



ASX Release

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OVERLAND RESOURCES LIMITED

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Directors / Officers:

Michael Haynes
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Issued Capital:

194.1 million shares
10.8 million unlisted options

ASX Symbol: OVR

SEPTEMBER 2012 QUARTERLY ACTIVITIES REPORT

During the June 2012 quarter Overland Resources Limited (ASX: OVR, Overland and "Company") provided the market with an update on its economic study into the development of the Selous Project in the Yukon, Canada. The results of the study indicated that, at prevailing commodity prices, the development of a mining project would not currently provide a suitable return on investment.

In the Yukon, before an application for a mine permit is considered by Yukon Energy Mines Resources, a project proposal must first be assessed by the Yukon Environment and Socio-Economic Assessment Board (YESAB) to ensure it meets numerous criteria balancing environmental, social and economic impacts on the Yukon and its communities. Following informal consultation with YESAB it was considered highly unlikely that YESAB would recommend the Selous Project, as it currently stands, to progress through mine permitting due to its limited economic benefits. Overland's Board therefore determined that it was in the Company's best interest to temporarily suspend mine permitting activities and direct its human and financial resources toward other, more immediate, value adding activities.

Importantly, the Company can, at negligible cost, continue to maintain its claims that comprise the core of the Selous Project through until 2026. Therefore the Company is well positioned to re-initiate mine permitting activities should global economic circumstances warrant.

Following this difficult decision, early in the September quarter the Board completed a strategic review to determine the most appropriate path forward to realise shareholder value. External factors, including the current malaise of global equity markets; uncertainty surrounding ongoing commodity consumption; and reduced access to debt capital were considered, as were internal factors such as the Company's market capitalisation; current treasury position; corporate overheads; and internal technical strengths and skills.

A key outcome of this review was a reaffirmation that the Company's primary goal should be to become a mid-tier resource company. From where the Company currently stands, within the prevailing economic environment, the Company identified three key strategies that it is now implementing to achieve its goal:

1. Remain a lean and flexible organisation

To address this Overland has reduced its workforce by 75% and now retains only one Executive and one Geologist. The Company will close its Vancouver Office when the current lease expires at the end of November 2012, thereby further reducing overheads.

2. Identify and secure highly prospective ground and quality assets

Recognising the timing in the commodity cycle and that a significant number of exploration and mining companies, both junior and major, are having difficulties accessing capital, the Company has implemented a concerted program to identify and evaluate assets within financially distressed companies to determine whether there are opportunities with substantial upside where Overland may be able to utilise its strong cash position to leverage into a high quality project for value.

During the September 2012 quarter the Company focused its evaluation on primarily North American base metal assets. In total over 100 companies were evaluated in some detail, 14 of which were shortlisted and 5 approached. The Company is yet to reach agreement on suitable commercial terms to secure a suitable asset, however this process continues and the geographic target area has been expanded.

In addition during the Quarter, the Company pursued the acquisition of three distressed assets that were in the hands of administrators or similar.

Numerous opportunities have also been presented to the Company for consideration by contacts within the Board's extensive networks within the mining fraternity.

3. Cost effectively explore and discover economic mineral deposits

A key consideration in the Company's project target selection process has been the assessment of the likely cost to advance potential projects to their next decision point. To remain competitive and maximise utilisation of its current strong cash position, the Company is aware that it must undertake exploration activities in the most cost effective manner.

The impact of this on project selection has been that, for the Company to move forward on an asset, it must be comfortable that it can cost effectively explore and advance the asset to a logical decision point. It is preferred that all activities to reach the next decision point must be value adding and can be achieved within the constraints of the Company's current treasury.

The Board believes that this strategy will enable the Company to secure a valuable asset with significant exploration and development potential in a relatively short period of time. Any acquisition must provide a mechanism through which the Company can return value to shareholders, which would be reflected by increased market capitalisation, while not jeopardising the Company's current assets or long term future.

CORPORATE

The Company had \$2,700,000 cash available at 30 September 2012 and is well positioned to continue to implement its strategy outlined above.

A concerted search for new opportunities will continue until a suitable project is secured for value, or the Company observes a significant reversal in metal prices and/or strengthening equity markets whereby reinitiating mine permitting in the Yukon is warranted.

Hugh A Bresser

Managing Director