ASX ANNOUNCEMENT

29th January 2018 ASX Code: **SBR**

ACQUISITION OF THE SHERLOCK BAY NICKEL-COPPER-COBALT AND GOLD PROJECT, PILBARA, WESTERN AUSTRALIA

HIGHLIGHTS

- **Sabre Resources Ltd acquires a 70% interest in the Sherlock Bay Project**
- Project comprises two exploration licenses and a mining lease covering an area of approximately 189 km^2 in the western Pilbara region of Western Australia
- **Exploration potential for conglomerate-hosted gold mineralisation untested on strategically located ground surrounded by tenements held by Novo Resources Corp and adjacent to tenements held by Artemis Resources Ltd**
- **Project includes the Sherlock Bay Ni-Cu-Co deposit that contains a total mineral resource of 25.4 Mt @ 0.4% Ni (at a 0.15% Ni cut-off grade)**
- Comprehensive historical exploration and project development records obtained by the Company

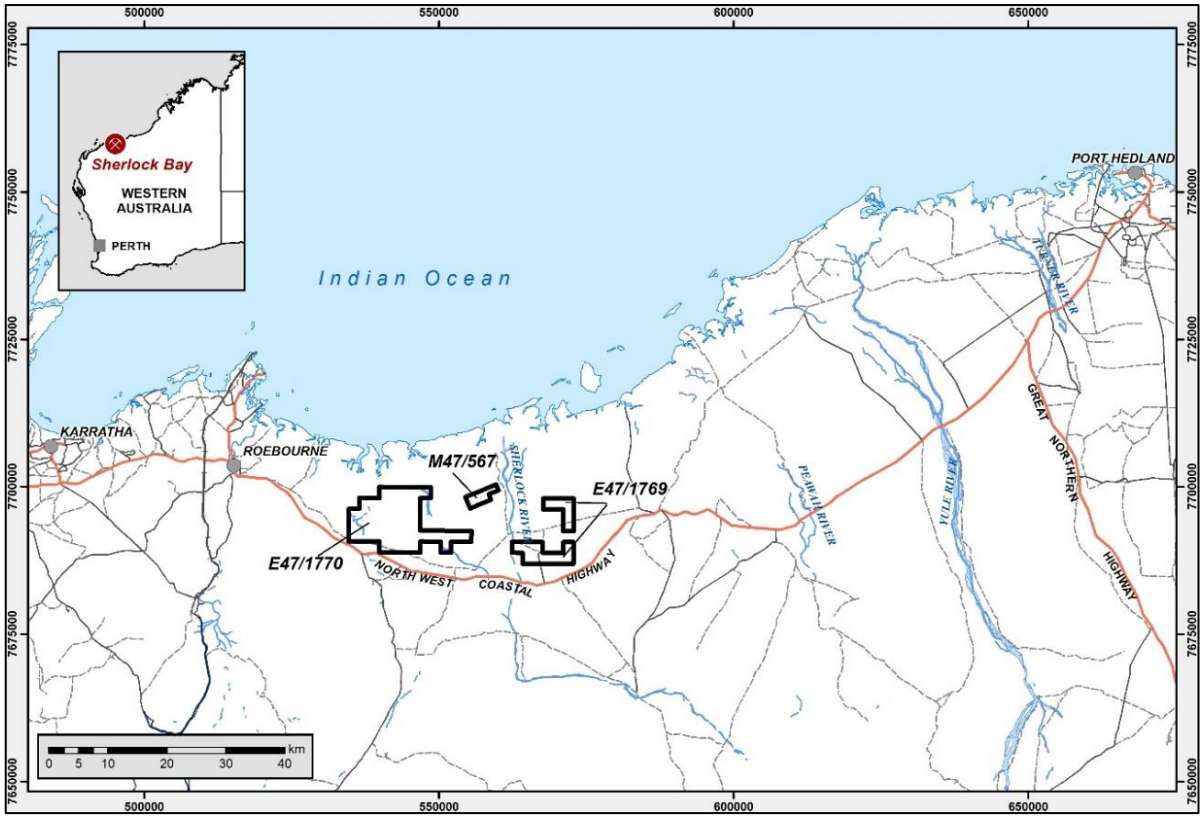

Figure 1: Location map of the Sherlock Bay Project in Western Australia

The Directors of Sabre Resources Limited (ASX: SBR) are delighted to announce that the Company has executed a binding agreement to acquire a 70% interest in the Sherlock Bay Project located in the Pilbara region of Western Australia (Figure 1).

The Project is well-located, 12 km off Highway 1 with access to critical mining infrastructure. The Project tenements comprise two valid exploration licenses E47/1769 and E47/1770 and a mining lease M47/567 (Figure 1 and Appendix I).

Mining lease M47/567 contains the Sherlock Bay nickel-copper-cobalt deposit, which has an estimated total Mineral Resource of 25.4 Million tonnes at 0.4% nickel, equivalent to approximately 100,000 tonnes of contained nickel metal (see details below). **The deposit also contains a potentially significant amount of copper and cobalt.**

Extensive previous exploration and development work has been completed on the Sherlock Bay Project and Sabre has obtained access to all these data for the deposit. Feasibility-level studies that have been completed by previous owners indicate that potential exists to develop a mining and heap leach processing operation and that nickel recoveries exceeding 90% are achievable.

The Sherlock Bay Project also covers highly sought after ground that has potential for conglomerate-hosted gold mineralisation. The project area is almost totally surrounded by tenements held by Novo Resources Inc. on all sides (Figure 2). It sits strategically within the conglomerate-gold search area adjacent to and to the east of ground held by Artemis Resources Ltd and to the west of ground held by De Grey Mining Ltd. No prior exploration for gold has been undertaken in the project area. The Company intends to immediately commence exploration for conglomerate-hosted gold mineralisation.

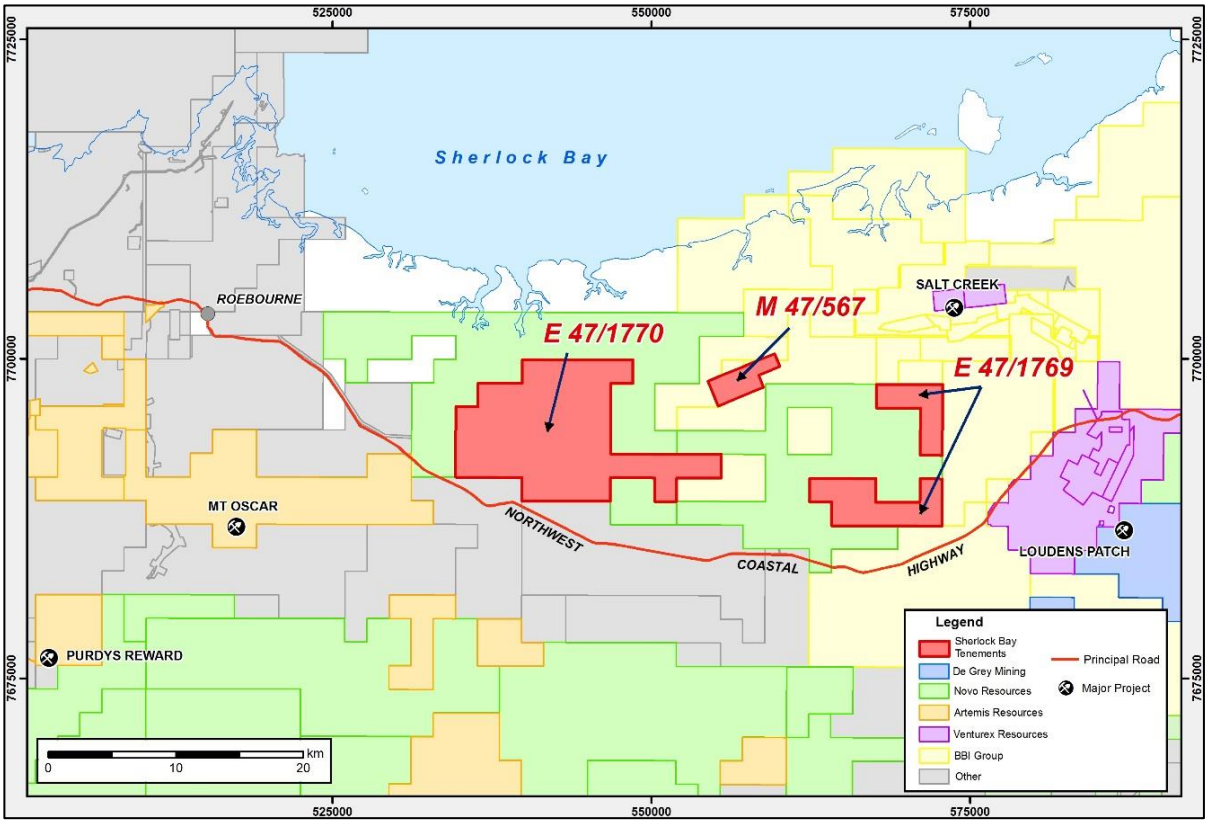

Figure 2: Current tenement status map for the Sherlock Bay Project and surrounding area, source: WA Department of Mines, Industry Regulation and Safety

SHERLOCK BAY PROJECT

The Sherlock Bay Project is located in the Pilbara region of Western Australia, approximately 75 km to the east of the town of Karratha and 120 km southwest of Port Hedland (Figure 1). The Project comprises a mining lease and two exploration licenses that collectively cover a total of 189 km^2 (Figure 2, Appendix I). The project is located in a region with excellent mining-related infrastructure and can readily be accessed via sealed highway and upgraded pastoral station tracks.

SHERLOCK BAY NI-CU-CO DEPOSIT

History

The Sherlock Bay Ni-Cu-Co deposit was originally discovered by Australian Inland Exploration (Texasgulf) in 1967 as described by Miller and Smith (1975). In May 2002 Central Kalgoorlie Gold Mines Ltd (CKG) entered into an option agreement to acquire 100% of the Sherlock Bay Project. CKG was subsequently renamed the Sherlock Bay Nickel Corporation Ltd (SBNC), who completed extensive drilling on the deposit, completed a resource estimate and commenced preliminary feasibility-level studies. In mid-2006 SBNC changed its name to Australasian Resources Ltd (ASX:ARH) and continued development work, reporting an updated resources estimate for the Sherlock Bay deposit in October 2005 (see below) and continuing feasibility studies on the project. Limited exploration work has been conducted on the Sherlock Bay deposit and surrounding areas since 2010.

Geology

The Sherlock Bay Ni-Cu-Co deposit is located on the Sholl Shear Zone, a major regional strike-slip fault that traverses the northwestern margin of the Caines Well Granitoid Complex in the west Pilbara Craton. The deposit is covered by a veneer of sheetwash sediments (average of 12m thickness) and consists of remobilised base metal sulfides spatially associated with mafic to felsic volcanics, metasedimentary rocks, and mafic-ultramafic intrusives (Hoatson et al, 2006).

The mineralised horizon is a steeply-dipping banded quartz-magnetite-amphibole schist (also referred to as a siliceous banded iron formation or amphibole-bearing chert). Several small elongated bodies of serpentinised peridotite and talc-chlorite-calcite rock are spatially associated with the mineralised schist adjacent to the Caines Well Granitoid Complex (Hoatson et al, 2006).

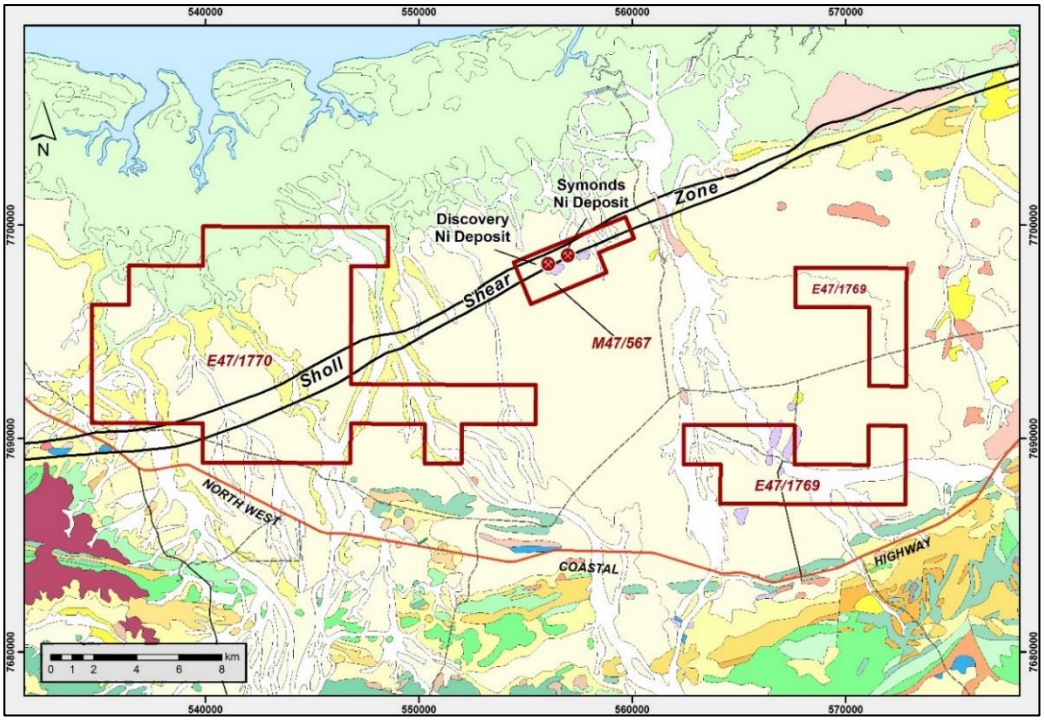

Figure 3: Surface geological map of the Sherlock Bay Project area, GSWA 1:250,000 scale digital geology © State of Western Australia (Department of Mines, Industry Regulation and Safety) 2017

The deposit is at least 1.6 km long and has an average width of 24 m. Miller and Smith (1975) documented nickel depletion and erratic Ni/Cu ratios in some of the ultramafic bodies associated with the mineralized schist. They interpreted the mineralization to be fracture-controlled vein-filling with the Ni and Cu derived from the nearby altered ultramafic rocks. However, Marston (1984) proposed a hydrothermal volcanic-exhalative origin for the deposit.

Resource Estimate

The total mineral resource for the Sherlock Bay nickel deposits above a cut-off grade of 0.15% Ni has been estimated as 25.4 Mt @ 0.4% Ni, equivalent to approximately 100,000 tonnes of contained nickel metal (Table 1). The mineral resource estimate for the interval above 4800 mRL (surface at 5000 mRL) is 11.3 Mt @ 0.38% Ni, equivalent to approximately 42,700 tonnes of nickel metal (Table 2). The deposits contain copper and cobalt but the content of these metals have not been formally reported.

Table 1: Sherlock Bay Mineral Resource Summary (Total Resource >0.15% Ni)

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes '000 t	Ni %	Ni t	Tonnes '000 t	Ni %	Ni t	Tonnes '000 t	Ni %	Ni t	Tonnes '000 t	Ni %	Ni t
Discovery	4,054	0.33	13,500	6,498	0.38	24,700	2,379	0.42	9,900	12,931	0.37	48,100
Symonds	5,506	0.42	23,000	2,947	0.40	11,700	4,040	0.46	18,400	12,493	0.43	53,100
Total	**9,560**	**0.38**	**36,500**	**9,445**	**0.39**	**36,500**	**6,419**	**0.44**	**28,300**	**25,424**	**0.40**	**101,300**

Table 2: Sherlock Bay Mineral Resource Summary (above 4800mRL >0.15% Ni)

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes '000 t	Ni %	Ni t	Tonnes '000 t	Ni %	Ni t	Tonnes '000 t	Ni %	Ni t	Tonnes '000 t	Ni %	Ni t
Discovery	4,054	0.33	13,500	1,665	0.35	5,800	0	0.00	0	5,719	0.34	19,300
Symonds	5,506	0.42	23,000	118	0.37	400	0	0.00	0	5,624	0.42	23,400
Total	**9,560**	**0.38**	**36,500**	**1,783**	**0.35**	**6,200**	**0**	**0.00**	**0**	**11,343**	**0.38**	**42,700**

Note that tables may contain rounding errors.

The resource estimate was prepared by Resource Evaluations Pty Ltd (ResEval) for the former owner of the project, Sherlock Bay Nickel Corporation Limited (SBNC, subsequently renamed Australasian Resources Limited) and not by Sabre Resources. The resource estimate was first reported in the SBNC Quarterly Report for the Period Ending 30 September 2005, dated 31 October 2005, in accordance with the then current JORC Code 2004 requirements. The announcement is available both from the Australasian Resources Ltd website (see www.austresources.com.au) and from the ASX website.

Note that the estimates of mineral resources presented in Table 1 and Table 2 are not reported in accordance with the JORC Code 2012. A Competent Person has not done sufficient work to classify the estimates of mineral resources in accordance with the JORC Code 2012 and it is possible that following evaluation and/or further exploration work, the currently reported estimates may materially change and consequently will need to be reported again under and in accordance with the JORC Code 2012.

The SBNC resource estimate was reported under the JORC Code 2004 standards and may not conform to the requirements of the JORC Code 2012. Sabre Resources considers the resource estimate to be reliable, given that it was prepared by an independent consultant and conforms to standard industry practice of the time. Nothing has come to the attention of Sabre Resources that causes it to question the accuracy or reliability of the SBNC estimates, however Sabre Resources has not yet independently validated the SBNC estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates. Feasibility-level studies based on the resource estimate reported by SBNC are considered to be out of date and Sabre Resources will need to undertake the appropriate level of study to report an ore reserve under the JORC Code 2012.

Sabre Resources has access to the ResEval reports that document the resource estimation process and the exploration data that forms the basis of the estimation reported by SBNC (Payne, 2005). A summary of the work programs on which the estimates were based and the key assumptions used to prepare the estimates are shown below:

- The Sherlock Bay resource extends over a strike length of approximately 1.7 km (from local grid 19,550 mE to 21,250 mE).
- The resource is defined by a total of 201 drill holes for 31,092 m of which 174 holes were drilled by SBNC.
- The typical drill hole spacing in the upper 200 m Measured Resource portion of the deposit is 20 m spaced holes on 60 m spaced cross sections. The spacing in the Indicated Resource is variable but generally less than 120 m by 120 m.
- Core was generally NQ2 (45 mm in core diameter). All core holes were ¼ core sampled with intervals defined by geological boundaries. RC holes were sampled using riffle splitter to obtain a 2-5 kg sample.
- Samples from drill holes were analysed by a variety of laboratories and techniques. Although records are incomplete SBNC drilling was assayed at Aminya Laboratories Pty Ltd using the AAS method.
- Limited quality control data was available but supports the recent assay data.
- Wireframes were constructed by preparing cross sectional interpretations of the individual lodes based on a combination of geological boundaries and a 0.15% Ni cut-off grade.
- Additional wireframes were constructed at the Symonds deposit using a 0.4% cut-off grade based on the identification of a higher grade population from statistical analysis of the Ni data. These were used as hard boundaries in the grade interpolation.
- Samples within the wireframes were composited to even 2.0 m intervals. High-grade cuts were not applied.
- A Surpac software block model was used for the estimate with a block size of 5 m N-S x 30 m E-W x 10 m vertical with sub-cells of 2.5 m x 15.0 m x 5.0 m.
- Symonds deposit was sub-domained according to wireframe orientation for grade estimation.
- Ordinary kriging (OK) interpolation with an oriented ellipsoidal search was used for Ni and Cu grade estimation and inverse distance squared (ID2) interpolation with an isotropic search was used for Co grade estimation.
- A bulk density value of 3.05 t/m^3 was used above 4500 mRL (500 m vertical depth). Below that depth, a value of 2.94 t/m^3 was used.
- Resource classification was carried out on the basis of continuity of mineralisation and drill hole spacing.

To the extent that Sabre Resources has reviewed the available data for the Sherlock Bay Project, no more recent resource estimates or data material to the reported mineral resources are available. Sabre Resources intends to complete a desktop review and validation of the available exploration data in order to update the resource estimate and report the mineral resources in accordance with the JORC Code 2012. Further exploration work is not anticipated to be required and the review process has commenced.

Mr Lachlan Reynolds, a consultant to Sabre Resources and who is a member of the Australasian Institute of Mining and Metallurgy has reviewed the information provided in this announcement and considers that it is an accurate representation of the data and studies for the Sherlock Bay Project. Mr Reynolds has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

GOLD EXPLORATION POTENTIAL

The Sherlock Bay Project covers ground that is in a highly sought after area. The ground has been identified as having potential for conglomerate-hosted gold mineralisation. The project area is located in the western Pilbara, where the prospectivity for these gold deposits has recently been highlighted by companies including Novo Resources Corp (Novo), Artemis Resources Ltd (Artemis), De Grey Mining Ltd (De Grey) and others.

The Sherlock Bay Project tenements covers ground that are in an excellent geological location, within the conglomerate-hosted gold search area. The project area is almost totally surrounded by tenements held by Novo on all sides and it is strategically located adjacent and to the east of ground held by Artemis and to the west of ground held by De Grey. Research into the prior exploration on the Sherlock Bay tenements indicates that no significant or focused prior exploration for gold has been undertaken in the project area.

Extensive sheetwash and alluvial sediments cover the basement rocks in the project area, which have very limited exposure (Figure 3). Rock units prospective for gold may not have been previously identified in geological mapping, nor are likely to have been prospected. This is an excellent opportunity for a new gold discovery and the Company intends to immediately commence exploration for conglomerate-hosted gold mineralisation on its licenses.

ACQUISITION TERMS

Share Sale Agreement

Pursuant to the Share Sale Agreement SBR acquired all of the issued capital of Sherlock Operations Pty Ltd (**SO**). SO holds a 70% interest in Hammond Park Pty Ltd (**HP**), a company which has agreements to acquire 100% interest in E47/1769, E47/1770, and M47/567 (Sherlock Bay Nickel Copper and Gold Project). The remaining 30% interest in HP is held by Sherlock Investors Pty Ltd (**SI**).

Under the terms of its Share Sale Agreement acquisition SBR agrees to guarantee the performance of SO under the Shareholder Agreement.

Consideration

The consideration for the acquisition is the issue of 12,000,000 fully paid shares in SBR to the Vendors of SO, none of whom are related parties of SBR.

Conditions

The Share Sale Agreement is subject to the following conditions within 8 weeks of the Share Sale Agreement being signed:

(i) The shares in SO being transferred free of all encumbrances;
(ii) The obtaining of all necessary regulatory and shareholder approvals (if any).

Other Material Terms

The Share Sale Agreement contains a covenant by SBR; acknowledging that SO is a party to the Shareholder Agreement under which amongst other things the management of HP is regulated and SO is obligated to free carry SI's 30% shareholding in HP.

Definitions

Share Sale Agreement	means an agreement made between SBR and the Vendors made in January 2018 for the sale of all the issued shares in Sherlock Operations Pty Ltd.
SO	means Sherlock Operations Pty Ltd, ACN 623 223 852
SI	means Sherlock Investors Pty Ltd, ACN 623 223 861
HP	means Hammond Park Pty Ltd, ACN 614 718 651

SBR	means Sabre Resources Limited, ACN 003 043 570
Shareholder Agreement	means the Deed between SO, SI and HP which regulates the actions of the Shareholders in HP
Vendors	means Taupo Holdings Pty Ltd, Metals Australia Ltd, Shah Nominees Pty Ltd, Kingmaker Metals Pty Ltd (formerly ACN 622 635 483 Pty Ltd) collectively

REFERENCES

Hoatson, D.M., Subhash, J., and Lynton Jaques, A., 2006. Nickel sulfide deposits in Australia: Characteristics, resources and potential. Ore Geology Reviews 29, pp. 177-241.

Marston, R.J., 1984. Nickel mineralization in Western Australia. Geological Survey of Western Australia. Mineral Resources Bulletin 14, 271 pp.

Miller, L.J., Smith, M.E., 1975. Sherlock Bay nickel-copper. In: Knight, C.L. (Ed.), Economic Geology of Australia and Papua New Guinea. 1. Metals. Monograph 5, Australasian Institute of Mining and Metallurgy, pp. 168-174.

Paine, P. 2005. Mineral Resource Estimate for the Sherlock Bay Nickel Deposit, Pilbara, WA. Resource Evaluations Pty Ltd, prepared for Sherlock Bay Nickel Corporation. Unpublished report dated September 2005.

Sherlock Bay Nickel Corporation Limited, 2005. Quarterly Report for the Period Ending 30 September 2005. ASX release dated 31 October 2005.

ENDS

For more information, please contact:

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Exploration Manager

Paul Fromson
Company Secretary

Phone: (08) 9481 7833

Or consult our website: **www.sabresources.com**

Competent Person Declaration

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Lachlan Reynolds who is a consultant to Sabre Resources Ltd, and who is a Member of The Australian Institute of Mining and Metallurgy. Mr Reynolds 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 2012 Edition of the “Australian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves”. Mr Reynolds 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 Sabre Resources Ltd’s planned exploration program 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 Sabre 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.

APPENDIX I – TENEMENT SCHEDULE

Country	State/ Region	Project	Tenement ID	Area (km^2)	Date Granted	Date Expires	Interest
Australia	WA	Sherlock Bay	M47/567	10.0	07/09/2004	22/09/2025	70%
Australia	WA	Sherlock Bay	E47/1769	44.7	07/09/2009	06/09/2019	70%
Australia	WA	Sherlock Bay	E47/1770	134.3	07/09/2009	06/09/2019	70%