCF valuation by BDO – being 20.00 million tonnes (Mt) at 1.20 g/t Au for 0.786 Moz – from the declared Mineral Resources in Section 5.9. The estimated remaining Mineral Resources so obtained are presented in Table 21.

Table 21: Estimated remaining Mineral Resources

| Category | Cut-off grade (g/t) | Tonnes (Mt) | Gold grade (g/t) | Contained gold (Moz) |
|--------------|---------------------|-------------|------------------|----------------------|
| Indicated | 0.5 | 31.0 | 1.12 | 1.07 |
| Inferred | 0.5 | 17.6 | 1.00 | 0.57 |
| Total | 0.5 | 48.6 | 1.09 | 1.64 |

Note: The table has been compiled to an appropriate level of precision and minor rounding errors may occur.

11.4.1 Comparative Transactions Valuation – Borborema Mineral Resources

CSA Global considered the value of the remaining Borborema Mineral Resources in terms of the valuation factors derived from CSA Global’s analysis of comparative market transactions.

Based on CSA Global’s professional judgement in reviewing the identified comparative transactions, a preferred implied value of A\$20.00/oz and A\$10.00/oz was selected for the Borborema Indicated and Inferred classified Mineral Resources, respectively.

The preferred factor for the Inferred Mineral Resources was based on the normalised weighted average in Table 20, and the preferred factor for the Indicated Mineral Resources was selected to lie within the upper portion of the range.

The value difference between Indicated and Inferred classified Mineral Resources reflects the greater geological understanding and continuity of the gold mineralisation of the different resource classifications.

Following common industry practice, we have derived a valuation range by applying a $\pm 20\%$ factor, giving a range of A\$16.00 to \$24.00/oz for Indicated and a range of A\$8.00 to A\$12.00/oz for Inferred. In our opinion this provides a more reliable value range for the Borborema Mineral Resources. A range greater than 20% creates too broad a range in our opinion, and a range less than 20% does not reflect the uncertainty of a pre-development stage project.

Application of these implied values resulted in the valuations presented in Table 22.

Table 22: Summary Borborema Mineral Resource Valuation by Comparative Transactions

| Classification | Gold Ounces (Moz) | Valuation Factors (A\$/oz) | | | Valuation (A\$M) | | |
|----------------|-------------------|----------------------------|-----------|-------|------------------|-------------|-------------|
| | | Low | Preferred | High | Low | Preferred | High |
| Indicated | 1.07 | 16.00 | 20.00 | 24.00 | 17.2 | 21.5 | 25.8 |
| Inferred | 0.57 | 8.00 | 10.00 | 12.00 | 4.6 | 5.7 | 6.8 |
| Total | 1.64 | - | - | - | 21.7 | 27.2 | 32.6 |

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

11.4.2 Yardstick Valuation – Borborema Mineral Resources

CSA Global used the Yardstick method as an order of magnitude check on the Borborema Mineral Resources outside the mine plan valuation completed using comparative transactions.

The Yardstick order of magnitude check is simplistic (e.g. it is very generalised and does not address project specific value drivers but takes an “industry-wide” view). It provides a non-corroborative valuation check on the primary comparative transactions valuation method, allowing CSA Global to assess the reasonableness of the derived comparative transactions valuation, and whether there are any potential issues with their preferred primary valuation method.

For the Yardstick valuation, CSA Global used the average gold price for March 2019, which was A\$1,836.73/oz (US\$1,300.37/oz).

In addition, CSA Global utilised the following, commonly used, yardstick valuation factors:

- Inferred Mineral Resources: 0.5% to 1% of spot price
- Indicated Mineral Resources: 1% to 2% of spot price

The average gold price for March 2019 was used for the Yardstick order of magnitude check was consistent with that used for the evaluation of Comparative Transactions data so that the results could be compared.

A summary of the Yardstick order of magnitude check for the Borborema Project residual Mineral Resource, based on the Yardstick factors above, is presented in Table 23.

Table 23: Summary of Yardstick order of magnitude check of the Borborema Mineral Resources

| Resource category | Ounces (Moz) | Low (A\$M) | Preferred (A\$M) | High (A\$M) |
|-------------------|--------------|-------------|------------------|-------------|
| Indicated | 1.07 | 19.7 | 29.6 | 39.5 |
| Inferred | 0.57 | 5.2 | 7.9 | 10.5 |
| Total | 1.64 | 25.0 | 37.4 | 49.9 |

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

Bearing in mind that this approach is simplistic (e.g. it is very generalised and does not address project specific value drivers but takes an “industry-wide” view), CSA Global considers that these results are supportive of those derived using the market approach.

11.4.3 Summary Market Valuation – Borborema Gold Project

At BDO’s request, CSA Global undertook an assessment of the technical inputs into the Borborema LOM plan (see Section 5.10), so that BDO could undertake a DCF valuation.

CSA Global has valued Crusader’s Borborema Project based on the Mineral Resources outside of the LOM plan, i.e. those not included in BDO’s DCF valuation.

In forming an opinion on the market value of the Borborema Mineral Resources not included in the LOM plan, CSA Global has considered valuations derived from the Comparative Transactions as a primary method and Yardstick valuation as a secondary method (Figure 39).



Figure 39: Borborema Mineral Resources outside the mine plan – comparison of valuation techniques

CSA Global has elected to use the valuation numbers derived by the Comparative Transaction valuation method to value Crusader’s Borborema Mineral Resources not valued by the DCF valuation. The secondary valuation by the Yardstick order of magnitude check determined that the Comparative Transactions valuation was reasonable. The Comparative Transactions valuation method is a primary valuation method and the most robust methodology for providing an indication of market value in this case, compared to the Yardstick order of magnitude check, which is a secondary non-corroborative valuation method.

In CSA Global’s opinion, the market value of the Mineral Resources not included in the DCF valuation at the Borborema Gold Project is within a range of A\$21.7 million to A\$32.6 million with a preferred value of A\$27.2 million.

11.4.4 Market Value of the Borborema Project

In choosing a Preferred Value and Valuation Range for these projects, CSA Global considered the valuation ranges and the preferred values from a range of methodologies. The weighting of each method in considering the overall valuation ranges and Preferred Values varied based on the stage of development of the project and CSA Global's view of the applicability of each method to each project.

CSA Global's opinion on the Market value of Crusader's Borborema project in Brazil (Table 24), as at 31 March 2019, is that it lies within a range of A\$21.7 million and A\$32.6 million, with a preferred value of A\$27.2 million.

Table 24: Summary valuation of the Borborema project

| Project | Mineral Asset | Crusader Equity (%) | Valuation (A\$ millions) | | |
|-----------|---------------------------|---------------------|--------------------------|-----------|------|
| | | | Low | Preferred | High |
| Borborema | Remnant Mineral Resources | 100 | 21.7 | 27.2 | 32.6 |

Note: The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

There is significant range in the values derived for Crusader's projects. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the project, given the uncertainties inherent in valuing early-stage exploration and pre-development projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

11.5 Value of the other Assets

CSA Global has not undertaken a valuation of the Juruena Project, as the Company announced on 20 March 2019 that it had signed an agreement to sell the Juruena Project.

CSA Global have not undertaken a valuation of Crusader's other Brazilian Mineral Assets: Seridó, Espinharas, Mara Rosa and Manga. All these projects are at a very early stage "greenfields" exploration projects and in CSA Global's opinion the stage that the projects are at, their value, estimated at less than A\$1 million, is not material in comparison to the other Mineral Assets being valued. CSA Global has also not undertaken a valuation of the Gaia Project in Portugal, there is presently uncertainty over the granting of the tenure to Crusader, due to the Portuguese government now having classified lithium as a strategic mineral.

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Appendix 1: Licence Summary as at 22 November 2018

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|---------------------------|------------|-------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Brazil | Currais Novos/Rn | Borborema | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | (29.07) | 948.262/ 2014 | In August 19, 2014, Crusader applied to amalgamate the three Borborema licences (805.049/1977, 840.149/1980, 840.152/1980) into a single licence (948.262/2014). This process is still progressing. |
| Brazil | Currais Novos/Rn | Borborema | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | 10.00 | 805.049/ 1977 | As above |
| Brazil | Currais Novos/Rn | Borborema | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | 9.07 | 840.149/ 1980 | As above |
| Brazil | Currais Novos/Rn | Borborema | Cascar Brasil Mineração Ltda | 100% | Mining Licence | - | 10.00 | 840.152/ 1980 | As above |
| Brazil | São José De Espinharas/Pb | Espinharas | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 5/11/2011 | 20.00 | 846.128/ 2005 | Extension applied for. Pending the decision of ANM. Crusader is not entitled to continue its operations on the licence area. This is an area with uranium reserves. The Brazilian government has not granted uranium activities as a regular ore. |
| Brazil | São José De Espinharas/Pb | Espinharas | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 15/04/2012 | 20.00 | 846.134/ 2005 | As above. |
| Brazil | São José De Espinharas/Pb | Espinharas | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 15/04/2012 | 20.00 | 846.136/ 2005 | As above. |
| Brazil | São José De Espinharas/Pb | Espinharas | Puma do Brasil Mineração Ltda | 100% | Exploration Licence | 15/04/2012 | 20.00 | 846.140/ 2005 | As above. |
| Brazil | São José De Espinharas/Pb | Espinharas | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 11.95 | 846.208/ 2012 | Crusader request the extension of term of permit on July 13, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|-------------------------------------|------------|------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Brazil | São José De Espinharas/Pb | Espinharas | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 11.77 | 846.209/ 2012 | As above |
| Brazil | São José De Espinharas/Pb | Espinharas | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 2/10/2018 | 13.20 | 846.210/ 2012 | As above |
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 12/04/2019 | 10.00 | 866.632/ 2006 | Extension of term for mining permit application (term extend by 1 year as from the date of publication April 13, 2018). |
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 12/04/2019 | 10.00 | 866.633/ 2006 | As above |
| Brazil | Nova Bandeirantes/Mt | Juruena | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.079/ 2009 | Crusader lodged a mining exploration report which was rejected by ANM. Puma is appealing that decision and is not entitled to perform exploration activities on the licence area until the appeal is successful. If the appeal is unsuccessful, Puma will not be entitled to perform exploration activities on the licence. This licence area is considered to be non-core. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Juruena Mineração Ltda | 100% | Exploration Licence | 07/25/2019 | 7.72 | 866.080/ 2009 | Research report approved. Extension of Research Authorization until July 25, 2019. |
| Brazil | Cotriguaçu/Mt, Nova Bandeirantes/Mt | Juruena | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.081/ 2009 | Crusader lodged a mining exploration report which was rejected by ANM. Crusader is appealing that decision and is not entitled to perform exploration activities on the licence area until the appeal is successful. This licence area is considered to be non-core. |
| Brazil | Cotriguaçu/Mt, Nova Bandeirantes/Mt | Juruena | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.082/ 2009 | As above. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Juruena Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 10.00 | 866.084/ 2009 | As above. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 07/25/2019 | 6.14 | 866.085/ 2009 | Extension of Research Authorization until July 25, 2019. |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|-------------------------------------|----------------------|-----------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 3/01/2016 | 9.12 | 866.778/ 2006 | Crusader lodged a mining exploration report which was rejected by ANM. Crusader appealed that decision in Dec. 07, 2018 and is not entitled to perform exploration activities on the licence area until the appeal is successful. This licence area is considered to be non-core. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Juruena Mineração Ltda | 100% | Exploration Licence | 22/08/2016 | 6.19 | 866.086/ 2009 | Crusader filed a positive exploration report in respect of this licence, along with a request for “sobrestamento” on 22 August 2016. “Sobrestamento” delays the decision on the final exploration report for a period (usually three years) where development is not feasible at this time due to technical or financial reasons. The ANM is yet to provide a response. Crusader is not entitled to continue activities on this licence area until the ANM provides its response. |
| Brazil | Nova Bandeirantes/Mt | Juruena (Novo Astro) | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 10/31/2021 | 80.86 | 867.246/ 2005 | Research permit valid until Oct. 31, 2021. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 07/16/2020 | 2.30 | 866.294/ 2013 | Partial exploration reports were filed with the ANM on 6 October 2017. Research permit valid until Jul. 16, 2020. |
| Brazil | Cotriguaçu/Mt, Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 07/16/2020 | 9.99 | 866.513/ 2013 | As above. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 9/03/2018 | 69.59 | 866.247/ 2011 | Crusader lodged a mining exploration report on time, along with a request for “sobrestamento” on March 06 2018. “Sobrestamento” delays the decision on the final exploration report for a period (usually three years) where development is not feasible at this time due to technical or financial reasons. |
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 5/05/2018 | 46.58 | 866.578/ 2006 | As above |
| Brazil | Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 10/31/2021 | 24.13 | 866.934/ 2012 | Research permit valid until Oct. 31, 2021. |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|---------------------------------|-----------|------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Brazil | Nova Bandeirantes/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 10/31/2021 | 10.00 | 866.105/ 2013 | As above |
| Brazil | Colniza/Mt, Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 86.67 | 866.531/ 2015 | Research permit valid until Mar. 18, 2019. |
| Brazil | Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 76.38 | 866.532/ 2015 | As above |
| Brazil | Colniza/Mt, Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 67.15 | 866.533/ 2015 | As above |
| Brazil | Colniza/Mt, Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 80.37 | 866.534/ 2015 | As above |
| Brazil | Colniza/Mt, Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 70.39 | 866.535/ 2015 | As above |
| Brazil | Colniza/Mt, Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 41.04 | 866.537/ 2015 | As above |
| Brazil | Cotriguaçu/Mt | Juruena | Lago Dourado Mineração Ltda | 100% | Exploration Licence | 18/03/2019 | 17.19 | 866.538/ 2015 | As above |
| Brazil | Monte Alegre De Goiás /Go | Manga | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 08/03/2020 | 13.64 | 860.057/ 2016 | Request for extension of term of Permit on May 18, 2018. Request of extension approved in August 13, 2018. Research permit valid until Aug 03, 2020. |
| Brazil | Alto Horizonte/Go, Mara Rosa/Go | Mara Rosa | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/12/2020 | 13.62 | 860.957/ 2012 | Request for extension of term of Permit on June 26, 2018. Request of extension approved in September 12, 2018. Original Case 860.814/2005 Research permit valid until Sept. 12, 2020 |
| Brazil | Mara Rosa/Go | Mara Rosa | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/12/2020 | 3.30 | 860.958/ 2012 | As above |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|--|-----------|---------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|---|
| Brazil | Alto Horizonte/Go | Mara Rosa | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/12/2020 | 10.22 | 860.959/ 2012 | As above |
| Brazil | Currais Novos/Rn, Frei Martinho/Pb, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 8/09/2014 | 8.06 | 846.158/ 2011 | Extension applied for on June 3, 2014. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Brazil | Frei Martinho/Pb, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 26/06/2017 | 18.39 | 846.227/ 2011 | Extension applied for on June 27, 2014. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Brazil | Frei Martinho/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 21/08/2018 | 3.91 | 846.502/ 2011 | Extension applied for on June 19, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Brazil | Frei Martinho/Pb, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 21/08/2018 | 0.06 | 846.503/ 2011 | As above |
| Brazil | Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 21/08/2018 | 8.00 | 846.504/ 2011 | As above |
| Brazil | Frei Martinho/Pb, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 28/08/2018 | 16.78 | 846.505/ 2011 | As above |
| Brazil | Campo Redondo/Rn, Currais Novos/Rn | Seridó | Puma do Nordeste Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 14.90 | 848.011/ 2015 | Extension applied for on June 22, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Brazil | Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 6.33 | 846.130/ 2012 | Extension applied for on July 13, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Brazil | Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 7.24 | 846.131/ 2012 | As above |
| Brazil | Carnaúba Dos Dantas/Rn, Frei Martinho/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 1.32 | 846.313/ 2012 | As above |
| Brazil | Carnaúba Dos Dantas, Nova Palmeira/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 2.27 | 846.316/ 2012 | As above |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|--|---------|------------------------------|-------------------------|------------------------------|-------------|-------------------------|---|---|
| Brazil | Carnaúba Dos Dantas, Nova Palmeira/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 9.38 | 846.506/ 2011 | As above |
| Brazil | Frei Martinho/Pb, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 0.07 | 846.604/ 2011 | As above |
| Brazil | Parelhas/Rn, Pedra Lavarada/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 12.45 | 846.635/ 2011 | As above |
| Brazil | Pedra Lavrada/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 3.98 | 846.637/ 2011 | As above |
| Brazil | Nova Palmeira/Pb, Pedra Lavrada/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 8.77 | 846.638/ 2011 | As above |
| Brazil | Nova Palmeira/Pb, Pedra Lavrada/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 10.95 | 846.639/ 2011 | As above |
| Brazil | Currais Novos/Rn, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 2.10 | 846.640/ 2011 | As above |
| Brazil | Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 0.40 | 846.643/ 2011 | As above |
| Brazil | PEDRA LAVRADA/PB, São Vicente Do Seridó/PB | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 7.16 | 846.644/ 2011 | As above |
| Brazil | Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 15/09/2018 | 9.13 | 846.651/ 2011 | As above |
| Brazil | São Vicente Do Seridó/PB | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 29/10/2018 | 7.35 | 846.654/ 2011 | As above |
| Brazil | Caicó/Rn, Cruzeta/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 11/11/2018 | 19.33 | 848.281/ 2014 (original case 848.408/2007). | Request for extension of term of permit on August 28, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|--|---------|---------------------------------|-------------------------|---------------------------------|-------------|-------------------------|---|--|
| Brazil | Cruzeta/Rn, Florânia/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 29/05/2019 | 19.34 | 848.055/ 2015 (original case 848.409/2007). | Request for extension of term of permit on August 28, 2018. Pending the decision of ANM, Crusader is entitled to continue its operations on the licence area. |
| Brazil | Currais Novos/Rn | Seridó | Puma do Nordeste Mineração Ltda | 100% | Exploration Licence | 19/05/2019 | 17.36 | 848.093/ 2013 (Original Case 848.029/2004) | Research Permit Extended Until May 29, 2019. |
| Brazil | Currais Novos/Rn, São Tomé/Rn | Seridó | Puma do Nordeste Mineração Ltda | 100% | Exploration Licence | 08/24/2021 | 3.18 | 848.007/ 2015 | Research permit valid until August 24, 2021 |
| Brazil | Campo Redondo/Rn, Currais Novos/Rn, Picuí/Pb | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence Application | - | 12.00 | 848.804/ 2011 | Exploration Permit Solicited required on Nov. 28, 2011. |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 14/09/2019 | 18.55 | 848.208/ 2016 | Research permit valid until Sept. 14, 2019 |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 05/29/2019 | 17.36 | 848.093/2013 (Original Case 848.029/2004) | Research permit valid until May 29, 2019 |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence Application | - | 17.77 | 846.124/2018 | Compliance with the requirements on Oct. 01, 2018 Exploration Permit Solicited required on Jul. 24, 2018 |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/15/2017 | 1.67 | 846.285/2012 | Negative Final Report was filed on July 06, 2017, but the area still remain in the company's name. Awaiting pronouncement of ANM and exclusion of the company as holder of the asset |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/15/2017 | 0.72 | 846.314/2012 | As above |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 09/15/2017 | 0.11 | 846.317/2012 | As above |

| Country ⁽¹⁾ | Region | Project | Ownership | Interest ⁽²⁾ | Tenement type ⁽³⁾ | Expiry date | Area (km ²) | Tenement no. ⁽⁴⁾ | Comment |
|------------------------|------------------|---------|------------------------------|-------------------------|------------------------------|-------------|-------------------------|-----------------------------|--|
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 12/26/2017 | 19.75 | 848.135/2011 | Negative Final Report was filed on Dec. 18, 2017, but the area still remain in the company's name. Awaiting pronouncement of ANM and exclusion of the company as holder of the asset |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 12/26/2017 | 16.76 | 848.141/2011 | As above |
| Brazil | Currais Novos/Rn | Seridó | Cascar Brasil Mineração Ltda | 100% | Exploration Licence | 12/26/2017 | 16.79 | 848.207/2011 | As above |

(1) All assets are located in Brazil.

(2) Interest is 100% when applications in progress are granted.

(3) Status – Exploration, Development or Production.

(4) Additional to requirements of AIM Note Appendix 1, added to provide further clarity on tenements.

Appendix 2 : Abbreviations and Glossary of Terms

Brazilian State Abbreviations

| | |
|-------------------|---|
| ANM | National Mining Agency (Agência Nacional de Mineração - replaced DNPM as of December 2017) |
| CFEM | Financial Compensation for the Exploitation of Mineral Resources (Compensação Financeira pela Exploração de Recursos Minerais) |
| CONAMA | National Council of the Environment |
| DNPM | Brazilian National Department of Mineral Production (Departamento Nacional de Produção Mineral – superseded by the ANM as of December 2017) |
| GO | Goias |
| INB | Indústrias Nucleares do Brasil (INB) operates in the field of uranium production. The company is organizationally linked to the Ministry of Science, Technology and Innovation. |
| LI | Installation Licence |
| LO | Operation Licence |
| LP | Preliminary Licence |
| (the) Mining Code | The Mining Code of 1967 |
| MT | Matto Grosso |
| PB | Paraíba |
| (the) Regulation | The Mining Code Regulation of 1968 |
| RN | Rio Grande do Norte |

General Abbreviations

| | |
|-----------|---|
| ° | degrees |
| °C | degrees Celsius |
| % | percent |
| ACD | acid rock drainage |
| Ag | silver |
| AIG | Australian Institute of Geoscientists |
| AIM | AIM Market of the London Stock Exchange |
| AISC | all-in sustaining costs |
| ASIC | Australian Securities and Investment Commission |
| ASX | Australian Securities Exchange |
| Au | gold |
| AusIMM | Australasian Institute of Mining and Metallurgy |
| BFS | bankable Feasibility Study |
| BIF | banded iron formation |
| BR or BRL | Brazilian Reals or Reais |
| Caraíba | Mineração Caraíba Ltda |

| | |
|-----------------|--|
| CF | free cash flow |
| CIL | carbon in leach |
| CIP | carbon in pulp |
| Crusader | Crusader Resources Limited |
| CSA Global | CSA Global Pty Ltd |
| Cu | copper |
| DD | diamond drillhole |
| DGPS | differential global positioning system |
| ETF | exchange-traded funds |
| FDB | Faixa de Dobramentos Brasilia |
| GRE | Global Resource Engineering |
| g/t | grams per tonne |
| g/t Au | grams per tonne of gold |
| ID ² | inverse distance squared |
| IOCG | iron oxide copper-gold |
| IP | induced polarisation |
| IRGS | intrusive related gold system |
| k | thousand(s) |
| km | kilometre(s) |
| km ² | square kilometres |
| Lago | Lago Dourado Mineração Ltda |
| m | metre(s) |
| Madison | Consolidated Madison Holdings Ltd |
| Metasa | Metais do Seridó Ltda |
| MGP | Mineração e Agropecuario Ltda |
| MIK | multiple indicator kriging |
| mm | millimetre(s) |
| Moz | million ounce(s) |
| Mt | million tonne(s) |
| Mt/a | million tonnes per annum |
| OK | ordinary kriging |
| oz | ounce(s) |
| PEA | preliminary environmental assessment |
| PFS | prefeasibility study |
| Q1/year | First Quarter/Year |
| Q2/year | Second Quarter/Year |
| Q3/year | Third Quarter/Year |
| Q4/year | Fourth Quarter/Year |

| | |
|-------------|--|
| RC | reverse circulation |
| REE | rare earth element |
| Santa Elina | Mineração Santa Elina Industria e Comercio S/A |
| SMU | selective mining unit |
| t | tonne(s) |
| t/d | tonnes per day |
| TetraTech | TetraTech Mining and Minerals Brazil |
| Xapetuba | Mineração Xapetuba Ltd |

Glossary of Terms

| | |
|---|---|
| Assay: | To analyse the proportions of metals in an ore; to test an ore or mineral for composition, purity, weight, or other properties of commercial interest. |
| Backfill: | Waste material used to fill the void created by mining an orebody. |
| Ball Mill: | A large steel cylinder containing steel balls into which crushed ore is fed. The ball mill is rotated, causing the balls to cascade and grind the ore. |
| Bench: | Horizontal steps/increments mined as an open pit progresses deeper. |
| By-product: | A secondary metal or mineral product recovered in the milling process such as copper and silver. |
| Capitalisation: | A financial term used to describe the value financial markets put on a company. Determined by multiplying the number of outstanding shares of a company by the current stock price. |
| Carbon-in-leach: | A recovery process in which a slurry of gold ore, carbon granules and cyanide are mixed together. The cyanide dissolves the gold content and the gold is absorbed on the carbon; the carbon is subsequently separated from the slurry for further gold removal. |
| Carbon-in-pulp: | A method of recovering gold and silver from pregnant cyanide solutions by adsorbing the precious metals to granules of activated carbon, which are typically ground up coconut shells. |
| Competent Person (JORC Code, 2012 Edition): | Minerals industry professional who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a "Recognised Professional Organisation" (RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking. If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves. |
| Concentrate: | A very fine, powder-like product containing the valuable ore mineral from which most of the waste mineral has been eliminated. |
| Contained Ounces: | Represents ounces in the ground before reduction of ounces not able to be recovered by the applicable metallurgical process. |
| Conventional Rotary Drilling: | Produces rock chips similar to reverse circulation except that the sample is collected through a single-walled drill pipe. |
| Core Drilling: | The process of obtaining cylindrical rock samples by means of annular-shaped rock-cutting bits rotated by a borehole-drilling machine |

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| Core Sample: | A cylinder sample generally 1-5" in diameter drilled out of an area to determine the geologic and chemical analysis of the overburden and coal. |
| Crosscut: | A passageway driven between the entry and its parallel air course or air courses for ventilation purposes. Also, a tunnel driven from one seam to another through or across the intervening measures; sometimes called "crosscut tunnel", or "breakthrough". In vein mining, an entry perpendicular to the vein. |
| Crushing and Grinding: | The process by which ore is broken into small pieces to prepare it for further processing. |
| Cut-and-fill: | A method of stoping in which ore is removed in slices, or lifts, and then the excavation is filled with rock or other waste material (backfill), before the subsequent slice is extracted. |
| Cyanidation: | A method of extracting gold or silver by dissolving it in a weak cyanide solution. |
| Development: | Work carried out for the purposes of opening up a mineral deposit. In an underground mine this includes shaft sinking, crosscutting, drifting and raising. |
| Diamond Drill: | A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two cm or more in diameter. |
| Dilution: | The effect of waste or low-grade ore which is unavoidably included in the mined ore, lowering the recovered grade. |
| Dividend: | Cash or stock awarded to preferred and common shareholders at the discretion of the company's board of directors. |
| Dore: | Unrefined gold and silver bullion bars, which will be further, refined to almost pure metal. |
| Drilling Core: | Drilling with a hollow bit with a diamond cutting rim to produce a cylindrical core that is used for geological study and assays. This is used in mineral exploration. Infill/definition: method of drilling intervals between existing holes used to provide greater geological detail and to establish reserves estimates. |
| Exploration: | Prospecting, sampling, mapping, diamond-drilling and other work in search of a new ore body. |
| Flotation: | A process by which some mineral particles are induced to become attached to bubbles and float, and other particles to sink, so that the valuable minerals are concentrated and separated from the uneconomic or valueless gangue or waste. |
| Grade: | <p>The amount of metal in each tonne of ore, expressed as troy ounces per ton or grams per tonne for precious metals and as a percentage for most other metals.</p> <ul style="list-style-type: none">• Cut-off grade: the minimum metal grade at which an ore body can be economically mined (used in the calculation of ore reserves).• Mill-head grade: metal content of mined ore going into a mill for processing.• Average head grade: adjusted mill-head grade i.e. actual metal content of ore determined after final processing.• Recovered grade: actual metal content of ore determined after processing.• Reserve grade: estimated metal content of an orebody, based on reserve calculations. |
| Geotechnical: | Diamond drilling targeted and utilised specifically for the collection of information used for mine stability purposes. |
| Heap Leaching: | A process whereby gold is extracted by "heaping" broken ore on sloping impermeable pads and continually applying to the heaps a weak cyanide solution which dissolves the contained gold. The gold-laden solution is then collected for gold recovery. |
| High Grade: | Rich ore. As a verb, it refers to selective mining of the best ore in a deposit. |
| Infill: | Any method of drilling intervals between existing holes, used to provide greater geological detail and to help establish reserve estimates. |
| Mill: | A plant where ore is ground fine and undergoes physical or chemical treatment to extract the valuable metals. |

Mineral Resources (JORC Code, 2012 edition): a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

- An "Inferred Mineral Resource" is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- An "Indicated Mineral Resources" is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
- A "Measured Mineral Resource" is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

Mineralised Material: Mineralised material is the projection of mineralisation in rock based on geological evidence and assumed continuity. It may or may not be supported by sampling but is supported by geological, geochemical, geophysical or other data. This material may or may not have economically recoverable mineralisation.

Open Pit: A mine where the minerals are mined entirely from the surface.

Ore Rock: A generic term, as per common usage, referring to material containing metallic and non-metallic minerals that can be mined and processed at a profit. However, in the context of this document the use of Ore Reserve as a defined JORC term is the convention.

Orebody: A sufficiently large amount of ore that can be mined economically.

Ore Reserves (JORC Code, 2012 edition): the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as

for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

- “Probable Ore Reserve” is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
- “Proved Ore Reserve” is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

| | |
|-------------------------------|--|
| Ounces: | Troy ounces of a fineness of 999.9 parts per 1,000 parts. |
| Oxide Ore: | Mineralised rock in which some of the original minerals have been oxidised. Oxidation tends to make the ore more amenable to cyanide solutions so that minute particles of gold will be readily dissolved. |
| Reclamation: | The process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features, and contouring, covering and revegetation of waste rock piles and other disturbed areas. |
| Recovery: | The percentage of material of interest that is extracted during mining and/or processing. A measure of mining or processing efficiency. Also, term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore. |
| Refining: | The final stage of metal production in which impurities are removed from the molten metal. |
| Reverse Circulation Drilling: | Drilling that produces rock chips rather than core. The chips are forced by air to surface through a double-walled drill pipe and are collected for examination. |
| Royalty: | An amount of money paid at regular intervals by the lessee or operator of an exploration or mining property to the owner of the ground. Generally, it will be based on a certain amount per tonne or a percentage of the total production or profits. Also, the fee paid for the right to use a patented process. |
| Shaft: | A vertical passageway to an underground mine for ventilation, moving personnel, equipment, supplies and material including ore and waste rock. |
| Significant Project: | An exploration or mineral development project that has or could have a significant influence on the market value or operations of the listed company, and/or has specific prominence in Public Reports and announcements. |
| Stockpile: | Broken ore heaped on surface or prepared areas underground, pending treatment or shipment. |
| Stope: | An area in an underground mine where ore is mined. |
| Strike Length: | The longest horizontal dimension of an orebody or zone of mineralisation. |
| Tailings: | The material that remains after all economically and technically recoverable precious metals have been removed from the ore during processing. |
| Total Cash Costs: | Total cash costs are calculated in accordance with The Gold Institute Production Cost Standard and include site costs for all mining (excluding deferred stripping costs), processing and administration, royalties and production taxes, but are exclusive of amortisation, reclamation, financing costs, capital costs and exploration costs. See “Non-GAAP Performance Measures”. |
| Vein: | A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source. |
| Visible Gold: | Native gold which is discernible, in a hand specimen, to the unaided eye. |

Appendix 2: Valuation Approaches

Valuation of Mineral Assets is not an exact science; and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are a number of generally accepted procedures for establishing the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

The valuation is always presented as a range, with the preferred value identified. The preferred value need not be the median value and is determined by the Practitioner based on their experience and professional judgement.

Background

Mineral Assets are defined in the VALMIN Code⁴ as all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Business valuers typically define market value as “The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the value of a Mineral Asset as its Market Value, which is “the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most-likely value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to “comparable transactions”. Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or Mineral Resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any “cash equivalent of some other consideration”. Whilst acknowledging these limitations, CSA Global identifies what it considers to be comparative transactions to be used in assessing the values to be attributed to Mineral Assets.

⁴ *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) 2015 Edition.* Prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Valuation Methods for Mineral Assets

The choice of valuation methodology applied to Mineral Assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies Mineral Assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

“Early-stage Exploration Projects” – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.

“Advanced Exploration Projects” – tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

“Pre-Development Projects” – tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.

“Development Projects” – tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Prefeasibility Study.

“Production Projects” – tenure holdings – particularly mines, wellfields and processing plants - that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “market valuation”.

The Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by the following general approaches: Cost; Geoscience Factor, Geological Risk, Market; or Income. The Market Value of Development and Production Projects are best assessed using the Market and Income approaches.

Cost

Appraised Value or Exploration Expenditure Method considers the costs and results of historical exploration.

The Appraised Value Method utilises a Multiple of Exploration Expenditure (MEE), which involves the allocation of a premium or discount to past *relevant and effective expenditure* through the use of the Prospectivity Enhancement Multiplier (PEM). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM factor have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 25 lists the PEM factors and criteria used in this Report.

Table 25: Prospectivity Enhancement Multiplier (PEM) factors

| PEM range | Criteria |
|-----------|--|
| 0.2-0.5 | Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified |
| 0.5-1.0 | Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping |
| 1.0-1.3 | Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity |
| 1.3-1.5 | Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities) |
| 1.5-2.0 | Scout drilling (RAB, air-core, RCP) has identified interesting intersections of mineralisation |
| 2.0-2.5 | Detailed drilling has defined targets with potential economic interest |
| 2.5-3.0 | A Mineral Resource has been estimated at Inferred JORC ⁵ category, no concept or scoping study has been completed |
| 3.0-4.0 | Indicated Mineral Resources have been estimated that are likely to form the basis of a Prefeasibility Study |
| 4.0-5.0 | Indicated and Measured Resources have been estimated and economic parameters are available for assessment |

Geoscience Factors

Geoscience Factor Method (GFM) seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method, as described by Kilburn (1990), provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Geoscientific Factors method is essentially a technique to define a Value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies

Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued

Number and relative position of anomalies on the property being valued

Geological models appropriate to the property being valued.

The Geoscientific Factor method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 29).

The Basic Acquisition Cost (BAC) is an important input to the Geoscientific Factors Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc.) and statutory expenditure for a period of 12 months. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

⁵ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2012 Edition. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

The standard references on the method (Kilburn 1990, Goulevitch and Eupene 1994) do not provide much detail on how the market factor should be ascertained. CSA Global takes the approach of using the implied value range from our selected Comparable Transactions to inform the selection of a GFM market factor. Our presumption is that the comparatives are capturing the market sentiment, so any other valuation method should not be significantly different (order of magnitude).

This is achieved by finding the market factor that produces an average GFM preferred value per unit area for whole project (i.e. total preferred GFM value divided by the total area) that falls within the range of the comparatives implied values per unit area. It is CSA Global’s view that this adequately accounts for global market factors on an empirical basis. For example, if the implied value range is \$100/km² to \$2000/km², then the market factor should give an average GFM preferred value per unit area that falls within that range.

CSA Global generally would select a market factor (rounded to an appropriate number of significant digits) that gives a value closer to the upper end of the range (though this is the valuer’s judgement call). This is because the GFM is a tool that addresses the exploration potential of a project and is best suited to informing the upper end of valuation ranges for a project.

Geological Risk Method

In the *Geological Risk* Valuation method, as described by Lord *et al.* (2001), the value of a project at a given stage of knowledge/ development is estimated based on the potential value of the project at a later stage of development, discounted by the probability of the potential value of the later stage being achieved, and considering the estimated cost of progressing the project to the next stage.

The relevant stages of exploration are defined in Table 26.

Table 26: Definition of Exploration Stages

| Stage | Description |
|---------|--|
| Stage A | Ground acquisition, project/target generation |
| Stage B | Prospect definition (Mapping and Geochemistry) |
| Stage C | Drill testing (systematic RC, DD) |
| Stage D | Resource Delineation |
| Stage E | Feasibility |

The expected value (E) of a project at a given stage is then dependent on the target value at the next stage (T), the probability of successfully advancing the project to the next stage (P), and the cost of advancing the project (C). This can be expressed as:

$$E = P * (T - C)$$

This valuation method generates an expected value for each project (or prospect) at each of the main exploration stages or decision points, by working back from a Project’s target value. A project’s target value can be based on an expected NPV from a reasonably constrained DCF model, or from a reasonable approximation of the value of a defined resource, in which case the initial target value will be the value at the end of Stage D, as opposed to the value at the end of Stage E.

Lord *et al.* (2001) concluded that the probability of successfully proceeding from one exploration phase to the following one was as depicted in Table 27, based on a detailed study of gold exploration programs in the Laverton area of Western Australia.

Table 27: Probability of successfully proceeding from one exploration stage to another

| Stages | Probability of Advancing |
|--|--------------------------|
| Generative to reconnaissance | 0.54 |
| Reconnaissance to systematic drill testing | 0.17 |
| Systematic drill testing to Resource delineation | 0.58 |
| Resource delineation to Feasibility | 0.87 |
| Feasibility to Mine | 0.90 |

Source: Lord *et al.* (2001)

Market

Market Approach Method or Comparable Transactions looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

For the market approach resources are not generally subdivided into their constituent JORC Code categories. The total endowment or consolidated in situ resources are what drives the derivation of value. Each transaction implicitly captures the specific permutation of resource categories in a project. There are too many project specific factors at play to allow any more than a consideration of price paid versus total resource base. Therefore, considering individual project resource permutations is neither practicable nor useful for this valuation approach. To that end CSA Global's discussion of the market approach is predicated on the consolidated resource base, to allow application of the method.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the Value of the tenements concerned. To determine a Value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50:50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality Mineral Assets are likely to trade at a premium over the general market. On the other hand, exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

Yardstick

The Rule-of-Thumb (Yardstick) Method is relevant to exploration properties where some data on tonnage and grade exist and may be valued by methods that employ the concept of an arbitrarily ascribed current in situ net value to any Ore Reserves (or Mineral Resources) outlined within the tenement (Lawrence 2001, 2012).

Rules-of-Thumb (Yardstick) Methods are commonly used where a Mineral Resource remains in the Inferred category and available technical/economic information is limited. This approach ascribes a heavily discounted in situ value to the Resources, based upon a subjective estimate of the future profit or net value (say per tonne of ore) to derive a rule-of-thumb.

This Yardstick multiplier factor applied to the Resources delineated (depending upon category) varies depending on the commodity. Typically, a range from 0.4% to 3% is used for base metals and PGM, whereas for gold and diamonds a range of 2% to 4.5% is used. The method estimates the in situ gross metal content value of the mineralisation delineated (using the spot metal price and appropriate metal equivalents for polymetallic mineralisation as at the valuation date).

The chosen percentage is based upon the valuer's risk assessment of the assigned JORC Code's Mineral Resource category, the commodity's likely extraction and treatment costs, availability/proximity of transport and other infrastructure (particularly a suitable processing facility), physiography and maturity of the mineral field, as well as the depth of the potential mining operation.

This method is best used as a non-corroborative check on the order of magnitude of values derived using other valuation methods that are likely to better reflect project-specific criteria.

Income

The Discounted Cash Flow (DCF) / net present value (NPV) method, as described by Lawrence (2000a), is particularly suitable for valuing mines (whether developing, operating, re-starting or expanding) and pre-development projects (including advanced exploration prospects in certain cases), as it recognises the time value of money. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit, discounting to the present day and determining a net present value (NPV).

Key inputs to the financial model are the mineral resource or reserve base; suitably detailed capital and operating costs, including mining, processing and labour costs; commodity price and foreign exchange forecasts; royalty and tax rates; and an appropriate discount rate.

The Income Approach is not appropriate for properties without Mineral Resources. It should be employed only where sufficient reliable data are available to provide realistic inputs to a financial model, preferably based on studies at or exceeding a prefeasibility level.

Valuation Approaches by Asset Stage

Regardless of the technical application of various valuation methods and guidelines, the valuer should strive to adequately reflect the carefully considered risks and potentials of the various projects in the valuation ranges and the preferred values, with the overriding objective of determining the "fair market value".

Table 28 below shows the valuation approaches that are generally considered appropriate to apply to each type of mineral property.

Table 28: Valuation approaches for different types of mineral properties (VALMIN, 2015)

| Valuation approach | Exploration properties | Mineral Resource properties | Development properties | Production properties |
|--------------------|------------------------|-----------------------------|------------------------|-----------------------|
| Income | No | In some cases | Yes | Yes |
| Market | Yes | Yes | Yes | Yes |
| Cost | Yes | In some cases | No | No |



Table 29: Geoscientific Factor Ranking

| Rating | Address/Off-property factor | On-property factor | Anomaly factor | Geological factor |
|--------|---|--|--|---|
| 0.5 | Very little chance of mineralisation; Concept unsuitable to the environment | Very little chance of mineralisation; Concept unsuitable to the environment | Extensive previous exploration with poor results | Generally unfavourable lithology; No alteration of interest |
| 1 | Exploration model support; Indications of prospectivity; Concept validated | Exploration model support; Indications of Prospectivity; Concept validated | Extensive previous exploration with encouraging results; Regional targets | Deep cover; Generally favourable lithology/alteration (70%) |
| 1.5 | Recon (RAB/AC) drilling with some scattered favourable results; Minor workings | Exploratory sampling with encouragement | Several early stage targets outlined from geochemistry and geophysics | Shallow cover; Generally favourable lithology/alteration 50-60% |
| 2 | Several old workings; Significant RCP drilling leading to advanced project | Several old workings; Recon drilling or RCP drilling with encouraging intersections | Several well-defined targets supported by recon drilling data | Exposed favourable; Lithology/alteration |
| 2.5 | Abundant workings; Grid drilling with encouraging results on adjacent sections | Abundant workings; Core drilling after RCP with encouragement | Several well-defined targets with encouraging drilling results | Strongly favourable lithology, alteration |
| 3 | Mineral Resource areas defined | Advanced Res Def. drilling (early stages) | Several significant sub-economic targets; No indication of 'size' | Generally favourable lithology with structures along strike of a major mine; Very prospective geology |
| 3.5 | Abundant Workings/mines with significant historical production; Adjacent to known mineralisation at PFS stage | Abundant workings/mines with significant historical production; Mineral Resource areas defined | Several significant sub-economic targets; Potential for significant 'size'; Early stage drilling | |
| 4 | Along strike or adjacent to Resources at DFS stage | Adjacent to known mineralisation at PFS stage | Marginally economic targets of significant 'size' advanced drilling | |
| 4.5 | Adjacent to development stage project | Along strike or adjacent to Resources at DFS stage | Marginal economic targets of significant 'size' with well drilled Inferred Resources | |
| 5 | Along strike from operating major mine(s) | Adjacent to development stage project | Several significant ore grade co-relatable intersections | |

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Appendix 3: Comparative Transactions

Table 30: Gold Mineral Resources in Brazil

| Date | Project | Buyer | Seller | Transaction summary | Mineral Resource Ore Reserve | Implied (A\$/oz) | Normalised (A\$/oz) |
|-----------|---------------------------|----------------------------------|---------------------------|---|---|------------------|---------------------|
| 22-Dec-17 | Coringa | Serabi Gold PLC | Anfield Gold Corp | Serabi Gold Plc paid approx. C\$6.42 million in cash within three months of closing and a final payment of approx. C\$15.42 million upon the earlier of first gold being produced from the Coringa Gold project or 24 months from the date of closing to acquire a 100% interest Chapleau Resources Ltd. from Anfield Gold Corp. | MR 2.1 Mt at 6.42 g/t 0.38 Moz OR 0.8 Mt at 6.50 g/t 0.16 Moz | 68.22 | 75.90 |
| 18-Sep-17 | CentroGold | Avanco Resources Limited | Jaguar Mining Inc | Avanco announced a revised transaction with Jaguar Mining Inc for the accelerated 100% acquisition of the CentroGold Project for conditional instalment payments of \$2.0m on signing and \$2.0m within 60 days, and an additional \$5.0m in 10 payments of \$0.5m, following completion of permitting. | MR 31.5 Mt at 1.8 g/t 1.86 Moz | 2.70 | 3.02 |
| 11-May-17 | Brio Gold Inc | Underwriters | Yamana Gold Inc | Underwriters agreed to purchase 26,667,000 shares in Brio Gold from Yamana representing 23.7% of Brio at C\$3.00/share. | MR: 122.1 Mt at 1.85 g/t 7.27 Moz OR: 60.6 Mt at 1.41 g/t 2.75 Moz | 45.93 | 50.22 |
| 7-Oct-16 | Gurupi | Avanco Resources Limited | Jaguar Mining Inc | Avanco entered into an earn in agreement with Jaguar, where Avanco can earn 20% of the Gurupi project by paying US\$1.7 million in cash, US\$0.5 million in shares and expending US\$0.3 million within 12 months. Additional contingent payments include earning an additional 31% interest by reporting an Ore Reserve greater than 0.5 Moz, and earning an additional 29% for demonstrating adequate funding and starting construction of a process plant with a capacity in excess of 50,000 oz/year. | MR: 88.5 Mt at 1.10 g/t 3.14 Moz | 5.01 | 5.54 |
| 21-Jul-16 | Almas, Matupa, Tolda Fria | Northwestern Enterprises Limited | Cyprus River Holdings Ltd | Northwestern entered into an acquisition agreement for 95,480,414 shares in Rio Novo Gold Inc (Rio) at US\$0.092/share, representing 63.03% of the company. Rio has a 100% interest in the Almas, Matupa and Tolda Fria projects. | MR: 74.5 Mt at 1.13 g/t 2.71 Moz OR: 27.3 Mt at 0.87 g/t 0.76 Moz | 6.86 | 7.14 |

| Date | Project | Buyer | Seller | Transaction summary | Mineral Resource Ore Reserve | Implied (A\$/oz) | Normalised (A\$/oz) |
|-----------|-----------------------|--------------------------|--|--|---|------------------|---------------------|
| 30-Apr-15 | Ernesto & Pau-a-Pique | Aura Minerals Inc | Serra da Borda Mineração e Metalurgia S.A. | Aura Minerals entered into an acquisition agreement with Serra da Borda Mineração e Metalurgia S.A. a company affiliated with Yamana to acquire the Ernesto and Pau-a-Pique projects for 2,000,000 shares, 3,500,000 share purchase warrants and a 2% NSR on gold ounces up to 1,000,000 produced and a 1% NSR on those over 1,000,000 oz. | MR: 3.3 Mt at 4.02 g/t 0.42 Moz | 0.94 | 1.17 |
| 22-Dec-14 | Premier Gold Mine | Cleveland Mining Co. Ltd | Edifica Participacoes Ltda | Cleveland entered into an acquisition agreement with Premier Gold for a 10% interest in the project bringing their interest up to 60% by expending A\$7.0 million over 12 months. | MR: 2.4 Mt at 1.48 g/t 0.11 Moz | 585.46 | 734.22 |
| 31-Oct-14 | Sao Vicente | Undisclosed Buyers | Aura Minerals Inc | An undisclosed buyer acquired 100% of the Sao Vicente project from Aura Minerals for R\$3.8 million (US\$1.57 million). | MR: 5.1 Mt at 0.81 g/t 0.13 Moz | 13.33 | 18.52 |
| 18-Feb-14 | Sertao | Orinoco Gold Limited | Troy Resources Limited & Amazônia Mineração Ltda | Orinoco entered into an acquisition agreement with Troy Resources and Amazônia Mineração for the Sertao project. Consideration consists of a payment of A\$236,000, issue of 7,000,000 options and a 2% NSR on the first 90,000 oz of gold produced and a 0.75% NSR on the next 90,000 oz produced. | MR: 0.8 Mt at 2.08 g/t 0.05 Moz | 4.39 | 5.54 |
| 26-Apr-13 | Boa Vista | Brazilian Gold Corp | D'Gold Mineral Ltda | Brazilian Gold signed a share exchange agreement with D'Gold to acquire 13.05% of the Boa Vista project by issuing 1.5 million shares, to increase its interest in the project to 84.05%. | MR: 8.5 Mt at 1.23 g/t 0.34 Moz | 4.15 | 5.34 |
| 11-Jul-12 | Cacoeira | Brazil Resources Inc | Luna Gold Corp | Brazil Resources entered into an acquisition agreement with Luna Gold for the Cacoeira project, with a few staged payments including an initial payment of C\$500,000 and C\$1,685,040 in shares, a year later shares issued to the value of C\$1,432,520 and a further cash payment another three months later of C\$306,000. Additional conditional payments are payable on approval of a mine plan, commencing mine construction and commercial production. | MR: 18.0 Mt at 1.16 g/t 0.67 Moz | 5.39 | 6.41 |
| 29-May-12 | Serra Grande | AngloGold Ashanti | Kinross Gold Corp | AngloGold paid US\$215 million for the remaining 50% interest in Minerao Serra Grande SA from Kinross Gold Corp. The principal asset of Minerao Serra Grande SA is the Serra Grande mine. | MR: 14.5 Mt at 4.11 g/t 1.92 Moz OR: 6.6 Mt at 3.52 g/t 0.75 Moz | 227.64 | 261.11 |

| Date | Project | Buyer | Seller | Transaction summary | Mineral Resource Ore Reserve | Implied (A\$/oz) | Normalised (A\$/oz) |
|-----------|-----------|----------------------------|------------------|--|----------------------------------|---------------------|------------------------|
| 31-Mar-10 | Tucano | Beadell Resources Limited | New Gold Inc. | Beadell entered into an acquisition agreement with New Gold for the Amapari Gold Project (Tucano) and an Iron ore royalty for total consideration of US\$53 million in cash and shares, where US\$38 million was attributed to the Tucano project. | MR: 44.3 Mt at 1.73 g/t 2.47 Moz | 16.79 | 25.32 |
| 23-Dec-09 | Borborema | Crusader Resources Limited | Private Interest | Crusader entered into an option to acquire agreement with private interests for 100% of the Borborema Project. Crusader had to make several staged payments over 12 months totalling A\$2.4 million. | MR: 5.3 Mt at 1.90 g/t 0.33 Moz | 7.09 | 10.51 |

Notes: Highlighted (blue) transactions have been excluded from final analysis: Three of the transactions relate to operating mines and are considered more advanced in comparison to the Mineral resources being valued and have been excluded from further analysis. Two other transaction was also excluded as being outliers, one high and one low.



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