

crusader

Crusader Resources Limited

ANNUAL REPORT
31 DECEMBER 2014



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Corporate Information

This annual report covers both Crusader Resources Limited and its subsidiaries. The Group's functional and presentation currency is Australian dollars (\$).

A description of the Group's operations and of its principal activities is included in the Review of Operations and Activities in the Directors' Report on pages 4 to 25. The Directors' Report is not part of the financial report.

Directors

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

Company Secretary

Andrew Beigel

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ASX Code:

Ordinary shares - CAS

Chairman's Letter to Shareholders

Dear Shareholder,

I am very pleased to report that our company has continued to generate positive cash flow from the Posse Iron Ore Project over 2014, whilst developing its diversified pipeline of resource opportunities against a background of volatile international share markets and commodity prices.

The addition of a third asset with the purchase of the Juruená Gold Project now places our company in the position of being able to move towards the ultimate goal of delivering positive cash flow across multiple projects and commodities. We expect 2015 will be an exciting period with all three projects advancing and delivering shareholder value.

We were very pleased to welcome the International Finance Corporation (IFC), a member organisation of the World Bank, as a substantial shareholder. The IFC currently represent 9.8% of the total outstanding shares in Crusader, not only does this provide us with a substantial financing partner for future expansion but will help to attract new investment as we deliver on our key milestones over 2015.

Although international iron ore prices have fallen dramatically over 2014, the Posse mine continues to benefit from its exceptional location, just 30km from Belo Horizonte in Brazil's famed "Iron Quadrilateral" region - one of the world's most prolific iron ore areas enabling easy access and minimal transport costs along with flexible mining and processing methods.

Crusader's gold division is entering an exciting phase with drilling continuing on the high-grade Juruená Gold Project. We currently have two drilling rigs employed on site and believe the program will generate a maiden resource allowing a path to production to be defined. In general gold projects are looking very attractive in Brazil with the triple effect of a weakening Brazilian currency, a firmer overall commodity price, and the effect on fuel and energy costs with the fall in the oil price over the past 6 months.

I would like to thank our Managing Director, Rob Smakman, Executive Director, Paul Stephen and all the Crusader team for working diligently putting the blocks in place that will ultimately flow through to shareholders as the Group continues to grow. There remains a very strong focus on cost-effective exploration and project development, designed to provide Crusader with a suite of projects to provide growth options into the future. I am very confident we have the team and the skills to deliver on Crusader's potential.

I would also like to thank all our shareholders for their continued support. We can all look forward to an exciting year with both the iron ore and gold divisions providing opportunities for significant growth.

Yours Faithfully,



Stephen Copulos
Chairman

Directors' Report

The Directors of Crusader Resources Limited ("the Parent Entity" or "Crusader" or "the Company") and its controlled entities ("the consolidated entity" or "the Group") submit herewith the annual financial report of the Group for the year ended 31 December 2014 ("the period").

In order to comply with the provisions of the Corporations Act 2001 (Cth), the Directors report as follows:

Information about the Directors

The names and particulars of the Board of Directors ("the Board") of the Company during or since the end of the financial year are:

Mr. Stephen Copulos (Non-Executive Chairman)

Mr. Copulos has over 30 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 Crusader. He has been a major shareholder of Crusader for many years, and is aligned to improving shareholder returns.

Mr. Copulos has over 14 years' experience as a company director of both listed and unlisted public companies. He is currently the non-executive Chairman of Black Rock Mining Limited and was a non-executive director of Collins Foods until October 2014.

Mr. Copulos is Chairman of the Remuneration Committee and a member of the Audit and Risk Committee.

Mr. Robert Smakman (Managing Director) B.Sc (Hons), F.Aus.IMM., FFIN

Mr. Smakman is an Honours graduate of Monash University and has had a successful international career as a geologist and manager over the past 20 years. He has been associated with a variety of different commodities including gold, iron, uranium, copper, silver and rare earths. He has held management roles in various countries and has served in senior public company management for several years.

Mr. Smakman has been a resident of Brazil since 2006, and has negotiated the purchase of all of Crusader's projects as well as managed their exploration, development and operations.

Mr. Paul Stephen (Executive Director) B.Comm

Mr. Stephen holds a Bachelor of Commerce from the University of Western Australia. He has more than 20 years of experience in the financial services industry, starting as a portfolio manager at Perpetual Trustees in 1992 and working subsequently as a Private Client Advisor with Porter Western and Macquarie Bank. Mr. Stephen was a significant shareholder and Senior Client Advisor at Montagu Stockbrokers prior to their merger with Patersons Securities Ltd.

Mr. John Evans (Non-Executive Director) B.Comm (Hons), FCA, CPA, MAICD

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.

Directors' Report (continued)

He has held several other non-executive directorships in Australian public companies, including Intermoco Limited, MediVac Limited and HealthLinx Limited. He 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 Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Mr. Mauricio Ferreira (Non-Executive Director) B.Sc

Mr. Ferreira is a senior executive with more than 35 years of experience in the natural resources and energy sectors.

From 1986 to 2012, Mr. Ferreira held several positions within the Vale Group. He has managed distinct functions from exploration to sales and marketing in different businesses including iron ore, gold, fertilizers, kaolin and energy. In the early 1990's Mr. Ferreira was actively involved in the exploration and development of three gold mines in Brazil. More recently he was Director of Special Projects in Sustainability and Energy, CEO of Vale Energia Limpa (Clean Energy), Director of Business Development at Vale Oil & Gas and Chief Executive Officer of PPSA Kaolim Mine and CADAM S.A.

Mr. Ferreira earned a Bachelor of Science in Geology at Universidade Federal do Rio de Janeiro and attended the Ph.D. program at the University of Western Ontario. He has supplemented his experience with extensive executive education at Ibmecc, University of Sao Paulo, Harvard University, Massachusetts Institute of Technology, INSEAD and the International Institute for Management Development.

Mr. Ferreira is a member of the Audit and Risk Committee.

Mr. David Netherway (Non-Executive Director) B.Eng (Mining), C.Dip.AF, F.Aus.IMM, CP

Mr. Netherway is a mining engineer with over 35 years of experience in the mining industry.

He was the Chief Executive Officer of Shield Mining Limited, an Australian listed company exploring for gold and base metals in Mauritania, until the 2010 takeover by Gryphon Minerals Limited. Prior to this, he served as the Chief Executive Officer of Toronto-listed Afcan Mining Corporation, a China-focused gold mining company which was taken over by Eldorado Gold Corporation. He has also held senior management positions in a number of mining companies, including Golden Shamrock Mines Ltd, Ashanti Goldfields Corporation and Semafo Inc, and is a former director of Gryphon Minerals Ltd, Equigold NL, GMA Resources Ltd, and Orezone Resources Inc. Mr. Netherway was also the chairman of Afferro Mining Inc until December 2013.

Mr. Netherway is the chairman of Kilo Goldmines Ltd, Aureus Mining Inc, and a non-executive director of Altus Global Gold Ltd, Altus Resource Capital Limited and Canyon Resources Ltd.

Mr. Netherway is a member of the Remuneration Committee.

Company Secretary

Andrew Beigel, B.Comm, CPA

Mr. Beigel has more than 18 years of corporate experience across a range of industries, and has held executive positions with other ASX listed companies in the resources sector. He has previously been involved in development and funding of projects and bankable feasibility studies. Mr. Beigel is a member of the CPA Australia.

Directors' Report (continued)

Shares and options issued during the financial period

The Company issued the following shares and options during the year:

- 23,302,808 options with terms listed below
 - 5,650,000 options exercisable at \$0.4100 with an expiry date of 30 June 2018
 - 675,000 options exercisable at \$0.5200 with an expiry date of 14 August 2018
 - 1,246,550 options exercisable at \$0.4100 with an expiry date of 20 August 2018
 - 500,000 options exercisable at \$0.5000 with an expiry date of 13 August 2016
 - 1,000,000 options exercisable at \$0.6000 with an expiry date of 13 August 2016
 - 1,000,000 options exercisable at \$0.8000 with an expiry date of 13 August 2016
 - 2,990,000 options exercisable at \$0.5200 with an expiry date of 14 August 2018
 - 8,741,258 options exercisable at \$0.2860 with an expiry date of 31 December 2018
 - 1,500,000 performance shares with an expiry date of 21 July 2019⁽¹⁾

(1) Refer to note 14 for performance shares.

Details of unissued shares under option at the date of this report are:

No. shares under option	Class of shares under option	Exercise price of option (\$)	Expiry date of options
500,000	ordinary	0.56	22-Aug-15
1,000,000	ordinary	0.70	22-Aug-15
90,000	ordinary	1.35	30-Jun-16
1,000,000	ordinary	0.48	31-Dec-15
7,322,000	ordinary	0.3414	10-May-17
1,412,500	ordinary	0.43	13-May-17
2,865,000	ordinary	0.43	7-Aug-17
5,650,000	ordinary	0.41	30-Jun-18
500,000	ordinary	0.50	13-Aug-16
1,000,000	ordinary	0.60	13-Aug-16
1,000,000	ordinary	0.80	13-Aug-16
3,665,000	ordinary	0.52	14-Aug-18
1,246,550	ordinary	0.41	20-Aug-18
8,741,258	ordinary	0.2860	31-Dec-18
1,500,000 ⁽¹⁾	ordinary	-	21-Jul-19

(1) 1,500,000 performance shares. Refer to note 14.

The issuing entity for all ordinary shares under option is Crusader Resources Limited.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company.

Directors' Report (continued)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Crusader Resources Limited are as follows:

Director	Number of ordinary shares	Number of unlisted options
S. Copulos	28,165,961	1,000,000
R. Smakman	2,717,426	1,916,667
P. Stephen	3,443,780	1,958,333
J. Evans	-	660,000
M. Ferreira	-	660,000
D. Netherway	35,000	750,000

During and since the end of the financial year an aggregate of 3,665,000 share options were granted to the following Directors and Key Management Personnel:

Directors and Key Management Personnel	Number of options granted	Issuing entity	Number of ordinary shares under option
S. Copulos	500,000	Crusader Resources Limited	500,000
R. Smakman	1,000,000	Crusader Resources Limited	1,000,000
P. Stephen	500,000	Crusader Resources Limited	500,000
J. Evans	330,000	Crusader Resources Limited	330,000
M. Ferreira	330,000	Crusader Resources Limited	330,000
D. Netherway	330,000	Crusader Resources Limited	330,000
A. Beigel	225,000	Crusader Resources Limited	225,000
W. Foote	225,000	Crusader Resources Limited	225,000
M. Schmulian	225,000	Crusader Resources Limited	225,000

Dividends

The Directors do not recommend that a dividend be paid. No dividend has been paid by the Company (2013: Nil).

Principal activities

The principal activity of the Group during the financial period was mining, mineral exploration and evaluation in Brazil.

Functional currency

For the purposes of the financial statements, the results and financial position of the Group are expressed in Australian Dollars ("A\$"), which is the functional currency of the Group and the presentation currency of the financial statements.

Directors' Report (continued)

Operating and Financial Review

Crusader continued its focus on Brazil during 2014 and made significant strides towards the ultimate goal of achieving a profitable mining company. Highlights for the 2014 year included;

- Operations continued profitably at Posse iron ore mine with sales of \$16.9M and gross profit of \$6.3M.
- Negotiated and purchased the high-grade Jurueña gold project. Jurueña was chosen after an exhaustive search-targeting a high grade project with potential to be developed independent of market conditions.
- Development studies continued to advance the multimillion ounce Borborema gold project.
- Crusader also attracted a significant (10%) new investor in International Finance Corporation (IFC), a member of the World Bank Group.

During the year, the Company continued to achieve solid cash flows for the Posse iron ore mine. The first half of 2014 in particular yielded strong sales and record production. The decline of the global iron ore price in the latter part of the year, impacted on the local demand for iron ore and subsequently local prices, although not as dramatically as in the international markets. Despite this, Posse maintained profitability.

The Company reacted quickly to the changes in market conditions implementing a cost efficiency program and modifications to the plant to increase flexibility in product mix. In addition, work has progressed significantly on a solution to add value to fines product by beneficiating to a high-grade sinter feed product. It is anticipated that Posse will continue to generate profits that will assist the Company with the exploration and development of additional projects.

The addition of the high-grade Jurueña gold project diversified the Company's project portfolio. The acquisition was driven by a strategy to target high-grade projects, developable with low capital and operating costs.

Crusader continues to evaluate the development options for the multimillion ounce Borborema gold project, keenly aware of the current global commodity and exchange rate markets. With gold prices in Brazilian Real terms recently recording all-time highs and the potential to re-size Borborema into a smaller project, the economics have become more positive for this long-term asset.

Looking ahead, in the immediate future, the Company will continue to maximise returns from the Posse mine. Exploration work at Jurueña will be ongoing, targeting high-grade deposits that can be developed quickly, and the Borborema optimisation studies and low-cost development will continue to be progressed. Crusader will also maintain an opportunistic approach to adding new projects- assuming they meet our stringent criteria of being demonstrably favourable to shareholders.

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

The Posse iron ore mine maintained strong profitability over the year ending 31 December 2014, despite reduced global demand and softer prices over the second half of 2014, achieving a gross profit of \$6,262,700 (2013: \$3,503,489). Sales revenue for the year was \$16,942,842 (2013: \$7,502,482).

The dramatic fall in the international price of iron ore affected all participants in the industry from producers to the end users of steel products, however, the mine gate price for Crusader's products decreased only modestly when compared to the previous year's sales prices.

A range of cost reduction measures were identified and implemented delivering cost savings in late 2014 and into 2015. These include more efficient equipment usage (in particular relating to waste movements); re-negotiation of the mining contract; reduced fuel supply contract (lower oil price) and a re-negotiated key spares supply contract.

Two key initiatives, targeting increased profitability and flexibility were successfully implemented during 2014.

Directors' Report (continued)

Operating and Financial Review (continued)

1. Plant Upgrade - Tertiary Crusher Installation

Crusader installed a tertiary crusher at Posse at the end of 2014 which has allowed for increased production rates for the finer lump ore product (called hematitinha or HTT, with size specifications of +6.35mm to -19mm). This was in response to weaker demand for the coarser lump (from +19mm to -32mm) and to increase crushing capacity and circuit flexibility. The total capital cost of the new crusher including installation was \$140k.

2. Posse Stage 2 Development - Treatment of Fines

During the year, Crusader investigated dry beneficiation of the Posse fines through a series of tests and desktop evaluations. With falling iron ore prices, no combination of plant design was found to be feasible. However, in December 2014, Crusader signed a Memorandum of Understanding (MOU) with Pedreira-Um Valemix (Valemix) to test the processing of iron ore fines produced at Posse.

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

Under the terms of the MOU, Crusader is conducting extensive testwork on Posse fines within the Valemix plant, in order to accurately determine the quality and quantity of products able to be produced from beneficiation within the plant. Testwork to date has been encouraging, with products of up to 66% Fe content able to be produced. Different configurations are being trialled to balance the throughput, recovery, ore grade and granulometry.

Crusader is also carefully evaluating the saleability of the potential product(s) within the local and international market. A stable sales contract is considered fundamental to the future of this agreement- especially given the continued weak international market conditions.

In addition to the potential increased revenue and profitability to Crusader through the creation of an additional saleable 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.

Juruena Gold Project, Mato Grosso, Brazil (CAS 100%)

Crusader purchased the Juruena gold project in July 2014 after reviewing many diverse opportunities. This search for new assets was driven by a corporate strategy to purchase advanced projects capable of being bought into production for less than US\$50M in capital costs and capable of producing gold below US\$500/oz C1 cash costs.

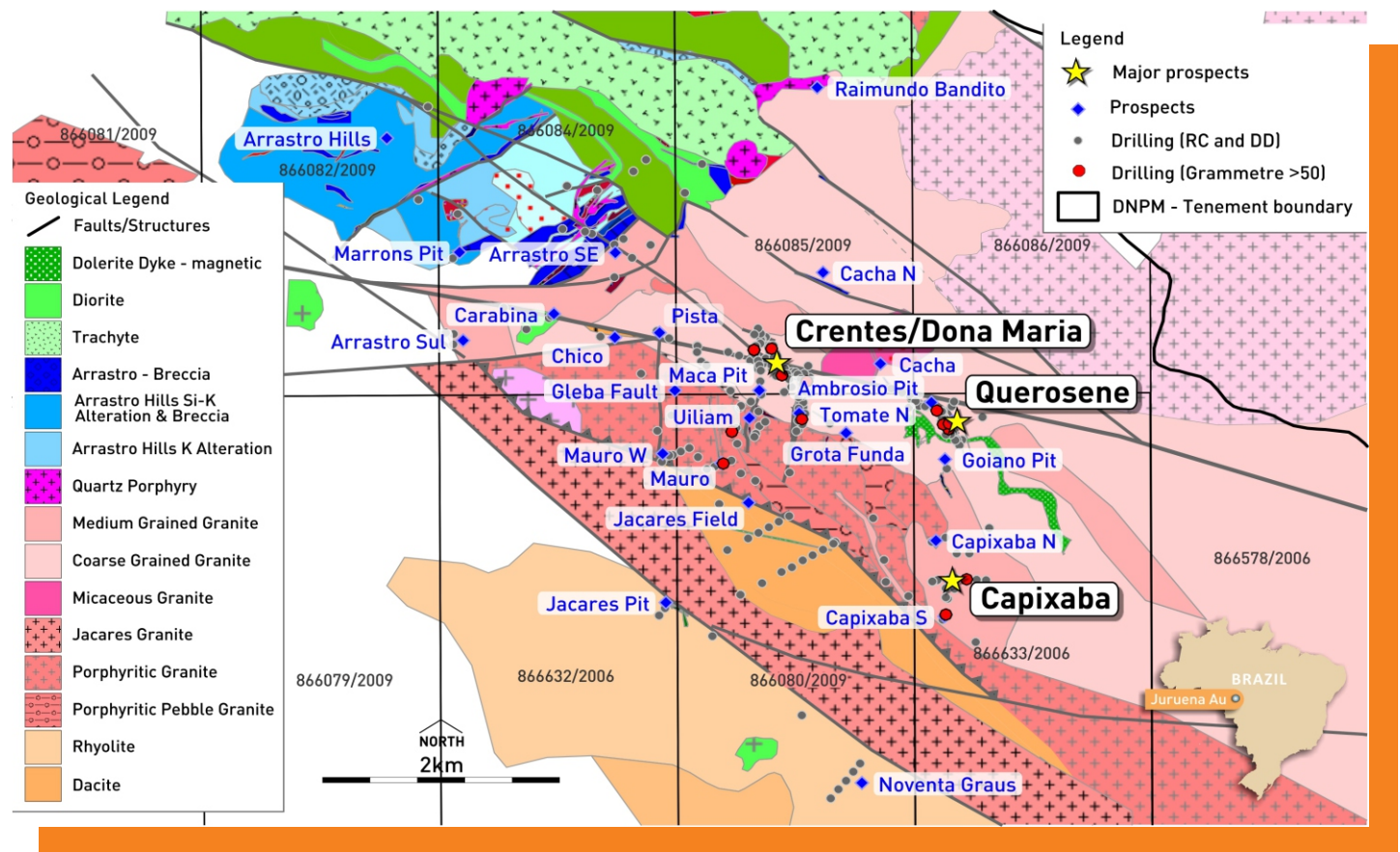
Crusader believes that this is the key criteria for developing a gold project in a US\$1,000 gold price environment.

The Juruena project is an extensive (~450km²) exploration property located in the central Brazilian state of Mato Grosso. Gold was first mined from Juruena by garimpeiros (artisanal miners) in the 1970's when up to 30,000 workers began working on the site, producing approximately 0.5Moz of gold from near-surface ore. The project was first drilled in the 1990's (by Consolidated Madison Holdings Ltd. - 91 holes for >15,000m), but the most significant exploration has been by the TSX listed Lago Dourado Inc. (Lago) who conducted extensive geochemistry, geophysics and drilling as part of a sophisticated modern exploration program between 2010 and 2014.

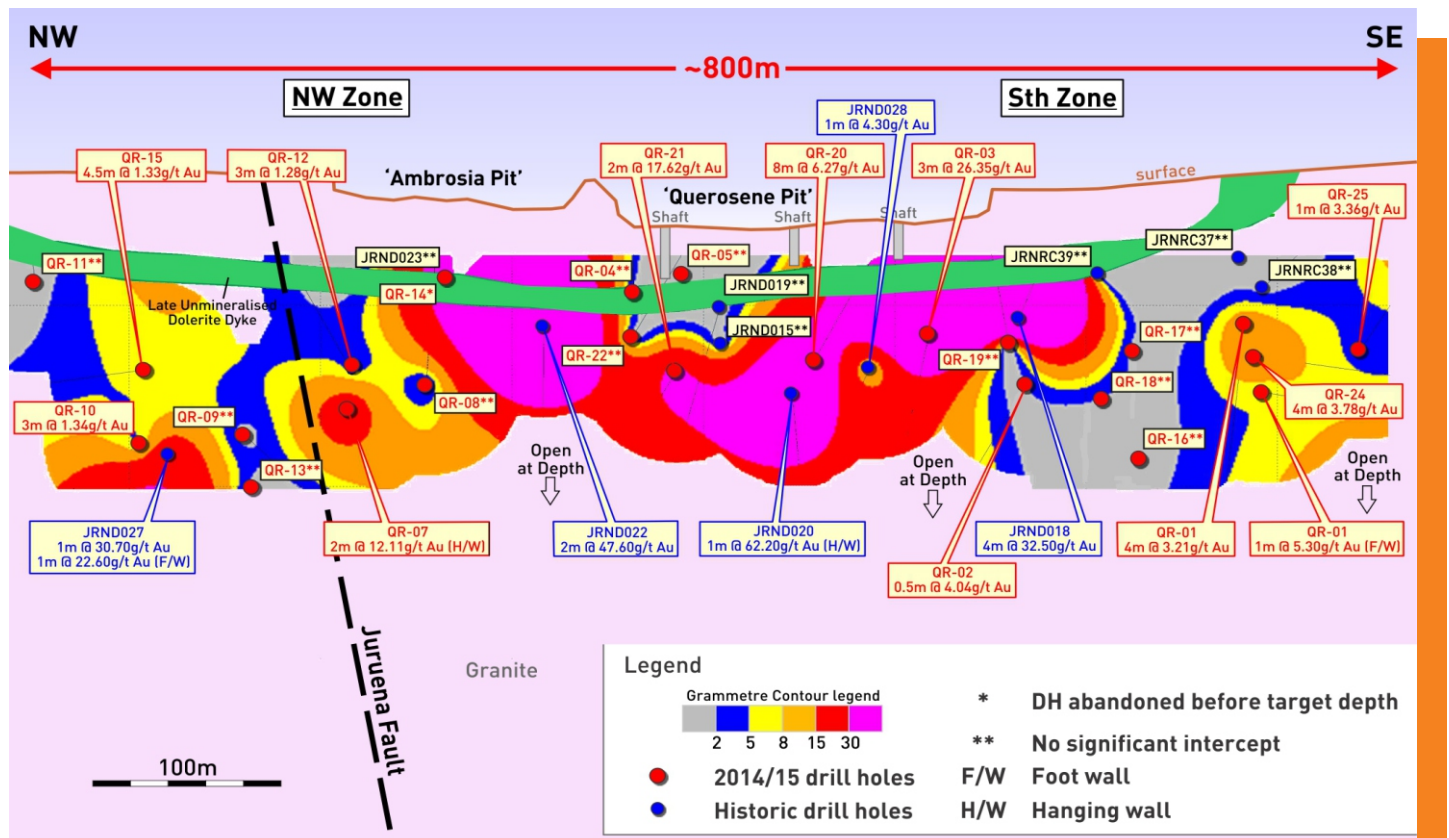
Lago detailed giant soil anomalies over both the Juruena and Novo Astro prospects. Historical drilling concentrated on the Juruena project area where seven distinct mineralised zones have been identified and tested in 70 diamond holes (for 22,018m) and 90 RC holes (for 6,618m). Of the historical holes drilled, twenty-three intercepts were greater than 50 gram-meters, from seven different prospects.

The Juruena area will be the main target for follow-up exploration activities by Crusader.

JURUENA GOLD PROJECT - PROSPECTS AND GEOLOGY



QUEROSENE LONG SECTION WITH GOLD GRAM X METRE CONTOURS



RC DRILLING AT JURUENA'S QUEROSENE PROSPECT



AERIAL VIEW OF POSSE IRON ORE MINE



Directors' Report (continued)

Operating and Financial Review (continued)

Recent gold price weakness in USD terms, (the BRL gold price is at all-time highs) has not deterred the aggressive exploration underway at Jurueña with the company committed to exploration continuity throughout the international commodity cycle.

Drilling by Crusader has been initiated at four of the prospects, Querosene, Crentes, Dona Maria and Capixaba. Crusader's systematic approach to the targeting of these exciting prospects will help with an overall understanding of the geological setting in the region.

Drilling at Jurueña has returned some spectacular grades. Results from Querosene indicate that the higher grade mineralisation is concentrated on the southern portion of the shear zone, extending further south than previously expected. This is encouraging as the high-grade intercepts form a coherent zone within the middle of the drilling to date, and appear to be continuing along strike to the south. The entire mineralised system remains open at depth.

Better intercepts include:

- **3m @ 26.35 g/t Au** from 73m in hole QR-03/2014 including **0.5m @ 150.57 g/t Au** from 73m
- **2m @ 12.11 g/t Au** from 52m in hole QR-07/2014

It is worth noting that it can often be difficult to intercept consistent grades along the extent of the 'orebody' when exploring narrow high-grade mineralised systems, such as Querosene. This is generally due to the nuggety nature of high-grade gold systems that can lead to bonanza grades in some areas, with low grades close by. Crusader is encouraged by the consistency of the intercepts at Querosene to date, but understands that this will be an inherent part of the evaluation of the project.

Crusader believes the Jurueña gold project presents a tremendous opportunity to develop a profitable gold mine based on these shallow, high-grade intercepts. Jurueña's location, with road, river and air access, along with a fully operational camp, gives Crusader the ability to fast-track development options to put the project into production. A maiden resource estimate is expected to be calculated upon completion of the current drill program.

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

Crusader continued to evaluate the development options for the Borborema gold project during the year. A 1,200m drilling program was completed collecting PQ diamond core, specifically drilled to maximise sample mass for a planned metallurgical testwork program. Work on licensing and other approvals was also progressed during the year.

With gold prices in Brazilian Real terms recently hitting all-time highs and the potential to re-size Borborema into a smaller project, the economics have changed significantly to the positive for this long-term asset. A smaller project would require smaller plant throughput and significantly lower capital costs compared to development options previously pursued.

A number of other incremental initiatives could also provide significant overall improvements for the development of the project, including alternatives to the process flow sheet, project layout and scheduling that could significantly improve the project viability.

Seridó Gold Project, Rio Grande do Norte, Brazil (CAS 100%)

Crusader completed exploration work throughout the Seridó project during 2014, with little success. At the conclusion of exploration work, Crusader reviewed the extensive tenement package and those tenements considered as lower priorities were surrendered, saving considerably on annual rents and rates.

The company maintains a strategic tenement holding in the area surrounding Borborema.

Directors' Report (continued)

Operating and Financial Review (continued)

Corporate

During the period, the Group raised \$3,999,999 (before costs) through the issue of 13,793,100 ordinary shares plus 6,896,550 options, issued to IFC – a member of the World Bank Group. IFC is the largest global development institution, focussed exclusively on the private sector in developing countries. The terms of the options are:

Number of options	Class of shares under option	Exercise price of option	Expiry date
5,650,000	ordinary	\$ 0.41	30-Jun-18
1,246,550	ordinary	\$ 0.41	20-Aug-18

Operating results for the period

The Group's operating loss after income tax for the period was \$4,144,139 (December 2013: loss of \$1,871,692). The Group's basic loss per share for the year was 3.11 cents (December 2013: loss per share of 1.48 cents).

Liquidity and Capital Resources

The Consolidated Statement of Cash Flows illustrates that there was an increase in cash and cash equivalents in the year ended 31 December 2014 of \$1,278,348 (December 2013: decrease of \$585,893). The cash increase was largely a result of capital raising and funds received from sales of iron ore products exceeding payments for acquisition, exploration and development.

Risk management

The Group takes a proactive approach to risk management. The Audit and Risk Committee is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Significant changes in the state of affairs

The state of affairs of the Group was not affected by any significant changes during the financial period not otherwise stated in the report.

Environmental regulation and performance

The Group's activities are subject to environmental regulations under Brazil federal and state legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Significant events after the balance date

Subsequent to the year end, on 30 March 2015, the Company announced it was completing a capital raising to secure additional funding. At the date of this report, the capital raising is currently in progress.

Future developments

The Group will continue to focus on mining, mineral exploration and development opportunities.

Indemnification and insurance of officers and auditors

During the financial year, the Group indemnified each of the Directors against all liabilities incurred by them as Directors of the Company (and subsidiary companies) and all legal expenses incurred by them as Directors of the Company (and subsidiary companies).

The indemnification is subject to various specific exclusions and limitations.

The Company provided Directors and Officers' liability insurance during the year.

The Company did not provide any insurance or indemnification for the auditors of the Group.

Directors' Report (continued)

Remuneration Report (audited)

This remuneration report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations. For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company.

Directors and Key Management Personnel

The following persons acted as Directors and/or Key Management Personnel of the Group during or since the end of the financial year.

Mr. S. Copulos	Chairman (Non-Executive)
Mr. R. Smakman	Managing Director
Mr. P. Stephen	Director (Executive)
Mr. J. Evans	Director (Non-Executive)
Mr. M. Ferreira	Director (Non-Executive)
Mr. D. Netherway	Director (Non-Executive)
Mr. A. Beigel	Chief Financial Officer and Company Secretary
Mr. M. Schmulian	Chief Operating Officer
Mr. W. Foote	Project Manager
Mr. J. Nery	Manager Iron Ore and Compliance – appointed 22 September 2014
Mr. A. Platel	Exploration Manager – resigned 4 March 2014

Remuneration policy

The remuneration policy of the Group is to ensure that remuneration packages of Directors and other Key Management Personnel properly reflect the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating Directors and other Key Management Personnel of the Group. As part of the remuneration policy the Group issues incentive options to Directors and other Key Management Personnel. Apart from Non-Executive Directors, these options may require achieving specific performance targets as a condition of vesting.

The aggregate sum available for remuneration of Non-Executive Directors is currently \$460,000 per annum as approved at a General Meeting of shareholders on 23 November 2011.

Directors' Report (continued)

Remuneration Report – audited (continued)

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five most recent financial periods ending 31 December 2014:

	31 Dec 2014 \$	31 Dec 2013 (6 months) \$	30 June 2013 \$	30 June 2012 \$	30 June 2011 \$
Revenue	16,942,835	7,502,482	2,011,024	1,176,891	679,689
Net loss before tax	(3,446,093)	1,583,973	7,618,570	11,305,829	8,778,006
Net loss after tax	(4,144,139)	1,871,692	7,677,691	11,305,829	8,778,006

	31 Dec 2014 cents	31 Dec 2013 cents	30 June 2013 cents	30 June 2012 cents	30 June 2011 cents
Share price at start of period	30.0	23.0	62.0	118.0	55.0
Share price at end of period	22.0	30.0	23.0	62.0	118.0
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic loss per share	3.11	1.48	6.19	10.44	10.68
Diluted loss per share	3.11	1.48	6.19	10.44	10.68

Bonuses and share-based payments granted as compensation for the current financial year

At a meeting of shareholders held on 10 June 2008, the Company received approval for the introduction of an employee share option scheme ("the Plan"). The Plan was re-approved at a meeting of shareholders on 15 May 2014, the details of which are set out below. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The Options can only be issued to Employees or Officers of the Company and its subsidiaries.
2. Each Option entitles the holder, on exercise, to one fully paid ordinary Share in the Company.
3. Shares issued on exercise of Options will rank equally with other fully paid ordinary Shares of the Company.
4. The exercise price and expiry date for the Options will be as determined by the Board (in its discretion) on or before the date of issue.
5. The maximum number of Options that can be issued under the Plan is not to be in excess of 5% of the total number of Shares on issue.
6. An Option may only be exercised after that Option has vested, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an Option the Board may, in its absolute discretion, impose other conditions on the exercise of an Option.
7. An Option will lapse upon the first to occur of its expiry date, the holder acting fraudulently or dishonestly in relation to the Company or related entities, or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
8. Upon an Optionholder ceasing to be a Director, employee or officer of the Company and its subsidiaries, whether by termination or otherwise, the Optionholder has 45 days from the day of termination, or otherwise, to exercise their Options before their Options lapse.

Directors' Report (continued)

Remuneration Report – audited (continued)

9. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur), then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
10. Options may not be transferred other than in cases where the Options have vested, are within six months of the expiry date of the Options, and the Options are transferred to an Associate of the Optionholder. Quotation of Options on the ASX will not be sought. However, the Company will apply to the ASX for official quotation of Shares issued on the exercise of Options.
11. There are no participating 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. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least six ASX Business Days after the issue is announced.
12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each Optionholder holding any Options which have not expired at the time of the Record Date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe pursuant to the exercise of those Options immediately before the Record Date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Option holder is entitled, or the exercise price of his or her Options, or both, or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

Directors' Report (continued)

Remuneration Report – audited (continued)

As at end of the financial year, the following share-based payments were in existence and had been issued as compensation:

Options series	Grant date	Number	Exercise Price \$	Expiry date	Grant date fair value \$	Vesting date
11. Issued 25 Aug 2010	25 Aug 2010	125,000	0.44	1 Aug 2015	0.3183	1 Feb 2012
12. Issued 25 Aug 2010	25 Aug 2010	125,000	0.44	1 Aug 2015	0.3417	1 Aug 2013
13. Issued 25 Aug 2010	25 Aug 2010	250,000	0.56	22 Aug 2015	0.3013	22 Feb 2012
14. Issued 25 Aug 2010	25 Aug 2010	250,000	0.56	22 Aug 2015	0.3268	22 Aug 2013
15. Issued 29 Nov 2010	19 Nov 2010	500,000	0.70	22 Aug 2015	0.5370	22 Feb 2012
16. Issued 29 Nov 2010	19 Nov 2010	500,000	0.70	22 Aug 2015	0.5640	22 Aug 2013
19. Issued 30 Nov 2011	23 Nov 2011	120,000	1.35	30 Jun 2014	0.5253	30 Jun 2012
20. Issued 30 Nov 2011	23 Nov 2011	90,000	1.35	30 Jun 2016	0.6870	30 Jun 2012
21. Issued 14 May 2013	14 May 2013	558,333	0.43	13 May 2017	0.1493	14 May 2014
22. Issued 14 May 2013	14 May 2013	558,333	0.43	13 May 2017	0.1645	14 May 2015
23. Issued 14 May 2013	14 May 2013	558,334	0.43	13 May 2017	0.1776	14 May 2016
24. Issued 8 Aug 2013	30 Jul 2013	857,779	0.43	7 Aug 2017	0.0464	8 Aug 2014
24. Issued 8 Aug 2013 ¹	30 Jul 2013	138,888	0.43	7 Aug 2017	0.0100	8 Aug 2014
25. Issued 8 Aug 2013	30 Jul 2013	996,667	0.43	7 Aug 2017	0.0585	8 Aug 2015
26. Issued 8 Aug 2013	30 Jul 2013	996,666	0.43	7 Aug 2017	0.0720	8 Aug 2016
29. Issued 14 Aug 2014	14-Aug-2014	1,490,000	0.52	14-Aug-2018	0.1144	14-Aug-2014
29. Issued 14 Aug 2014 ²	14-Aug-2014	458,334	0.52	14-Aug-2018	0.1140	14-Aug-2015
29. Issued 14 Aug 2014 ²	14-Aug-2014	41,666	0.52	14-Aug-2018	0.0600	14-Aug-2015
29. Issued 14 Aug 2014 ²	14-Aug-2014	500,000	0.52	14-Aug-2018	0.1300	14-Aug-2016
29. Issued 14 Aug 2014 ²	14-Aug-2014	500,000	0.52	14-Aug-2018	0.1440	14-Aug-2017
32. Issued 14 Aug 2014 ²	14-Aug-2014	225,000	0.52	14-Aug-2018	0.0762	14-Aug-2015
32. Issued 14 Aug 2014 ²	14-Aug-2014	225,000	0.52	14-Aug-2018	0.0891	14-Aug-2016
32. Issued 14 Aug 2014 ²	14-Aug-2014	225,000	0.52	14-Aug-2018	0.1010	14-Aug-2017

Where the recipient employee ceases service with the Group prior to vesting date, under item 8 of the Plan, they have 45 days from the date of cessation of services to exercise their options before their options are deemed to have lapsed.

- (1) These options were issued on the same basis as those of the same tranche, aside from a specified market based condition to achieve a 75c ten day VWAP by 30 June 2014, resulting in a lower valuation per option. These options also have associated non-market based vesting conditions which have been agreed with each individual and are directly related to their roles.
- (2) These options have associated non-market based vesting conditions which have been agreed with each individual and are directly related to their roles.

Key terms of employment contracts

Robert Smakman is contracted as the Chief Executive Officer and Managing Director of the Group. Remuneration is as follows:

- gross base salary of \$400,000 per annum
- 20 days' annual leave per annum and statutory long service leave entitlements
- ex-patriate allowances of \$100,000 per annum
- use of a motor vehicle in Brazil
- 3 months' notice period

Directors' Report (continued)

Remuneration Report – audited (continued)

Key terms of employment contracts (continued)

Paul Stephen is engaged as an Executive Director.

Remuneration is as follows:

- gross base salary of \$375,000 per annum plus statutory superannuation
- 20 days' annual leave per annum and statutory long service leave entitlements
- 3 months' notice period

Andrew Beigel is employed as the Chief Financial Officer and Company Secretary.

Remuneration is as follows:

- gross base salary of \$200,000 per annum plus statutory superannuation
- 20 days' annual leave per annum and statutory long service leave entitlements
- 3 months' notice period

Mike Schmulian is engaged as the Chief Operating Officer.

Remuneration is as follows:

- gross base salary of \$330,000 per annum plus statutory superannuation
- 20 days' annual leave per annum and statutory long service leave entitlements
- 3 months' notice period

Wayne Foote is engaged as the Project Manager.

Remuneration is as follows:

- gross base salary of \$400,000 per annum inclusive of statutory superannuation
- 20 days' annual leave per annum
- use of a motor vehicle in Brazil
- expatriate allowances for living expenses (approx. BRL 8,167 per month), travel (BRL 88,000 per annum), and medical insurance (BRL 2,000 per month)
- fixed term 2 year contract ending 1 August 2015.
- 3 months' notice period

Aidan Platel was engaged as the Exploration Manager. Mr. Platel Resigned on 4 March 2014.

Remuneration was follows:

- gross base salary of \$200,000 per annum.
- 20 days' annual leave per annum.
- use of a motor vehicle in Brazil
- Other allowances for accommodation (BRL 1,400 per month), food (BRL 800 per month), travel (\$10,000 per annum).
- 3 months' notice period

Julio Nery is engaged as Manager Iron Ore and Compliance. Mr. Nery was appointed on 22 September 2014.

Remuneration is as follows:

- gross salary BRL540,000 per annum
- 20 days' annum leave per annum
- 3 months' notice period

Remuneration of Directors and Key Management Personnel for the year ended 31 December 2014 and comparatives are shown over the next two pages:

Directors' Report (continued)

Remuneration Report – audited (continued)

Remuneration of Directors and Key Management Personnel for the year ended 31 December 2014:

	Short-term employee benefits			Post emp. benefits	Share-based payments		Value of options as proportion of remuneration	Proportion of remuneration performance related
	Salary & Fees	Other benefits	Cash bonus	Super-annuation	Options	Total		
	\$	\$	\$	\$	\$	\$	%	%
Directors								
S. Copulos¹								
12 months to 31 Dec 2014	120,000	-	-	-	41,928	161,928	26%	26%
R. Smakman								
12 months to 31 Dec 2014	338,705	111,375	-	-	35,405	485,485	7%	7%
P. Stephen								
12 months to 31 Dec 2014	337,500	-	-	18,279	17,452	373,231	5%	5%
J. Evans¹								
12 months to 31 Dec 2014	60,000	-	-	2,812	27,673	90,485	31%	31%
M. Ferreira¹								
12 months to 31 Dec 2014	59,912	-	-	-	27,673	87,585	32%	32%
D. Netherway¹								
12 months to 31 Dec 2014	60,000	-	-	-	27,673	87,673	32%	32%
Total Directors								
12 months to 31 Dec 2014	976,117	111,375	-	21,091	177,804	1,286,387	14%	14%
Key Management Personnel								
A. Beigel								
12 months to 31 Dec 2014	181,692	-	-	16,948	16,919	215,559	8%	8%
M. Schmulian								
12 months to 31 Dec 2014	293,505	-	-	-	16,919	310,424	5%	5%
A. Platel³								
12 months to Dec 2014	81,026	-	-	-	(7,086)	73,940	(10%)	(10%)
W. Foote								
12 months to 31 Dec 2014	390,013	81,043	-	12,018	67,606	550,680	12%	12%
J. Nery²								
12 months to 31 Dec 2014	69,973	-	-	-	-	69,973	0%	0%
Total Key Management Personnel								
12 months to 31 Dec 2014	1,016,209	81,043	-	28,966	94,358	1,220,576	8%	8%
Total Directors and Key Management Personnel								
12 months to 31 Dec 2014	1,992,326	192,418	-	50,057	272,162	2,506,963	11%	11%

- (1) Options issued to Non-Executive Directors have service conditions only.
- (2) Mr. J. Nery was appointed 22 September 2014.
- (3) Mr. A. Platel resigned 4 March 2014.

Directors' Report (continued)

Remuneration Report – audited (continued)

Remuneration of Directors and Key Management Personnel for the six month period ended 31 December 2013:

	Short-term employee benefits			Post emp. benefits	Share-based payments		Value of options as proportion of remuneration	Proportion of remuneration performance related
	Salary & Fees	Other benefits	Cash bonus	Super-annuation	Options	Total		
	\$	\$	\$	\$	\$	\$	%	%
Directors								
S. Copulos¹								
6 months to 31 Dec 2013	60,000	-	-	-	6,889	66,889	10.30	10.30
R. Smakman								
6 months to 31 Dec 2013	139,955	62,498	-	-	12,528	214,981	5.83	5.83
P. Stephen								
6 months to 31 Dec 2013	154,616	-	-	8,887	20,898	184,401	11.33	11.33
J. Evans¹								
6 months to 31 Dec 2013	30,000	-	-	1,388	4,546	35,934	12.65	12.65
M. Ferreira¹								
6 months to 31 Dec 2013	30,000	-	-	-	4,546	34,546	13.16	13.16
D. Netherway¹								
6 months to 31 Dec 2013	30,000	-	-	-	4,546	34,546	13.16	13.16
Total Directors								
6 months to 31 Dec 2013	444,571	62,498	-	10,275	53,953	571,297	9.44	9.44
Key Management Personnel								
A. Beigel²								
6 months to 31 Dec 2013	67,884	-	13,256	7,812	12,972	101,924	12.73	25.73
M. Schmulian								
6 months to 31 Dec 2013	129,077	-	-	-	12,972	142,049	9.13	9.13
A. Platel								
6 months to 31 Dec 2013	99,235	22,235	-	-	12,266	133,736	9.17	9.17
W. Foote								
6 months to 31 Dec 2013	171,511	19,103	-	7,406	48,848	246,868	19.79	19.79
Total Key Management Personnel								
6 months to 31 Dec 2013	467,707	41,338	13,256	15,218	87,058	624,577	13.94	16.06
Total Directors and Key Management Personnel								
6 months to 31 Dec 2013	912,278	103,836	13,256	25,493	141,011	1,195,874	11.79	12.90

(1) Options issued to Non-Executive Directors have service conditions only.

(2) Prior period bonus paid to Mr. A. Beigel for meeting corporate and licensing objectives.

Directors' Report (continued)

Remuneration Report – audited (continued)

Compensation options granted and vested during the period (consolidated)

Compensation options issued to Directors and Key Management Personnel “KMP” that vested during the year ended 31 December 2014 are shown below:

Directors and Key Management Personnel	Granted Options	Vested Number During Period	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
S. Copulos	-	166,667	30 Jul 13	\$0.0464	\$0.43	8 Aug 14	7 Aug 17
S. Copulos	500,000	500,000	14 Aug 14	\$0.1144	\$0.52	14 Aug 14	14 Aug 18
R. Smakman	-	166,667	30 Jul 13	\$0.0464	\$0.43	8 Aug 14	7 Aug 17
R. Smakman	-	83,333	30 Jul 13	\$0.0100	\$0.43	8 Aug 14	7 Aug 17
P. Stephen	-	69,445	30 Jul 13	\$0.0464	\$0.43	8 Aug 14	7 Aug 17
P. Stephen	-	55,555	30 Jul 13	\$0.0100	\$0.43	8 Aug 14	7 Aug 17
J. Evans	-	110,000	30 Jul 13	\$0.0464	\$0.43	8 Aug 14	7 Aug 17
J. Evans	330,000	330,000	14 Aug 14	\$0.1144	\$0.52	14 Aug 14	14 Aug 18
D. Netherway	-	110,000	30 Jul 13	\$0.0464	\$0.43	8 Aug 14	7 Aug 17
D. Netherway	330,000	330,000	14 Aug 14	\$0.1144	\$0.52	14 Aug 14	14 Aug 18
M. Ferreira	-	110,000	30 Jul 13	\$0.0464	\$0.43	8 Aug 14	7 Aug 17
M. Ferreira	330,000	330,000	14 Aug 14	\$0.1144	\$0.52	14 Aug 14	14 Aug 18
A. Beigel	-	56,250	14 May 13	\$0.1493	\$0.43	14 May 14	13 May 17
M. Schmulian	-	56,250	14 May 13	\$0.1493	\$0.43	14 May 14	13 May 17
W. Foote	-	333,333	14 May 13	\$0.1493	\$0.43	14 May 14	13 May 17
Total	1,490,000	2,807,500					

Compensation options issued to Directors and Key Management Personnel that vested during the six month period ended 31 December 2013 are shown below:

Directors and Key Management Personnel	Granted Options	Vested Number During Period	Grant Date	Value per Option at Grant Date	Exercise Price	First Exercise Date	Last Exercise Date
P. Stephen	-	500,000	19 Nov 10	\$0.56	\$0.70	22 Aug 13	22 Aug 15
A. Beigel	-	125,000	25 Aug 10	\$0.33	\$0.56	22 Aug 13	22 Aug 15
M. Schmulian	-	125,000	25 Aug 10	\$0.33	\$0.56	22 Aug 13	22 Aug 15
A. Platel	-	125,000	25 Aug 10	\$0.34	\$0.44	1 Aug 13	1 Aug 15
Total	-	875,000					

Directors' Report (continued)

Remuneration Report – audited (continued)

The following grants of share-based payment compensation to Directors and Key Management Personnel relate to the current financial period:

Directors and Key Management Personnel	Option Series	No. Granted	No. Vested	% of Grant Vested	% of Grant Lapsed	% of Compensation for the Period Consisting of Options
S. Copulos	14 Aug 14	500,000	500,000	100%	0%	26%
R. Smakman	14 Aug 14	1,000,000	-	0%	0%	7%
P. Stephen	14 Aug 14	500,000	-	0%	0%	5%
J. Evans	14 Aug 14	330,000	330,000	100%	0%	31%
D. Netherway	14 Aug 14	330,000	330,000	100%	0%	32%
M. Ferreira	14 Aug 14	330,000	330,000	100%	0%	32%
A. Beigel	14 Aug 14	225,000	-	0%	0%	8%
M. Schmulian	14 Aug 14	225,000	-	0%	0%	5%
W. Foote	14 Aug 14	225,000	-	0%	0%	12%

Shares issued on Exercise of Compensation Options

During the year, no Directors or Key Management Personnel exercised options that were granted to them as part of their compensation (2013: nil).

Value of options issued to Key Management Personnel

The following table summarises the value of options granted, exercised or lapsed during the financial year to the identified Directors and Key Management Personnel:

Directors and Key Management Personnel	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$
S. Copulos	57,200	-	-
R. Smakman	129,333	-	3,867
P. Stephen	62,417	-	1,933
J. Evans	37,752	-	-
D. Netherway	37,752	-	-
M. Ferreira	37,752	-	-
A. Beigel	40,553	-	2,799
M. Schmulian	40,553	-	2,799
W. Foote	40,553	-	-

Directors' Report (continued)

Remuneration Report – audited (continued)

Options holdings of Directors and Key Management Personnel (“KMP”)

	Balance at 1 Jan 14	Granted as remuneration	Options lapsed	Options forfeited	Options exercised	Balance at 31 Dec 14	Not vested and not exercisable at 31 Dec 14	Vested and exercisable at 31 Dec 14	Options vested during the period
Directors									
S. Copulos	500,000	500,000	-		-	1,000,000	333,333	666,667	666,667
R. Smakman	1,000,000	1,000,000	-	(83,333)	-	1,916,667	1,666,667	250,000	250,000
P. Stephen	1,500,000	500,000		(41,667)	-	1,958,333	833,333	1,125,000	125,000
J. Evans	330,000	330,000	-		-	660,000	220,000	440,000	440,000
D. Netherway	540,000	330,000	(120,000)		-	750,000	220,000	530,000	440,000
M. Ferreira	330,000	330,000	-		-	660,000	220,000	440,000	440,000
KMP									
A. Beigel	475,000	225,000	-	(18,750)	-	681,250	375,000	306,250	56,250
M. Schmulian	475,000	225,000	-	(18,750)	-	681,250	375,000	306,250	56,250
A. Platel ¹	475,000	-	-	(475,000)	-	-	-	-	-
W. Foote	1,000,000	225,000	-	-	-	1,225,000	891,667	333,333	333,333
J. Nery ³	-	-	-	-	-	-	-	-	-
Total	6,625,000	3,665,000	(120,000)	(637,500)	-	9,532,500	5,135,000	4,397,500	2,807,500

	Balance at 1 July 13	Granted as remuneration	Options lapsed	Options forfeited	Options exercised	Balance at 31 Dec 13	Not vested and not exercisable at 31 Dec 13	Vested and exercisable at 31 Dec 13	Options vested during the period
Directors									
S. Copulos	-	500,000	-	-	-	500,000	500,000	-	-
R. Smakman	1,500,000	1,000,000	(1,500,000)	-	-	1,000,000	1,000,000	-	-
P. Stephen	1,000,000	500,000	-	-	-	1,500,000	500,000	1,000,000	500,000
J. Evans	-	330,000	-	-	-	330,000	330,000	-	-
M. Ferreira	-	330,000	-	-	-	330,000	330,000	-	-
D. Netherway	210,000	330,000	-	-	-	540,000	330,000	210,000	-
KMP									
A. Beigel	475,000	-	-	-	-	475,000	225,000	250,000	125,000
M. Schmulian	475,000	-	-	-	-	475,000	225,000	250,000	125,000
A. Platel ¹	475,000	-	-	-	-	475,000	225,000	250,000	125,000
W. Foote ²	1,000,000	-	-	-	-	1,000,000	1,000,000	-	-
Total	5,135,000	2,990,000	(1,500,000)	-	-	6,625,000	4,665,000	1,960,000	875,000

(1) Mr. A. Platel resigned 04 March 2014.

(2) Mr. W. Foote was issued 1,000,000 options upon entering his employment contract in May 2013, but did not commence until 1 August 2013. Therefore, he did not satisfy the definition of a Key Management Personnel as at 30 June 2013, and his options were therefore omitted from the above table in the June 2013 annual report.

(3) Mr. J. Nery was appointed 22 September 2014.

Directors' Report (continued)

Remuneration Report – audited (continued)

Share holdings of Directors and Key Management Personnel (“KMP”)

	Balance at 1 Jan 14	Shares issued on exercise of options	Shares Purchased	Net Other Changes	Shares Sold	Balance at 31 December 14
Directors						
S. Copulos	12,480,276	-	15,685,685	-	-	28,165,961
R. Smakman	2,717,426	-	-	-	-	2,717,426
P. Stephen	3,443,780	-	-	-	-	3,443,780
J. Evans	-	-	-	-	-	-
D. Netherway	35,000	-	-	-	-	35,000
M. Ferreira	-	-	-	-	-	-
KMP						
A. Beigel	308,458	-	-	-	-	308,458
M. Schmulian	-	-	-	-	-	-
W. Foote	-	-	-	-	-	-
J. Nery	-	-	-	-	-	-
Total	18,984,940	-	15,685,685	-	-	34,670,625

	Balance at 1 July 13	Shares issued on exercise of options	Shares Purchased	Net Other Changes	Shares Sold	Balance at 31 December 13
Directors						
S. Copulos	11,446,035	-	1,034,241	-	-	12,480,276
R. Smakman	2,717,426	-	-	-	-	2,717,426
P. Stephen	3,443,780	-	-	-	-	3,443,780
D. Netherway	35,000	-	-	-	-	35,000
KMP						
A. Beigel	308,458	-	-	-	-	308,458
Total	17,950,699	-	1,034,241	-	-	18,984,940

Loans to Directors and Key Management Personnel

There were no loans to any Directors or Key Management Personnel during the year (2013: nil)

Specific transactions with Directors and Key Management Personnel

There were no transactions with any Directors or Key Management Personnel that were more favourable than those available, or which might reasonably be expected to be available, to non-related parties on an arm's length basis.

This ends the audited Remuneration Report.

Directors' Report (continued)

Directors' benefits

No Director of the Company has received, or become entitled to receive, any benefit because of a contract that the Director, or a firm of which the Director is a member, or an entity in which the Director has substantial financial interest, made with the Company, or with an entity that the Company controlled, or with a body corporate that was related to the Company, other than the benefits included in the aggregate amount of emoluments received, or due and receivable, by the Directors and disclosed in Note 8 to the Financial Statements.

Corporate governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council.

Committee memberships

The Company maintains an Audit and Risk Committee and a Remuneration Committee which consist of the following Directors:

Audit and Risk Committee	Remuneration Committee
J. Evans (Chairman) S. Copulos M. Ferreira	S. Copulos (Chairman) J. Evans D. Netherway

Meetings of Directors

The number of Directors' meetings held during the financial year and the numbers of meetings attended by each Director were:

Directors	Directors' meetings		Remuneration Committee meetings		Audit and Risk Committee meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
S. Copulos	7	7	2	2	3	3
R. Smakman	7	7	-	-	-	-
P. Stephen	7	7	-	-	-	-
J. Evans	7	7	2	2	3	3
M. Ferreira	7	7	-	-	3	3
D. Netherway	7	7	2	2	-	-

Auditor independence

The auditor's independence declaration for the financial year ended 31 December 2014 has been received and is to be found on page 81

Non-audit services

No non-audit services were provided by the entity's auditor, Deloitte Touche Tohmatsu and no fees were paid or are payable to Deloitte Touche Tohmatsu for non-audit services for the financial year ended 31 December 2014.

This report is signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors



R. Smakman
Managing Director
Perth
31 March 2015

Corporate Governance Statement and Compliance with Corporate Governance Principles and Recommendations.

Crusader Resources Limited (“the Company”), together with its subsidiary entities (“the Group”), and the Board of Directors, are committed to achieving and demonstrating the highest standards of corporate governance, consistent with the size and nature of the Group. This statement outlines the main corporate governance practices in place throughout the current financial year.

The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations on 2 August 2007 with further amendments in June 2010, and this Statement complies with those revised principles.

Having regard to the size of the Group and the nature of its enterprise, the Board considers that the Group complies with the spirit and intentions of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations as far as is possible and appropriate.

CHARTER FOR THE BOARD OF DIRECTORS

An important and basic corporate governance policy is the Charter for the Board of Directors which is reviewed each year. The Charter is a composite document which deals with all of the ASX corporate governance principles and guidelines and is available on the Company’s web site - www.crusaderresources.com.

The Charter, as supported by the Director’s Code of Conduct (detailed at Principle 3), includes requirements for the following:

- the role of the Board;
- the Board structure;
- the skills required on the Board; and
- the Director’s general roles.

The relevant references in the Charter are noted under each of the principles listed below.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The following is a summary of the eight Corporate Governance Principles, including comments where applicable, on the Recommendations, and extracts from the policies adopted by the Group which demonstrate how compliance has been achieved.

PRINCIPLE 1: Lay Solid Foundations for Management & Oversight

Operations of the Board

The Board of Directors of the Company is responsible for all aspects of the management of the group. The Board guides and monitors the businesses and affairs of the Group on behalf of the Security Holders, and is committed to achieving and demonstrating the highest suitable standards of corporate governance commensurate with the size of the Group and the nature of the business. The principal functions, responsibilities and performance review requirements of the Board and the Chief Executive Officer are detailed in the Charter for the Board of Directors. The Chairman reviews the performance of the Board on an annual basis.

The functions, responsibilities, remuneration and terms of each Director’s appointment are detailed in individual Letters of Appointment, as are the same for Senior Executives in individual Employment Agreements, all prepared in accordance with the guidelines included in the Charter for the Board of Directors.

Board Responsibilities

As the Board acts on behalf of and is accountable to the Security Holders, the Board seeks to satisfy the Security Holders' financial and management expectations, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board appoints a Chief Executive Officer ("CEO") who, for the purposes of this Statement can be either a Managing Director ("MD") or a General Manager ("GM"), and the responsibility for the operation and administration of the Group is delegated to that person and their Executive team.

The Board has in place proper procedures to assess the performance of the MD/GM and their Executive team and to ensure that the Executive team is appropriately qualified and experienced to discharge their responsibilities.

The Board is responsible for ensuring that management's objectives, activities and outcomes are aligned to the expectations, vision and business risks, identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including receipt of detailed reports and regular personal presentations to the Board by Department Heads and other Senior Executives, which allows the Board to discuss relevant matters with those individuals and to ask questions on their performance, problems and issues.

Board Policies

Board policies or obligations have been established in the following areas:

- diversity;
- continuous disclosure;
- dealing in securities;
- related party dealings;
- conflict of interest and external advice;
- release of information;
- significant business risks; and
- ethical standards.

Diversity

The Board has always been aware of the advantages that may flow from diversity in respect to gender, age, ethnicity and cultural background, and has taken those factors into account when considering new appointments at all levels within the Group. During the year under review there were no female Directors, five mature age employees (2013: 5), and 29 female employees (2013: 36) within the Group, out of an aggregate of 126 staff (2013: 144) including directors, management and other employees.

	Board of Directors		Employees		Group	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Male	6	6	91	102	97	108
Female	-	-	29	36	29	36
Total	6	6	120	138	126	144

The Board has adopted a Diversity Policy which is provided in full below. In addition, the Board also adopted a Diversity Strategy which includes measurable objectives for achieving cultural, gender and age diversity, and the progress in achieving the objectives will be reported in each Annual Report to shareholders.

Diversity Policy

The Diversity Policy adopted by the Board is as follows:

1. General Purposes and Principle

The Company respects and values the competitive advantage of "diversity", and the benefits of its integration throughout the Company, in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives ("Principle").

This Principle will manifest itself in the following areas:

- (A) strategic and operational:
 - (i) being attuned to diverse strategies to deliver the Group's objectives;
 - (ii) being attuned to diverse corporate, business and market opportunities; and
 - (iii) being attuned to diverse tactics and means to achieve those strategies in (i) and to take advantage of those opportunities in (ii).
- (B) management:
 - (i) adding to, nurturing and developing the collective skills and diverse experience of personnel within the Company relevant to their positions;
 - (ii) ensuring the Group's culture and management systems are aligned with, and promote, the attainment of the Principle, including having regard for domestic responsibilities.

[Note: in the context of paragraph (B) "Diversity" constitutes people at relevant levels within the Group (including, Board, Senior Executives, Management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's journey, including on account of their culture, gender, age or otherwise.]

- (iii) the Group will develop strategies, initiatives and programs to promote the Principle, including the achievement of gender diversity with respect to the matters referred to in paragraph (B);
- (iv) in particular, the Company will set measurable objectives, and targets or Key Performance Indicators (KPIs), for the strategies, initiatives and programs to achieve gender diversity with respect to the matters referred to in paragraph (B);
- (v) the Group will implement the strategies, initiatives, programs and measurable objectives referred to in (iii) and (iv);
- (vi) management will monitor, review and report to the Board (including via the Remuneration Committee), on the achievement of gender diversity with respect to the matters referred to in paragraph 1B, and the Groups progress under this policy.

2. Responsibility for the Policy

Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the CEO. In turn the CEO has delegated to the Company Secretary responsibility for administration of this Policy (including its reporting to the Board and its relevant sub-committees, as appropriate).

3. Measurable objectives, targets and Key Performance Indicators (KPIs) - Gender Diversity

With respect to gender diversity, management will:

- (A) develop, for approval by the Board or its relevant sub-committee, as appropriate:
 - (i) measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 1(B)(iii);
 - (ii) targets or KPIs to verify progress towards attainment of those measurable objectives.
- (B) measure performance against those targets and KPIs;
- (C) report from time to time on the progress of the matters referred to in (A) and (B).

4. Compliance Requirements

The Group will meet its obligations with respect to the issue of "Diversity", as may be required under the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Principles") and other regulatory requirements (if any) including by:

- (A) establishing this Policy as a compliant policy under ASX Guideline 3.2(a) by:
 - (i) establishing measurable objectives for achieving gender diversity;
 - (ii) the Board assessing annually the measurable objectives for achieving gender diversity and the progress in achieving them.
- (B) disclosing this policy or a summary of it under ASX Guideline 3.2(b);

- (C) in its Annual Report, and in the terms of ASX Guideline 2.4, disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of prospective new Board members;
- (D) in its Annual Report, and in the terms of ASX Principles 3.3 and 3.4, disclosing:
 - (i) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;
 - (ii) the progress from time to time towards achieving them;
 - (iii) the proportions in the Company (relative to their male counterparts) of:
 - (a) female employees;
 - (b) females in senior executive positions;
 - (c) females on the Board.
- (E) incorporating in the corporate governance statement in the Company's Annual Report a statement as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board, in the terms of ASX Guideline 2.6.

The Company Secretary will assume line responsibility to ensure the Group meets its compliance and reporting obligations referred to within this section, including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

5. Communication

The Company commits to the communication of this policy within the Group, and to its shareholders and the market, including via its web site:

- by way of transparency and accountability; and
- to better promote the prospects of attainment of the Principle.

6. Accountability

Reporting and accountability in the terms of this Policy will be a periodic item on the Board agenda.

At least annually the and Remuneration Committee will report to the Board on progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(B), and otherwise, to facilitate the Board in meeting its Compliance requirements under paragraph 4.

7. Addenda to this Policy

The following shall constitute addenda to this Policy, as if set out within this Policy:

- (A) approved strategies, initiatives, programs, measurable objectives, other targets and KPIs referred to in paragraph 1(C); and
- (B) approved measurable objectives, targets and KPIs referred to in paragraph 1(D), as may apply from time to time.

8. Overriding Caveat

Nothing in this policy shall be taken, interpreted or construed so as to endorse:

- (A) the principal criteria for selection and promotion of people to work within the Group, other than their overall relative prospect of adding value to the Group and enhancing the probability of achievement of the Group's objectives;
- (B) any discriminatory behaviour by or within the Group contrary to the law, or any applicable codes of conduct or behaviour for the Group or its personnel;
- (C) any existing person within the Group in any way feeling threatened or prejudiced by this policy in their career development or otherwise, merely because their Diversity attributes at any time may be more, rather than less, common with others.

Diversity Strategy

The Diversity Strategy lists the strategies, initiatives and programs, measurable objectives, targets and KPIs adopted by the Board for the Group. Many of the strategies, initiatives and programs have already been achieved or put in place, necessitating amendments to the Charter for the Board of Directors, and to the Charter for the Remuneration Committee. The amended Charters may be viewed on the Company's web site.

The Strategy includes initiatives, programs designed to foster Diversity at Board level, at Executive and Management level and generally, commensurate with the nature and size of the Group. Progress with achievement of the Diversity Strategy will be reviewed by the Remuneration Committee on an annual basis and the results reported to the Board. Progress will also be reported each year in the Directors' Report of the Annual Report.

The Role of the Chairman

The role of the Chairman is clearly defined in the Charter for the Board of Directors. In summary, the Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their roles and responsibilities, facilitating Board discussions and managing the Board's relationship with shareholders and with the Company's Senior Executives. In view of the small size of the Group and the small number of Directors, the Chairman continually reviews the performance of the Board and the individual Directors on an informal basis.

The Role of the CEO

The role of the CEO is also clearly defined in the Charter for the Board of Directors. In summary, the CEO is responsible for implementing the Group strategies and policies, achieving the Group objectives and managing the business of the Group. The performance of the CEO is reviewed each year by the Remuneration Committee at the time the CEO's Remuneration Agreement is reviewed. The CEO reviews the performance of the Senior Executives on an annual basis.

Board Committees

Establishment of Board committees is commensurate with the size of the Group as set out in each relevant Principle below. Detailed Terms of Reference or Charters have been adopted for each committee. If a specific committee has not been formed, the relevant Terms of Reference or Charters have still been adopted, however the responsibilities are handled directly by the Board. Summaries of the responsibilities and membership of the committees is provided at each relevant Principle.

Governance

In view of the small size of the Group, the duty of governance is handled by the full Board and dealt with in accordance with the Charter for the Board of Directors and the Directors' Code of Conduct.

PRINCIPLE 2: Structure The Board To Add Value

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three, and no more than nine, Directors (determined by the Constitution).
- the Chairman should preferably be an independent Director. Currently, the Chairman, Mr. Stephen Copulos, is a Non-Executive Director but is not independent by virtue of a shareholding in the Group of greater than 5%. Given the small size of the Group, and Mr. Copulos' history of shareholding support for the Group, the Board considers that the Group benefits from having Mr. Copulos as a Non-Executive, although not independent, Chairman.
- the Board shall comprise Directors with a diverse and appropriate range of qualifications and expertise including mining, mineral exploration, marketing, diversity attributes and accounting/finance, and in the event of retirement of a Director with particular expertise, the Board, with the assistance of the Remuneration Committee, will seek to appoint a Director with the skills, experience and diversity attributes required to balance the needs of the Board in the operations of the Group, in accordance with the Diversity Strategy adopted by the Board.
- the Board shall meet bi-monthly, unless otherwise agreed by the Directors, and follow meeting guidelines established to ensure that all Directors are made aware of, and have available, all necessary information in a timely manner, to participate in an informed discussion of all agenda items.
- the Directors of the Group are elected at a General Meeting.

The Directors in office at the date of this statement and during the reporting period were:

- | | |
|--------------------------|-------------------|
| • Non-Executive Chairman | Stephen Copulos |
| • Managing Director | Rob Smakman |
| • Executive Director | Paul Stephen |
| • Independent Director | David Netherway |
| • Independent Director | Mauricio Ferreira |
| • Independent Director | John Evans |

The Board maintains strict protocols to ensure that any potential or actual conflicts of interest and duty are properly identified and managed, to ensure Directors act in accordance with their fiduciary responsibilities.

Independent Directors are independent of management, do not have a substantial shareholding (i.e. less than 5%), and are free from any business or other relationship which could materially interfere with the exercise of their judgment. The commentary provided by the ASX Corporate Governance Principles and Guidelines has been considered when evaluating the independence of the Directors concerned.

Non-Executive Directors are independent of management, but either have or control a substantial shareholding in the Group, (i.e. 5% or more). As at the date of this report, Mr. Stephen Copulos controlled a holding of greater than 5%.

The Director's Code of Conduct detailed in Principle 3 includes an acknowledgement that Directors may obtain independent legal advice in order to discharge their duties properly.

PRINCIPLE 3: Promote Ethical and Responsible Decision-Making

The Charter for the Board of Directors deals with this issue in respect of Directors, Senior Executives, other staff and consultants of the Group.

The Board has adopted a Directors' Code of Conduct which clarifies the standards of ethical behaviour required of the Directors, and is relevant to several of the ASX Corporate Governance Principles. The Directors' Code of Conduct is available on the Company's web site. The following is a summary:

Directors' Code of Conduct Overview

The Code of Conduct outlines the principles and standards Directors are required to abide by, and governs the way in which each of the Directors should conduct themselves in the discharge of their duties. This Code of Conduct should operate in addition to relevant laws that are in force from time to time and also in conjunction with all other Board Governance Policies.

1. Directors must act honestly, in good faith and in the best interests of the Group as a whole at all times;
2. Directors have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
3. Directors must always use the powers of the office for a proper purpose;
4. Directors must recognise that their primary responsibility is to the Group's members as a whole but must, where appropriate, have regard for the interests of all stakeholders of the Group;
5. Directors must not make improper use of information acquired as a Director;
6. Directors must not allow personal interests, or the interests of any Associated Person, to conflict with the interests of the Group;
7. Directors have an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
8. Confidential information received by a Director in the course of the exercise of Directors' duties remains the property of the Group, and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Group, or is required by law;
9. Directors should not engage in conduct likely to bring discredit upon the Group;
10. Directors have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

The Charter for the Board of Directors includes detailed guidelines for interpretation of the principles of the Code of Conduct.

Charter for the Board of Directors

The Charter for the Board of Directors is structured to promote ethical and responsible decision-making throughout the Group. All Directors, Senior Executives, other staff and consultants of the Group are expected to act with integrity and objectivity and to maintain appropriate ethical standards. All staff, regardless of their level, have the following duties:

- to act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity;
- to work in a safe, healthy and efficient manner, using their skills, time and experience to the maximum of their ability;
- to comply with applicable awards, Group policies and job requirements;
- not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with, or by, the Group;
- to ensure that the Group's resources and property are used properly;
- not to disclose information or documents relating to the Group or its business, other than as required by law and/or the ASX Listing Rules, and not to misuse any information about the Group.

Trading in Company Securities

The Board adopted an updated Directors' and Officers' Share Trading Policy on 15 April 2013 which applies to all Directors, Senior Executives, other staff and consultants of the Group and supports this Principle through its provisions against insider trading and market manipulation. The Policy is available on the Company's web site. In summary the trading restrictions are:

Inside Information

If a Designated Person has Inside Information (as defined in the Policy) relating to the Group, it is illegal for the Designated Person to:

- (a) deal in (that is, apply for, acquire, or dispose of) the Securities, or enter into an agreement to do so; or
- (b) procure another person to deal in (that is, apply for, acquire, or dispose of) the Securities, or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that information to any other person if the Designated Person knows, or ought reasonably to know, that the person would, or would be likely to, use the information to engage in the activities specified in paragraphs (a) or (b) above.

Designated Persons may only deal in the Company's securities if they first obtain approval to do so and the Policy includes a procedure to obtain approval.

Closed Periods

Designated Persons are not permitted to buy or sell the Company's shares within a period of 5 days preceding an announcement of a major event or release of price sensitive information.

Excluded Trading

Certain types of share trading transactions which are beyond the control of the Designated Person, or result in no change to the beneficial holding of the Designated Person, are excluded from the restrictions imposed by the trading policy.

PRINCIPLE 4: Safeguard Integrity in Financial Reporting

The Audit Committee is charged with safeguarding the integrity of the Group's financial reporting by advising on, and supervising, internal controls and appropriate ethical standards for the financial and operational management and risk management of the Group. The Committee also confirms the quality and reliability of the financial information prepared. The Group has adopted a detailed Charter for the Committee.

The Charter for the Board of Directors sets out the membership and responsibilities of the Committee as follows:

The Committee will comprise at least two independent Directors, one of whom will chair the meetings, and should not contain any Executive directors. The Committee responsibilities are:

1. to review the adequacy of systems and standards of internal control with emphasis on risk management, financial reporting procedures and compliance;
2. to review proposed announcements of financial results, financial statements, management questionnaires and external audit reports in advance of the Board;
3. to receive any information it requires from management;
4. to report its findings and recommendations directly to the Board;
5. to provide a direct link from the Board to the external auditor, to nominate the external auditor from time to time as required, and to review the adequacy, scope and quality of the annual statutory audit and half year audit review;
6. to assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review; and
7. to provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001 (Cth).

During the current period, the members of the Committee were independent directors Messrs John Evans (Chairman), Mauricio Ferreira and Non-Executive Director, Mr. Stephen Copulos. Details of the qualifications and experience of the Committee members is set out on pages 4 - 5.

The Chairman of the Audit Committee meets separately with the auditors as required from time to time to discuss the audit reviews and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence.

The auditor is invited to attend the Annual General Meeting and to be available to answer any questions the Shareholders may care to ask with respect to the Financial Statements of the Group. The Group has not yet adopted formal procedures for the selection, appointment and rotation of external auditors. However the annual audit fee negotiations are very robust and alternative quotes are obtained if considered necessary.

Each year the CEO will provide a statement to the Board in writing with respect to the integrity of the Financial Statements and the efficient and effective operation of the risk management and internal compliance and control systems.

Each year the CEO will provide a statement to the Board (see the Directors' Report) that the Group's Financial Statements represent a true and fair view, in all material respects, and that the Group's financial condition and operational results are in accordance with the relevant accounting standards. The statement also confirms that the assurance is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

PRINCIPLE 5: Make Timely and Balanced Disclosure

The Board has always been very conscious of its continuous and periodic disclosure obligations as set out in ASX Listing Rules 3 and 4, and has ensured that the requirements of those listing rules have been met at all times. The standard Board meeting agenda includes a review of past, current and forthcoming events and results to determine if there is information that should be disclosed in accordance with the Group's Continuous and Periodic Disclosure Policy. The Group's Continuous and Periodic Disclosure Policy is reinforced in the Charter for the Board of Directors. The policy is as follows:

Policy

The Group will do all things necessary to ensure compliance with ASX Listing Rules 3 and 4, and to follow the guidelines and best practice recommendations as set out in ASX Principle 5, where, in the opinion of the Board, those guidelines and recommendations are appropriate to the Group.

Policy Objectives

1. to establish a vetting and authorisation process designed to ensure that Group announcements:
 - are made in a timely manner;
 - are factual;
 - do not omit material information; and
 - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions;
2. to establish a process to promote understanding of compliance within the Group;
3. to safeguard the confidentiality of corporate information to avoid premature disclosure.

With respect to Periodic Disclosure, the ASX Listing Rules and Guidelines require that the Board ensure that the Security Holders and the market are periodically provided with all information necessary to assess the performance of the Group and the Directors.

Information to allow investors to monitor the performance of the Group is communicated by means of:

- the Annual Report which is available for distribution to all Security Holders;
- the Half-Yearly Report which is available for distribution to all Security Holders;
- periodic reports and special reports when matters of material interest arise;
- the Annual General Meeting, and other meetings, called to obtain approval of any Board action as required; and
- the Group's web site.

Responsibility

All Directors and the Company Secretary are responsible to ensure that the Group's continuous and periodic disclosure policy is adhered to. The CEO works with the Chairman, Executive Director and the Company Secretary in respect to dealing with media contact and any external communications, such as analyst briefings.

PRINCIPLE 6: Respect the Rights of Shareholders

The Charter for the Board of Directors and the Directors' Code of Conduct (detailed at the beginning of this statement) and the Directors' and Officers' Share Trading Policy (detailed at Principle 3), all recognise legal and other obligations and support the legitimate interests of all stakeholders.

Fundamental to the rights of shareholders is an effective communication system utilising the methods detailed in Principle 5 and the Group's web site. It is important to ensure a clear and balanced understanding of the aims and objectives of the Group, and the progress being made towards them is readily determinable by interested parties.

The full text of Notices of Meetings and any Explanatory Memorandums, plus any other relevant announcements made to the market, and information provided to analysts, is placed on the Group's web site immediately following release to the ASX.

PRINCIPLE 7: Recognise and Manage Risk

The Charter for the Audit Committee requires the Committee to:

- ensure the Group's risk management policies and procedures are adequate;
- monitor compliance with the Group's risk management policies and procedures;
- keep itself apprised of the latest developments, policies and trends in relation to financial matters, rules and regulations to the extent that they may affect the Group or the market(s) in which the Group operates;
- oversee the establishment and implementation of a risk management system and review (at least annually) the effectiveness of the Group's implementation of that system;
- review the Group's internal financial control mechanisms and risk management policies;
- compile a risk profile of the material risks (including financial and non-financial matters) facing the Group;
- establish and implement a system for identifying, assessing, monitoring and managing material risk throughout the Group;
- review major non-financial regulatory matters through the use of a compliance monitoring reporting regime which covers the following areas of exposure:
 - environment;
 - safety and health;
 - asset protection (including insurance);
 - trade practices;
 - discrimination and harassment;
 - conflict of interest; and
 - ethical standards.

Each year the Managing Director will provide a statement to the Board in writing in respect of the integrity of the Financial Statements and the efficient and effective operation of the risk management and internal compliance and control systems.

PRINCIPLE 8: Remunerate Fairly and Responsibly

The Board has established a Remuneration Committee charged with the responsibility to review and make recommendations to the Board on remuneration packages and policies related to the Non-Executive Directors, CEO, and Senior Executives of the Group, and to ensure that the remuneration policies and practices are consistent with the Group's strategic goals and human resource objectives.

The Committee, in conjunction with the Chairman of the Group, will review the performance of the CEO against the agreed parameters and KPIs, and such review shall take place during the period under review.

During the current period, the members of the Remuneration Committee were Non-Executive Director Mr. S Copulos (Chairman), and independent Directors J. Evans and D. Netherway.

The Board has adopted a detailed Charter for the Remuneration Committee. The Charter includes the following:

- objectives;
- composition;
- meetings;
- access; and
- duties and responsibilities including but not limited to:
 - recommendations for the appointment or removal of Directors;
 - assessment of necessary and desirable competencies including diversity attributes;
 - review of succession plans;
 - evaluation of Board performance;
 - advice on Director remuneration;
 - advice on CEO' remuneration;
 - advice on Senior Executive remuneration;
 - employment packaging;
 - staff policies and procedures;
 - general reporting; and
 - remuneration reviews.

Directors' Remuneration

If an Executive Director is appointed, suitable remuneration will be approved by the Board. The Non-Executive Directors are paid Director's fees by the Group which may be in the form of a cash payment to the Director, cash conditional upon the purchase of shares in the Group or the issue of Options to acquire Shares (Options are subject to Shareholder approval). Proper expenses incurred in the course of the Group's operations are reimbursed. The maximum aggregate amount of Non-Executive Director's fees must be approved by the Company in a General Meeting.

The Board has established an Employee Share Options Plan to encourage and reward enhanced performance by Senior Executives and other staff subject to the performance of the Group. The independent and Non-Executive Directors do not participate in the scheme and they are not paid any retirement benefits, other than superannuation.

The Remuneration Report included in the Directors' Report details the remuneration policies of the Group.

Group Web Site

This Statement of Corporate Governance is available in the Investor Relations - Corporate Governance section of the Group web site www.crusaderresources.com together with further Corporate Governance information as appropriate.

Governance and policy reviews

The Corporate Governance policies and practices of the Group will be continually reviewed in accordance with the standards required of the Group by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	Consolidated	
		Dec 2014 \$	Dec 2013 \$
Continuing operations			
Mineral Revenue	3	16,942,835	7,502,482
Cost of Sales		(10,680,135)	(3,998,993)
Gross Profit		6,262,700	3,503,489
Other revenue	3	322,422	112,277
Administration		(601,144)	(871,168)
Corporate expenses		(1,140,232)	(515,006)
Finance costs	3	(1,532,415)	(834,678)
Depreciation and amortisation	3	(1,295,335)	(341,218)
Exploration and evaluation		(3,431,116)	(1,665,827)
Unrealised foreign exchange loss		(809,689)	(798,578)
Other expenses from ordinary activities		(1,221,284)	(173,264)
Loss before income tax expense		(3,446,093)	(1,583,973)
Income tax expense	5	(698,046)	(287,719)
Loss for the period attributable to owners of the parent		(4,144,139)	(1,871,692)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(644,921)	90,777
Net fair value gain/(loss) on available-for-sale assets taken to equity		(13,000)	23,500
Less reclassified to profit or loss on impairment of available-for-sale financial asset		130,000	54,000
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		(527,921)	168,277
Total comprehensive income/(expense) for the period attributable to owners of the parent		(4,672,060)	(1,703,415)
Loss per share			
Basic (cents per share)	22	(3.11)	(1.48)
Diluted (cents per share)	22	(3.11)	(1.48)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Consolidated Dec 2014 \$	Dec 2013 \$
Current Assets			
Cash and cash equivalents	28(a)	3,388,153	2,109,806
Trade and other receivables	10	1,069,895	865,452
Inventories	11	851,997	878,812
Other current assets	12	211,946	288,339
Total Current Assets		5,521,992	4,142,409
Non-Current Assets			
Other financial assets	13	148,661	161,661
Mineral resources	14	21,016,279	20,436,529
Mine development properties	15	3,560,042	4,333,540
Property, plant and equipment	16	1,672,960	1,908,778
Other assets	12	67,204	70,106
Total Non-Current Assets		26,465,146	26,910,615
Total Assets		31,987,137	31,053,024
Current Liabilities			
Trade and other payables	17	1,568,240	2,181,001
Provisions	18	1,337,479	1,329,481
Borrowings	4	39,574	4,108,256
Total Current Liabilities		2,945,293	7,618,738
Non-Current Liabilities			
Provisions	18	738,190	125,907
Borrowings	4	4,046,160	43,836
Total Non-Current Liabilities		4,784,351	169,743
Total Liabilities		7,729,643	7,788,481
Net Assets		24,257,494	23,264,543
Equity			
Total equity attributable to equity holders of the Company			
Issued capital	19	57,996,007	55,268,797
Reserves	20	11,052,854	8,642,974
Retained earnings	21	(44,791,367)	(40,647,228)
Total Equity		24,257,494	23,264,543

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR 31 DECEMBER 2014**

Consolidated	Attributable to equity holders of the parent					
			Reserves			
	Issued capital	Retained earnings	Foreign currency translation reserve	Share based payment reserve	Investment revaluation reserve	Total equity
	\$	\$	\$	\$	\$	\$
At 1 July 2013	55,268,797	(38,775,536)	3,037,380	5,594,917	(207,500)	24,918,059
Other comprehensive income for period	-	-	90,777	-	77,500	168,277
Loss for the period	-	(1,871,692)	-	-	-	(1,871,692)
Total comprehensive income for period	-	(1,871,692)	90,777	-	77,500	(1,703,415)
Shares issued for cash	-	-	-	-	-	-
Shares issued upon exercise of options	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Share based payments	-	-	-	49,899	-	49,899
At 31 December 2013	55,268,797	(40,647,228)	3,128,157	5,644,816	(130,000)	23,264,543
At 1 January 2014	55,268,797	(40,647,228)	3,128,157	5,644,816	(130,000)	23,264,543
Other comprehensive income for period	-	-	(644,921)	-	117,000	(527,921)
Loss for the period	-	(4,144,139)	-	-	-	(4,144,139)
Total comprehensive income for period	-	(4,144,139)	(644,921)	-	117,000	(4,672,060)
Shares issued for cash	3,999,999	-	-	-	-	3,999,999
Shares issued upon exercise of options	-	-	-	-	-	-
Share issue costs	(1,482,789)	-	-	1,450,759	-	(32,030)
Equity instruments issued in relation to asset acquisition ¹	210,000	-	-	149,625	-	359,625
Equity instruments issued in relation to debt raising ²	-	-	-	956,294	-	956,294
Share based payments	-	-	-	381,124	-	381,124
At 31 December 2014	57,996,007	(44,791,367)	2,483,236	8,582,618	(13,000)	(24,257,494)

(1) Refer to note 14 for details.

(2) Refer to note 4 for details.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	Consolidated Dec 2014 \$	Dec 2013 \$
Cash flows from operating activities			
Receipts from customers		16,721,901	8,056,741
Payments to suppliers and employees		(12,926,899)	(5,848,726)
Finance Costs		(567,201)	(374,235)
Income taxes paid		(697,400)	(226,322)
Net cash provided by/ (used in) operating activities	28(b)	<u>2,530,401</u>	<u>1,607,458</u>
Cash flows from investing activities			
Interest received		292,186	83,540
Receipts for disposal of property, plant and equipment		-	55,110
Payments for financial assets		-	-
Payments for exploration and evaluation		(4,248,771)	(2,080,290)
Acquisition of exploration asset	14	(700,934)	-
Payments for development		-	-
Payments for property, plant and equipment	16	(245,429)	(185,190)
Net cash used in investing activities		<u>(4,902,949)</u>	<u>(2,126,830)</u>
Cash flows from financing activities			
Proceeds from issues of equity securities		3,999,999	-
Costs of issuing securities	19	(32,031)	-
Proceeds from borrowings		-	-
Repayment of borrowings		(74,352)	(50,064)
Net cash (used in)/ provided by financing activities		<u>3,893,616</u>	<u>(50,064)</u>
Net increase/(decrease) in cash and cash equivalents		1,521,069	(569,436)
Cash and cash equivalents at the beginning of the financial period		2,109,806	2,695,699
Effect of exchange rate fluctuations on cash held in foreign currencies		(242,721)	(16,457)
Cash and cash equivalents at the end of the financial period	28(a)	<u>3,388,153</u>	<u>2,109,806</u>

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

1. GENERAL INFORMATION

Crusader Resources Limited (“the Parent Entity” or “Crusader” or “the Company”) is a listed public company incorporated in Australia and operating in Australia and Brazil. The address of the Company’s registered office and principal place of business is Suite 1, Level 1, 35 Havelock Street, West Perth, Western Australia. The Consolidated Financial Statements of the Company as at, and for, the financial year ended 31 December 2014 comprise those of the Company and its subsidiaries (together referred to as the “the Consolidated Entity” or “the Group”). The Group is involved primarily in the mineral exploration industry.

The Company changed its financial year end in the previous financial year. The comparative financial period is therefore of six months duration, being the period from 1 July 2013 to 31 December 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

For the purpose of preparing the Consolidated Financial Statements, the Company is a “for profit” entity. The Financial Report is a General Purpose Financial Report which has been prepared in accordance with Accounting Standards (including Interpretations) and the Corporations Act 2001 (Cth). Accounting Standards include Australian Accounting Standards. Compliance with the Australian Accounting Standards ensures the Consolidated Financial Report of the Group complies with International Financial Reporting Standards (“IFRSs”). The Financial Report has also been prepared on an accrual basis and historical cost basis, except for available-for-sale investments which have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The Financial Statements were approved by the Board of Directors on 31 March 2015.

Going concern

The Financial Report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the year after tax of \$4,144,139 (year ended 31 Dec 2013: loss of \$1,871,692), and experienced net cash outflows from operating and investing activities of \$2,372,548 (year ended 31 Dec 2013: net cash outflows of \$519,372). As at 31 December 2014, the Group has net current assets of \$2,576,699 (31 December 2013: net current liabilities of \$3,476,329), which includes cash and cash equivalents of \$3,388,153 (31 December 2013: \$2,109,806).

The Group will continue to monitor and manage the level of exploration expenditure so that this is consistent with the Directors’ cash forecasts and the funds available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The Directors are satisfied that, following capital raising disclosed in note 31, that the current and forecast production levels at the Posse iron ore project are expected to generate sufficient cash flows to support the appropriateness of the going concern assumption. Should production levels at the Posse iron ore project not maintain their anticipated levels, a part of future expenditures associated with the Group's exploration projects may be required to be deferred. However, the Director's note that the majority of the expenditure relating to the Borborema and Juruena gold projects is discretionary in nature and could be deferred beyond twelve months from the approval of the Financial Statements if required.

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

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of that revision and future periods if the revision affects both current and future periods. Refer to Note 2(q) for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

(b) Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and the entities controlled by the Company (its subsidiaries). Subsidiaries are entities controlled by the Group. Control exists when the Group has power over the investee, is exposed to, or has right to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

In preparing the Consolidated Financial Statements, all inter-company balances and transactions, income and expenses, profit and losses resulting from intra-group transactions have been eliminated in full.

(c) Foreign currency

The individual Financial Statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Crusader Resources Limited and the presentation currency for the Consolidated Financial Statements. The functional currencies of Crusader do Brasil Mineração Ltda, Cascar Mineração Ltda, Crusader do Nordeste Mineração Ltda, Lago Dourado Mineração Ltda and Juruena Mineração Ltda are Brazilian Real (BRLs).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency (continued)

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from, or payable to, a foreign operation, for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the Foreign Currency Translation Reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in Other Comprehensive Income and accumulated in equity.

(d) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments, other than those classified at initial recognition as at fair value through profit or loss, are initially recognised at fair value plus/minus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at Amortised Cost using the Effective Interest Method less impairment.

Interest income is recognised by applying the Effective Interest Rate, except for short-term receivables where the recognition would be immaterial.

Available-for-sale financial assets

The Group's investments in equity securities are classified as "available-for-sale" financial assets. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, are recognised directly in Other Comprehensive Income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Effective interest method

The Effective Interest Method is a method of calculating the amortised cost of a financial asset, and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis for debt instruments.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original Effective Interest Rate.

The carrying amount of financial assets, including uncollectable trade receivables, is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers the financial asset nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset, and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in equity is recognised in profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises, on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised, and the sum of the consideration received for the part no longer recognised, and any cumulative gain or loss allocated to it that had been recognised in Other Comprehensive Income, is recognised in profit or loss. A cumulative gain or loss that had been recognised in Other Comprehensive Income is allocated between the part that continues to be recognised, and the part that is no longer recognised, on the basis of the relative fair values of those parts at each reporting date.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the Effective Interest Method with interest expense recognised on an effective yield basis.

The Effective Interest Method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) Cash and cash equivalents

Cash comprises cash balances and at call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value, and have a maturity of three months or less at the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight line basis so as to write off the net cost, or other revalued amount, of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method, are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The estimated useful lives for plant and equipment range from 1 to 40 years, as below:

Category	Life (years)		Depreciation Rate	
	Min	Max	Min	Max
Buildings	25	40	2.5%	4.0%
Computers	2	4	25.0%	50.0%
Furniture	5	10	10.0%	20.0%
Plant	5	15	6.7%	20.0%
Software	1	2	50.0%	100.0%
Vehicles	2	5	20.0%	50.0%

(h) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there are any indications that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the Cash-Generating Unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual Cash-Generating Units. Otherwise they are allocated to the smallest group of Cash-Generating Units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually and whenever there is an indication that the asset may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of other tangible and intangible assets (continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or Cash-Generating Unit) is estimated to be less than its carrying amount, the carrying amount of the asset (Cash-Generating Unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash-Generating Unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (Cash-Generating Unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service, leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(j) Share-based payment transactions

Equity-settled share based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate options pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details of how the fair value of equity settled share transactions has been determined can be found in Note 7.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales revenue

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the term of the lease.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(l) Income tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit, or tax loss, for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax is provided on all temporary differences that exist at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or of an asset, or liability, in a transaction that is not a business combination, and, at the time of the transaction, affects neither the accounting profit nor taxable loss; and
- in respect of taxable temporary differences, associated with investments in subsidiaries, associates and interests in joint ventures and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences that exist at each reporting date, the carry forward amount of all unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward amount of any unused tax credits and any unused tax losses, can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred tax assets to be utilised.

Unrecognised deferred income tax assets are re-assessed at each reporting date and reduced to the extent that it has become probable that future taxable profit will allow all, or part of, the deferred tax credit to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are recognised as items of income or expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(m) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset, or as part of the expense item as applicable.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the relevant taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Exploration and evaluation expenditure (mineral resources)

For each area of interest, where management have deemed that further exploration is warranted, and the potential development of the area is commercially feasible, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset.

Exploration and evaluation assets are measured at cost for the acquisition of the rights to explore. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up to costs associated with the preparation of a feasibility study, whereby the group commences the capitalisation of costs associated with the area of interest.

When an area of interest is abandoned or the Directors decide that it is no longer commercial, any accumulated costs in respect of that area are written off in the financial period in which the decision is made. Each area of interest is also reviewed at the end of each accounting period, and accumulated costs written off to the extent that they will not be recoverable in the future.

Once a development decision has been made, all exploration and evaluation expenditure in respect of the area of interest is transferred to a mine development property asset and tested for impairment at that stage.

(o) Mine development properties

The Group will make a decision to proceed with mine development once the commercial viability has been confirmed. This will usually be supported by the completion of a full feasibility study. Costs are accumulated for each identifiable area of interest under development or in production. The accumulated costs are amortised over the life of the mine on the unit of production basis, once production has commenced.

(p) Adoption of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in these Financial Statements. Their adoption has not had any significant impact on the amounts reported, but may affect the accounting for future transactions or arrangements.

- AASB 1031 'Materiality' (December 2013)
- AASB CF 2013-1 'Amendments to the Australian Conceptual Framework', AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-6 'Amendments to AASB 136 arising from Reduced Disclosure Requirements'
- AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of Policyholders
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- Interpretation 21 'Levies'

At the date of authorisation of the Financial Report, a number of Standards and Interpretations were in issue but not yet effective.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial application of the following Standards and Interpretations is not expected to have any material impact on the Financial Report of the Group:

Standard/Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
AASB 9 'Financial Instruments', and the relevant amending standards ¹	1 January 2018	31 December 2018
AASB 2014-1 'Amendments to Australian Accounting Standards' <ul style="list-style-type: none"> Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' Part C: 'Materiality' 	1 July 2014	31 December 2015
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016

(q) Critical accounting judgements and key sources of uncertainty

The following are the critical judgements that the Group has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in the Financial Statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of revision, and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. There have been no changes during the period in the Group's estimation of useful lives for property, plant and equipment.

Capitalised exploration expenditure (Mineral Resources)

The Group reviews the carrying value of all capitalised exploration expenditure assets for impairment at the end of each annual reporting period, and where the Group believes an asset has been impaired, the adjustment to fair value is recorded through profit or loss. The ultimate recoupment of these costs is dependent on the successful commercialisation of the project, or through sale to a third party, for at least the carrying value of the project.

Mine development and property, plant and equipment

Non-financial assets are reviewed at each reporting period end to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable value is made, refer to Note 15.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with Directors, Senior Executives, other staff and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate options pricing model, which takes account of factors including the option exercise price, the current value and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, and the expected life of the option.

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
3. Revenue and Expenses		
<u>Revenue – mineral products</u>	<u>16,942,835</u>	<u>7,502,482</u>
<u>Revenue – other income</u>		
Rental and administrative services income	31,373	31,365
Interest revenue	291,050	80,912
	<u>322,423</u>	<u>112,277</u>
<u>Expenses</u>		
Finance costs:		
Interest	578,953	356,307
Accretion of debt issuance costs	953,462	478,371
	<u>1,532,415</u>	<u>834,678</u>
Depreciation and amortisation	<u>1,295,335</u>	<u>341,218</u>
Employee expenses:		
Salaries and wages	4,535,129	1,892,017
Defined contribution plan	280,594	370,016
Other employee benefits	852,790	339,775
Equity-settled share-based payments	272,164	49,899
Annual Leave	271,804	136,589
	<u>6,212,481</u>	<u>2,788,296</u>
4. Borrowings secured at amortised cost		
<u>Borrowings – secured at amortised cost</u>		
Current		
Finance Leases	39,574	61,718
Loans	-	4,046,538
	<u>39,574</u>	<u>4,108,256</u>
Non-Current		
Finance Leases	2,454	43,836
Loans	4,043,706	-
	<u>4,046,160</u>	<u>43,836</u>
Total Current and Non-current Borrowings	<u>4,085,734</u>	<u>4,152,092</u>

4. Borrowings secured at amortised cost (continued)

Loans

The Company extended its \$5,000,000 loan facility which was due for payment in December 2014. These borrowings are interest bearing at BBSY + 8.5% per annum (year ending 31 Dec 13: 11.36%), and are repayable in full at 30 December 2016 (2013: 31 December 2014). This facility is secured by a general security agreement over the assets of the Group, and a specific security agreement over the shares of the Australian subsidiaries.

Under the extension agreement, 8,741,258 share options were issued to Macquarie Bank Limited. The fair value of the options issued have been recognised in the Share Option Reserve and offset against the loan as a debt issuance expense.

Following year end, the Group breached one of the obligations under its facility agreement with Macquarie Bank Limited. This breach was waived and subsequently remedied. No changes to the terms of the facility were required.

Obligations under finance leases

The Group acquired no additional finance leases during this financial period (period ending December 2013: 3). The average lease term of the existing finance leases is 3 years (period ending December 2013: 3). The Group has options to purchase the equipment for nominal amounts at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 14.10% to 15.15% p.a. (2013: 10.85% to 18.51% p.a.).

	Minimum lease payments		Present value of minimum lease payments	
	31/12/14 \$	31/12/13 \$	31/12/14 \$	31/12/13 \$
Not later than one year	45,300	75,100	39,574	61,718
Later than one year and not later than five years	2,717	50,084	2,454	43,836
Later than five years	-	-	-	-
	48,017	125,184	42,028	105,554
Less future finance charges	(5,989)	(19,630)	-	-
Present value of minimum lease payments	42,028	105,554	42,028	105,554

Included in the Consolidated Financial Statements as:

- current borrowings:	39,574	61,718
- non-current borrowings:	2,454	43,836
	42,028	105,554

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
5. Income tax		
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	(3,446,093)	(1,583,974)
Prima facie tax benefit on loss from ordinary activities at 30%	(1,033,828)	(475,192)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	1,486	577
Fines	-	111
	(1,032,342)	(474,504)
Movement in unrecognised temporary differences	(754,597)	(729,918)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	2,484,985	1,492,141
Income tax expense	698,046	287,719
Unrecognised temporary differences		
Deferred tax assets (at relevant tax rates)		
Investments	103,110	99,210
Depreciable assets	10,079	5,461
Accrued expenses	42,814	62,357
Capitalised expenses	218,901	148,558
Entity establishment costs	24,857	41,428
Borrowing costs	-	68,826
Provision for expenses	30,465	27,462
Capital raising costs	474,169	183,643
Carry forward revenue tax losses	7,587,062	6,168,475
Carry forward capital tax losses	11,714	11,714
Carry forward foreign tax losses	5,450,344	4,237,137
	13,953,515	11,054,271
Deferred tax liabilities (at relevant tax rates)		
Prepaid expenses	2,362	2,114
Accrued interest income	5	514
	2,367	2,628
Net deferred asset not recognised	13,951,148	11,051,643

The current taxation legislation in Brazil enables income tax to be paid under one of the following ways:

- payable at 3% of gross revenue;
- payable at 34% of net profit.

During the year ended 31 December 2014, the Group elected to pay income tax, in relation to the Posse iron ore project, on 3% of gross revenue, which presented a lower cost compared to the other option available.

The deferred tax asset and deferred tax liability have not been brought to account as it is unlikely that they will arise unless the company generates sufficient revenue to utilise them.

6. Financial Risk Management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Capital risk
- Credit risk
- Foreign exchange risk
- Interest rate risk
- Equity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Senior Executives monitor and mitigate the financial risks relating to the operations of the Group through regular reviews of the risks.

Categories of financial instruments

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
Financial assets		
Cash and cash equivalents	3,388,153	2,109,806
Held to maturity investments	121,661	121,661
Loans and receivables	1,137,099	935,558
Available-for-sale financial assets	27,000	40,000
	<u>4,673,913</u>	<u>3,207,025</u>
Financial liabilities		
Trade and other payables	1,568,240	2,181,001
Other financial liabilities	42,028	105,554
Loan Payable	4,043,706	4,046,538
	<u>5,653,974</u>	<u>6,333,093</u>

Capital risk management

The Group manages its capital as a going concern while maximising the return to shareholders through the optimisation of its capital employed.

The capital structure of the Group consists of cash and cash equivalents, debt funding and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated loss as disclosed in Notes 19, 20 and 21 respectively. None of the Groups' entities are subject to externally imposed capital requirements.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

6. Financial Risk Management (continued)

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

The Group operates in the mining sector and is exposed to credit risk in relation to trade receivables arising from the sale of mineral products.

Where appropriate, the group has established an allowance for impairment that represents incurred losses in respect of other receivables and payments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The Group does not expect any counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration, evaluation and mining activities in Brazil. At the reporting date there were no significant concentrations of credit risk.

The below table shows the distribution of receivables from the Group's major customers as at the end of the period.

Customer	Dec 2014		Dec 2013	
	\$	%	\$	%
Gerdau Acominas S.A.	-	-	327,465	40.7
Empresa de Mineração Esperança S.A.	332,220	35.7	301,313	37.4
Pedreira Um Valemix	47,067	5.1	-	-
AVG Siderurgia Ltda	512,469	55.0	111,503	13.9
Other	39,279	4.2	64,455	8.0
	<u>931,035</u>	<u>100</u>	<u>804,736</u>	<u>100</u>

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	Dec 2014 \$	Dec 2013 \$
Cash and cash equivalents	3,388,153	2,109,806
Held to maturity financial assets	121,661	121,661
Loans and receivables	1,069,895	865,452
Available-for-sale financial assets	27,000	40,000

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash by continuously monitoring forecast and actual cash flows.

6. Financial Risk Management (continued)

Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of ninety days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk management

The Group's activities expose it primarily to financial risks such as foreign exchange rates, interest rates and equity prices which will affect the Group's income and the value of its holdings of financial instruments. The objective of market risk management is to mitigate and control market risk exposures within acceptable parameters, while optimizing shareholder return.

Equity risk management

The Group is exposed to very minor equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period:

If equity prices had been 10% higher/lower:

- Investment revaluation reserves would increase/decrease by \$2,700 (December 2013: increase/ decrease by \$3,400) as a result of the changes in fair value of available-for-sale shares.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

Foreign currency risk management

The Group is exposed to foreign currency risk from investments and borrowings held in a currency other than the Group's functional currency. The Group's exposure to foreign currency risk relates to financial instruments held in Brazilian Reals. At the reporting date the holdings were as follows:

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
Financial assets		
Cash and cash equivalents	1,892,047	1,858,395
Loans and receivables	1,131,353	874,842
	3,023,400	2,733,237
Financial liabilities		
Trade and other payables	1,362,611	1,847,582
Provisions	1,931,895	1,329,048
Borrowings	42,028	33,555
	3,336,534	3,210,185

6. Financial Risk Management (continued)

Foreign currency sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to foreign exchange risks at the end of the reporting period:

If the AUD/BRL exchange rate had been 10% higher/lower net profit for the year ended 31 December 2014 would have increased/decreased by \$47,836 (period ended 31 December 2013: increased/decreased by \$70,563).

Interest rate risk management

The Group is exposed to interest rate risk in relation to its leasing liabilities and cash and cash equivalents.

Interest rate sensitivity analysis for variable rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rate risks at the end of the reporting period:

If interest rates had been 100 basis points higher/(lower) net loss for the year ended 31 December 2014 would have (increased)/decreased by \$7,469 (period ended 31 December 2013: net profit would have decreased by \$22,738 / (increased) by \$24,970). A change in interest rates would have no effect on equity.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments:

Dec 2014

Consolidated	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity less than 1 year	Fixed Interest Rate Maturity 1-5 years	Non- interest Bearing	Total
	%	\$	\$	\$	\$	\$
<u>Financial Assets</u>						
Cash and cash equivalents	6.68%	3,388,153	-	-	-	3,388,153
Trade and other receivables	-	-	-	-	1,069,895	1,069,895
Deposits	3.75%	-	-	121,661	-	121,661
Listed investments at market value	-	-	-	-	27,000	27,000
		3,388,153	-	121,661	1,096,895	4,606,709
<u>Financial Liabilities</u>						
Finance lease liabilities	14.63%	-	(39,574)	(2,454)	-	(42,028)
Loan payable	11.36%	-	-	(5,000,000)	-	(5,000,000)
Trade and other payables	-	-	-	-	(1,568,240)	(1,568,240)
		-	(39,574)	(5,002,454)	(1,568,240)	(6,610,268)
Net financial assets/(liabilities)		3,388,153	(39,574)	(4,880,793)	(471,345)	(2,003,559)

6. Financial Risk Management (continued)

Dec 2013

Consolidated	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate <i>Maturity less than 1 year</i>	Fixed Interest Rate <i>Maturity 1-5 years</i>	Non- interest Bearing	Total
	%	\$	\$	\$	\$	\$
<u>Financial Assets</u>						
Cash and cash equivalents	8.87%	1,981,830	70,000	-	57,976	2,109,806
Trade and other receivables	-	-	-	-	935,558	935,558
Deposits	3.70%	-	-	121,661	-	121,661
Listed investments at market value	-	-	-	-	40,000	40,000
		<u>1,981,830</u>	<u>70,000</u>	<u>121,661</u>	<u>1,033,534</u>	<u>3,207,025</u>
<u>Financial Liabilities</u>						
Finance lease liabilities	14.74%	-	(61,718)	(43,836)	-	(105,554)
Loan payable	11.36%	-	-	(5,000,000)	-	(5,000,000)
Trade and other payables	-	-	-	-	(2,181,001)	(2,181,001)
		<u>-</u>	<u>(61,718)</u>	<u>(5,043,836)</u>	<u>(2,181,001)</u>	<u>(7,286,555)</u>
Net financial assets/(liabilities)		<u>1,981,830</u>	<u>8,282</u>	<u>(4,922,175)</u>	<u>(1,145,467)</u>	<u>(4,079,530)</u>

Fair values at amortised costs

The carrying value of the Group's financial assets and liabilities are equal to their respective net fair values.

Fair values of financial instruments – valuation techniques and assumptions

The fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of other financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

6. Financial Risk Management (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Dec 2014			
		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Available for sale					
Listed Investments		27,000	-	-	27,000
		<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
		Dec 2013			
		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Available for sale					
Listed Investments		40,000	-	-	40,000
		<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>

7. Share-based payments

The expense recognised in profit or loss in relation to share-based payments is disclosed in Note 3.

The following table illustrates the number and Weighted Average Exercise Prices (WAEPS) of, and movements in, share options issued during the period:

	Dec 2014 No.	Dec 2014 WAEP	Dec 2013 No.	Dec 2013 WAEP
Outstanding at the beginning of the period	14,947,000	0.43	13,457,000	0.52
Granted during the period	23,302,808	0.41	2,990,000	0.43
Forfeited during the period	(637,500)	0.43	-	-
Lapsed during the period	(120,000)	1.35	(1,500,000)	1.30
Reversal of lapsed options	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at the end of the period	<u>37,492,308</u>	<u>0.41</u>	<u>14,947,000</u>	<u>0.43</u>
Exercisable at the end of the period	32,357,308	0.40	1,960,000	0.70

7. Share-based payments (continued)

The following share options were in existence during or at the end of the current financial period:

Options series	Number	Grant date	Vesting date	Expiry date	Exercise price \$	Grant date fair value \$
Live at end of period						
Issued 25 Aug 2010	250,000	25 Aug 2010	22 Feb 2012	22 Aug 2015	0.56	0.3013
Issued 25 Aug 2010	250,000	25 Aug 2010	22 Feb 2013	22 Aug 2015	0.56	0.3268
Issued 29 Nov 2010	500,000	19 Nov 2010	22 Feb 2012	22 Aug 2015	0.70	0.5370
Issued 29 Nov 2010	500,000	19 Nov 2010	22 Feb 2012	22 Aug 2015	0.70	0.5640
Issued 30 Nov 2011	90,000	23 Nov 2011	30 Jun 2012	30 Jun 2016	1.35	0.6870
Issued 8 May 2013	1,000,000	8 May 2013	8 May 2014	31 Dec 2015	0.48	0.1081
Issued 10 May 2013	7,322,000	10 May 2013	10 May 2015	10 May 2017	0.3414	0.1997
Issued 14 May 2013	445,833	14 May 2013	14 May 2014	13 May 2017	0.43	0.1493
Issued 14 May 2013	483,333	14 May 2013	14 May 2015	13 May 2017	0.43	0.1645
Issued 14 May 2013	483,334	14 May 2013	14 May 2016	13 May 2017	0.43	0.1776
Issued 8 Aug 2013 ¹	138,888	30 Jul 2013	8 Aug 2014	7 Aug 2017	0.43	0.0100
Issued 8 Aug 2013	732,779	30 Jul 2013	8 Aug 2014	7 Aug 2017	0.43	0.0464
Issued 8 Aug 2013	996,667	30 Jul 2013	8 Aug 2015	7 Aug 2017	0.43	0.0585
Issued 8 Aug 2013	996,666	30 Jul 2013	8 Aug 2016	7 Aug 2017	0.43	0.0720
Issued 30 Jun 2014	5,650,000	30 Jun 2014	30 Jun 2014	30 Jun 2018	0.43	0.2036
Issued 13 Aug 2014	500,000	13 Aug 2014	13 Aug 2014	13 Aug 2016	0.50	0.1367
Issued 13 Aug 2014	1,000,000	13 Aug 2014	13 Aug 2014	13 Aug 2016	0.60	0.1177
Issued 13 Aug 2014	1,000,000	13 Aug 2014	13 Aug 2014	13 Aug 2016	0.80	0.0899
Issued 14 Aug 2014 ²	458,334	14 Aug 2014	14 Aug 2015	14 Aug 2018	0.52	0.1140
Issued 14 Aug 2014 ³	41,666	14 Aug 2014	14 Aug 2015	14 Aug 2018	0.52	0.0600
Issued 14 Aug 2014	500,000	14 Aug 2014	14 Aug 2016	14 Aug 2018	0.52	0.1300
Issued 14 Aug 2014	500,000	14 Aug 2014	14 Aug 2017	14 Aug 2018	0.52	0.1440
Issued 14 Aug 2014	225,000	14 Aug 2014	14 Aug 2015	14 Aug 2018	0.52	0.0762
Issued 14 Aug 2014	225,000	14 Aug 2014	14 Aug 2016	14 Aug 2018	0.52	0.0891
Issued 14 Aug 2014	225,000	14 Aug 2014	14 Aug 2017	14 Aug 2018	0.52	0.1010
Issued 14 Aug 2014	1,490,000	14 Aug 2014	14 Aug 2014	14 Aug 2018	0.52	0.1144
Issued 20 Aug 2014	1,246,550	20 Aug 2014	20 Aug 2014	20 Aug 2018	0.41	0.2410
Issued 31 Dec 2014	8,741,258	31 Dec 2014	31 Dec 2014	31 Dec 2018	0.2860	0.1094
Issued 22 July 2014 ⁴	1,500,000	22 July 2014	22 July 2014	21 Jul 2019	-	-
	37,492,308					

- (1) These options were issued on the same basis as those of the same tranche, aside from a specified market based condition to achieve a 75c ten day VWAP by 30 June 2014, resulting in a lower valuation per option. These options also have associated non-market based vesting conditions which have been agreed with each individual and are directly related to their roles.
- (2) These options were issued on the same basis as those of the same tranche, aside from specific performance and vesting conditions which have been agreed with each individual and are directly related to their roles
- (3) These options were issued on the same basis as those of the same tranche, aside from specific performance and vesting conditions which have been agreed with each individual and are directly related to their roles.
- (4) Performance shares. Refer to note 14.

7. Share-based payments (continued)

Options series	Number	Grant date	Vesting date	Expiry date	Exercise price \$	Grant date fair value \$
Lapsed during period						
Issued 30 Nov 2011	120,000	30 Nov 2011	30 Nov 2012	30 Jun 2014	1.35	0.5253
	120,000					

Options series	Number	Grant date	Vesting date	Expiry date	Exercise price \$	Grant date fair value \$
Forfeited during period						
Issued 25 Aug 2010	125,000	25 Aug 2010	1 Feb 2012	1 Aug 2015	0.44	0.3183
Issued 25 Aug 2010	125,000	25 Aug 2010	1 Aug 2013	1 Aug 2015	0.44	0.3417
Issued 14 May 2013	112,500	14 May 2013	14 May 2014	13 May 2017	0.43	0.1493
Issued 14 May 2013	75,000	14 May 2013	14 May 2015	1 May 2017	0.43	0.1645
Issued 14 May 2013	75,000	14 May 2013	14 May 2016	13 May 2017	0.43	0.1776
Issued 8 Aug 2013	125,000	30 Jul 2013	8 Aug 2014	7 Aug 2017	0.43	0.0464
	637,500					

The weighted average remaining contractual life for the share options outstanding at 31 December 2014 is 3.03 years (December 2013: 3.1 years).

The range of exercise prices for options outstanding at the end of the period was \$0.286 – \$1.35 (December 2013: \$0.3414 – \$1.35).

The weighted average fair value of options granted during the period was \$0.1424 (December 2013: \$0.05).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using an appropriate options pricing model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used in relation to the options that were issued during the financial year ended 31 December 2014.

		Granted during the year ended 31 December 2014													
		\$0.43 Options	\$0.50 Options	\$0.60 Options	\$0.80 Options	\$0.52 Options	\$0.52 Options	\$0.52 Options	\$0.52 Options	\$0.52 Options	\$0.52 Options	\$0.52 Options	\$0.52 Options	\$0.41 Options	\$0.286 Options
Dividend yield	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected volatility	%	84	79	79	79	70	70	70	70	71	71	71	79	71	73
Risk-free interest rate	%	2.84	2.56	2.56	2.56	2.6	2.6	2.6	2.6	2.61	2.66	2.79	2.56	2.79	2.36
Expected life	Years	4.00	2.00	2.00	2.00	2.5	2.5	3.0	3.5	2.5	3.00	3.5	2.00	4.00	4.00
Exercise price	\$	0.43	0.50	0.60	0.80	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.41	0.286
Share price at grant date	\$	0.35	0.38	0.38	0.38	0.35	0.35	0.35	0.35	0.28	0.28	0.28	0.35	0.43	0.22

7. Share-based payments (continued)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that will occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurements of fair value.

No share options were exercised during the year (2013: nil).

Employee share option plan

At a meeting of shareholders held on 10 June 2008, the Company received approval for the introduction of an employee share option scheme (the Plan). The plan was re-approved at a meeting of shareholders on 15 May 2014, the details of which are set out below. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The options can only be issued to Employees or Officers of the Company and its subsidiaries.
2. Each Option entitles the holder, on exercise, to one fully paid ordinary share in the Company.
3. Shares issued on exercise of Options will rank equally with other fully paid ordinary shares of the Company.
4. The exercise price and expiry date for the options will be as determined by the Board (in its discretion) on or before the date of issue.
5. The maximum number of options that can be issued under the Plan is not to be in excess of 5% of the total number of Shares on issue.
6. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may, in its absolute discretion, impose other conditions on the exercise of an option.
7. An Option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
8. Upon an Optionholder ceasing to be a Director, employee or officer of the Company, whether by termination or otherwise, the Optionholder has 45 days from the day of termination, or otherwise, to exercise their Options before their Options lapse.
9. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur), then the Board may declare an option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
10. Options may not be transferred other than in cases where the Options have vested, are within six (6) months of the expiry date of the Options, and the Options are transferred to an Associate of the Optionholder. Quotation of options on the ASX will not be sought. However, the Company will apply to the ASX for official quotation of Shares issued on the exercise of options.
11. There are no participating 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. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 ASX Business Days after the issue is announced.

7. Share-based payments (continued)

Employee share option plan (continued)

12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled, or the exercise price of his or her options, or both, or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

8. Key management personnel

Details of Key Management Personnel:

Mr. S. Copulos	Chairman (Non-Executive)
Mr. R. Smakman	Managing Director
Mr. P. Stephen	Executive Director
Mr. J. Evans	Director (Non-Executive)
Mr. M. Ferreira	Director (Non-Executive)
Mr. D. Netherway	Director (Non-Executive)
Mr. A. Beigel	Chief Financial Officer / Company Secretary
Mr. M. Schmulian	Chief Operating Officer
Mr. A. Platel	Exploration Manager – resigned 4 March 2014
Mr. W. Foote	Project Manager
Mr. J. Nery	Manager – Iron Ore, Licensing and Compliance – appointed 22 Sept 2014

The aggregate compensation provided to Directors and Key Management Personnel of the company and the group is set out below:

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
Short-term employee benefits	2,184,744	1,029,370
Post-employment benefits	50,057	25,493
Share-based payments	272,162	141,011
	2,506,963	1,195,874

Further details relating to the compensation of Directors and Key Management Personnel are included within the Directors' Report.

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
9. Auditors' Remuneration		
<i>Audit of the Parent Entity</i>		
Audit or review of financial report	76,420	49,885
<i>Auditors of overseas entities</i>		
Audit or review of financial report	30,634	41,734
	107,054	91,619

The auditor of the Group is Deloitte Touche Tohmatsu.

10. Trade and other receivables

Current		
Trade receivables	931,035	804,736
Other receivables	138,860	60,716
	1,069,895	865,452

Other receivables are non-interest bearing and consist of rent receivable due within 30 days, GST credits receivable from the Australian Taxation Office, and accrued interest receivable. There are no provisions included within Trade and other receivables.

All receivables are collected within commercial terms, and none were past due as at the end of the period.

An analysis of trade receivables by customer is disclosed in Note 6.

11. Inventories

Work In Progress	121,912	56,058
Finished Goods	730,085	822,754
	851,997	878,812

The cost of inventories recognized as an expense during the year in respect of continuing operations was \$10,680,135 (2013: \$3,998,993).

12. Other assets

Current		
Pre-payments and supplier deposits	175,833	105,954
Bank guarantees	30,000	30,000
Current tax receivable	-	136,370
Other	6,113	16,015
	211,946	288,339
Non-Current		
Tenement sale proceeds	67,204	70,106
	67,204	70,106

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
13. Other financial assets		
Non-current		
Deposits	121,661	121,661
Available-for-sale assets at fair value ¹	27,000	40,000
	148,661	161,661

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

14. Mineral resources

Costs brought forward	20,436,529	20,566,737
Expenditure incurred during the period	3,821,982	2,086,896
Acquisition of asset	1,060,559	-
Amounts expensed	(3,431,116)	(1,665,227)
Effect of exchange rates	(871,675)	(551,877)
Costs carried forward	21,016,279	20,436,529

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

During the period the Group has expensed costs of \$799,817 (December 2013: \$423,963) relating to the tenements held in the Seridó region. In accordance with the Group's accounting policy, exploration costs of activities within the tenements that are in the pre-feasibility stage are expensed as incurred. The group has also expensed as incurred, indirect exploration related costs of \$2,059,876 incurred within Brazil during the period (December 2013: \$1,241,831), on the basis that they are not directly attributable to the Borborema area of interest.

During the year, the Group acquired the Jurueña gold project. The total cost of the acquisition was \$1,060,559 and comprised an issue of equity instruments and costs as follows:

Consideration	\$
Cash and Cash Equivalents	700,934
Fully paid Ordinary Shares (500,000)	210,000
Performance Shares: Class A (750,000) ¹	31,500
Performance Shares: Class B (750,000) ²	118,125
Total	1,060,559

In addition to the acquisition costs above, the Group incurred exploration expenses of \$571,423 related to the Jurueña gold project (2013: nil).

Notes:

- (1) The fair value of the milestone shares at acquisition date has been determined to be \$31,500, based on Management's assessment of the probability that the milestone for these shares will be met.
- (2) The fair value of the milestone shares at acquisition date has been determined to be \$118,125, based on Management's assessment of the probability that the milestone for these shares will be met.

14. Mineral resources (continued)

Milestones:

- (1) Definition of a JORC compliant gold resource of at least 400,000 ounces greater than 10g/t Au in the Indicated category within 5 years of completion.
- (2) Gold production at an annual rate of at least 20,000 ounces of gold over a 90 day period within 5 years of completion.

	Consolidated	
	Dec 2014	Dec 2013
15. Mine development properties	\$	\$
Cost brought forward	4,333,540	4,571,915
Additions	259,788	76,803
Depreciation and amortisation	(885,103)	(178,716)
Effect of foreign exchange	(148,183)	(136,462)
Carrying amount at the end of the period	<u>3,560,042</u>	<u>4,333,540</u>

Impairment of Non-Current Assets: Mine development and property, plant and equipment

Non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of recoverable amount is made.

The Group has one cash generating unit assessed for impairment under AASB 136 Impairment of Assets, the Posse Iron Ore Project. The changes in global economic conditions and impact on the Iron Ore sector has been identified as an impairment trigger and consequently the Posse Project has been tested for impairment in accordance with AASB 136.

Methodology

The Group has adopted a fair value less cost to dispose which is greater than the value in use and hence used this as the recoverable amount for impairment testing purposes.

Fair value is estimated based on discounted cash flows using market based commodity price assumptions, estimated quantities of recoverable minerals, demand levels, operating costs and future capital expenditure.

When life-of-mine plans do not fully utilise the existing resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources is included in the determination of fair value. The Group considers this valuation approach to be consistent with the approach taken by other market participants.

Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the assets.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning process documents, including life-of-mine plans and operational budgets.

Significant judgements and assumptions are required in making estimates of fair value. CGU valuations are subject to variability in key assumptions including, but not limited to, commodity prices, discount rates, demand assumptions and operating costs. A change in one or more of the assumptions used to estimate fair value could reduce or increase the CGU's fair value.

15. Mine development properties (continued)

We summarise below the key assumptions used in the December 2014 impairment assessment for the Posse Project:

- Production tonnages based on the current mine plan, which represents the Director's best estimates of the underlying geological factors.
- Selling price and demand assumptions based on the Director's best estimates of the market conditions going forward, which includes a return to historic demand for the Group's lump product, and a 5% - 10% decrease against the average price received for the Quarter 4 2014 period. Significantly, if demand were to continue based on the actual Quarter 4 2014 period, there would be no impact on the carrying value of the cash generating unit.
- Discount rate post tax 13%.

The impairment assessment for the Posse project concluded that the recoverable value was in excess of its carrying value, and hence no impairment was required.

Of the key assumptions applied in the impairment assessment, selling price has the most significant impact on the recoverable value.

Sales prices would need to decrease by 13% compared to current forecast levels to result in the recoverable amount being lower than the carrying value.

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
16. Property, plant and equipment		
Balance at the beginning of the period		
Cost	2,577,914	2,549,443
Accumulated depreciation	(669,136)	(506,633)
Carrying amount at beginning of period	1,908,778	2,042,810
Additions	254,106	280,899
Disposals	(18,747)	(199,093)
Depreciation	(410,232)	(162,503)
Effect of foreign exchange	(60,944)	(53,335)
Carrying amount at the end of the period	1,672,960	1,908,778

16. Property, plant and equipment (continued)

The following table shows the movements in property, plant and equipment for the period by the main classes utilised.

	Opening net book value at 01 Jan 2014	Additions	Disposals	Depreciation	Closing net book value at 31 Dec 2014
	\$	\$	\$	\$	\$
Buildings	571,615	6,124	-	(131,074)	446,664
Plant	617,960	154,679	(7,669)	(78,752)	686,218
Vehicles	282,498	9,803	-	(102,466)	189,835
Furniture	138,555	28,176	(3,429)	(14,580)	148,722
Computers	153,384	42,753	(7,649)	(54,317)	134,172
Software	144,767	12,570	-	(29,043)	128,294
	1,908,778	254,106	(18,747)	(410,232)	1,733,905
					(60,944)
					1,672,960

For assumptions used for impairment, refer to note 15.

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
17. Trade and other payables		
Current		
Trade payables and accruals	1,568,240	2,181,001

Trade payables are non-interest bearing and are normally settled on 30 day terms.

18. Provisions

Current		
Annual leave and other benefits	343,952	231,091
Payroll and associated taxes	880,395	994,959
Other	113,132	103,431
	1,337,479	1,329,481
Non-current		
Rehabilitation	68,176	47,114
Other	670,014	78,793
	738,190	125,907
Total Current and Non-Current Provisions	2,075,669	1,455,388

19. Issued capital**No.****\$**

Ordinary shares issued and fully paid

At 31 December 2013

126,646,04155,268,797

At 31 December 2014

140,939,14157,996,007

Fully paid ordinary shares carry one vote per share and the right to receive dividends.

Fully paid ordinary share capital**Dec 2014****Dec 2013****No.****\$****No.****\$**Balance at the start of the
financial period

126,646,041

55,268,797

126,646,041

55,268,797

Shares issued for cash

13,793,100

3,999,999

-

-

Share based payments

500,000

210,000

-

-

Shares issued on exercise of
options

-

-

-

-

Capital raising costs

-

(1,482,789)

-

-

Balance at the end of the
financial period140,939,14157,996,007126,646,04155,268,797

20. Reserves

Nature and purpose of reserves

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

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

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

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
Reserves		
Share based payment reserve	8,582,618	5,644,817
Foreign currency translation reserve	2,483,236	3,128,157
Investment revaluation reserve	(13,000)	(130,000)
	11,052,854	8,642,974
<i>Foreign currency translation reserve</i>		
Balance at the beginning of the financial period	3,128,157	3,037,380
Currency translation differences arising during the period	(644,921)	90,777
Balance at the end of the financial period	2,483,236	3,128,157
<i>Share based payments reserve</i>		
Balance at the beginning of the financial period	5,644,817	5,594,918
Option and performance shares expense	2,937,801	49,899
Balance at the end of the financial period	8,582,618	5,644,817
<i>Investments revaluation reserve</i>		
Balance at the beginning of the financial period	(130,000)	(207,500)
Unrealised gain/(loss) on available for sale investment	(13,000)	23,500
Cumulative gain/(loss) reclassified to profit or loss on impairment of available-for-sale financial assets	130,000	54,000
Balance at the end of the financial period	(13,000)	(130,000)

Performance Shares

During the year, as part of the acquisition of the Jurueña Gold Project, the Company granted 1,500,000 performance shares with the following terms:

Number	Details	Fair Value (\$)
750,000 ¹	Performance Shares	31,500
750,000 ²	Performance Shares	118,125

(1) Refer to Note 14 for details.

(2) Refer to Note 14 for details.

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
21. Retained earnings		
Movements in accumulated losses were as follows:		
Balance at the beginning of the financial period	(40,647,228)	(38,775,536)
Net loss for the period	(4,144,139)	(1,871,692)
Balance at the end of the financial period	<u>(44,791,367)</u>	<u>(40,647,228)</u>

22. Loss per share

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

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

	\$	\$
Net loss attributable to ordinary equity holders of the parent	(4,144,139)	(1,871,692)
	No.	No.
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic and diluted loss per share	133,450,527	126,646,041

There are no shares to be issued under the exercise of 37,492,308 options currently outstanding which are considered to be dilutive. The diluted earnings per share is therefore the same as basic earnings per share.

23. Commitments

In order to maintain current rights of tenure to the exploration tenements, the Group is required to meet the minimum expenditure commitments as specified by the relevant Government authorities. These obligations are subject to renegotiations when application for a mining lease is made and at other times. The obligations will be met from normal working capital of the Group. The minimum exploration tenement commitments will be reduced should the Group enter into a joint venture on the tenements or extinguished should the tenement be abandoned should the Group decide that the project is not commercial.

The Group has certain minimum obligations in pursuance of the terms and conditions of mineral tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to all mining tenements, and assuming all applications are granted, the Group will be required to outlay in 2015 approximately \$200,369 (2013: \$1,000,444). These costs are expected to be fulfilled in the normal course of operations.

24. Operating lease arrangements

The Group as a lessee

The Group has two lease agreements for office rental, one for the corporate head office in Australia, and one for the administrative office in Brazil.

In addition, there are four (December 2013: six) lease agreements for accommodation for employees in Brazil.

The Group has no other operating lease commitments.

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
Operating lease commitments:		
Not later than 1 year	412,470	295,070
Later than 1 year but not later than 5 years	479,111	677,067
Later than 5 years	-	-
	<u>891,581</u>	<u>972,137</u>

The Group as a Lessor

Part of the Group's Perth office has been sublet to other Companies on a month to month basis.

The Group has no other operating lease receivables.

	\$	\$
Operating lease receivables:		
Not later than 1 year	4,200	2,000
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>4,200</u>	<u>2,000</u>

25. Related party transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in each of the subsidiaries are disclosed in Note 26.

(b) Transactions with Directors and Key Management Personnel

Details of Director and Key Management Personnel compensation are disclosed in Note 8.

26. Controlled entities

	Country of Incorporation	Principal Activity	Ownership Interest	
			Dec 2014	Dec 2013
Parent entity				
Crusader Resources Ltd	Australia	Mining Investment		
Controlled entities				
Brazil Minerals Pty Ltd	Australia	Mining Investment	100%	100%
Atomico Pty Ltd	Australia	Mining Investment	100%	100%
Batman Minerals Pty Ltd	Australia	Mining Investment	100%	nil
Molten Pty Ltd	Australia	Mining Investment	100%	nil
Cascar Resources Pty Ltd	Australia	Mining Investment	100%	100%
Crusader do Brasil Mineração Ltda	Brazil	Mining and Mineral exploration	100%	100%
Cascar do Brasil Mineração Ltda	Brazil	Mineral exploration	100%	100%
Crusader do Nordeste Mineração Ltda	Brazil	Mineral exploration	100%	100%
Lago Dourado Mineração Ltda	Brazil	Mineral exploration	100%	nil
Juruena Mineração Ltda	Brazil	Mineral exploration	100%	nil
Crusader Amazon Mineração Ltda	Brazil	Mineral exploration	100%	nil
Sunny Skies	BVI	Mineral Investment	100%	nil

27. Segment reporting

The Group's reportable segments under AASB 8 are as follows:

- Mining and Mineral Exploration – Iron ore
- Mineral Exploration – Gold
- Mineral Exploration – Other

Mineral Exploration - Other is the aggregation of the Group's other operating segments that are not separately reportable. Included within this, are operating segments for the Group's activities in the exploration for other mineral resources, and expenditure which cannot be allocated to any one mineral resource.

The following table presents the revenue and results analysed by mineral resource for the twelve months ended 31 December 2014 and the six months ended 31 December 2013. This is the Group's primary basis of segmentation.

27. Segment reporting (continued)

Dec-2014	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Revenue	16,942,835	-	-	16,942,835
Cost of sales	(10,680,135)	-	-	(10,680,135)
Gross Profit	6,262,700	-	-	6,262,700
Other revenue	-	-	322,422	322,422
Exploration and evaluation	-	(3,422,927)	(8,189)	(3,431,116)
Depreciation and amortisation	(1,039,673)	(101,142)	(154,519)	(1,295,335)
Finance costs	(5,201)	(11,965)	(1,515,250)	(1,532,415)
Unrealised foreign exchange loss	-	-	(809,689)	(809,689)
Central administration costs	-	-	(1,741,376)	(1,741,376)
Other expenses from ordinary activities	-	-	(1,221,284)	(1,221,284)
Segment Result	5,217,826	(3,536,034)	(5,127,885)	(3,446,093)
Dec-2013	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Revenue	7,502,482	-	-	7,502,482
Cost of sales	(3,998,993)	-	-	(3,998,993)
Gross Profit	3,503,489	-	-	3,503,489
Other revenue	-	-	112,275	112,275
Exploration and evaluation	(307,483)	(1,266,902)	(91,442)	(1,665,827)
Depreciation and amortisation	(276,392)	(35,557)	(29,269)	(341,218)
Finance costs	(10,245)	(9,002)	(815,431)	(834,678)
Unrealised foreign exchange loss	-	-	(798,578)	(798,578)
Central administration costs	(391,298)	(121,262)	(1,046,876)	(1,559,436)
Segment Result	2,518,071	(1,432,723)	(2,669,321)	(1,583,973)

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

Dec-2014	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Current assets	1,931,209	122,548	3,468,235	5,521,992
Non-current assets	4,544,798	21,399,638	520,710	26,465,146
Total Assets	6,476,007	21,522,186	3,988,944	31,987,137
Current liabilities	1,447,474	767,538	730,281	2,945,293
Non-current liabilities	70,630	-	4,713,721	4,784,351
Total Liabilities	1,518,104	767,538	5,444,001	7,729,643
Net Assets / (Net Liabilities)	4,957,903	20,754,648	(1,455,057)	24,257,494

27. Segment reporting (continued)

Dec-2013	Iron Ore \$	Gold \$	Unallocated \$	Total \$
Current assets	3,543,284	123,487	475,639	4,142,410
Non-current assets	7,251,276	19,265,873	393,465	26,910,614
Total Assets	10,794,560	19,389,360	869,104	31,053,024
Current liabilities	2,647,349	507,225	4,464,164	7,618,738
Non-current liabilities	100,932	26,588	42,223	169,743
Total Liabilities	2,748,281	533,813	4,506,387	7,788,481
Net Assets / (Net Liabilities)	8,046,279	18,855,547	(3,637,283)	23,264,543

Geographical Information

The Group operates in two geographical areas being Australia (country of domicile) and Brazil.

All Australian expenditure relates to corporate and administrative activities and is included within the Unallocated segment above.

The table below shows the carrying balances of non-current assets per segment as at 31 December 2014.

Dec-2014	Iron ore \$	Gold \$	Unallocated \$	Total \$
Other financial assets	-	-	148,661	148,661
Mineral resources	-	21,016,279	-	21,016,279
Mine development properties	3,560,042	-	-	3,560,042
Property, plant and equipment	984,756	383,359	304,845	1,672,960
Other assets	-	-	67,204	67,204
Total non-current assets	4,544,798	21,399,638	520,710	26,465,146

The table below shows the carrying balances of non-current assets per segment as at 31 December 2013.

Dec-2013	Iron ore \$	Gold \$	Unallocated \$	Total \$
Other financial assets	-	-	161,661	161,661
Mineral resources	-	20,436,530	-	20,436,530
Mine development properties	4,333,540	-	-	4,333,540
Property, plant and equipment	1,319,959	357,015	231,804	1,908,778
Other assets	70,106	-	-	70,106
Total non-current assets	5,723,605	20,793,545	393,465	26,910,615

28. Notes to the statement of cash flows

	Consolidated	
	Dec 2014 \$	Dec 2013 \$
(a) Reconciliation of cash and cash equivalents		
For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank	<u>3,388,153</u>	<u>2,109,806</u>
(b) Reconciliation of net loss after tax to net cash flows from operating activities		
Net loss	(4,144,139)	(1,871,692)
Adjustments for:		
Depreciation and amortisation	1,295,335	341,218
Exploration written off	3,431,116	1,665,827
Impairment of investment	130,000	54,000
Finance costs	953,462	478,371
Share-based payments	381,124	49,899
Disposal of assets	18,747	117,901
Unrealised exchange (gains)/losses	809,689	798,578
Interest received	(291,050)	(80,912)
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	(204,443)	609,232
Inventory	26,815	(620,700)
Other current assets	76,393	101,569
Increase/(decrease) in liabilities:		
Trade and other payables	(612,761)	346,006
Provisions	620,282	(381,839)
Other Liabilities	39,830	-
Cash generated/(used) in operating activities	<u>2,530,401</u>	<u>1,607,458</u>

29. Parent Entity

The following table presents the information regarding the parent entity for the year ended 31 December 2014 and the six months ended 31 December 2013.

	Dec 2014 \$	Dec 2013 \$
Financial position		
Assets		
Current assets	1,575,787	475,639
Non-current assets	27,828,022	27,500,999
Total assets	29,403,809	27,976,638
Liabilities		
Current liabilities	322,172	4,464,074
Non-current liabilities	4,070,938	42,223
Total liabilities	4,393,110	4,506,297
Equity		
Issued capital	57,996,009	55,268,799
Retained earnings	(41,554,929)	(37,313,276)
Reserves		
Option premium reserve	8,582,619	5,644,817
Asset revaluation reserve	(13,000)	(130,000)
Total equity	25,010,699	23,470,340
Financial performance	Year ended	Six months ended
	Dec 2014 \$	Dec 2013 \$
Loss for the period	(4,241,653)	(1,869,610)
Other comprehensive income	(13,000)	168,277
Total comprehensive income	(4,254,653)	(1,701,333)

Contingent liabilities of the parent entity

Other than as disclosed at Note 32, the Parent entity is not aware of any other contingent liabilities at the date of this report (2013: nil).

30. Non-cash transactions

During the year, the Group did not enter into any non-cash financing or investing transactions other than as disclosed elsewhere in the financial report.

31. Subsequent events

Subsequent to the year end, on 30 March 2015, the Company announced it was completing a capital raising to secure additional funding. At the date of this report, the capital raising is currently in progress.

32. Contingent liabilities

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

DIRECTORS' DECLARATION

1. The Directors declare that:

- (a) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion the attached Financial Statements and Notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity;
- (c) in the Directors' opinion, the Financial Statements and Notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 2(a); and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 (Cth).

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001 (Cth).

On behalf of the Directors

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line.

R. Smakman
Managing Director

Perth
31 March 2015



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Financial Report

We have audited the accompanying financial report of Crusader Resources Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the period's end or from time to time during the financial year as set out on pages 37 to 80.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Auditor's Independence Declaration*

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

Opinion

In our opinion:

- (a) the financial report of Crusader Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Crusader Resources Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in dark ink that reads "David Newman".

David Newman

Partner

Chartered Accountants

Perth, 31 March 2015



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

31 March 2015

Dear Board Members

Crusader Resources Limited

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

As lead audit partner for the audit of the financial statements of Crusader Resources Limited for the financial year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "D. Newman".

David Newman
Partner
Chartered Accountants

ADDITIONAL ASX INFORMATION

The additional information dated 7 April 2015 is required by the ASX Limited Listing Rules and is not disclosed elsewhere in this report.

Distribution of Shareholders

	Numbers
1 - 1,000	89
1,001 – 5,000	206
5,001 – 10,000	177
10,001 – 100,000	392
100,001 and over	149
TOTAL	1,013

There were 174 holders of less than marketable parcel of ordinary shares.

Twenty Largest Shareholders

Shareholder	Number of Shares	Percentage
HSBC CUSTODY NOM AUST LTD	14,654,109	10.40%
INTERNATIONAL FINANCE CORPORATION	13,793,100	9.79%
HSBC CUSTODY NOM AUST LTD	12,938,764	9.18%
NATIONAL NOM LTD	6,768,373	4.80%
JP MORGAN NOM AUST LTD	6,677,530	4.74%
FARJOY PTY LTD	6,273,205	4.45%
SUPERMAX PTY LTD	6,009,625	4.26%
GWYNVILL TRADING PTY LTD	3,191,668	2.26%
HSBC CUSTODY NOM AUST LTD	3,066,976	2.18%
BLUE BONE ENTPS WA PTY LTD	2,488,571	1.77%
HSBC CUSTODY NOM AUST LTD-GSCO ECA	2,230,306	1.58%
VITOR PTY LTD	2,186,699	1.55%
EYEON INVESTMENTS PTY LTD	1,963,316	1.39%
STEPHEN PAUL R + J A	1,909,495	1.35%
SPACETIME PTY LTD	1,349,739	0.96%
ABN AMRO CLEARING SYDNEY NIM PTY LTD	1,241,679	0.88%
KASLAM PTY LTD	1,200,000	0.85%
MAUGRA NOMINEES PTY LTD	1,000,000	0.71%
MELSELINA PTY LTD	1,000,000	0.71%
FLANNERY FOUNDATION PTY LTD	902,652	0.64%
	90,845,807	64.45%

Substantial Shareholders

Shareholder	Number of Shares
Copulos Group	28,165,961
International Finance Corporation	13,793,100

Unquoted Options

At 7 April 2015, the following unquoted options were on issue:

Grant Date	Number on Issue	Exercise Price	Expiry Date	No. of Holders
10 May 2013	7,322,000	\$0.3414	10 May 2017	1
14 May 2013	1,412,500	\$0.43	13 May 2017	3
30 July 2013	2,865,000	\$0.43	7 August 2017	6
8 May 2013	1,000,000	\$0.48	31 December 2015	1
25 August 2010	500,000	\$0.56	22 August 2015	2
19 November 2010	1,000,000	\$0.70	22 August 2015	1
30 November 2011	90,000	\$1.35	30 June 2016	1
14 August 2014	3,665,000	\$0.52	14 August 2018	9
30 June 2014	5,650,000	\$0.41	30 June 2018	1
20 August 2014	1,246,550	\$0.41	20 August 2018	1
13 August 2014	500,000	\$0.50	13 August 2016	1
13 August 2014	1,000,000	\$0.60	13 August 2016	1
13 August 2014	1,000,000	\$0.80	13 August 2016	1
31 December 2014	8,741,258	\$0.286	31 December 2018	1

Unquoted Equity Security holdings greater than 20%

Macquarie Bank Limited hold the following Options:

Options expiring 31 Dec 2015, exercise price \$0.48	1,000,000
Options expiring 10 May 2017, exercise price \$0.3414	7,322,000
Options expiring 31 Dec 2018, exercise price \$0.286	8,741,258

Voting Rights

The voting rights attaching to each class of securities are set out below:

- Ordinary Shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each shares shall have one vote.
- Options: No voting rights

On-market buy back

There is currently no on-market buy back program for any of the Company's securities.

Securities subject to voluntary escrow

500,000 Ordinary shares are subject to voluntary escrow until 22 July 2015.

Stock Exchange Listing

Crusader Resources Limited's ordinary shares are quoted on ASX Limited. The home exchange is Perth.

Schedule of Mining Tenements

Location	Description	Ownership
Brazil - Borborema	805.049/1977	100%
Brazil - Borborema	840.149/1980	100%
Brazil - Borborema	840.152/1980	100%
Brazil - Espinharas	846.128/2005	100%
Brazil - Espinharas	846.134/2005	100%
Brazil - Espinharas	846.136/2005	100%
Brazil - Espinharas	846.140/2005	100%
Brazil - Seridó	848.133/2011	100%
Brazil - Seridó	848.134/2011	100%
Brazil - Seridó	848.135/2011	100%
Brazil - Seridó	848.136/2011	100%
Brazil - Seridó	848.137/2011	100%
Brazil - Seridó	848.138/2011	100%
Brazil - Seridó	848.140/2011	100%
Brazil - Seridó	848.141/2011	100%
Brazil - Seridó	848.172/2011	100%
Brazil - Seridó	848.174/2011	100%
Brazil - Seridó	848.176/2011	100%
Brazil - Seridó	848.206/2011	100%
Brazil - Seridó	848.207/2011	100%
Brazil - Seridó	848.208/2011	100%
Brazil - Seridó	846.158/2011	100%
Brazil - Seridó	848.208/2010	100%
Brazil - Seridó	848.209/2010	100%
Brazil - Seridó	846.227/2011	100%
Brazil - Seridó	848.229/2011	100%
Brazil - Seridó	848.230/2011	100%
Brazil - Seridó	848.231/2011	100%
Brazil - Seridó	848.232/2011	100%
Brazil - Seridó	848.233/2011	100%
Brazil - Seridó	848.314/2011	100%
Brazil - Seridó	848.284/2010	100%
Brazil - Seridó	848.093/2013	100%
Brazil - Seridó	848.007/2015	100%
Brazil - Seridó	848.011/2015	100%
Brazil - Seridó	848.055/2015	100%
Brazil - Seridó	848.140/2012	100%
Brazil - Seridó	846.130/2012	100%
Brazil - Seridó	846.131/2012	100%
Brazil - Seridó	846.285/2012	100%
Brazil - Seridó	846.313/2012	100%
Brazil - Seridó	846.314/2012	100%
Brazil - Seridó	846.316/2012	100%
Brazil - Seridó	846.317/2012	100%

Location	Description	Ownership
Brazil - Seridó	846.502/2011	100%
Brazil - Seridó	846.503/2011	100%
Brazil - Seridó	846.504/2011	100%
Brazil - Seridó	846.505/2011	100%
Brazil - Seridó	846.506/2011	100%
Brazil - Seridó	846.604/2011	100%
Brazil - Seridó	846.635/2011	100%
Brazil - Seridó	846.637/2011	100%
Brazil - Seridó	846.638/2011	100%
Brazil - Seridó	846.639/2011	100%
Brazil - Seridó	846.640/2011	100%
Brazil - Seridó	846.643/2011	100%
Brazil - Seridó	846.644/2011	100%
Brazil - Seridó	846.649/2011	100%
Brazil - Seridó	846.651/2011	100%
Brazil - Seridó	846.654/2011	100%
Brazil - Seridó	846.656/2011	100%
Brazil - Seridó	848.139/2012	100%
Brazil - Seridó	848.142/2012	100%
Brazil - Seridó	848.260/2013	100%
Brazil - Seridó	848.265/2013	100%
Brazil - Seridó	848.266/2013	100%
Brazil - Seridó	848.267/2013	100%
Brazil - Seridó	848.268/2013	100%
Brazil - Seridó	848.276/2012	100%
Brazil - Seridó	848.277/2012	100%
Brazil - Seridó	848.281/2014	100%
Brazil - Seridó	848.436/2012	100%
Brazil - Seridó	848.705/2011	100%
Brazil - Seridó	848.706/2011	100%
Brazil - Seridó	848.707/2011	100%
Brazil - Seridó	848.773/2011	100%
Brazil - Seridó	848.804/2011	100%
Brazil - Seridó	848.834/2011	100%
Brazil - Seridó	848.837/2011	100%
Brazil - Seridó	848.848/2011	100%
Brazil - Seridó	848.898/2011	100%
Brazil - Juruena	866.578/2006	100%
Brazil - Juruena	866.247/2011	100%
Brazil - Juruena	866.632/2006	100%
Brazil - Juruena	866.778/2006	100%
Brazil - Juruena	866.085/2009	100%
Brazil - Juruena	866.084/2009	100%
Brazil - Juruena	866.082/2009	100%

Schedule of Mining Tenements (continued)

Location	Description	Ownership
Brazil - Juruena	866.081/2009	100%
Brazil - Juruena	866.080/2009	100%
Brazil - Juruena	866.079/2009	100%
Brazil - Juruena	866.086/2009	100%
Brazil - Juruena	866.267/2008	100%
Brazil - Juruena	867.245/2005	100%
Brazil - Juruena	867.246/2005	100%
Brazil - Juruena	866.480/2010	100%
Brazil - Juruena	867.118/2010	100%
Brazil - Juruena	866.633/2006	100%
Brazil - Juruena	866.105/2013	100%
Brazil - Juruena	866.294/2013	100%
Brazil - Juruena	866.513/2013	100%
Brazil - Juruena	866.934/2012	100%
Brazil - Manga	860.563/2011	100%
Brazil - Manga	860.565/2011	100%
Brazil - Manga	860.567/2011	100%
Brazil - Mara Rosa	860.957/2012	100%
Brazil - Mara Rosa	860.958/2012	100%
Brazil - Mara Rosa	860.959/2012	100%
Brazil - Posse	834.705/1993	100%

Crusader Resources Limited

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