

# Crusader Signs MOU for Treatment of Posse Fines

Crusader Resources Ltd (ASX:CAS) and Pedreira-Um Valemix (Valemix) have signed a Memorandum of Understanding (MOU) for the processing of iron ore fines produced at Crusader's Posse iron ore mine in Brazil.

Valemix owns and operates a wet processing plant approximately 72 km from the Posse mine. Valemix has been a long-standing customer for Posse fines, which have been blended with Valemix's own ore sources to produce a sinter feed product.

The MOU is an important step which will allow the terms of a long-term agreement to be defined following appropriate due diligence.

Under the terms of the MOU, Crusader is able to conduct tests and supervise the processing of commercial scale quantities of Posse fines and develop customers for the resulting high-grade sinter feed products.

The MOU allows for the exclusive use of the Valemix plant, all personnel to operate the plant, laboratory and certain administrative functions. The MOU period is limited to a maximum of 3 months, which Crusader believes is sufficient time to test the suitability of the plant for sole treatment of Posse fines, as well as to test the marketability of the products.

A final agreement, if completed, would involve a fixed monthly charge and result in Crusader taking on the management of the plant and equipment. In addition to the increased revenue and profitability to Crusader through the creation of a saleable fines product, the ability to move the fines offsite from Posse is expected to generate significant benefits for Posse through increased flexibility within the mine plan and reduced costs due to lower overall material movements.

Crusader's Managing Director, Rob Smakman, said *"We have been studying a number of options to generate shareholder value from the fines generated from Posse. This proposal gives-*

## Australian Securities Exchange Information

**ASX Code: CAS**

- Ordinary Shares **140,939,141**
- Options **27,251,050**  
(exercise prices: \$0.3414 to \$1.35)
- Market Capitalisation **\$28M**
- Treasury **\$6.0M** (30 Sep 2014)
- Share price **\$0.20**  
(12 month closing range: \$0.19 to \$0.455)

## Board of Directors

Non-Executive Chairman  
**Stephen Copulos**

Managing Director  
**Rob Smakman**

Executive Director  
**Paul Stephen**

Non-Executive Directors  
**John Evans**  
**David Netherway**  
**Mauricio Ferreira**

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The Valemix plant will be accessed from Posse via sealed highways and roads. The plant has been in operation for 3 years and consists of:

- A two stage crushing circuit. Wet screening plant to produce a >2mm product
- Wet magnetic separation to produce a <2mm concentrate
- Stockpile areas for blending of >2mm product with <2mm concentrates to meet specific customer requirements
- Laboratory for testing products and ore feed

Crusader has approached several potential customers in the area and held preliminary talks regarding the necessary product specifications which would make Posse sinter feed a highly sought-after product. Following these discussions Crusader is confident it will be able to meet customer requirements.

Crusader has previously undertaken test work, utilising a similar process flow sheet to that of the Valemix plant, which created products expected to be well received by the domestic market. The first Posse material is due to be sent to Valemix from December 8, 2014.

#### **Update on Posse tertiary crusher installation**

As outlined in the September Quarterly Report, Crusader is installing a tertiary crusher at Posse which will allow for increased production rates for Posse lump ore product (called hematitinha or HTT, with size specifications of +6.35mm to -19mm). Foundations for the crusher have been laid, engineering design is complete and the new crusher and crusher stand have been ordered. Installation is expected to be complete and operational before Christmas this year.



**Figure 2; Pouring the concrete for the foundations of the tertiary crusher at Posse.**

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**About Crusader**

Crusader Resources Limited (ASX:CAS) is a minerals exploration and mining company listed on the Australian Securities Exchange. Its major focus is Brazil; a country Crusader believes is vastly underexplored and which offers high potential for the discovery of world class mineral deposits. Crusader has three key assets:

**Posse Iron Ore**

The Posse Iron Ore Mine is located 30km from Belo Horizonte, a city acknowledged as the mining capital of Brazil and the capital of Minas Gerais state. The project had an indicated and inferred Mineral Resource estimate of 36Mt @ 43.5% Fe when mining began in March 2013.

Posse is currently selling DSO into the domestic market and has been cash flow positive since July 2013.

With an experienced mining workforce amongst a population of over 2.5 million people, the infrastructure and access to the domestic steel market around the Posse Project is excellent. Drilling and expansion studies are currently underway.

**Borborema Gold**

The Borborema Gold Project is in the Seridó area of the Borborema province in north-eastern Brazil. It is 100% owned by Crusader and consists of three mining leases covering a total area of 29 km<sup>2</sup> including freehold title over the main prospect area.

The Borborema Gold Project benefits from a favourable taxation regime, existing on-site facilities and excellent infrastructure such as buildings, grid power, water, sealed roads and is close to major cities and regional centres. The project's Maiden Ore Reserve was announced in November 2012. Proven and Probable Ore Reserves of 1.61Moz of mineable gold from 42.4Mt @ 1.18g/t (0.4 & 0.5g/t cut-offs for oxide & fresh). The measured, indicated and inferred Mineral Resource Estimate of 2.43Moz @ 1.10g/t gold, remains open in all directions.

A Pre-Feasibility Study (PFS), completed in September 2011, into the economic and technical merits of the Borborema Gold Project, revealed a robust investment case based on an open cut mine development of 3Mtpa. A Bankable Feasibility Study is underway.

**Juruena Gold**

The Juruena Gold Project represents an exciting exploration opportunity, with multiple high-grade targets, within giant gold in-soil anomalies. The project is located in the highly prospective Juruena-Alta Floresta Gold Belt, which stretches east-west for >400km and has historically produced more than 7Moz of gold from 40 known gold deposits.

The Juruena Project has been worked extensively by artisanal miners (garimpeiros) since the 1980s, producing ~500koz in that time. Historically there is a database of more than 30,000 meters of drilling and extensive geological data. Crusader acquired the project in mid-2014 and is fully funded to complete a drilling program capable of defining a maiden resource.

**Competent Person Statement**

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

The information in this report that relates to:

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

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

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