

ASX ANNOUNCEMENT

30 October 2014



QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 30 SEPTEMBER 2014

- **A 10,000 m regional target testing reverse circulation (RC) drilling program is underway in the OML. High priority targets to be tested include:**
 - ▶ **11 Kombat copper analogue targets including Guchab South and Schlangenflach along the Guchab - Kombat mine trend.**
 - ▶ **2 zinc-lead targets at Toggenburg and East Border.**
- **Copper discovery beneath cover at Guchab South**
 - ▶ **Copper carbonate and sulphide minerals malachite, chalcocite, chalcopyrite and bornite observed in drill samples beneath cover.**
 - ▶ **Discovery confirms exploration model predictions.**
 - ▶ **Further bedrock geochemical drilling currently underway.**
- **Renewed exploration focus on zinc in the OML. Initial work includes:**
 - ▶ **Target generation using soil geochemical programs and geological modelling.**
 - ▶ **Bedrock geochemical drilling program to assess high priority concealed zinc-lead targets.**
 - ▶ **Infill drilling at Border.**
- **Border Zinc Lead Inferred Resource updated to JORC 2012 standard:**
 - ▶ **JORC compliant Inferred Mineral Resource of 16.0 Mt @ 2.12 % Zn+Pb and 4.76 g/t Ag using a 1.25 % Zn+Pb cut-off.**
 - ▶ **Mineralisation is easily upgraded and treated, and responds exceedingly well to beneficiation by dense media separation (DMS).**
 - ▶ **The deposit is amenable to low-cost open pit mining.**

During the 3rd quarter of 2014, exploration continued at the Guchab Mining Centre, with shallow drilling undercover at the Guchab South target identifying subsurface copper mineralisation. This drilling is part of a new region-wide 10,000 m reverse circulation (RC) drill program aimed at defining previously undiscovered deposits in soil covered target areas of the Otavi Mountain Land. Work on the Guchab Canyon resource estimation continued, while preparation for shallow drill testing of a number of undercover copper targets near to the Kombat Copper Mine advanced.

Sabre confirmed its renewed focus on zinc discovery, with multiple programs underway. The resource for the Border zinc-lead deposit on the Pavian Zinc-Lead Trend was re-estimated and brought up to JORC 2012 standard. The Border Inferred Resource is now 16.2 Mt @ 2.12 % Zn+Pb and 4.76 g/t Ag using a 1.25 % Zn+Pb cut-off. Preparation is well advanced for shallow drill testing of the Toggenburg and East Border undercover zinc targets, while a large soil geochemical program is progressing in the unexplored Sinkhole target area in the western part of the Pavian Trend.

1 REGIONAL SCALE RC DRILL PROGRAM COMMENCES

A 10,000 m regional-scale reverse circulation (RC) geochemical drilling program is underway in the Otavi Mountain Land. The program is intended to provide rapid shallow testing of concealed high priority targets together with some deeper RC follow up of significant base metal anomalism. The targets were defined by the regional targeting exercise undertaken by the Company over recent months.

Table 1 – Summary table for the RC geochemical drill program

<i>Total metreage</i>	10,000m
<i>Number of drill holes</i>	Approximately 500 shallow geochemical drillholes and around 50 deeper drillholes
<i>Copper targets</i>	11 – including Guchab South and Schlangenflach. Others at Guchab Mining Centre, near Kombat, and between.
<i>Zinc-lead targets</i>	2 – Toggenburg and East Border
<i>Timing</i>	Commenced, expected to take around 6 months to complete
<i>Cost</i>	A\$550,000

The Company believes that the discovery potential for large and/or high-grade copper or zinc-lead deposits in the Otavi Mountain Land is high in those areas not amenable to surface prospecting and likely to have not been tested by previous explorers. These areas contain little or no outcrop, with all newly defined targets located beneath soil-covered plains. These plains constitute over 60% of the region and are almost completely unexplored. Soil cover is expected to be relatively thin over much of this concealed area.

Of the RC drill program, 5,000 m is allocated for shallow geochemical drill testing of targets. This first-pass shallow drilling will test for subsurface mineralisation in each target area in order to coarsely define that mineralisation's extent and style. Under this phase of the drill program, around 500 shallow RC drill holes will test 11 buried copper targets within the Kombat-Guchab corridor and 2 buried zinc-lead targets on the Pavian Trend. In most cases, economic grades of mineralisation are not to be expected in this first pass – rather the presence and style of mineralisation and alteration will be used to determine the prospectivity of the target for the second phase of the drill program.

For this second phase of RC drilling, 5,000 m is allocated for approximately 50 deeper drillholes. Drill hole arrays will attempt to define the distribution of any copper or zinc-lead mineralisation. These deeper holes will aim at the more mineralised or more promising portions of the targets. Targets to be drilled in this second phase will be defined by the results of the shallow first phase of the drilling program.

The drilling program is expected to run for about 6 months. Individual programs are being defined for each of the targets and each will vary in extent and number of drill holes. Copper targets to be drilled include Guchab South and Schlangenflach, and the zinc-lead targets are Toggengurg and East Border. Another 11 copper targets are being prepared for testing, some in the Guchab Mining Centre, some near Kombat, and others located in between. More targets have been defined for both zinc-lead and copper mineralisation which may be assessed later, and ongoing work is generating additional targets.

Success of this regional RC drilling program will likely lead to expansion of the program to test other recently defined targets.

2 COPPER EXPLORATION CONTINUES AT THE GUCHAB MINING CENTRE

Two undercover targets, Guchab South and Schlangenflach (**Figure 1**), were defined on the flats in the south of the Guchab Mining Centre. Whether there is direct physical connectivity of mineralisation between these targets and the Guchab Canyon deposit has yet to be established, but Sabre’s work shows common genetic links between them. These targets are directly along strike from, and in a similar structural and stratigraphic position to, the Kombat Copper Mine 10km to the west.

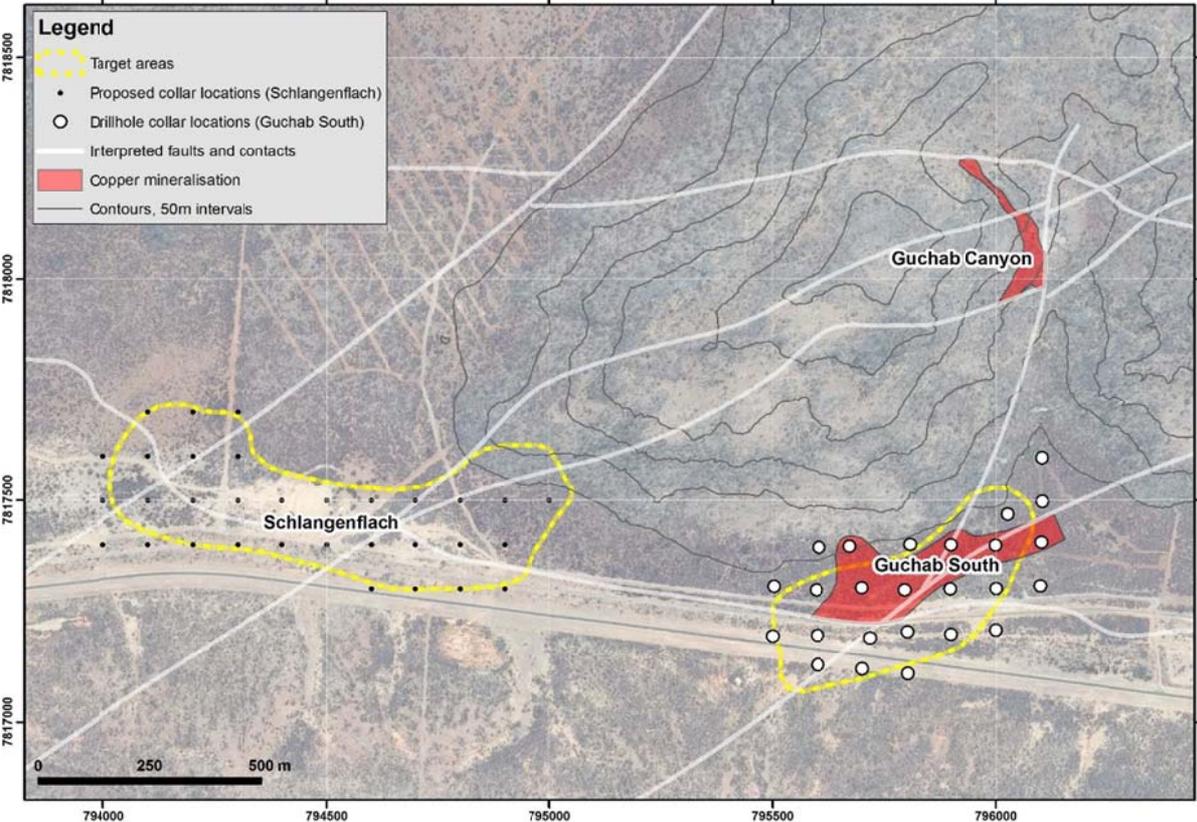


Figure 1 - Active work areas at the Guchab Mining Centre. Subsurface targets at Guchab are located on the flats to the south and southwest of the Guchab Canyon deposit.



Figure 2 - Chalcocite (black-grey) and malachite (green) mineralisation in silicified dolomite at Guchab South, GCGDD0006 1.65m

2.1 Guchab South copper discovery

During the quarter, a reconnaissance drilling program of 25 shallow drill holes on a 100x100m grid identified Kombat-style copper mineralisation in the subsurface at Guchab South. Drillholes penetrated several metres of sand, mud, detrital dolomite fragments, and then 0.5-1.0m into the bedrock to find the copper minerals, malachite and chalcocite, along with minor chalcopyrite and bornite, in 6 of the 16 drill holes that ended in dolomite. The mineralisation is characterised by strong alteration and brecciation of the host dolomite, as it is throughout the Guchab Canyon deposit.

Initial bedrock sampling utilised Sabre's diamond drilling rig to collect partial bedrock samples until an RC drill could be mobilised to site. Follow-up RC bedrock geochemical drilling is currently underway to complete the first pass test.

Importantly, **the copper-mineralised bedrock samples are from the portion of the target that Sabre's modelling predicted most likely to be mineralised.** The mineralised samples appear to define a contiguous zone that measures around 550 m by 200 m (Figure 3). Mineralisation at Guchab South appears to be open to the east as well as under the shale to the south and west.

The early stage of data collection at Guchab South means that it is difficult to define its relationship to the Guchab Canyon deposit. It is possible that the new mineralisation identified at Guchab South represents an extension of the Guchab Canyon deposit. Additional deeper drilling will be planned on completion of the bedrock geochemical drilling to delimit the extent and the intensity of mineralisation at Guchab South.

2.2 Schlangenflach copper target

The Schlangenflach copper target area to the west of Guchab South is the next target to be tested (Figure 1) following completion of the program at Guchab South. Comparison of the results of the Schlangenflach program with those of Guchab South will give these results some context and allow determination of a clearer picture for the next phase of exploration in the Guchab area.

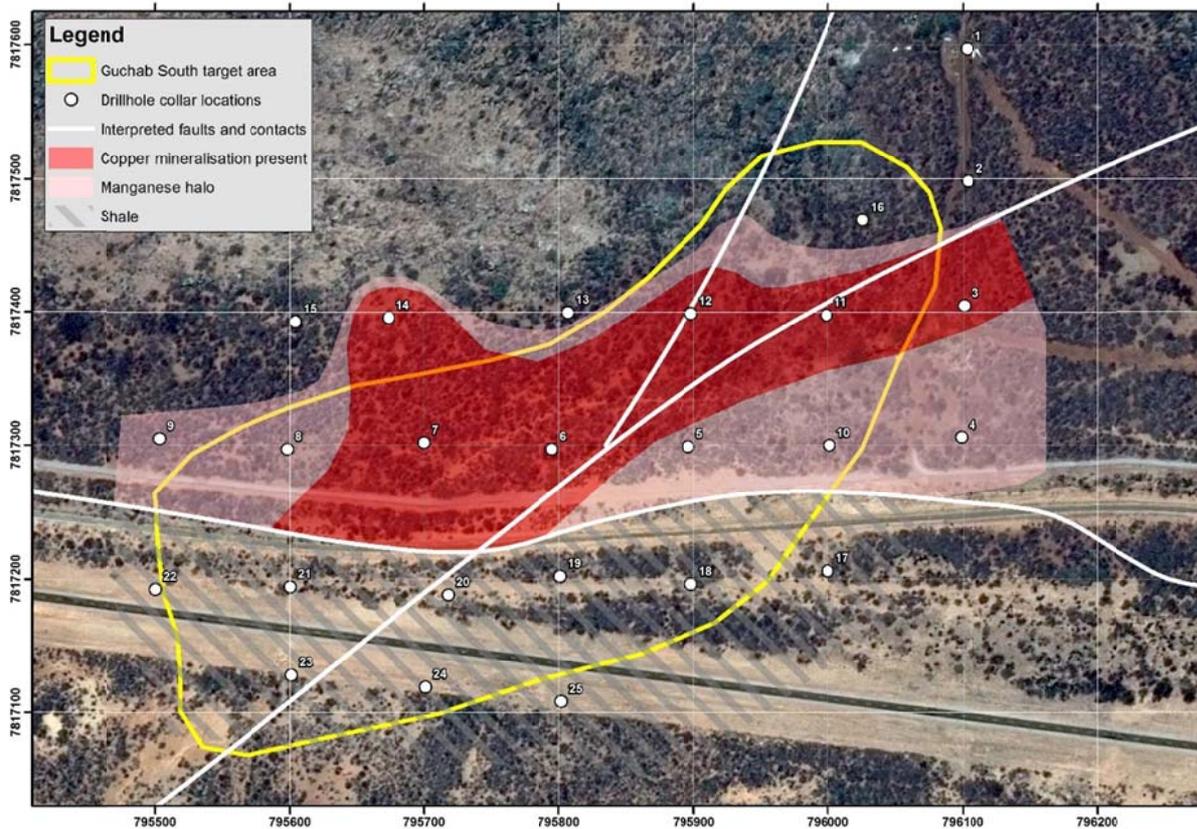


Figure 3 - Distribution of visible copper mineralisation in bedrock samples and its manganese halo, coinciding with interpreted faults and contact between the shale and dolomite.

3 ZINC EXPLORATION RECOMMENCES

During the quarter, the Company renewed its exploration focus on the discovery and development of zinc deposits throughout the Otavi Mountain Land. Initial programs are focussing on Sabre's Pavian Zinc-Lead Trend, a 30km long structurally-controlled lineament of similar zinc-lead deposits, occurrences, and anomalies. The Company's zinc exploration strategy includes:

- Target generation, using soil geochemical programs and geological modelling.
- Bedrock geochemical drilling program, to assess the prospectivity of high priority zinc-lead targets for economic mineralisation.
- Deposit definition drilling where appropriate, which will include infill drilling and resource modelling.
- Re assessment of the Border zinc-lead deposit, commencing with re-estimation of the resource to JORC 2012 standard.

3.1 Bedrock geochemical RC drilling

Reconnaissance shallow drilling will constitute first-pass assessment of the Toggenburg and East Border targets. These are conceptual and geochemical targets defined beneath the soil-covered Toggenburg Plains between the Border deposit and the South Ridge prospect (Figure 4). Toggenburg represents a significantly sized (+2km long) target under cover with anomalous Zn-Pb soil geochemistry and an anomalously subdued topographic signature. East Border coincides with geochemical anomalism at the eastern margin of the Border deposit. Drilling here will test for extensions to the deposit. Clearing of lines through the dense scrub is underway at both targets to allow drill rig access. The programs will be similar in nature to those at Guchab South and Schlangenflach, with lines of shallow drillholes designed to sample the bedrock and the cover-bedrock

interface for geochemical dispersion. Successful delineation of zinc-lead mineralisation in the subsurface will assist with focusing deeper drill testing.

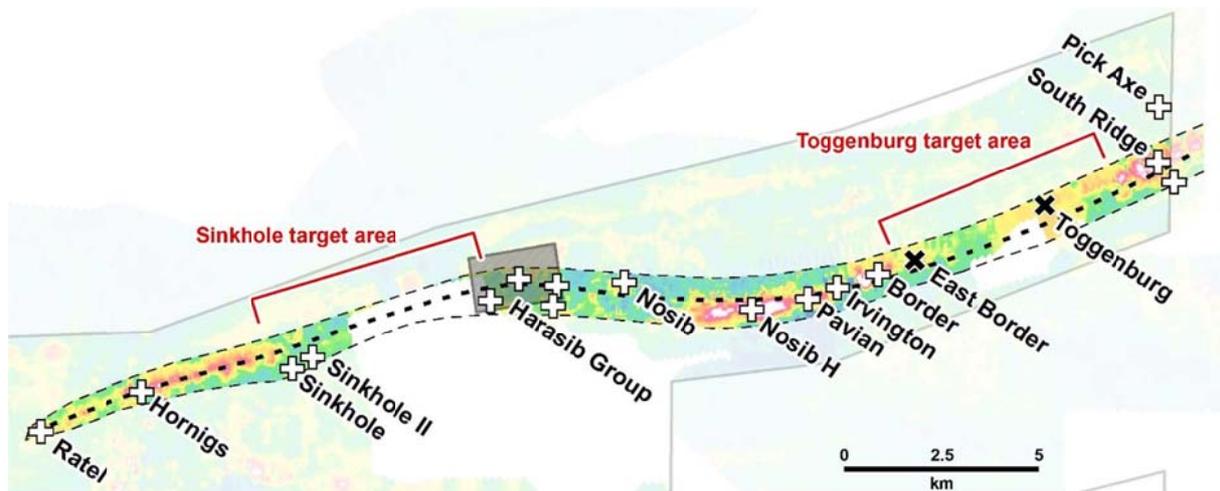


Figure 4 - The Pavian Trend, extending over 30 km and showing many deposits, prospects and targets. The newly-defined targets at East Border and Toggenburg are marked with a black 'x'. Soil geochemistry for Zn+Pb illustrates the extent of the trend, with warmer colours representing high values.

3.2 Infill drilling at Border

Infill drilling at the Border deposit will be required to define potential higher-grade zones in the deposit and to upgrade the resource classification to “Indicated” status. Currently, drill lines at Border are spaced at 200 m. Three-dimensional grade distributions near the centre of the deposit suggest that higher grade zones may exist between these lines and require drill testing.

3.3 Target generation

Target generation is currently underway with a large regional soil geochemistry program covering the Sinkhole area in the central western part of the Pavian Trend (Figure 4). Around 3200 of the planned total 5000 samples have been collected. Like the Toggenburg Plains, the Sinkhole target is under cover and may conceal buried zinc-lead mineralisation.

3.4 Border zinc-lead-silver resource updated to JORC 2012 standard

Sabre has completed a review of the Border deposit and associated revision of the resource to the JORC 2012 standard. Since the release of the previous resource (ASX release 24 January 2012), an additional two hundred and eight bulk density measurements were collected and incorporated into the model. A revised resource statement has been compiled.

Full details of supporting information relating to the resource estimate and Inferred classification are included in Appendix 3 – JORC Table 1 of this report. The Border Resource is a key component of a strategy of identifying and developing multiple Zn-Pb-Ag deposits feeding a centrally located processing plant on the Pavian trend.

3.4.1 Border Inferred Mineral Resource Estimate

Sabre has estimated an Inferred Mineral Resource at the Border Deposit to JORC 2012 standard of:

16.0 Mt @ 1.53% Zn , 0.59% Pb and 4.76 g/t Ag,

when reported at a 1.25% Zn+Pb cut-off grade. The mineral resource estimate increases to 31.2 Mt @ 1.10% Zn and 0.40% Pb and 3.37 g/t Ag when reported at 0.5% Zn+Pb cut-off grade.

Table 2 – Border 2014 Mineral Resource Estimate

Category	Resources		Metal Grade			Contained Metal		
	Cut off (%)	Tonnage (Mt)	Zinc (%)	Lead (%)	Silver (g/t)	Zinc (t)	Lead (t)	Silver (Moz)
Inferred	0.5	31.2	1.10	0.40	3.37	343,000	126,000	3.4
Inferred	1.25	16.0	1.53	0.59	4.76	246,000	95,000	2.5
Inferred	2.0	7.5	1.93	0.80	5.96	144,000	59,000	1.4

3.4.2 Mineral Resource Estimation

Border is considered to be an epigenetic zinc-lead-silver deposit that consists of sphalerite (zinc sulphide) and galena (lead sulphide) mineralisation within dolomitic host rocks. No pyrite or any other sulphides are present in significant amounts, and weathering is minor and shallow so as to be immaterial. The deposit dips at 60° to the north-northwest, stretches along strike for 2,430 m, extends for up to 390 m beneath surface (with the bulk of the tonnage and grade within 150 m of surface), and varies between 10 m and 85 m thick (25 m average thickness). A plan of the hole collars and grade-metre distributions of the mineralisation is shown in Figure 5. A drill cross section is shown in Figure 6. A long section showing Zn+Pb% x m (grade thickness) is shown in Figure 7.

The following information pertains to the Mineral Resource estimate;

- The Inferred Resource estimate is based on a nominal 0.5% Zn+Pb wireframe cut-off with a maximum internal dilution of five metres. Grade was interpolated using an inverse distance weighting squared (IDW²) technique in Micromine Software. Appendix 1 contains a list of all drilling collar information at Border.
- Appendix 2 contains a list of all drill intercepts used in the construction of the composites and used in the interpretation of the mineralised wireframes. A nominal cutoff of 0.5% Zn+Pb was used to define the drill intersections composites. A 5m maximum internal dilution was used. Higher grade intercepts within the composites are shown in the table.
- Bulk density measurements have been taken and analysed. 208 samples within the mineralised envelope were determined by weight in air/ water technique. A regression line was determined for mineralisation samples where bulk density (D) = (Pb+Zn% * 0.014825) + 2.818494.
- A waste density of 2.82 was assigned.
- The entire resource is classified as an Inferred Resource. The limiting factors to a higher classification include the wide drill spacing of 200m x 50m and the use of handheld GPS for hole collar co-ordinates, which introduces significant uncertainty in the estimates.

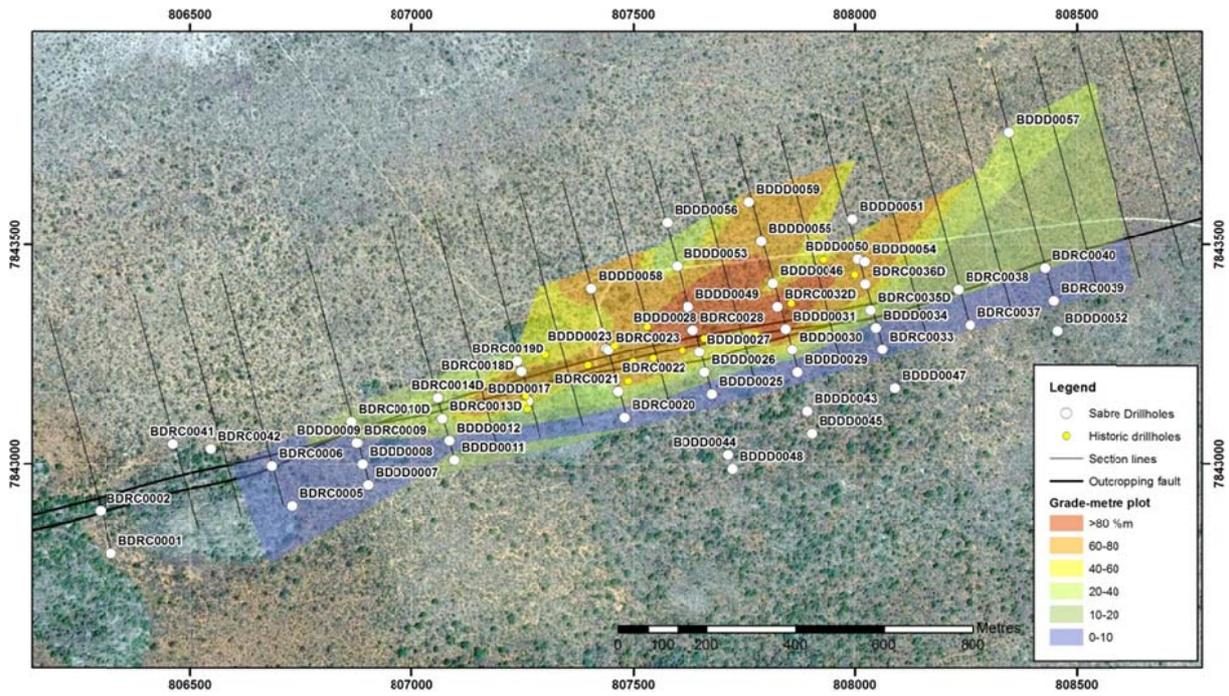


Figure 5 - Drillhole plan and contoured grade-metres for the Border deposit.

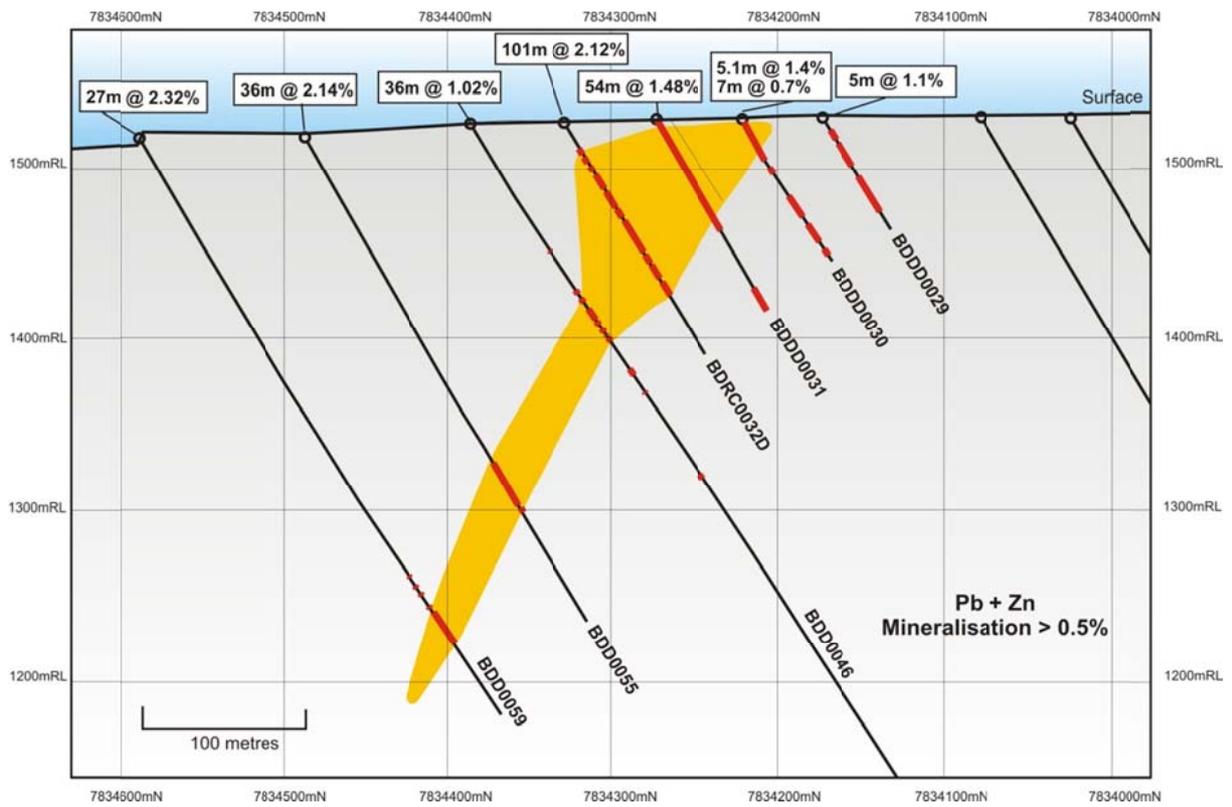


Figure 6 - Cross section of the Border Deposit (807,600mE section), showing the distribution of mineralisation downhole (red) and from 3D modelling (yellow).

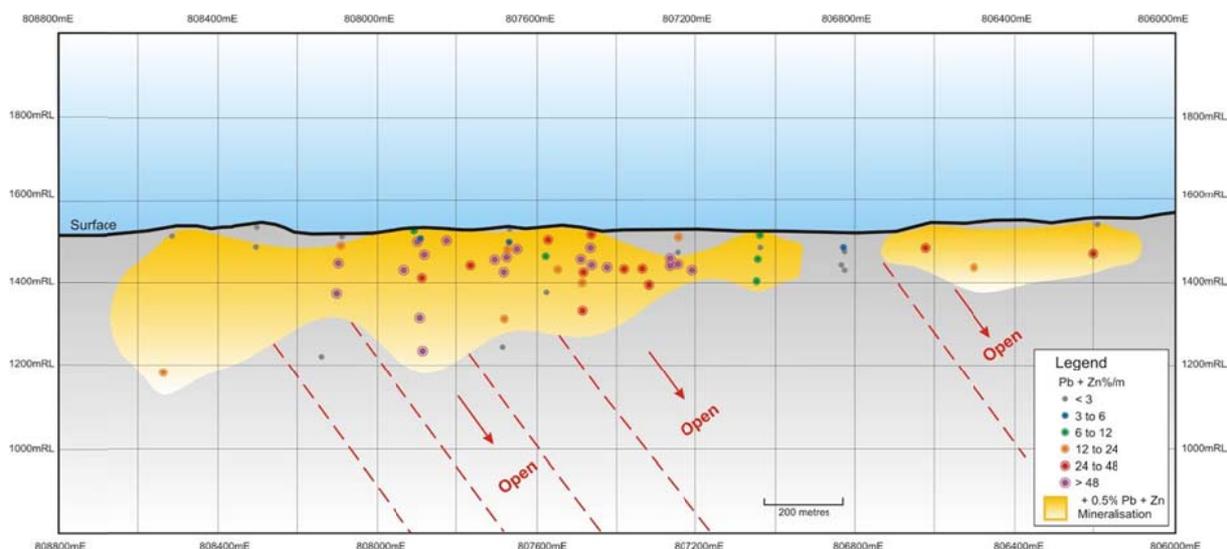


Figure 7 - Long section through the Border Deposit, looking south.

3.4.3 Metallurgical testwork

Sabre has completed detailed metallurgical test work on the Border Deposit to test the response of the mineralisation to dense media separation (DMS). DMS is a cheap and efficient process that becomes more efficient with higher density contrasts, providing greatly reduced mineral processing costs. The results are summarised in Table 2.

Table 3 – Summary of the results of beneficiation testing of Border mineralisation on bulk composite sample (60kg, crushed and screened all passing 12.5mm)

Process	Lead	Zinc
1 - Original sample (head assay)	0.77%	1.66%
2 – Dense media separation sinks (+ fines from crushing)		
Product grade:	6.3%	12.5%
Enrichment factor (from 1):	8.2 times	7.5 times
Metal 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):	87.8%	81.7%

The beneficiation tests on the bulk sample show exceptional upgrading of the mineralisation, in the DMS step with 92.5% of the lead and 86% of the zinc recovered to only 17% of the feed mass with a resulting product grade of 12.5% zinc and 6.3% lead. This greatly reduces the amount of material requiring grinding prior to flotation. Grind and float test work demonstrated excellent liberation at a relatively coarse grind size of 150 microns. Final flotation **concentrate grades were around 65 % lead and 62 % zinc** (from mineralisation grading 0.77% Pb and 1.66% Zn), with final recoveries of around 87% for lead and 82% for zinc.

The optimised test results are as follows;

- At a coarse 12.5 mm (half inch) crush size approximately 87% of the waste mass can be rejected by DMS
- At a relatively coarse optimum grind size of 150 microns, good separation is achieved to produce lead and zinc cleaner concentrates
- After flotation, a lead cleaner concentrate grade of 65% Pb was achieved, recovering 94.5% of the lead in the flotation feed
- After flotation, a zinc cleaner concentrate grade of 61.5% Zn was achieved, recovering 95% of the zinc in the flotation feed

A major factor in the success of the DMS technique at Border is the lack of waste sulphides, such as the iron sulphides pyrite and pyrrhotite. Such minerals would typically concentrate with the galena and sphalerite and would thereby result in a lower concentrate grade, possibly requiring further processing such as flotation to separate waste sulphides from ore sulphides. However, the near absence of these waste sulphides at Border means that the simple DMS process is highly efficient, resulting in very low processing costs to produce a marketable concentrate. This indicates that lower grades of zinc and lead mineralisation can be processed profitably.

In summary, after dense media separation and flotation, 81.7% of the total zinc and 87.8% of the total lead and 89% of the total silver can be expected to be recovered. Most importantly for the economics of the project, after crushing and DMS, only 17% of the original feed would require milling and flotation. This mill feed is made up of naturally upgraded < 1mm fines (10%) and DMS concentrate (7%). Excellent liberation of zinc and lead sulphides in this mill feed occurs at a relatively coarse grind size of 150 microns providing a potential further cost benefit.

3.4.4 Border Scoping Study

A Scoping Study for Border was completed based on the 2011 Inferred Resource estimate, with positive results achieved. The cost assumptions and commodity prices utilised in this scoping study are no longer valid and are being reviewed by Sabre. In conjunction with this review, additional infill drilling may be warranted at Border to focus on defining higher grade zones, improving the resource classification to Indicated status and to assist with a pit re optimisation. Further processing test work will also be required to confirm earlier results, and assist with design of a cost effective process flowsheet. Depending on the results of these investigations and the results of nearby exploration, a revised Scoping Study for Border will be undertaken in calendar 2015.

3.4.5 Similar deposits in southern Africa

The Pering Zn-Pb Mine in the Northern Cape Province of South Africa shows many similarities to Sabre's Border Deposit. Operated by Shell South Africa and BHP Billiton from 1988 to 2003, output over the life of mine was **20.4 Mt @ 0.58% Pb and 2.58% Zn**. The mining **cut-off was 1.1% Zn+Pb**. (ref Pering Base Metals (Pty) Ltd Techno Economic Statement as at 31 December 2010) Pering is considered to be a Mississippi Valley-Type (MVT) deposit, hosted by dolomite sequences.

The example of the Pering Mine shows that moderate-grade, high-tonnage zinc-lead deposits can be economically viable, profitable assets in southern Africa. Sabre believes that Border, with additional tonnages from Driehoek and other deposits to be defined along the Pavian Trend, will be a significant lead and zinc producer in the Otavi Mountain Land.

4 FORTHCOMING WORK

During the next quarter, Sabre will continue with the bedrock geochemical drilling program at Guchab South, Schlangenflach, Toggenburg and East Border. Bed rock geochemical drilling is also expected to commence in other high priority copper targets near Kombat as on ground access allows. Results of this drilling will be compiled and interpreted before appropriate follow up is planned.

Sabre intends to re investigate the utility of ground geophysical techniques in the search for high grade Kombat style lodes.

A first pass of the Guchab Canyon resource estimation will be completed before further work programs are planned.

Soil geochemical programs in the Sinkhole area will be completed, and target generation will continue in those areas yet to be assessed.

Planning will also be finalised for further work at Border in preparation for a revised scoping study in 2015.

For further information please contact:

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Phone (08) 9481 7833

Or consult our website:

<http://www.sabresources.com/>

Competent Person Declaration

The information in this report that relates to Exploration Results is based on information compiled by Dr Matthew Painter, a full-time employee of Sabre Resources 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 2012 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.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Luke Marshall who is a member of The Australian Institute of Geoscientists. Mr Marshall is a full time employee of Golden Deeps Limited and consultant to Sabre Resources and 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 "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Marshall 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 Resources 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.