QUARTERLY ACTIVITIES REPORT

for the period ended 30 September 2011

Sabre is developing a pipeline of exploration projects within the Ongava Poly-Metallic Project, northern Namibia (Figure 1). Development of this pipeline will allow definition of resources and ultimately mining of the copper, lead, zinc, vanadium and silver deposits of the region. With a team of geologists permanently stationed in the area and over 600 km^2 of mineral-rich geology to explore, Sabre aims to significantly advance these projects in order to realise their mining potential.

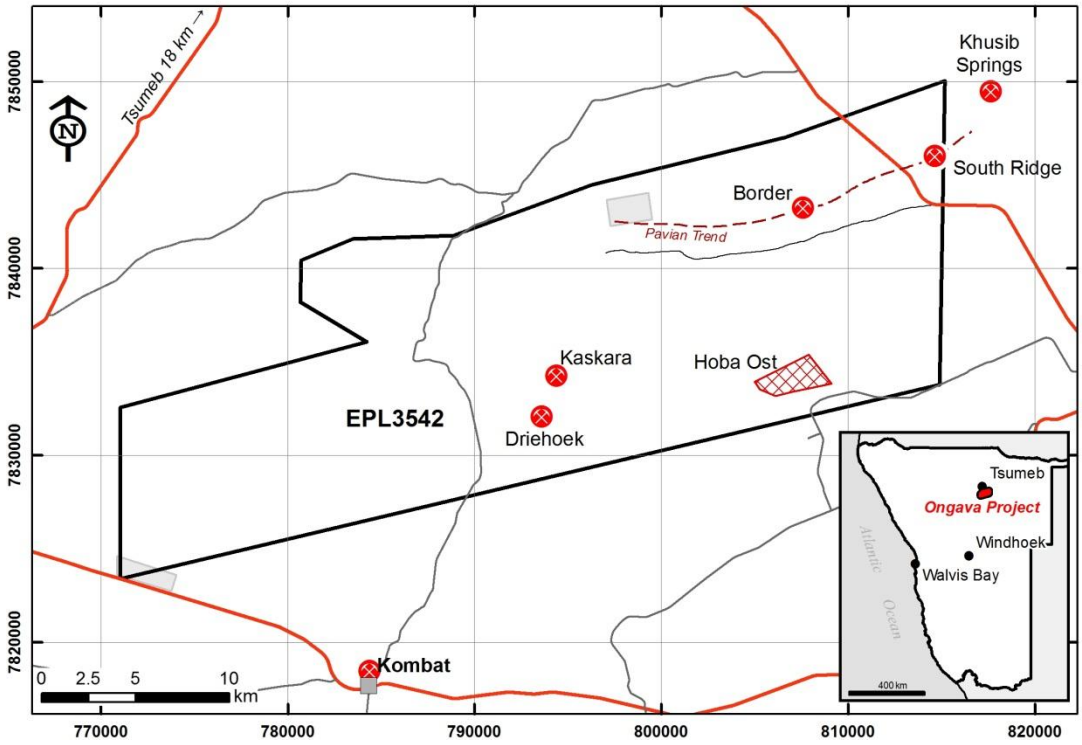

Figure 1 - The Ongava Poly-Metallic Project, showing the locations of the actively explored deposits and prospects within the licence, and selected mines outside the licence. Excisions from the project area are shown in light grey.

KASKARA COPPER-LEAD-ZINC-VANADIUM PROSPECT

The Kaskara copper-lead-zinc-vanadium prospect lies in the central part of the Ongava Project licence area. At least 16 outcropping, highly mineralised gossans correspond directly with geophysical anomalies that require testing by drilling. Numerous features, such as visible surface mineralisation, geophysical anomalies, strong soil anomalism, deep weathering, and its location within a regional-scale fault jog, suggest that work to date has sampled only the upper portions of a potentially important Tsumeb-style deposit.

As Sabre's rehabilitation of underground workings at Kaskara continues, a series of previously hidden, strongly mineralised workings has been identified (Figure 2). It turns out that some of Sabre's drilling has penetrated these workings in areas of little or no core recovery, thus confirming our interpretation that it is the mineralised zones that are not being returned during drilling. Mapping and sampling of these workings is presently underway, and the results of these investigations will be presented shortly.

Construction of track access to the top of the hill at Kaskara provided sites from which to access deep-seated geophysical (IP) targets that may be indicative of primary sulphide mineralisation (Figure 3). Poor ground conditions at the top of the hill continue to frustrate, resulting in collapsed drillholes and hindering testing of the primary target zone. These holes were designed to plunge northwards in order to hit the anomaly at a downhole depth of around 250-300 m.

Disseminated mottramite mineralisation (copper-lead-zinc vanadate) and extensive copper-lead-zinc-vanadium bearing iron oxides have been intercepted with this drilling but the holes have collapsed prior to target. A recent site visit by an expert drill mud engineer is expected to provide further insight to methods to mitigate the collapse of highly fractured ground above and adjacent to mineralisation at Kaskara.

Drilling is presently suspended pending the mud engineer's findings and the full investigation of the newly identified workings at Kaskara.

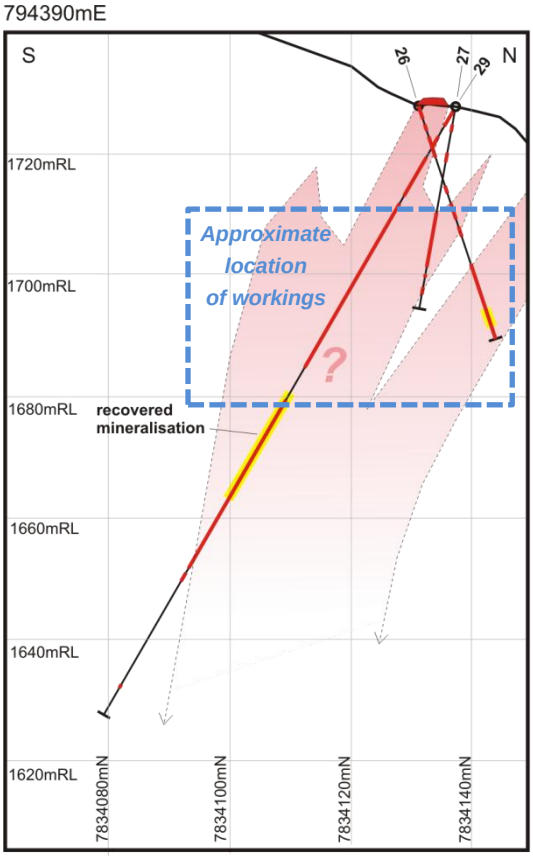

Figure 2 – Cross section of mineralisation at Kaskara, and the approximate area of the recently identified historic workings. Pink areas are zones of extreme core loss (very little drill core recovery) which most likely are host to Cu-Pb-Zn-V mineralisation. Yellow zones represent assayed mineralisation from recovered drill core Red zones are outcropping and intercepted mineralised gossans. Red lines on core represent core recovery of less than 50%.

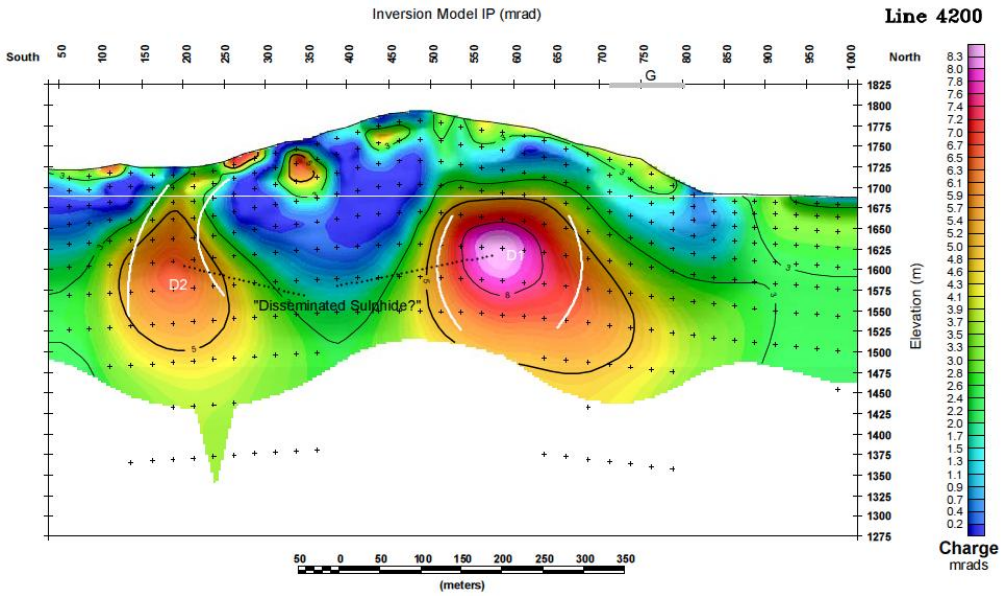

Figure 3 – Geophysical cross-section showing IP anomalies at depth beneath Kaskara. These are the primary targets for drilling, and likely represent the down-dip extension of the oxidised mineralisation found at and near surface.

DRIEHOEK LEAD-ZINC DEPOSIT

Driehoek is a zinc-lead deposit outcropping on a series of prominent hills around 2.5 km south of Kaskara (Figure 1). Broad zones of moderate grade mineralisation enclose numerous higher grade zones.

Driehoek is comprised of four discrete bodies: Driehoek North, Driehoek Central, Driehoek East and Driehoek South (Figure 4). The first three of these will comprise the initial resource at Driehoek, for which the exploration target is:

3 to 6Mt @ 4-7% Pb+Zn[i]

This estimate is based on a mineral resource estimate completed by Goldfields Namibia Ltd in 1997. Sabre's current programme aims to validate historic drill and trenching results in order to calculate a new resource at Driehoek.

Driehoek South was subject to less historical exploration and will require more extensive work before a resource may be calculated. Initial investigations are continuing.

Drilling at Driehoek East

Driehoek East is a small mineralised breccia pipe around 600 m east of the main zones of mineralisation at Driehoek Central and North. Three diamond drillholes at Driehoek East have returned excellent results, including:

DKDD0008 **61.85m @ 4.21% Pb+Zn** (2.96% Zn + 1.25% Pb) & 6.30g/t Ag from 12.4m
including **2 m @ 12.09% Pb+Zn** (10.07% Zn + 2.03% Pb) & 11.87g/t Ag from 18.9m
and **3 m @ 13.78% Pb+Zn** (7.90% Zn + 5.88% Pb) & 27g/t Ag from 54m

DKDD0009 **71m @ 3.62% Pb+Zn** (2.63% Zn + 1.00% Pb) and 4.75g/t Ag from 10m
including **4 m @ 11.43% Pb+Zn** (7.26% Zn + 4.17% Pb) & 22.75g/t Ag from 18m
and **9 m @ 7.61% Pb+Zn** (5.71% Zn + 1.90% Pb) & 9.52g/t Ag from 28m

DKDD0010 **55.75m @ 2.04% Pb+Zn** (1.67% Zn + 0.36% Pb) & 1.32g/t Ag from 16.25m
including **20.75m @ 3.03% Pb+Zn** (2.18% Zn + 0.84% Pb) & 3.7g/t Ag from 16.25m
and **5m @ 3.52% Zn** from 67m

This programme has confirmed the results of historic drilling and exceeded grade expectations. Although the cross-section (Figure 5) shows an enclosed pod of mineralisation, the deposit is open in several directions that will be investigated at a later date. The results of this drilling will be used to contribute towards the Driehoek resource.

[i] At this stage, the potential quantity and grade of the Driehoek zinc-lead deposit is conceptual in nature, as Sabre has determined that insufficient work has been undertaken to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. The "exploration target" size was based upon deposit calculations undertaken by Goldfields Namibia Ltd.

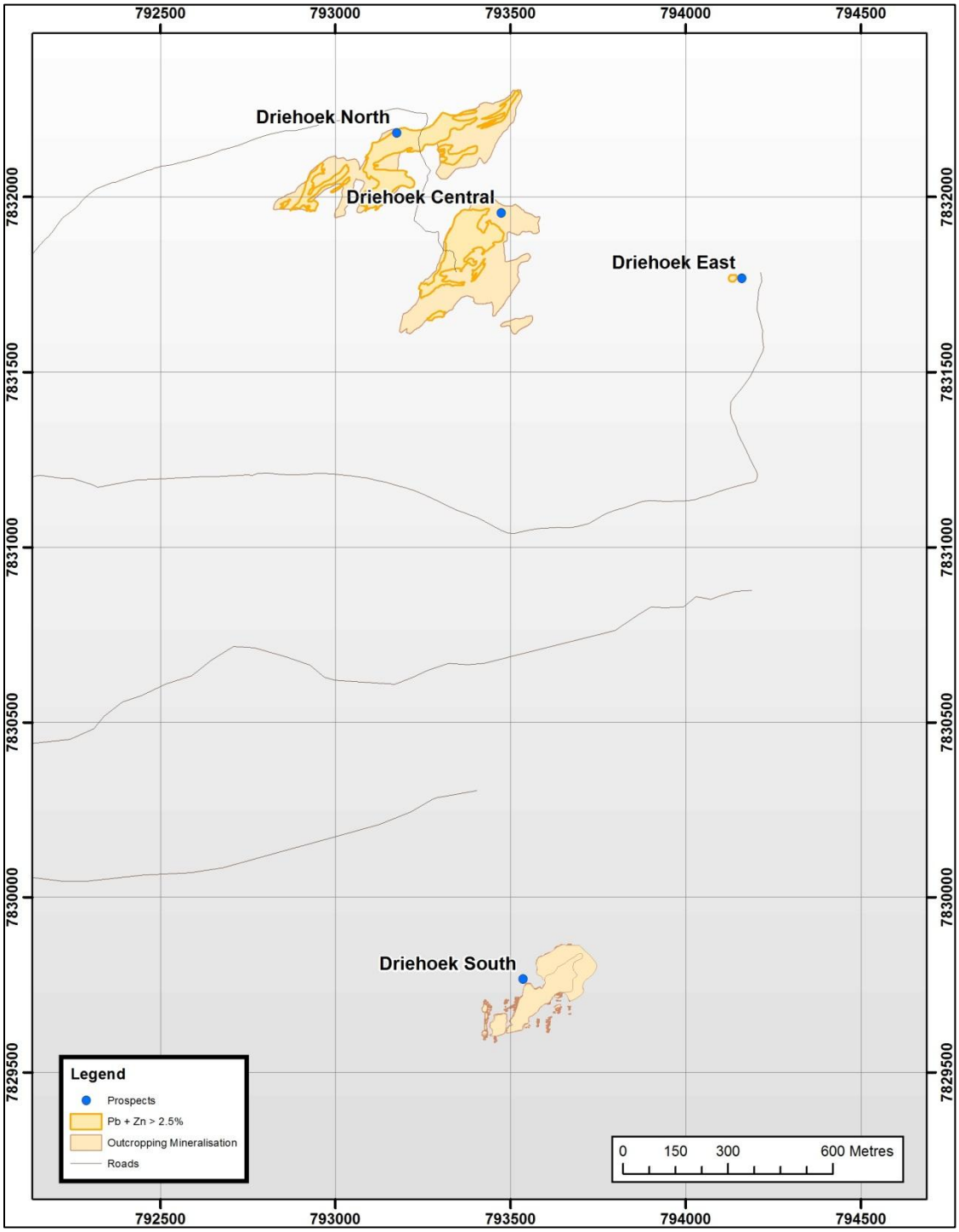

Figure 4 – Outcropping mineralisation at Driekoek North, Driehoek Central, Driehoek East and Driehoek South.

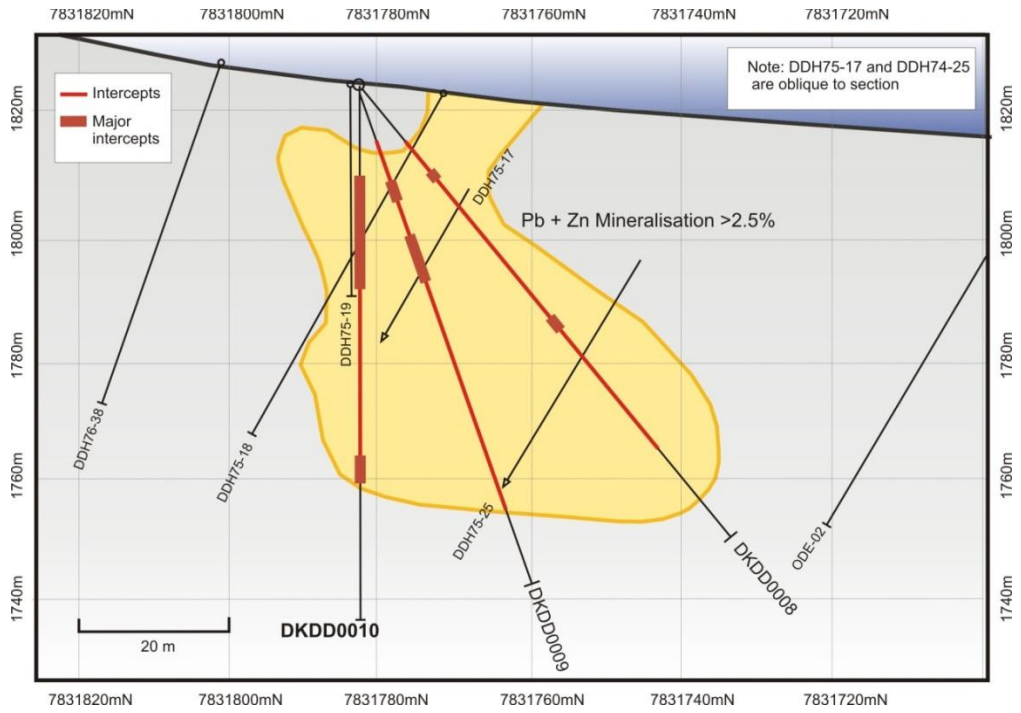

Figure 5 – Cross section of Driehoek east showing DKDD0008, DKDD0009 and DKDD0010 as well as historic drilling.

Channel sampling at Driehoek North

Channel sampling at Driehoek North (Figure 6) confirmed similarly broad intercepts to those previously sampled at Driehoek Central. This sampling has returned the highest grade intercepts to date from the Driehoek area. It has also resulted in the discovery of new outcropping mineralisation and shows excellent correlation with historic channel sampling over the prospect.

Significant intercepts at Driehoek North include:

DKCS0010 **100 m @ 3.21 % Pb+Zn** (2.34 % Zn + 0.87% Pb)
including **2 m @ 14.59 % Pb+Zn** (10.52 % Zn + 4.08 % Pb)
and **4 m @ 32.53 % Pb+Zn** (21.95 % Zn + 10.58 % Pb)
38 m @ 1.84 % Pb+Zn (1.42 % Zn + 0.42 % Pb)

DKCS0009 **45 m @ 3.34 % Pb+Zn (2.26 % Zn + 1.07 % Pb)**
including **2 m @ 12.06 % Pb+Zn** (9.25 % Zn + 2.81% Pb)

DKCS0008 **65 m @ 5.46 % Pb+Zn** (4.06 % Zn + 1.40% Pb)
including **19 m @ 8.97 % Pb+Zn** (6.56 % Zn + 2.41 % Pb)
38 m @ 2.90 % Pb+Zn (2.19 % Zn + 0.72 % Pb)

DKCS0007 **201 m @ 2.71 % Pb+Zn** (2.00 % Zn + 0.71% Pb)
including **5 m @ 17.95 % Pb+Zn** (13.25 % Zn + 4.70 % Pb)
and **12 m @ 9.17 % Pb+Zn** (5.49 % Zn + 3.69 % Pb)

DKCS0006 **68 m @ 3.76 % Pb+Zn** (3.31 % Zn + 0.45% Pb)
including **6 m @ 17.89 % Pb+Zn** (16.41 % Zn + 1.48 % Pb)
12 m @ 11.51 % Pb+Zn (8.54 % Zn + 2.97 % Pb) *(new discovery)*

DKCS0005 **65 m @ 1.95 % Pb+Zn** (1.52 % Zn + 0.43% Pb)

These channel sampling results demonstrate the significant potential of the Driehoek area where broad zones of mineralisation outcrop and new zones of mineralisation continue to be discovered. Mineralisation at Driehoek remains open in several directions.

These new results confirm and augment historic channel sample results from the 1990s. These include:

SKWE240	**16m @ 2.53 % Pb+Zn** (1.03 % Zn + 1.51% Pb)
SKWE210	**38m @ 3.58 % Pb+Zn** (3.04 % Zn + 0.55% Pb)
SKWE180	**44m @ 1.80 % Pb+Zn** (1.44 % Zn + 0.35% Pb)
SKWE120	**40m @ 5.54 % Pb+Zn** (3.39 % Zn + 2.14% Pb)
SKWE30	**92m @ 3.37 % Pb+Zn** (2.76 % Zn + 0.61% Pb)

A diamond drilling programme was recently completed at Driehoek North. Results of the drilling will be reported as they become available.

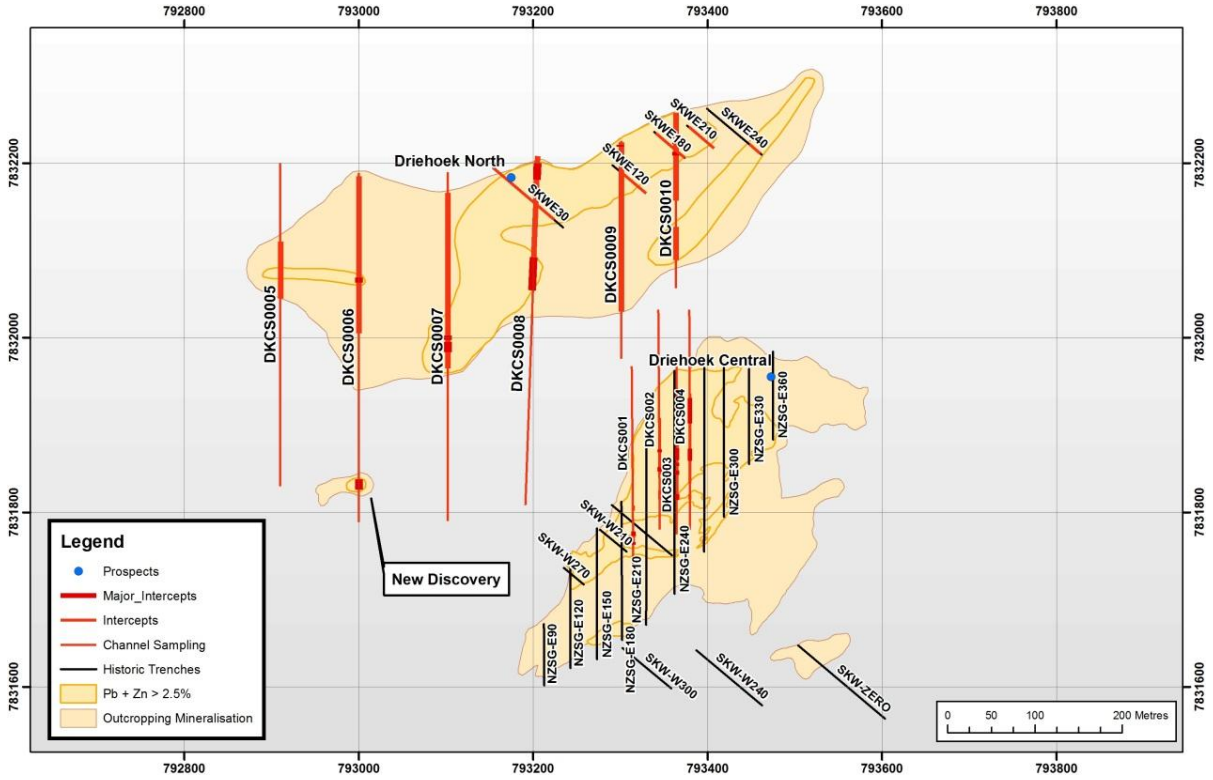

Figure 6 – Location of broad high grade channel sampling results at Driehoek North

Other work at Driehoek

Channel sampling programmes are ongoing in the Driehoek South area (Figure 4) where further broad zones of mineralisation outcrop and several new zones have been discovered. Channel sampling results will be reported as they come to hand.

BORDER LEAD-ZINC DEPOSIT

The Border lead-zinc deposit lies in the northeast of the Ongava Polymetallic Project.

Border consists of galena (lead) and sphalerite (zinc) mineralisation within dolomitic host rocks. No pyrite or any other sulphides are present, and weathering is almost non-existent. The deposit dips at 60° to the north, extends around 1km east-west in outcrop, and is in excess of 80 m thick in places. It is considered to be a modified Mississippi Valley-Type (MVT) deposit.

A second lens of mineralisation is located at Irvington, another 500 m west of Border. The style of mineralisation is identical to Border. As such, Irvington is considered an integral part of the Border deposit and will be included in the forthcoming resource.

Border metallurgy

Metallurgical test work shows that the mineralisation at Border is easily treated and responds extremely well to beneficiation. The simple mineralogy of the potential ore means that dense media separation (DMS) and subsequent grinding and floating are highly effective. The results of the beneficiation tests are summarised in Table 1.

Results from a bulk test suggest that the combined feed from the DMS sinks plus fines would grade about 6.3 % lead and 12.5 % zinc at recoveries of 92.5 % and 86 % respectively at a relatively coarse crush size of 12.5 mm. In the metallurgist's opinion, finer crushing followed by fines removal should result in higher metal recovery for both lead and zinc.

Table 1 – Summary of the results of beneficiation testing of potential ore at Border.

Process	Lead	Zinc
1 - Original sample (head assay)		
Grade (2.43% Pb+Zn):	**0.77 %**	**1.66 %**
2 – Dense media separation (sinks and fines)		
Product grade:	**6.3 %**	**12.5 %**
Enrichment factor (from 1):	8.2 times	7.5 times
Recovery (from 1):	92.5 %	86.0 %
3 - Grind and float		
Product grade:	**63-69 %**	**61-62 %**
Enrichment factor (from 2):	~10 times	~5 times
Recovery (from 2):	94-95 %	~95 %
Process Summary		
Overall enrichment (from original):	~82 times	~37 times
Overall recovery (from original):	**86.9%**	**81.7 %**

The beneficiation tests show exceptional upgrading of the potential ore, producing in excess of 80 times the original lead content, and around 37 times the original zinc content when DMS is followed by grinding and flotation. Final **concentrate grades are around 65 % lead and 61.5 % zinc** (from mineralisation grading 0.77 % Pb and 1.66 % Zn), with final recoveries of 86.9 % and 81.7 % respectively.

Tests show that beneficiation of the potential ore at Border is extremely efficient. This is a function of the high contrast in densities between the metal sulphide minerals and the dolomite host rock. It is also a function of the lack of iron sulphides (such as pyrite or pyrrhotite), which would otherwise concentrate with and dilute the lead and zinc sulphides but have no value.

The ease and degree to which potential ore from Border responds to beneficiation means that lower grades of potential ore may be upgraded to produce a saleable concentrate. As a result, **lead and zinc grades that are lower than otherwise considered mineable should be economically exploitable**. The calculation of a resource and a preliminary scoping study are presently underway.

HOBA OST AREA (COPPER, LEAD, ZINC, SILVER)

Work is ongoing at Hoba Ost. Numerous areas of mineralisation have been identified in regional mapping and sampling. A soil sampling programme is presently underway to systematically cover all mineralised areas and to define targets.

Highly anomalous copper, lead, zinc, silver and vanadium are evident in outcropping carbonate rocks distributed over an area covering 470 hectares. Grades encountered in grab samples from a first-pass examination of the area include:

- Copper values up to 1.3 %;
- Lead values up to 7.1 %;
- Zinc values up to 12.3 %;
- Silver values up to 114 ppm (~3.7 troy oz per tonne); and
- Vanadium values up to 186 ppm.

Mineralisation in the Hoba Ost area was discovered as part of Sabre's ongoing field reconnaissance programme. No historical prospects are gazetted in the area. Sabre's regional magnetic dataset combined with new geological interpretations were instrumental in the identification of this area as being prospective for mineralisation.

SOUTH RIDGE AND THE TOGGENBURG PLAINS (LEAD, ZINC, SILVER, COPPER)

At South Ridge, around 7.5km east of Border on the Pavian Trend, outcropping lead-zinc-copper mineralisation is being mapped in detail.

As expected, controls on mineralisation appear to be similar to those at Border. Mineralisation is predominantly galena and sphalerite, and predominantly hosted by veining and brecciation. As at Border, mineralisation at South Ridge is located within 100 m stratigraphically below an east-west trending faulted stratigraphic contact. Extensive outcrops of very coarse galena mineralisation are being identified during ongoing mapping and sampling of the area.

Preparations are presently underway for first-pass shallow drilling of South Ridge and the soil-covered Toggenburg Plains. It is expected that this 7.5km long area will host several concentrations of lead-zinc (and possibly copper) sulphide mineralisation that, once drilled, will augment the potential lead-zinc resources at Border and Driehoek.

LIDAR SURVEYS

High resolution LIDAR surveys have been undertaken at several sites, including Kaskara (Figure 7), Border, and Driehoek. The surveys have produced three-dimensional models of the topography of each area, and are accompanied by high-resolution imagery at each site.

These models will be crucial in defining resources and planning for further work at each of these sites. At Driehoek in particular, mineralisation is exposed on the flanks of a series of hills. Hence, an accurate topographic model will correctly constrain the resource to the irregular ground surface and provide a more accurate resource.

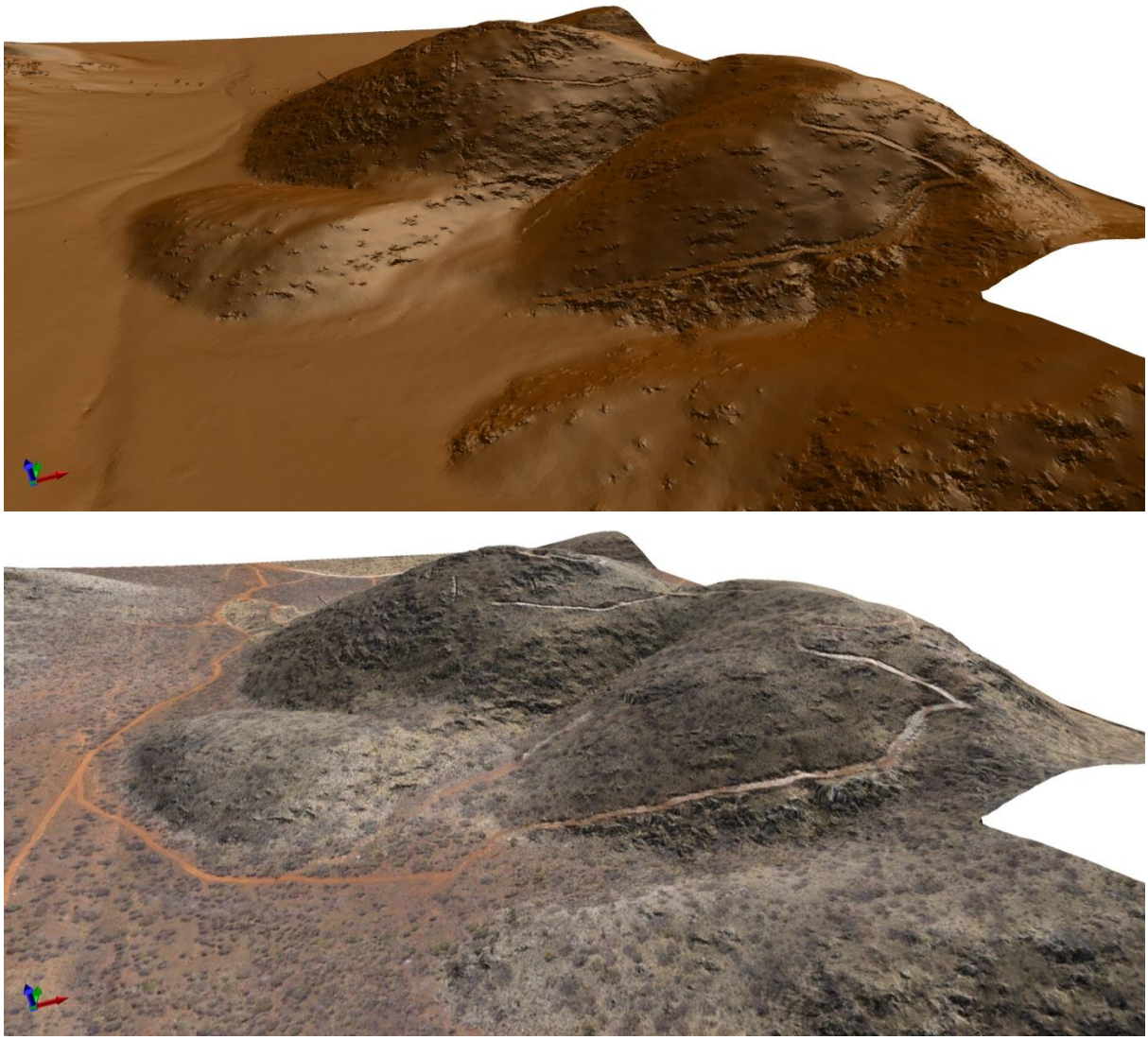

Figure 7 – LIDAR imagery collected at Kaskara, from south of the prospect looking north. The top image shows the topographic model, with the bottom image showing the new high-resolution imagery draped over the model. In this view, one of the access roads up the back of the hill can be seen. This data will be crucial to defining resources and furthering exploration at each of the prospects covered.

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Sabre Resources Ltd

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Or consult our website: http://www.sabresources.com/

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Matthew Painter of Kalgoorlie Mine Management Pty Ltd, who is a member of The Australian Institute of Geoscientists. Dr Painter has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Dr Painter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.