SABRE RESOURCES LTD

QUARTERLY ACTIVITIES REPORT

for the period ended 31 December 2009

ONGAVA POLY-METALLIC PROJECT

- **Kaskara-Lucas Post Corridor is a 2,500 m long copper-lead-zinc trend containing the Kaskara, Kaskara West, Lucas Post East, and Lucas Post prospects.**
  - **Similar styles of mineralisation at each prospect.**
- **Kaskara copper-lead-zinc discovery:**
  - **Kaskara itself is currently more than 900 m long and 450 m wide.**
  - **At least 16 tabular-shaped massive poly-metallic gossans are surrounded by a halo of disseminated mineralisation. Gossans are considered to be weathered copper-lead-zinc sulphides.**
  - **Geological setting and metal association is similar to the world-class Tsumeb copper deposit (40 km north). Total Tsumeb production was around 24.8 Mt @ 5.50% copper, 11.82% lead, 4.19% zinc, and 171.3g/t silver** *(Source: Geological Survey of Namibia)***.**
  - **Numerous geophysical anomalies detected at Kaskara require testing.**
  - **Geophysical anomalies coincide with known mineralisation at surface and show potential for additional mineralisation in outcrop and at depth.**
- **New geophysical targets identified at the Border zinc-lead deposit.**
  - **Three preliminary lines extended southward with detection of a very strong, over 400 m long conductor at their southern ends.**
  - **Data currently being processed and interpreted.**

Sabre Resources Ltd (ABN 68 003 043 570) 1st Floor, 8 Parliament Place, West Perth, WA 6005 • PO Box 1618, West Perth, WA 6872
t: +61 8 9481 7833 • f: +61 8 9481 7835 • e: sabre@sabresources.com • www.sabresources.com

ONGAVA POLY-METALLIC PROJECT, NAMIBIA

The discovery of the Kaskara copper-lead-zinc prospect has dominated work on the Ongava Poly-Metallic Project during the third quarter of 2009. Exceptional high-grade copper, lead and zinc values were recorded at Kaskara and then west along strike to Lucas Post, defining the 2,500 metre long Kaskara-Lucas Post corridor.

Figure 1 – Location of the Ongava Project, northern Namibia. Other base-metal projects throughout the region are shown.

Kaskara is located at the heart of the Ongava Poly-Metallic Project in northern Namibia (Figure 1). The project occupies the centre of the highly prospective Otavi Mountain Land, a historic, world-renowned mining region and home to the world-class Tsumeb copper-lead-zinc-silver mine (now closed). Kaskara is located on the 9 km long Lucas Post Trend (Figure 2), a soil geochemical and structural geological trend that is host to several copper-lead-zinc prospects and highly anomalous soil geochemistry results.

The Lucas Post Trend is located around 14 km southwest of the Pavian Trend (Figure 2), another geochemical and structural geological trend mostly within the Ongava Project. The Pavian Trend includes the Border zinc-lead deposit, several copper-lead-zinc prospects, and the Toggenburg massive sulphide conceptual target.

Figure 2 – The Ongava Poly-Metallic Project area (EPL 3542). Major mines and prospects are labelled. Other prospects are represented by yellow dots (20km grid).

THE LUCAS POST TREND

The Lucas Post Trend (Figure 2) is a copper-zinc-lead geochemical and structural geological trend around 9 kilometres long that is located 16 kilometres southwest of Sabre's Border zinc-lead deposit. The Lucas Post Trend incorporates the Kaskara copper-lead-zinc discovery as well as the Tigerschlught, Uitsabpad and Lucas Post copper-lead-zinc prospects.

Work in this quarter has concentrated on defining copper-lead-zinc mineralisation both at surface and underground at and around Kaskara. Extensive mapping has been augmented by geophysical surveys in an effort to delimit the extent of mineralisation. We have now defined a 2,500 metre long corridor of mineralisation from Kaskara to Lucas Post, and defined targets from surface to depths of more than 250 metres below surface.

It is extremely encouraging that all of our investigations to date have not yet found the limits of mineralisation. Mapping is continuing, and a second geophysical programme is planned.

Kaskara copper-lead-zinc prospect

The copper-lead-zinc mineralising system at Kaskara (Figure 3) is significantly larger than was originally identified. On the hill at Kaskara, the mineralising system extends over an area measuring more than 900 m long by 450 m wide (Map 1). Sixteen (16) massive gossan units are linked together by zones of disseminated mineralisation.

Sabre discovered Kaskara in September 2009. The discovery lies immediately adjacent to historic workings that appear to have exploited a separate zone of mineralisation. In his regional geological appraisal of the Otavi Mountain Land, expert consultant Dr Douglas Haynes identified the site as having strong potential for extensive copper mineralisation. Dr Haynes is well-known in the industry as being instrumental in the discovery of the giant Olympic Dam deposit at Roxby Downs in South Australia.

Figure 3 – Contact of a thick massive poly-metallic gossan with the adjacent dolomite sequence.

Kaskara - surface mineralisation *(Map 1)*

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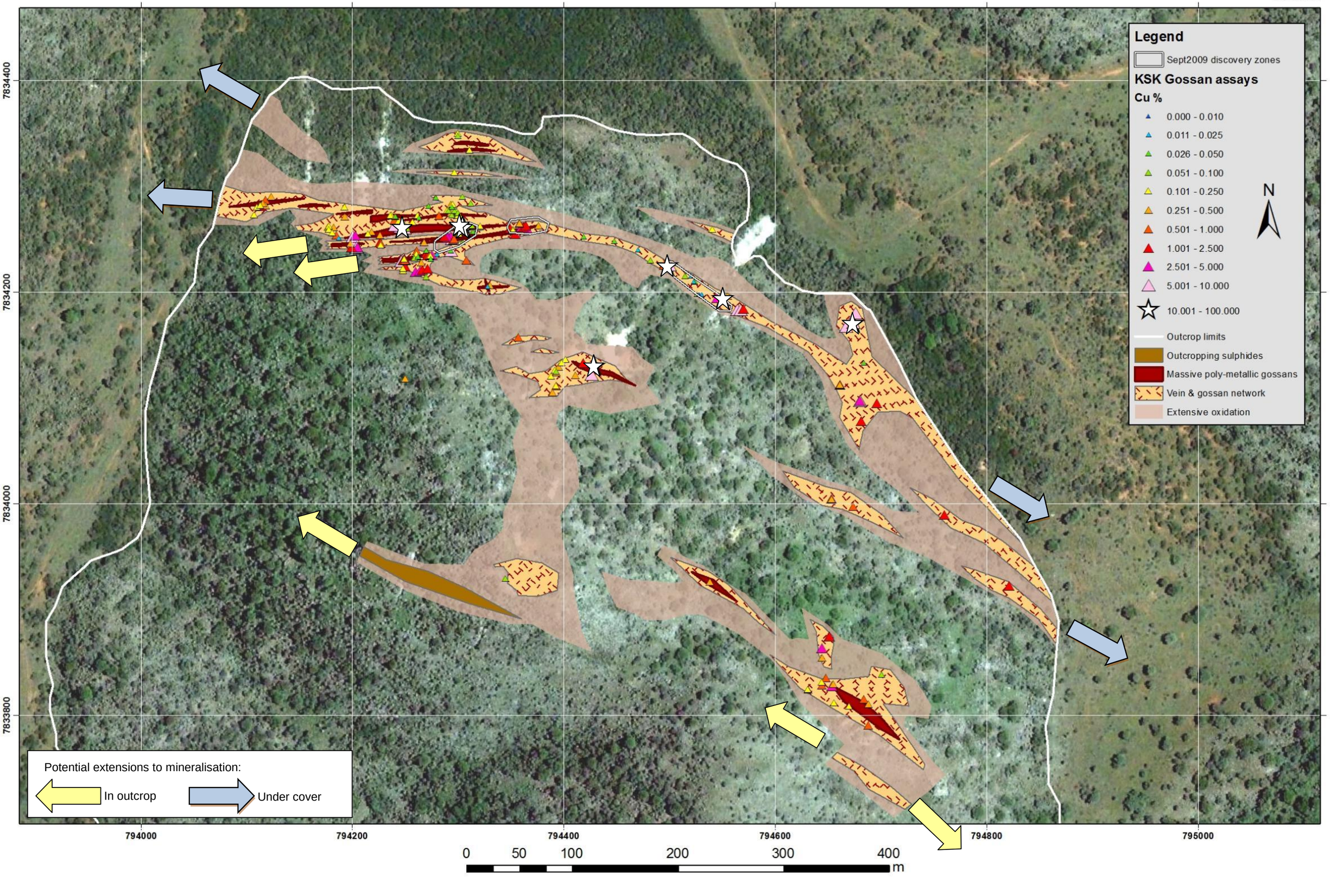

The main minerals present in outcrop at Kaskara are the closely related minerals *cuprian descloizite* ($Pb(Zn,Cu)(OH|VO_4)$) and *mottramite* ($Pb(Cu,Zn)(OH|VO_4)$). These minerals are hydrous vanadates that have formed during the oxidation of primary sulphides by weathering processes. In places, *galena* (PbS) is preserved, and secondary lead, zinc and copper oxides and carbonates are sporadically distributed throughout zones of mineralisation.

Much of the mineralisation at Kaskara is associated with or dominated by iron oxides (in particular, hematite). Unlike much of Australia, iron oxides are relatively uncommon in the dolomitic rocks of the Otavi Mountain Land. Their pervasive nature at Kaskara is indicative of strong weathering of sulphides at depth.

Four styles of surface mineralisation are identified:

1. Massive poly-metallic gossans
2. Outcropping sulphides
3. Vein and gossan networks
4. Extensive oxidation

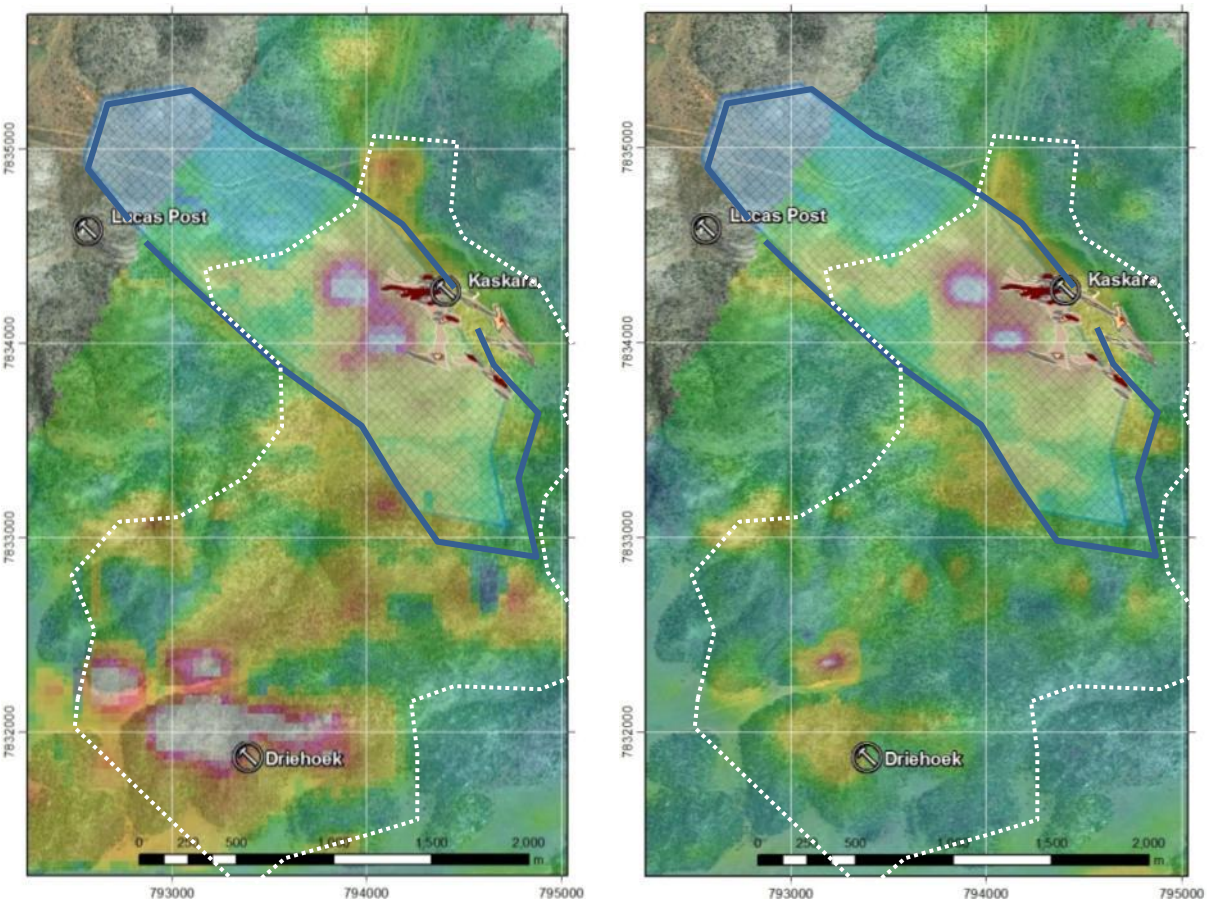

Figure 4 – Soil geochemistry anomalism connecting Kaskara and Driehoek, 2.3 km apart. Lead+zinc anomalism (left) and copper anomalism (right) are continuous or nearly continuous throughout the area. Target defined by Douglas Haynes shown in blue. Area of strong anomalism outlined by white dotted line. For lead+zinc data, values peak at over 3.3%, with yellow roughly corresponding to 0.15-0.30%. For copper data, values peak at over 2200 ppm, with yellow roughly corresponding to 150-300 ppm. Depletion is common, so these values are considered high for soils in the Otavi Mountain Land. For the Kaskara geology, dark red = massive poly-metallic gossans, orange = vein and gossan networks, pink = extensive oxidation (see announcement dated 9 November 2009 for more details). 1 km grid.

The highest grades recorded at Kaskara are found in the massive poly-metallic gossans and the vein and gossan networks. Other types have not been systematically sampled. Outcropping sulphides are predominantly coarse-grained galena. Extensive oxidation zones show weak to moderate grades in oxidised planes or zones, but are of interest in defining the lateral extent of mineralisation at depth.

Geochemical targeting at Kaskara

Kaskara lies on the margin of a very extensive area of highly anomalous copper, lead and zinc soil geochemistry values (Figure 4). Peak values (over 2200 ppm copper and over 3.3% lead+zinc) are recorded in soils to the west of and along strike from the gossans, suggesting the presence of mineralisation beneath soil cover. This contrasts with moderately elevated soil values over the known mineralised zone at Kaskara.

The correlation at Kaskara of moderately high grades with outcropping mineralisation is significant because broad areas of moderately high soil values define almost continuous anomalism between the Kaskara copper-lead-zinc prospect, the Driehoek lead-zinc prospect 2,500 metres to the south, and the limit of the soil geochemistry data towards the Lucas Post copper-lead-zinc prospect ~2,000 metres to the west (Figure 4). This defines an area of strong anomalism of roughly 2,000 by 3,000 metres, with Kaskara on the periphery.

Kaskara-Lucas Post corridor

Three prospects have been identified to the west of and along strike from Kaskara (Figure 5). They are:

- Lucas Post
- Lucas Post East
- Kaskara West

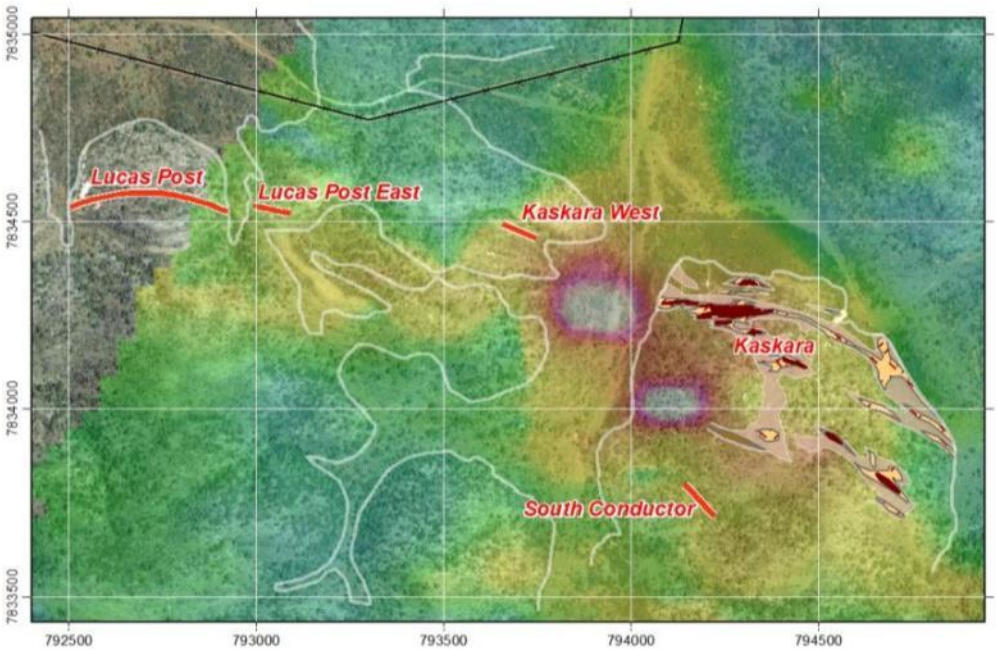

Figure 5 – Location of the new prospects relative to Kaskara, overlaid on copper in soil values (500 m grid). Geology of Kaskara (red = gossans, stippled = vein and gossan network, brown = sulphides, pale pink = extensive oxidation) and outcrop limits (pale white line) are also shown. A high voltage power line (black line with crosses) runs parallel to the Lucas Post-Kaskara system.

The prospects are located in a 2500 metre long corridor along the recently identified Lucas Post Trend, within the Lucas Post-Kaskara prospect area.

The Lucas Post prospect is similar in style to Kaskara, with gossans, base metal sulphides and vanadates exposed over a strike length of more than 400 metres. Several historic workings have exploited copper-lead-zinc vanadate mineralisation but investigations show that mining does not appear to have intercepted the primary base metal sulphides at depth, which presents a strong target for future exploration

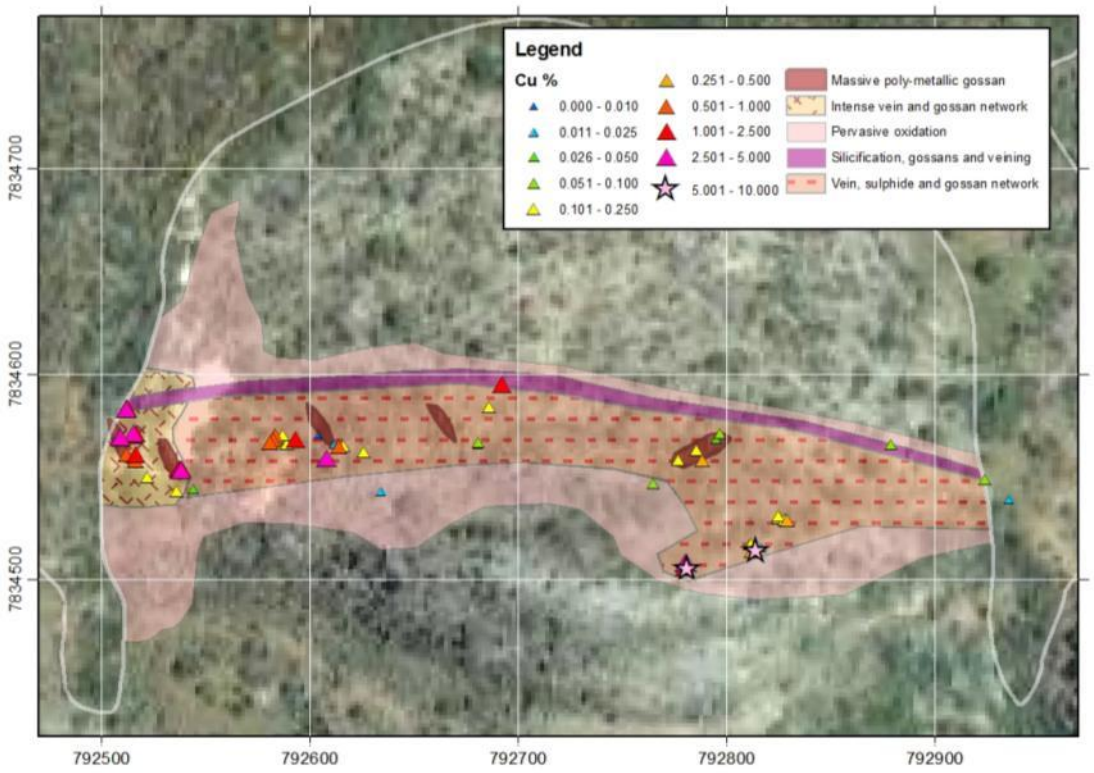

Figure 6 – Geology of the Lucas Post prospect, showing spot copper values.

There are two distinct 'zones' at Lucas Post (Figure 6), hosting copper-lead-zinc mineralisation.

The northern zone comprises common base metal vanadate minerals (copper-descloizite, mottramite) within a siliceous and iron-rich gossanous zone, which has been strongly deformed (Figure 7). This zone hosts a number of historic mine workings.

The southern zone is 50 to 80 metres wide and comprises intense brecciation and alteration, which hosts extensive base metal sulphides, silicification, and iron oxides (Figure 8). A number of gossans similar to those at Kaskara are hosted within this zone.

Figure 7 – Strongly mineralised rock from Lucas Post, showing pervasive oxidation. Darker patches are rich in copper, lead and zinc, whilst brown zones are highly anomalous in the base metals.

These two zones of mineralisation are surrounded by a halo of extensive oxidation and alteration, and show marked similarities to Kaskara (Figure 9).

Spot analyses of mineralised gossans at Lucas Post have returned high-grade base metal analyses with peak values, in samples, of **over 9% copper, 34% lead, and 35% zinc**.

This target is probably continuous with the Lucas Post East target, which is separated from Lucas Post by around a 50 metre wide area of soil cover. If continuous, the Lucas Post system measures over 550 metres in length.

Further towards Kaskara to the east, mineralisation is exposed at Kaskara West. Assay spot analyses show values as high as 9.15% copper, over 35% lead, and 12.35% zinc.

The exposure of the mineralisation is limited due to the strike extents being obscured by colluvial material and soils. It is inferred that the mineralisation between Kaskara and Kaskara West continues due to the presence of very high copper, lead and zinc values in the overlying soils.

Figure 8 – Hematitic breccia containing disseminated copper lead and zinc minerals, at Lucas Post.

Figure 9– Extensive oxidation and mineralisation in historic excavations at Lucas Post.

It appears that Kaskara West may mark the western extension of the Kaskara mineralised system, extending the strike to more than 1400 metres and remaining open to both the east and west.

Results of the geophysical surveys

Numerous, extensive geophysical anomalies have been defined by the first phase of geophysics at the Kaskara copper-lead-zinc discovery in the Otavi Mountain Land of northern Namibia.

A number of resistivity lows and chargeability highs have been defined as targets by utilising the Induced Polarisation geophysical technique. Four of these targets are laterally continuous between each of the sections surveyed, and extend both eastward and westward beyond the scope of the current survey.

1. Resistivity targets

The R1 target (Figure 10) is a resistivity low that corresponds exactly to, and sits below, the outcropping gossans, vein and oxidation mineralisation at Kaskara. R1 represents the surface expression of the weathered mineralisation and their down-dip correlatives.

The R2 target (Figure 10) is almost identical to the R1 target, but is located ~500 metres further south, beyond the limit of Sabre's exploratory mapping to date. The R2 target area is

now the highest priority for investigation, with the potential for a repeat of the exposed mineralisation discovered at Kaskara.

The geophysical consultants report states that the R1 and R2 anomalies are important targets for copper-lead-zinc sulphide mineralisation.

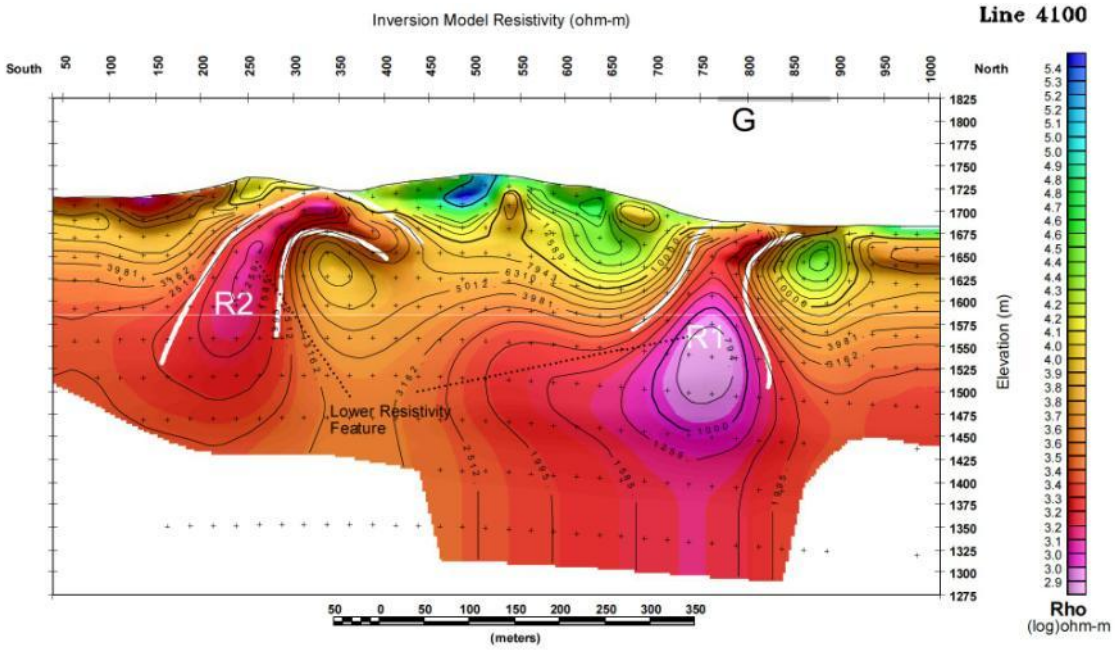

Figure 10 – Resistivity section at Kaskara, showing the R1 and R2 "resistivity low" targets. The R1 target corresponds exactly to the gossan outcrops ("G" and grey line at top). The R2 target has a very similar character but the area has not yet been mapped.

2. Conductivity targets

The D1 and D2 conductivity targets are located at depth beneath Kaskara (Figure 11). They roughly correspond with the R1 and R2 anomalies, though are located adjacent to these targets rather than representing the same feature. Therefore, these are additional targets.

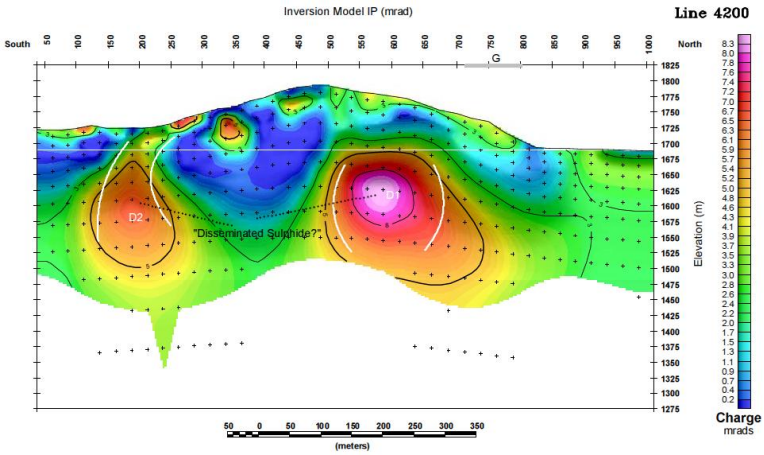

Figure 11 – Conductivity anomalies D1 and D2 in section at Kaskara.

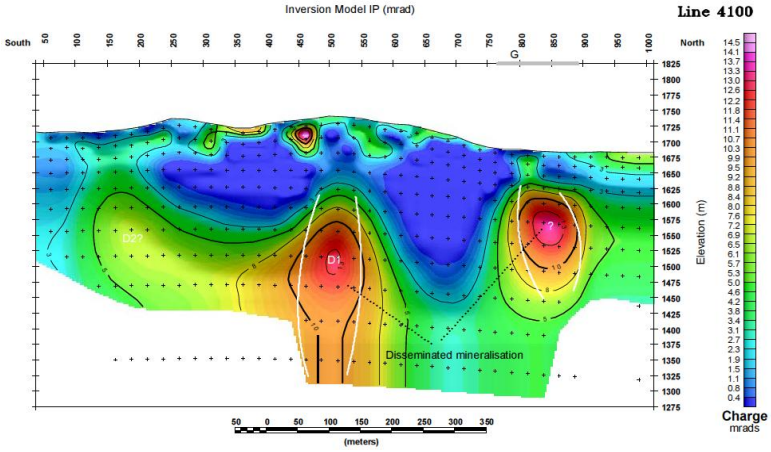

Figure 12 – Conductivity anomalies D1 and D3 (marked "?") in section at Kaskara. This represents the same section as that show for resistivity in Figure 1.

A third conductivity target, D3, is located in the westernmost section line only, in the north beneath the soil plains (Figure 12).

These anomalies must be tested to determine their cause. The geophysical consultants postulate that they could either represent disseminated mineralisation or a different rock unit. If they are mineralisation, they may represent a different style to that exposed at Kaskara.

THE PAVIAN TREND

The 15 kilometre long Pavian Trend (Figure 2) is a zinc, lead and copper trend of 'world-class' potential. Globally, strong base metal trends of this size are a rarity.

The Pavian Trend incorporates the Border zinc-lead deposit, the Nosib H and South Ridge copper-zinc-lead prospects, and the Irvington and Pavian zinc-lead prospects. Over 13 km of the trend is located within Sabre's exploration licence. The trend was discovered through implementation of a soil sampling programme to the west of the Border deposit in 2009. Intense copper, zinc and lead in soils corresponds to extensive outcropping lead sulphides and zinc and copper carbonates.

Definition of the Pavian Trend, combined with comprehensive analysis of data collected from drill core at Border, has resulted in the definition of the Toggenburg massive sulphide conceptual target beneath the soil plains between Border and South Ridge. Toggenburg is yet to be tested.

Border deposit

The exploration target for the Border deposit remains as previously stated, as:

12-15 Mt @ 5-6% Lead + Zinc[1].

This represents a conservative tonnage that is substantially lower than estimates published by the Ministry of Mines and Energy, Namibia.

[1] At this stage, the potential quantity and grade of the Border 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 Etosha Petroleum Ltd (Border).

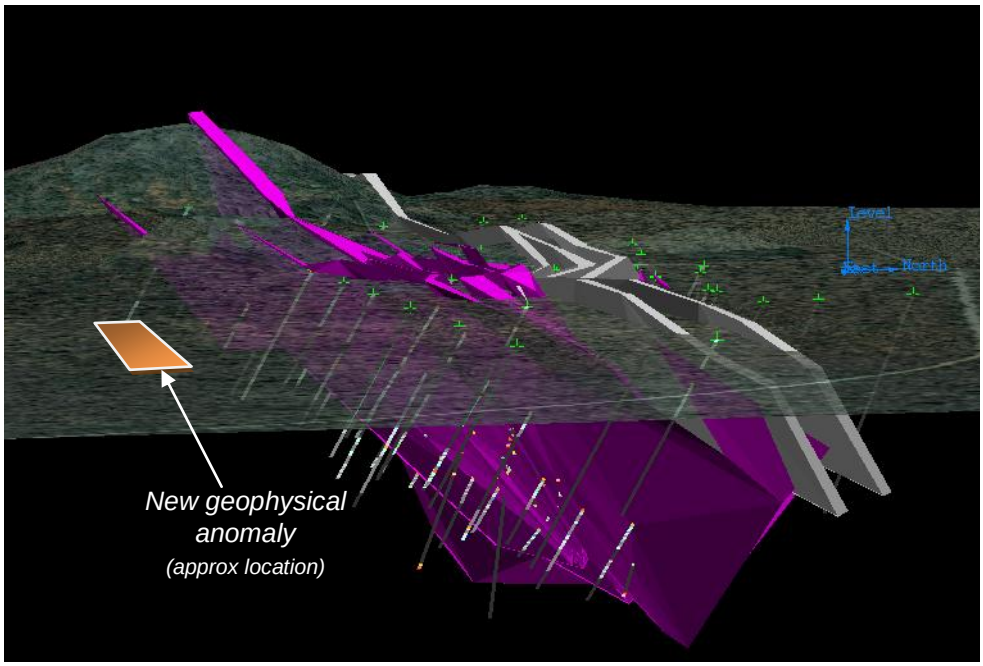

Figure 13 – Approximate position of the new geophysical anomaly detected at Border, around 200m south of known, drilled mineralisation. The anomaly's location is superimposed on an oblique view of the 3-dimensional model for the Border deposit, looking west, showing mineralisation (pink) dipping steeply northward. Mineralisation throughout the Border-Irvington system is parallel to and near to the siliceous fault zones (white).

A trial geophysical programme at the Border zinc-lead deposit has been completed. It was successful in detecting previously unrecognised highly conductive anomalies in the vicinity of and to the south of the previously drilled mineralisation (Figure 13).

Raw data from both induced polarisation and magnetotelluric surveys show strong anomalism on the southern ends of all three lines of the geophysical survey. The feature extends over more than 400 metres of strike beyond the extent of the programme, and runs parallel to bedding and known mineralisation. Initial interpretations show that the coarsely disseminated mineralisation intersected in drilling at Border corresponds to a moderately conductive anomaly which is on the margin of this new highly conductive anomaly.

Projected to surface, the highly conductive anomaly corresponds to an area of soil cover with no outcrop (Figure 13), therefore the nature of the anomalism cannot be verified by surface inspection.

On the success of the initial Border programme, the lines were extended for another kilometre southward. We are presently awaiting the results of these surveys.

UPCOMING WORK

The success of the geophysical programmes at Kaskara and Border requires that further surveys be undertaken to fully define the extent of the anomalies detected. At Kaskara, we are preparing additional geophysical survey lines for extension of the programme to test the remainder of the Kaskara-Lucas Post corridor over its 2,500 metre length. At Border, a number of lines are planned to define and extend the strike length of the anomalies. Their final locations will be determined once the final report of the Border geophysical programme is received.

Drilling of both the Border deposit and Kaskara prospect will be undertaken as soon as possible. The company has received a number of quotes from drill companies tendering for the project, and is awaiting several more. We will award the drilling contract as soon as possible. Torrential rains typical of the wet season in the Otavi Mountain Land have hindered access in the last couple of weeks. It is likely that Border will be drilled first because the Company has previously upgraded the access tracks and project site for wet weather access during the 2008 drill programme.

Licence renewal

Sabre has submitted the application for renewal of licence EPL3542 and is awaiting confirmation by the Ministry of Mines and Energy in Namibia of the renewal. The required expenditure commitments have been exceeded, and more than the requisite 25% has been excised from the licence area (Figure 14). The excised area contains no known prospects or mines. Delays are reported by other companies seeking licence renewals in Namibia at present. Data from the Ministry's website (Figure 15) shows that the reduced size for EPL3542 has been accepted and that, as of the most recent listing of the status of EPLs on 3 December 2009, its status is officially "Pending".

Sabre has full confidence that the licence will be renewed, and is not aware of any factors that would deny renewal. Consequently, exploration at Kaskara and Border will continue.

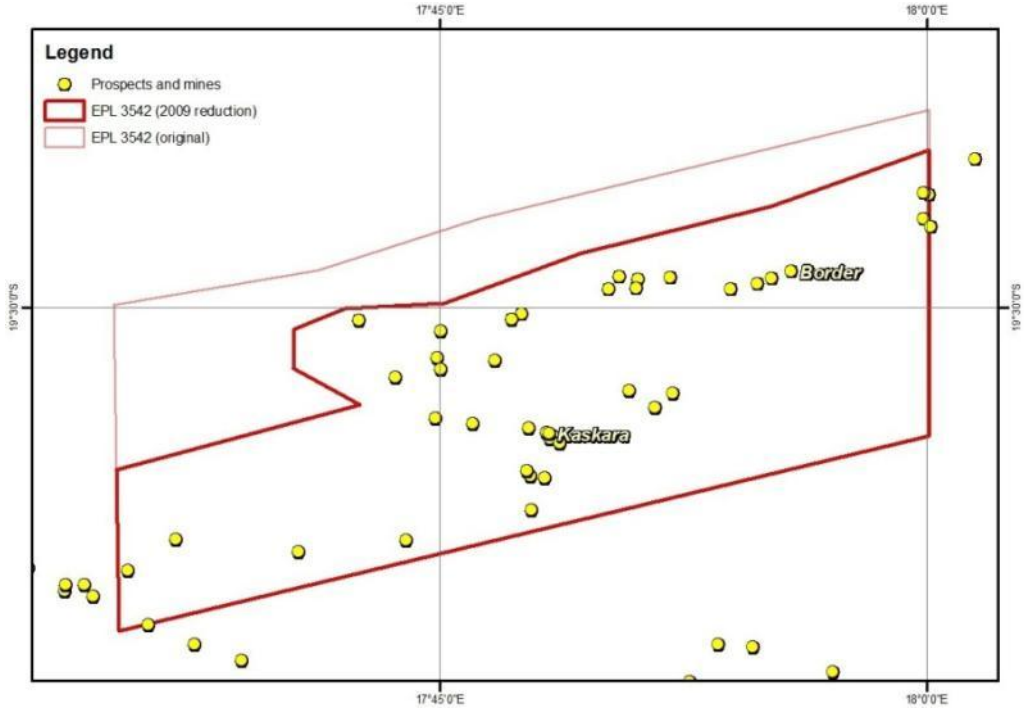

Figure 14 – Reduction of exploration licence EPL3542 (Ongava). The reduction amounts to over 25% and does not include any known prospects or mines. The total area of the reduced licence is around 600 km^2.

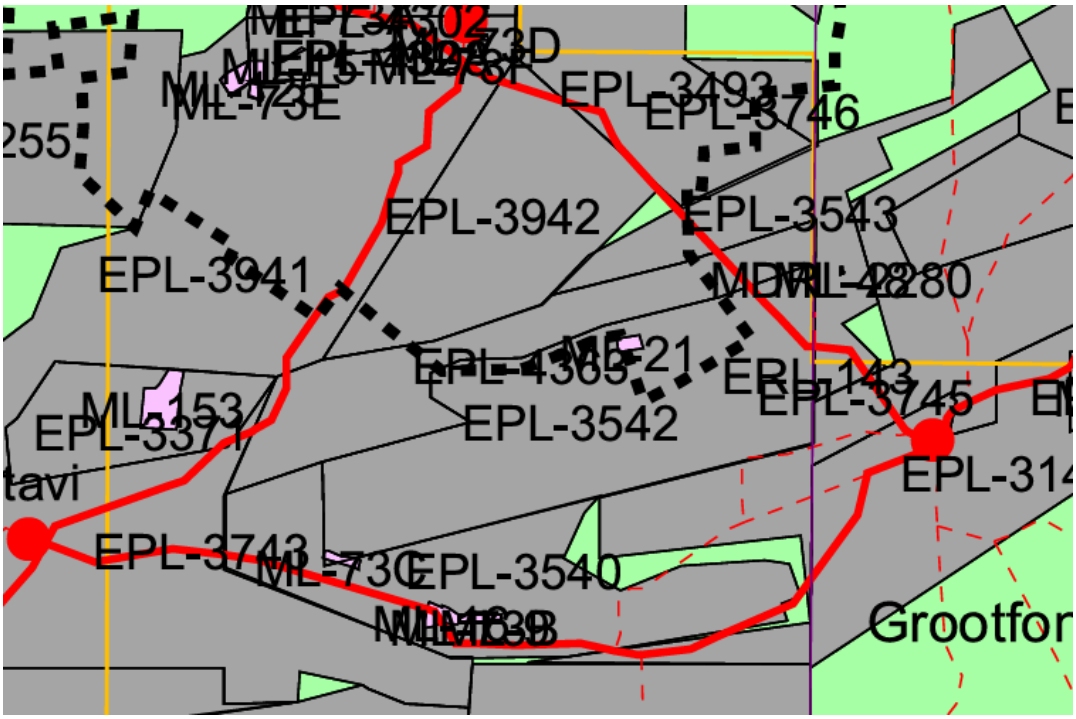

Figure 15 – Excerpt from the most recent "Current Minerals Licences Map" from the Ministry of Mines and Energy, Namibia (3 December 2009). The reduced EPL3542 is shown at centre, indicating that the Ministry is in the process of renewing the licence. Note that the area dropped by Sabre as part of the renewal procedure has since been pegged by "Namibia East China Non-ferrous Lorelei Dev (Pty)" (EPL4363), which is also pending. The full map can be obtained from www.mme.gov.na/pdf/current-lic-map-1209.pdf.

Yours faithfully,

Norman Grafton
Company Secretary
Sabre Resources Ltd

For further information please contact:
Dr Matthew Painter, General Manager - Exploration 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, Mineral Resources or Ore Reserves is based on information compiled by Dr Matthew Painter, who is a member of The Australasian 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 "Australasian 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.

APPENDIX – Analytical method

Rock chip samples were analysed using the portable Niton XLt592 handheld XRF analyser (the Niton). The equipment has been used extensively by Sabre personnel since early 2008 on both soil and rock chip samples. Statistical evaluation of results recorded on-site using the Niton and cross-checked against commercial assays shows that the Niton returned average values within 4.5% of the grades determined by commercial laboratories in Australia. Based on excellent correlation between Niton results and traditional chemical assays, Sabre is confident in using the Niton as an indicator of mineralisation grade to report exploration results.

After correct referencing with the appropriate certified standards, a Sabre geologist uses the Niton to record spot readings, which are taken over a 60 second period. Referencing to the same standard is again performed after every 20 to 30 spot readings, and at the end of the session.

Refer to announcements made throughout the quarter for documentation of assay results.