

30 May 2012

Dear Shareholder

Notice of General Meeting of Sabre Resources Ltd

Please find enclosed a Notice of General Meeting of Sabre Resources Ltd (**Company**) to be held on 28 June 2012 at 10.00am (AWST) at Presidents Room, The Celtic Club 48 Ord Street, West Perth (**Meeting**).

At the Meeting you will, amongst other matters, be asked to consider approving the purchase of an interest in the Otavi Valley Base Metals Project in Namibia through the purchase of all of the issued capital of Starloop Holdings Pty Ltd (**Proposed Transaction**). To assist you in making your decision whether to approve the Proposed Transaction, the Company has commissioned an independent expert's report. The independent expert's report (and associated technical reports) accompany the notice of meeting.

The Company has also commissioned a tenement report in relation to the Otavi Valley Base Metals Project (**Tenement Report**). The Tenement Report will be despatched to shareholders separately and shareholders should expect to receive the Tenement Report approximately 10 days after this letter.

We look forward to seeing you at the meeting. If you are unable to attend, we encourage you to complete a proxy form.

Yours faithfully



Norman Grafton
Company Secretary

SABRE RESOURCES LTD

ABN 68 003 043 570

Notice of General Meeting

and

Explanatory Statement

***Including the
Independent Expert's Report of
RSM Bird Cameron Corporate Pty Ltd
and***

***Independent Geologist's Report and Valuation of the
Otavi Valley Base Metals Project, Namibia and Ongava Base
Metals Project, Namibia
Prepared by Agricola Mining Consultants Pty Ltd***

and

Proxy Form

**The Independent Expert has concluded the proposal the subject of Resolution 1 is
fair and reasonable to the non-associated shareholders of the Company**

**DATE AND TIME OF MEETING:
Thursday 28 June 2012 at 10:00am**

**VENUE: Presidents Room, The Celtic Club
48 Ord Street, West Perth WA 6005**

**These documents should be read in their entirety. If shareholders are in any doubt as to
how they should vote, they should seek advice from their accountant, solicitor or other
professional advisor.**

SABRE RESOURCES LTD
ABN 68 003 043 570

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SABRE RESOURCES LTD

ABN 68 003 043 570

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of SABRE RESOURCES LTD ("**SBR**" or the "**Company**") will be held on 28 June 2012 commencing at 10:00am at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered. Terms used in this Notice of General Meeting have the meaning given to them in the "Glossary" section contained in the Explanatory Statement.

AGENDA

ORDINARY BUSINESS

Resolution 1 – Acquisition of Starloop Holdings Pty Ltd

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to ASX Listing Rule 10.1 and section 611 Item 7 of the Corporations Act and for all other purposes, the Company:

- (a) agrees to the acquisition by the Company from the Vendor (as more particularly described in the Explanatory Statement accompanying this Notice of Meeting) of all the issued share capital of Starloop Holdings Pty Ltd ("**Starloop**") in consideration for the issue to the Vendor of a maximum of 76,000,000 ordinary fully paid shares in the Company together with a cash payment of \$300,000;*
- (b) approves and authorises the Directors to allot and issue to the Vendor a maximum of 76,000,000 ordinary fully paid shares in the capital of SBR as consideration for the acquisition of shares in Starloop referred to in paragraph (a) of this Resolution; and*
- (c) agrees to the acquisition by the Vendor and its associates, by way of allotment referred to in paragraph (b) of this Resolution, of a maximum of 76,000,000 ordinary shares in the capital of SBR,*

in each case on the terms and subject to the conditions more particularly described in the Explanatory Statement accompanying this Notice of Meeting."

VOTING EXCLUSION

No votes can be cast on Resolution 1 by the Vendor or any associates of the Vendor.

Notes:

- 1. Further details of the above acquisition are set out in the Explanatory Statement accompanying this Notice of Meeting, including further information required to be disclosed to shareholders under ASIC Regulatory Guide 74 and the Listing Rules of ASX.
- 2. Shareholders are urged to read the Independent Expert's Report prepared by RSM Bird Cameron Corporate Pty Ltd which report is attached to the Explanatory Statement accompanying this Notice of Meeting. The Independent Expert has concluded that the proposal the subject of resolution 1 is **fair and reasonable** to the non-associated shareholders of the Company.

Resolution 2 – Ratification of issue of Shares

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 16,500,000 Shares at an issue price of 11.75 cents each on 17 November 2011 on the terms and conditions set out in the Explanatory Memorandum."

VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 2 by any person who participated in the issue the subject of Resolution 2 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Approval for issue of Shares

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves the allotment and issue of up to 22,000,000 Shares at an issue price of not less than 80% of the average market price of the Company's Shares on the ASX over the last 5 days on which sales of the Shares are recorded before the date of issue (or if there is a prospectus relating to the issue, over the last 5 days in which sales in the Shares are recorded before the date of the prospectus) as more particularly described in the Explanatory Memorandum".

VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Entitlements

For the purposes of determining voting entitlements at the general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 10.00am on Tuesday 26 June 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

By order of the Board



Norman Grafton
Company Secretary

10 May 2012

SABRE RESOURCES LTD
ABN 68 003 043 570
EXPLANATORY STATEMENT

1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders of Sabre Resources Ltd ("**SBR**" or "**the Company**") in connection with the business to be conducted at the General Meeting of Members to be held at the Celtic Club Inc, 48 Ord Street, West Perth, Western Australia on 28 June 2012 at 10:00am.

An Independent Expert's Report prepared by RSM Bird Cameron Corporate Pty Ltd comments on whether the proposal the subject of Resolution 1 is fair and reasonable to the non-associated shareholders of the Company.

The Directors recommend that shareholders read this Explanatory Statement and the Independent Expert's Reports in full before making any decision in relation to Resolution 1.

Shareholders should note that RSM Bird Cameron Corporate Pty Ltd has concluded that the proposal the subject of Resolution 1 is fair and reasonable to the non-associated shareholders of the Company.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting. Please refer to page 19 of this Explanatory Statement for a Glossary of Terms.

2. Acquisition of Starloop Holdings Pty Ltd (Resolution 1)

2.1 Background

On 10 May 2012 SBR announced that it had entered into the Share Sale Agreement to acquire all of the issued share capital of Starloop from Coniston, a substantial Shareholder of the Company.

Starloop holds an 80% interest in Gazania, the holder of a 100% legal and beneficial interest in Mining Tenement EPL 3540 located in Namibia ("**Otavi Valley Base Metals Project**"). The remaining 20% interest in Gazania is held by Coniston.

2.2 The Otavi Valley Base Metals Project

The Otavi Valley Base Metals Project is located in the northeast of Namibia in the Otavi Mountain Land (OML), lying within the triangle created by the mining towns of Tsumeb, Otavi and Grootfontein. The tenement covers over 200 km² of mineralised carbonate stratigraphy within the OML.

The entire region is well served by rail, sealed roads, electric power, telephone and water, and is close to major towns and processing facilities.

The region hosts a number of world class Copper, Zinc, Lead, Silver and Vanadium mines, including the Tsumeb Copper mine. The Otavi Valley Base Metals Project itself surrounds the Kombat Copper mine on all sides and covers the strike extensions of the mine stratigraphy, as well as surrounding the nearby Gross Otavi Copper mine (both on care and maintenance). To date, the Kombat Mine has produced more than 8.7 Mt @ 3.1% Cu, 1.1 Pb and 26 g/t Ag, while the Gross Otavi Copper Mine produced small tonnages of copper ore grading as high as 36.8% Cu which supplemented Kombat.

A vast dataset of geological information already exists for the project area. It comprises digital data and hard copy plans including:

- Digital Terrain Models
- Topographical Data
- Geological Mapping
- Orthophotos
- Satellite Imagery
- Airborne Magnetics

- Gravity
- Geochemistry
- Drill Data

This data set has allowed prospects and targets within the Otavi Valley Base Metals Project area to be defined and ranked, in terms of prospectivity. These prospects and targets grade from advanced exploration targets, which require drill testing, through to conceptual targets.

Among the more than 20 identified prospects and targets, the following areas are considered to have a strong potential to produce economic mineralisation:

- Guchab (Cu-Ag)
- Baltika (Pb-Zn-V)
- Odin (Pb-Zn) & Rietfontein (Pb-Zn-V)
- Kombat Ost (Cu-Pb-Zn)

These target areas stand out as the immediate priorities for exploration and drilling. The Otavi Valley Base Metals Project is highly prospective for both Copper and Lead-Zinc mineralisation and ranks as an outstanding project area, with the potential to host 'world-class' base metal ore bodies.

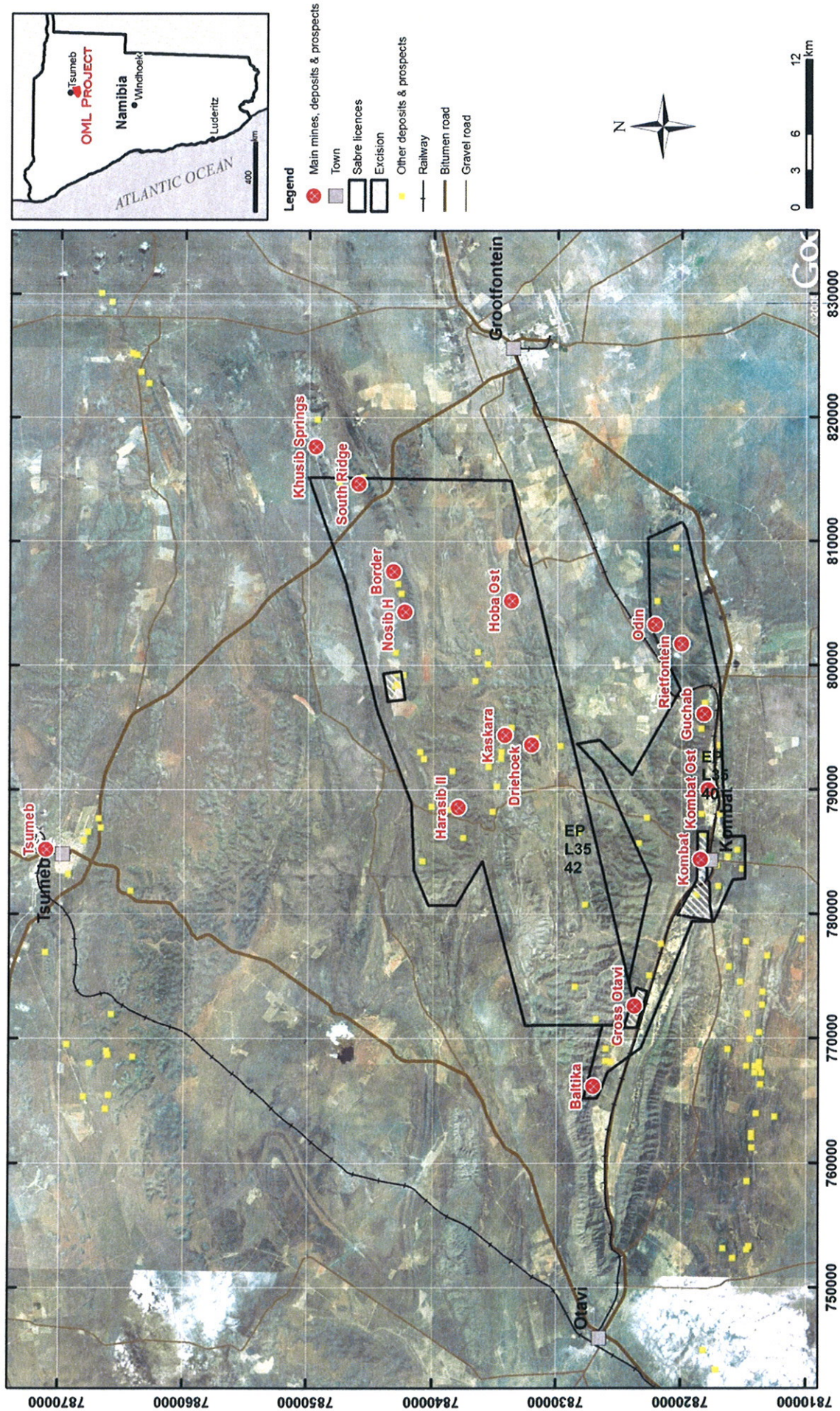


Figure 1– The Otavi Mountain Land, showing Sabre's Ongava Base Metals Project (EPL3542, centre) and Otavi Valley Base Metals Project (EPL3540, south)

Guchab mining area (Cu-Ag-Zn)

The Guchab mining area is a historic series of copper mines to the east of Kombat. Tsumeb-style metamorphic copper mineralisation has formed vein and breccia style deposits throughout the area. Major copper minerals at surface include malachite, chalcocite, and diopside within the copper gossans that extend over more than 4 km of strike. Copper- and silver-rich stratigraphy highlight extensive and very intense copper-in-soil geochemical anomalies (extremely high with values in soils commonly exceeding 10,000 ppm Cu).

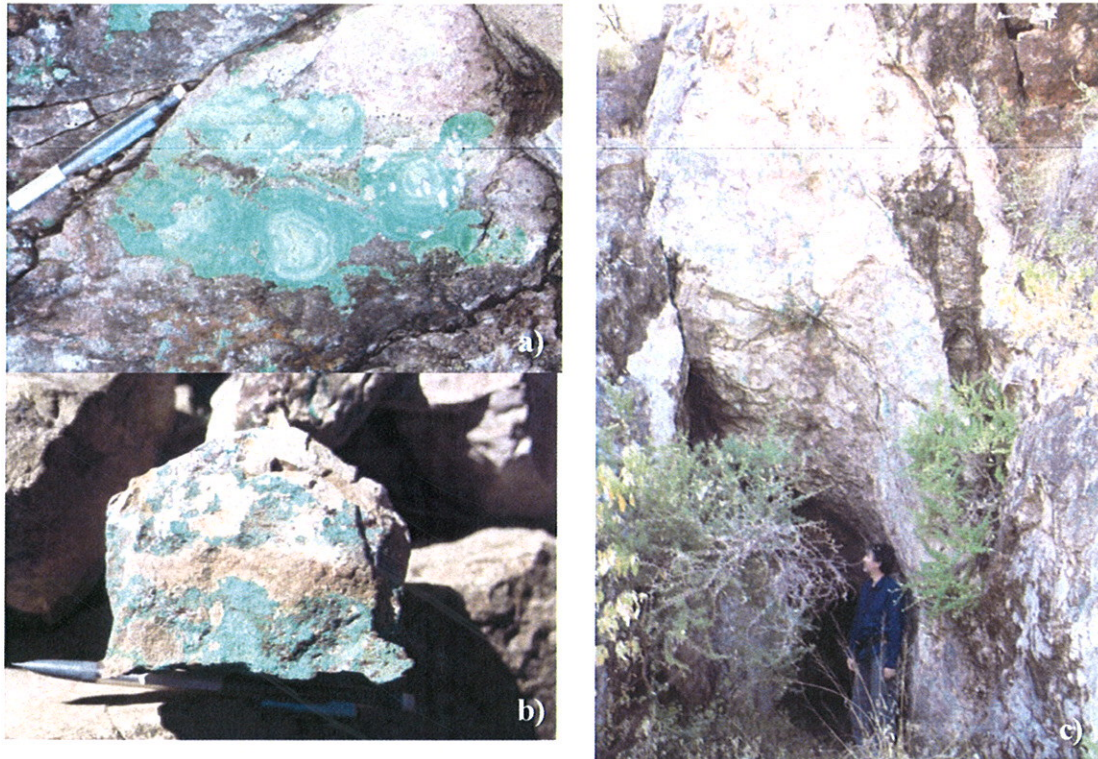


Figure 2 - Outcropping copper mineralisation at Guchab. a) colloform malachite; b) malachite and chalcocite; c) malachitic and chalcocitic stockworks above one of the adits at Guchab.

The Guchab mining area is centred on the Guchab deposit. Recent work has identified high-grade zones surrounded by more moderate grade vein networks outcropping over an area measuring approximately 1000 x 150 m. Channel sampling of the historic workings at the Guchab deposit has returned some very high-grade intercepts, including:

- 17m @ 5.86% Cu, 29g/t Ag, & 0.46% Zn (GCTR001, 0-17m)
- 16m @ 10.16% Cu, 64g/t Ag, & 0.53% Zn (GCTR002, 0-16m)
- 13m @ 3.12% Cu, 22g/t Ag, & 1.71% Zn (GCTR018, 2-15m)
- 14m @ 6.4% Cu, 62g/t Ag, & 2.67% Zn (GCTR021, 13-27m)
- 25m @ 6.7% Cu, 59g/t Ag, & 3.09% Zn (GCTR023, 3-28m)
- 22m @ 5.83% Cu, 48g/t Ag, & 0.8% Zn (GCTR026, 2-24m)

As well as the Guchab deposit, the Guchab mining centre also comprises the Rodgerberg deposit and the Schlangental prospect which are located along strike from the Guchab deposit. Rodgerberg in particular was a substantial copper mine during the 1920s, and a series of small pits and underground workings are present at Schlangental.

The highly prospective Guchab mining centre is likely to be a major focus for forthcoming exploration given its potential for significant copper deposits.

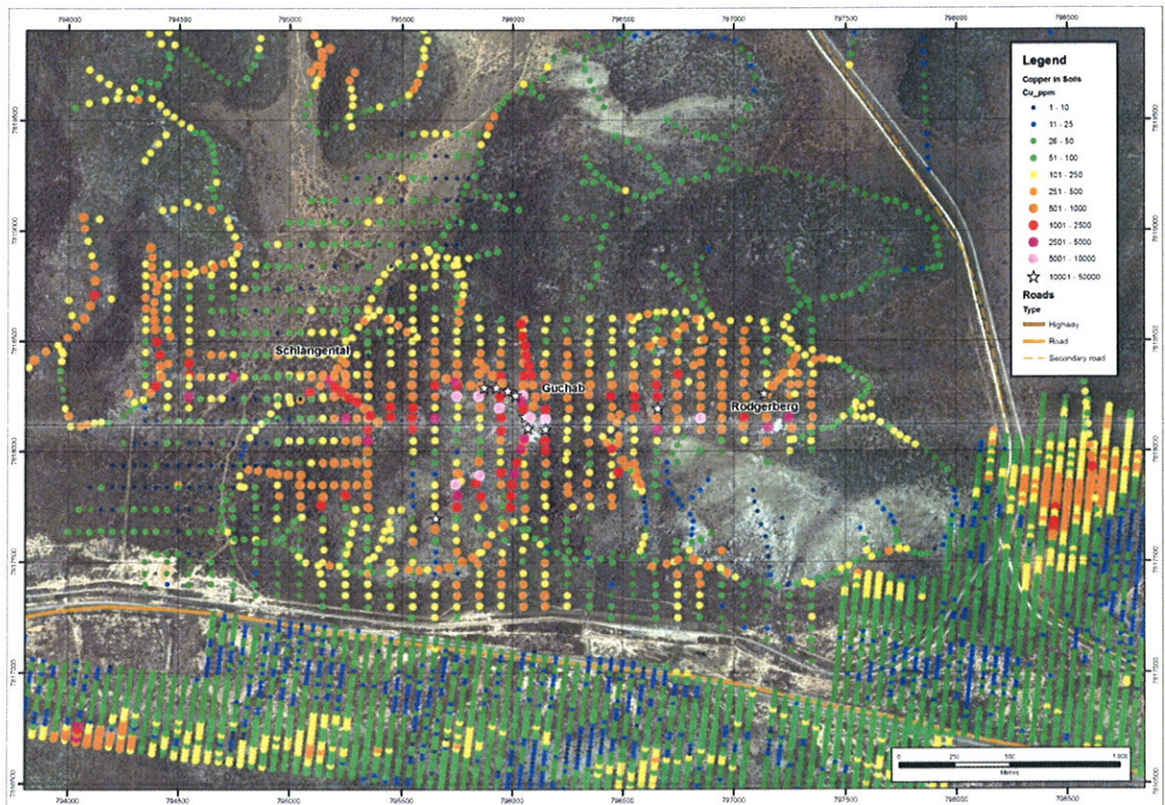


Figure 3 - Soil geochemistry at Guchab, Rodgerberg and Schlagental, with copper in soil values of up to 4%.

Baltika (Cu-Pb-Zn-V)

The Baltika area comprises historic workings at Kupferberg, Baltika mine, and the Rhovers Group of workings to the west of Kombat copper mine, covering over 6 kilometres of strike.

At Rhovers and Kupferberg, historic workings to the west of Kombat have received little to no exploration for at least 90 years. Tsumeb-style copper-bearing breccia pipes were exploited at both localities. Both prospect areas are marked by extensive soil geochemistry haloes that require investigation.

At the Baltika Mine, around 6,000 tonnes of 9% V_2O_5 concentrate was produced during its operation between 1931 and 1942. Much of the mineralisation is hosted within a large north-south trending vein that has been mined to a depth of up to 50 m beneath surface. Sampling of the mine spoils included the following results:

- 10.20% Pb, 2.39% Zn, 0.60% Cu, 4.12% V_2O_5
- 9.39% Pb, 4.80% Zn, 0.87% Cu, 7.21% V_2O_5
- 16.30% Pb, 7.80% Zn, 0.07% Cu, 10.91% V_2O_5

A tailings dam located at the base of the hill adjacent to the mine is highly anomalous in Pb and Zn and will be investigated.

Odin (Pb-Zn) and Rietfontein (Pb-Zn-V)

Odin and Rietfontein are historically-explored Pb-Zn(-V) prospects that bear a striking resemblance to Sabre's Driehoek deposit (on EPL3542). Odin is an advanced exploration target in the east of the new licence area. The prospect covers more than 5,000 metres of strike and is up to 1,500 metres wide. Rietfontein prospect is similarly extensive, measuring up to 3000 metres long and 500 metres. At both prospects wide Pb and Zn soil geochemical anomalies are centred on outcropping galena and sphalerite mineralisation.

Limited historic drilling at both prospects defined (non-JORC compliant) Pb and Zn resources in the 1970s and 1980s. The Company believes that these prospects are underexplored and have the potential to host more Driehoek style deposits to complement Sabre's holdings to the north.

Kombat Ost (Cu-Pb-Zn)

The Kombat Ost area has the strong potential to host eastern repetitions of the Kombat copper mine. It covers 10 kilometres of strike between Kombat and the Guchab mining area, and includes the Nehlen, Hermanus, Rendezvous and Buschbrunnen prospects.

The Nehlen prospect is particularly interesting, butting up against the eastern edge of the Kombat mining licence excision. Chalcocite, malachite and sphalerite mineralisation have been identified in outcrop and in historic pits on the flats over an extensive area. It is also marked by an extensive and intense copper-in-soil anomaly that shows the centre of the prospect to lie beneath soil cover directly along strike from Kombat.

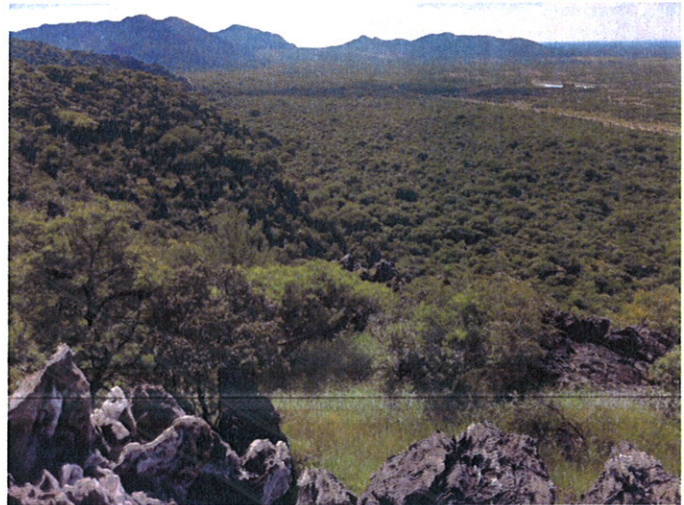


Figure 4 – View of Nehlen, flat area, foreground, looking east towards Guchab (horizon, left of road)

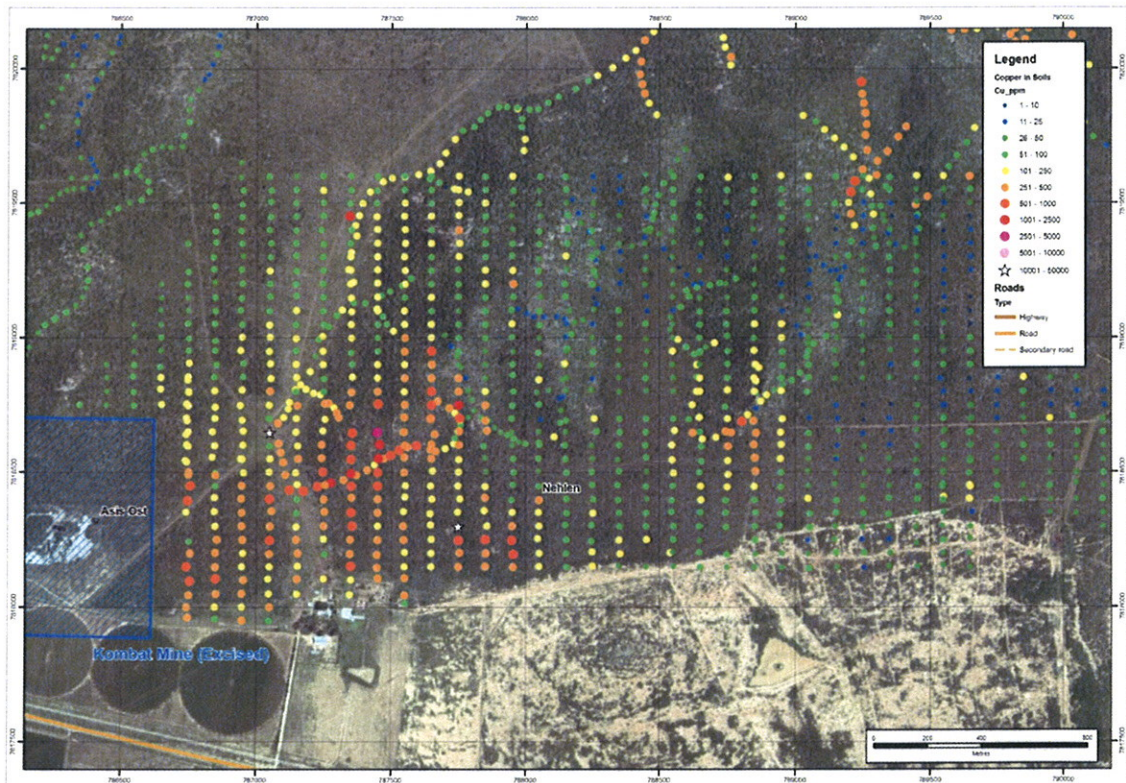


Figure 5 – Sparse historic and new grid pattern soil geochemistry sampling at the Nehlen prospect.

The Rendezvous, Hermanus and Buschbrunnen prospects similarly have extensive soil geochemistry anomalies (up to 8 kilometres long) associated with outcropping copper mineralisation to the east of Kombat. Exploration will include mapping, geophysical surveys and soil sampling prior to initial drill programmes.

Conclusion

The Otavi Valley Base Metals Project is highly prospective for both copper and lead-zinc mineralisation and represents an exceptional opportunity to undertake modern exploration in an under-explored and proven terrain, and has the potential to produce 'world-class' base metal ore bodies.

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 Sabre Resources 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 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.

2.3 Share Sale Agreement

Pursuant to the Share Sale Agreement, SBR proposes to acquire all of the issued share capital of Starloop (a company incorporated in Australia) from Coniston, a substantial Shareholder of the Company. Starloop holds an 80% interest in Gazania (a company incorporated in Namibia), the holder of a 100% legal and beneficial interest in the Otavi Valley Base Metals Project. The remaining 20% interest in Gazania is held by Coniston. Under the Share Sale Agreement, Sabre agrees to guarantee the performance of Starloop's and Gazania's obligations under the Share Sale Agreement and the Shareholders Deed.

Consideration

The consideration for the acquisition is a cash payment of \$300,000 and the allotment and issue to the Vendor of the following ordinary fully paid shares ("**Consideration Shares**") in the capital of SBR:-

- (i) 46 million Shares on settlement of the Share Sale Agreement (**Tranche 1 Shares**);
- (ii) 25 million Shares after announcing to ASX or any other stock exchange an inferred JORC resource of 1 million tonnes at a grade of 2% Cu; (or the metal equivalent being 20,000 tonnes of contained Cu metal) from the Otavi Valley Base Metals Project (**Tranche 2 Shares**); and
- (iii) 5 million Shares after announcing to ASX or any other stock exchange an inferred JORC resource of 5 million tonnes at a grade of 3% Cu (or the metal equivalent being 150,000 tonnes of contained Cu metal) from the Otavi Valley Base Metals Project (**Tranche 3 Shares**).

Conditions

The Share Sale Agreement is subject to a number of conditions, inter alia:

- (i) the shares in Starloop being transferred free of all encumbrances; and
- (ii) the obtaining of all necessary shareholder and regulatory approvals for the proposed transaction.

Other Material Terms

The Share Sale Agreement contains a number of acknowledgements and covenants by SBR; inter alia:

- (i) That Starloop is a party to the Shareholders Deed under which amongst other matters the management of Gazania is regulated and Starloop is obligated to free carry Coniston's 20%

- shareholding in Gazania and Starloop shall ensure that all funding is obtained by way of project finance or loan funds from Starloop to meet all project costs and other obligations of Gazania.
- (ii) That the Company indemnifies the Vendor against any Namibian tax liability in relation to the proposed transaction.

2.4 ASX Listing Rule Requirements

ASX Listing Rule 10.1

Shareholder approval is also being sought pursuant to Listing Rule 10.1 for this transaction.

ASX Listing Rule 10.1 requires a company to obtain prior shareholder approval before acquiring a substantial asset (representing more than 5% of the equity interests of the Company) from a substantial holder or an associate of a substantial holder. The acquisition of Coniston's shareholding in Starloop involves such an acquisition from a substantial holder. Coniston and its associates currently hold 21.74% of the issued share capital of SBR.

ASX Listing Rule 10.10.2 requires that the Company provide an independent expert's report addressing whether the transaction the subject of shareholder approval under ASX Listing Rule 10.1, is fair and reasonable to shareholders whose votes are not to be disregarded. The report prepared by RSM Bird Cameron Corporate Pty Ltd and included as Schedule 1 to the Notice of Meeting is provided to Shareholders for this purpose. An independent geologist's report and valuation of the Otavi Valley Base Metals Project prepared by Malcolm Castle is included as Schedule 2.

The advantages and disadvantages of the proposed transaction are set out in Section 2.6 of this Notice.

The Directors intend to vote and cause their associates to vote in favour of Resolution 1 for the reasons set out in Section 2.8 of this Notice.

Escrow of Shares

ASX may require the Vendor to enter into an agreement that restricts dealings in the Consideration Shares issued to it. This agreement will be entered into in accordance with the Listing Rules.

2.5 Corporations Act Requirements

Shareholder approval is also being sought pursuant to section 611 Item 7 of the Corporations Act.

Pursuant to section 606(1) of the Corporations Act, an entity must not acquire a relevant interest in issued voting shares in a listed company if the entity acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the entity and because of the transaction, that entity's or another's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point above 20% and below 90%.

The voting power of an entity in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of an entity's voting power in a company involves determining the voting shares in the company in which the entity and the entity's associates have a relevant interest.

An entity has a relevant interest in securities if it:

- (i) is the holder of the securities;
- (ii) has the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (iii) has the power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more entities can jointly exercise one of these powers, each of them is taken to have the power.

There are various exceptions to the prohibition in section 606, including under section 611 item 7 of the Corporations Act. Section 611 item 7 provides an exception to the prohibition in section 606, in circumstances where the shareholders of the company approve an acquisition of shares by virtue of

an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

Shareholder approval under Item 7 of section 611 of the Corporations Act is required for the issue of the Consideration Shares to Coniston because Coniston will acquire a relevant interest in the Consideration Shares, which along with the interest of KMM and Mr del Piano will be in excess of 20% of the issued capital of the Company, the details of which are set out in paragraph (ii) below.

The following information is required to be provided to shareholders under ASIC Regulatory Guide 74. Shareholders are also referred to the Independent Expert's Report prepared by RSM Bird Cameron Corporate Pty Ltd, which forms part of this Explanatory Statement.

(i) *Identity of the acquirer*

The identity of the acquirer is Coniston. Coniston is a private company, controlled by Mr James del Piano, which invests in listed securities and property. It also has mineral exploration interests in Western Australia and elsewhere.

KMM, an associate of Coniston, is also controlled by Mr del Piano. KMM provides facilitation and management services to public companies, including the Company, and invests in listed companies.

Mr James del Piano, LLB, is a private investor in property and listed securities with over 30 years experience investing in the mining industry.

(ii) *Increase in voting power and relevant interest of the acquirer*

Pursuant to the terms of the Share Sale Agreement, the Company has agreed (subject to Shareholder approval) to allot and issue a maximum of 76,000,000 shares to Coniston. The table below sets out the change in voting power and relevant interest if Resolution 1 is approved and all the Consideration Shares are issued:

Holder	Current direct holding (Shares)	Current relevant interest	Current voting power
Coniston	24,700,000	19.49%	21.74%
Mr del Piano	906,020	0.72%	21.74%
KMM	1,940,000	1.53%	21.74%

Holder	Direct holding if Tranche 1 Shares are issued	Relevant interest if Tranche 1 Shares are issued	Voting power if Tranche 1 Shares are issued	Increase in relevant interest if Tranche 1 Shares are issued	Increase in voting power if Tranche 1 Shares are issued
Coniston	70,700,000	40.94%	42.58%	21.45%	20.84%
Mr del Piano	906,020	0.52%	42.58%	Nil (decrease of 0.20%)	20.84%
KMM	1,940,000	1.12%	42.58%	Nil (decrease of 0.41%)	20.84%

Holder	Direct holding if Tranche 1 and Tranche 2 Shares are issued	Relevant interest if Tranche 1 and Tranche 2 Shares are issued	Voting Power if Tranche 1 and Tranche 2 Shares are issued	Increase in relevant interest if Tranche 1 and Tranche 2 Shares are issued	Increase in voting power if Tranche 1 and Tranche 2 Shares are issued
Coniston	95,700,000	48.40%	49.84%	28.91%	28.10%
Mr del Piano	906,020	0.46%	49.84%	Nil (decrease of 0.26%)	28.10%
KMM	1,940,000	0.0.98%	49.84%	Nil (decrease of 0.55%)	28.10%

Holder	Direct holding if Tranche 1, Tranche 2 and Tranche 3 Shares (maximum number of Consideration Shares) are issued	Relevant interest if Tranche 1, Tranche 2 and Tranche 3 Shares (maximum number of Consideration Shares) are issued	Voting power if Tranche 1, Tranche 2 and Tranche 3 Shares (maximum number of Consideration Shares) are issued	Increase in relevant interest if Tranche 1, Tranche 2 and Tranche 3 Shares (maximum number of Consideration Shares) are issued	Increase in voting power if Tranche 1, Tranche 2 and Tranche 3 Shares (maximum number of Consideration Shares) are issued
Coniston	100,700,000	49.68%	51.08%	30.19%	29.34%
Mr del Piano	906,020	0.45%	51.08%	Nil (decrease of 0.27%)	29.34%
KMM	1,940,000	0.95%	51.08%	Nil (decrease of 0.58%)	29.34%

(iii) *Reasons for entering into Share Sale Agreement and issue of Consideration Shares*

Under the Share Sale Agreement the Company will acquire all of the issued capital of Starloop. Starloop holds an 80% interest in Gazania, the holder of a 100% legal and beneficial interest in the Otavi Valley Base Metals Project, a significant Namibian Base Metals project covering over 200 kms² of the Otavi Mountain Land.

The Otavi Valley Base Metals Project is advanced with numerous old workings and substantial surface, rock chip, and soil anomalous areas. More than 20 prospects and historic mines have been identified which warrant detailed follow-up and drill testing. They include the following:

- Guchab (Cu-Ag)
- Reitfontein (Pb-Zn-V)
- Baltika (Pb-Zn-V)
- Odin (Pb-Zn)
- Kombat Ost (Cu-Pb-Zn)

In addition, the licence fully surrounds and contains the strike extensions of the Kombat copper mine.

The Otavi Valley Base Metals Project is prospective for copper, copper-silver, lead-zinc, and vanadium mineralisation. It is located immediately adjacent to Sabre's existing Ongava Base Metals Project, meaning that the Company's expertise and presence in the region will transfer directly to the new project.

The Republic of Namibia is one of the most politically stable, well developed countries in Africa and the Government's policies have been designed to promote foreign investment in the country particularly in mining and mineral exploration.

The Directors consider it is in the interests of the Company to acquire the Otavi Valley Base Metals Project for the reasons set out above and further discussed in Section 2.8 of this Notice.

(iv) *Timing of the proposed acquisition of Consideration Shares by Coniston*

Assuming Resolution 1 is approved, the Company will allot and issue the Tranche 1 Shares immediately after the Meeting. The Tranche 2 Shares and Tranche 3 Shares will be issued upon reaching the following hurdles:

- Tranche 2 Shares - 25 million Shares after announcing to ASX or any other stock exchange an inferred JORC resource of 1 million tonnes at a grade of 2% Cu; (or the metal equivalent being 20,000 tonnes of contained Cu metal) from the Otavi Valley Base Metals Project; and
- Tranche 3 Shares - 5 million Shares after announcing to ASX or any other stock exchange an inferred JORC resource of 5 million tonnes at a grade of 3% Cu (or the metal equivalent being 150,000 tonnes of contained Cu metal) from the Otavi Valley Base Metals Project.

(v) *Material terms of the Share Sale Agreement*

The material terms of the Share Sale Agreement are set out in Section 2.3 of this Notice.

(vi) *Details of other relevant agreements*

Pursuant to the Share Sale Agreement, the Company agrees to be bound by the Shareholders Deed. Under the Shareholders Deed, amongst other matters, the management of Gazania is regulated and Starloop is obligated to free carry Coniston's 20% shareholding in Gazania and Starloop shall ensure that all funding is obtained by way of project finance or loan funds from Starloop to meet all project costs and other obligations of Gazania.

(vii) *Future intentions of Coniston*

The Company understands Coniston and its associates have the following intentions for the Company:

- It will remain in the resource exploration industry.
- The current Board of Directors; Messrs DN Zukerman, J Downes, A Clemen and M Scivolo will continue and at this time there is no intention to increase the size of the Board.
- It will maintain its Ongava Base Metals Project and continue exploration of it and on approval of the acquisition of the Otavi Valley Base Metals Project will also commence a comprehensive exploration programme of it including data acquisition and interpretation and the drill testing of a number of identified geophysical and "up-front" targets.
- The Company will require further funding as it develops its exploration assets. Coniston has no immediate intentions to inject further funding into the Company at this time.
- The Company and its Namibian subsidiary currently have 10 employees and engage consultants when required. Coniston and its associates will ensure adequate staff are available to conduct the future exploration activities of the Company.
- It is not the intention of Coniston or its associates to re-deploy any assets or property of the Company.

(viii) *Intention of Coniston to significantly change the financial or dividend distribution policies of the Company*

The Company understand Coniston has no intentions to significantly change the financial or dividend distribution policies of the Company.

(ix) *Interests that any Director has in the acquisition or any relevant agreement*

The Directors of the Company have no interest in the outcome of the proposed issue of Shares to Coniston.

(x) *Details of any person intended to become a Director if Resolution 1 is approved*

There are no new proposed directors as a result of the proposed transaction.

(xi) *Independent Expert's Report*

The Directors of the Company commissioned RSM Bird Cameron Corporate Pty Ltd to prepare a report on the question of whether the proposal is fair and reasonable to shareholders not associated with Coniston and its associates. An Independent Geologist's Report and Valuation prepared by Malcolm Castle was also commissioned. Those reports are attached to this Explanatory Statement. Shareholders are urged to read the Independent Expert's Report and Independent Geologist's Report and Valuation.

(xii) *Directors' recommendation*

The Directors intend to vote and cause their associates to vote in favour of Resolution 1 for the reasons set out in Section 2.8 of this Notice.

(xiii) *Voting exclusion*

No votes can be cast on Resolution 1 by Coniston or its associates.

2.6 Independent Expert's Report

SBR commissioned RSM Bird Cameron Corporate Pty Ltd to prepare an Independent Expert's Report (refer Schedule 1) on proposed Resolution 1 for the purpose of satisfying the requirements of the Listing Rules, the Corporations Act and ASIC Regulatory Guide 74. The Independent Expert's Report is attached to and forms part of this Explanatory Statement. This report sets out a detailed examination of the proposal before shareholders and provides such disclosures and information to enable shareholders to assess the merits of the proposal and decide whether to agree by resolution to the proposed allotment of Shares as consideration for the acquisition of Starloop. The Independent Expert's Report, to the extent that it is appropriate, sets out information required in accordance with ASIC Regulatory Guide 74 with respect to acquisitions under section 611 item 7 of the Corporations Act and Chapter 10 of the Listing Rules.

As the Otavi Valley Base Metals Project in Namibia is a major component of the value of Starloop, Mr Malcolm Castle was commissioned to prepare an Independent Geologist's Report and Valuation (refer Schedule 2) of the value of the Otavi Valley Base Metals Project to assist RSM Bird Cameron Corporate Pty Ltd in the preparation of their report.

RSM Bird Cameron Corporate Pty Ltd have concluded that in their opinion the proposed transaction is *fair and reasonable* to the shareholders of SBR who are not associated with the Vendor.

RSM Bird Cameron Corporate Pty Ltd consider the advantages and disadvantages of the transaction are as set out below:

Advantages

- The proposed transaction is fair because RSM Bird Cameron Corporate Pty Ltd have determined the value of a Sabre Share after the proposed transaction to be greater than the value prior, and therefore, in the absence of any other relevant information, they consider the proposed transaction to be fair to the non-associated Shareholders. RSM Bird Cameron Corporate Pty Ltd's assessed values are summarised in the table below (further details of the Share valuation are set out in the Independent Expert's Report (refer Schedule 1)).

	Value per Share		
	Low	Mid	High
	A\$000's	A\$000's	A\$000's
Value of Sabre Share pre proposed transaction	0.45	0.51	0.57
Value of a Sabre share post proposed transaction	0.46	0.52	0.59

- There may be a possible improvement in the liquidity of Sabre Shares if the proposed transaction creates increased interest in the Company and hence a more efficient market for Shareholders to dispose of their shareholding.
- The proposed transaction provides Shareholders with the opportunity to participate in a project adjacent to the Company's principal asset. The Otavi Valley Base Metals Project is located in a highly prospective mineral region and previous exploration is not considered by the Company to have fully assessed the potential of the Otavi Valley Base Metals Project.

Disadvantages

- Dilution of non-associated Shareholders' interests from approximately 78.26% to 57.41% immediately following the proposed transaction.

2.7 Financial Effect of the Acquisition

The proforma capital structure and balance sheet of the Company on completion of the acquisition are set out on pages 15 and 16 of this Explanatory Statement.

2.8 Conclusion and Directors' Recommendation

All the current Directors are considered independent for the purposes of Resolution 1, as they do not have any personal interest in the outcome of that resolution. They have the same interest as other non-associated shareholders in the Company to the extent that they, or companies associated with them, hold shares in the Company.

The Directors are unanimously of the opinion that the proposed transaction is in the best interests of the Company and its shareholders and accordingly recommend that shareholders vote in favour of Resolution 1.

The Directors recommendation is based on the following reasons:

- The proposed acquisition offers the Company a significant Namibian Base Metals project covering over 200 kms² of the Otavi Mountain Land.
- The Otavi Valley Base Metal Project is advanced with numerous old workings and substantial surface, rock chip, and soil anomalous areas. More than 20 prospects and historic mines have been identified which warrant detailed follow-up and drill testing. They include the following:
 - Guchab (Cu-Ag)
 - Reitfontein (Pb-Zn-V)
 - Baltika (Pb-Zn-V)
 - Odin (Pb-Zn)
 - Kombat Ost (Cu-Pb-Zn)In addition, the licence fully surrounds and contains the strike extensions of the Kombat copper mine.
- The Otavi Valley Base Metal Project is prospective for copper, copper-silver, lead-zinc, and vanadium mineralisation. It is located immediately adjacent to Sabre's existing Ongava Base Metals Project, meaning that the Company's expertise and presence in the region will transfer directly to the new project.
- The Republic of Namibia is one of the most politically stable, well developed countries in Africa and the Government's policies have been designed to promote foreign investment in the country particularly in mining and mineral exploration.
- The independent expert has concluded that the transaction is fair and reasonable to the non-associated Shareholders.

2.9. Financial Effect of the Acquisition

Proforma Capital Structure

	SHARES	OPTIONS*
Existing Capital Structure	126,702,993	23,000,000
Acquisition of Starloop Holdings Pty Ltd (The Otavi Valley Base Metals Project) (assuming all of the Consideration Shares are issued)	76,000,000	-
Total Proposed Capital Structure all Consideration Shares are issued	202,702,993	23,000,000

* The Options are exercisable @ 10c on or before 31 December 2012.

Proforma Statement of Financial Position

Set out on below is a Consolidated Statement of Financial Position of SBR as at 31 December 2011 based on the half yearly report reviewed by the Company's Auditors, Grant Thornton (WA) Partnership and for the purpose of illustration only, a Statement of Financial Position assuming the following adjustments:

- The issue of 46,000,000 shares at 13.45 cents each for the acquisition of the Otavi Valley Base Metals Project. The value per share was based on the weighted average price for SBR shares over the last three months to 24 April 2012.
- The allotment and issue of the remaining 25,000,000 Consideration Shares is dependent on achieving future resource milestones and, as such, they are not included in the Proforma Statement of Financial Position.
- The cash payment of \$300,000.

SABRE RESOURCES LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	<u>ACTUAL</u>	<u>ADJUSTMENT</u>	<u>PROFORMA</u>
	\$	\$	\$
Current Assets			
Cash	1,906,477	(300,000)	1,606,477
Trade and other receivables	39,175	-	39,175
Total Current Assets	1,945,652	(300,000)	1,645,652
Non-Current Assets			
Exploration expenditure	13,873,342		13,873,342
Investment – Starloop (Otavi Valley Base Metals Project)	-	6,487,000	6,487,000
Financial Assets	37,333	-	37,333
Plant and Equipment	108,519	-	108,519
Total Non-Current Assets	14,019,194	6,487,000	20,506,194
Total Assets	15,964,846	6,187,000	22,151,846
Current Liabilities			
Trade and other payables	124,552	-	124,552
Total Current Liabilities	124,552	-	124,552
Total Liabilities	124,552	-	124,552
Net Assets	15,840,294		22,027,294
Equity			
Issued Capital	36,403,620	6,187,000	42,590,620
Share Option reserve	652,716	-	652,716
Foreign currency reserve	(867,886)	-	(867,886)
Accumulated losses	(20,348,156)	-	(20,348,156)
Total Equity	15,840,294	6,187,000	22,027,294

3. Ratification of Issue of Shares (Resolution 2)

3.1 Background

As announced on 14 November 2011, the Company completed a placement of 16,500,000 Shares at an issue price of 11.75 cents per Share to sophisticated and professional investor clients of BBY

Limited to raise approximately \$1.94 million. The Shares were issued on 17 November 2011 and funds raised were primarily used to explore and develop the Ongava base metal project in Namibia.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring Shareholder approval.

Pursuant to Resolution 2, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 16,500,000 Shares that was made on 17 November 2011 in order to restore the right of the Company to issue further shares within the 15% limit during the next 12 months.

3.2 ASX Listing Rule requirements

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

- (i) 16,500,000 Shares were allotted and issued;
- (ii) the Shares were issued at an issue price of 11.75 cents each;
- (iii) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (iv) the Shares were issued to sophisticated and professional investor clients of BBY Limited, none of whom are related parties of the Company; and
- (v) funds raised from the issue were primarily used to explore and develop the Ongava base metal project in Namibia.

4. Approval for Issue of Shares (Resolution 3)

4.1 Background

Resolution 3 seeks shareholder approval to the issue of a maximum of 22,000,000 Shares at an issue price of not less than 80% of the weighted average of the closing sale price of the Company's Shares on the ASX on the 5 trading days on which sales are recorded immediately before the date of issue (or, if there is a prospectus relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus).

Funds raised by the issue will be used for ongoing mineral exploration on the Company's existing Ongava Base Metal Project and on the Otavi Valley Base Metal Project if the acquisition is approved.

As noted above, Listing Rule 7.1 requires shareholder approval for the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

4.2 ASX Listing Rule requirements

The following information in relation to the Shares to be issued is provided to shareholders for the purposes of Listing Rule 7.3:

- (i) the maximum number of Shares the Company can issue is 22,000,000;
- (ii) the Company will allot and issue the Shares no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (iii) The Shares will be allotted progressively
- (iv) the Shares will be issued at a price not less than 80% of the weighted average of the closing sale price of Shares on the ASX on 5 trading days on which sales are recorded immediately preceding the date of issue (or, if there is a prospectus relating to the issue, over the last 5 days on which sales in the Shares were recorded before the date of the prospectus);
- (v) the Shares will be issued and allotted to applicants to be determined by the Directors. No decision has, as yet, been made by the Directors in respect of determining the identity of the allottees, save that the allottees will be unrelated parties of the Company;
- (vi) the Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and

- (vii) the purpose of the issue will be for ongoing mineral exploration on the Company's existing Ongava Base Metal Project and on the Otavi Valley Base Metal Project if the acquisition is approved.

8. Definitions

In this Explanatory Statement:

"ASIC"	means Australian Securities and Investments Commission.
"ASX"	means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
"Company" or "SBR"	means Sabre Resources Ltd (ACN 003 043 570).
"Coniston"	means Coniston Pty Ltd (ACN 008 943 093) in its capacity as Trustee of the Coniston Trust.
"Consideration Shares"	means the 76,000,000 Shares to be issued to the Vendor in accordance with Resolution 1.
"Corporations Act"	means the Corporations Act 2001 (Cth)
"Director"	means a director of Sabre Resources Ltd.
"Gazania"	means Gazania Investments Nine (Pty) Ltd a company incorporated in Namibia and having registration number 2007/0403.
"Independent Expert"	means RSM Bird Cameron Corporate Pty Ltd.
"KMM"	means Kalgoorlie Mine Management Pty Ltd (ABN 57 009 235 625).
"Listing Rules"	means the Official Listing Rules of ASX as amended from time to time.
"Meeting"	means the general meeting of SBR to be held on 28 June 2012
"Notice of Meeting"	means the notice convening the Meeting, which accompanies this Explanatory Statement.
"Otavi Valley Base Metals Project"	means Mining Tenement EPL 3540 in Namibia covering an area of 207 km ² .
"Resolution"	means a resolution in the Notice of Meeting.
"Share"	means a fully paid ordinary share in the capital of the Company.
"Share Sale Agreement"	means an agreement between SBR and the Vendor dated 10 May 2012, as more particularly described in Section 2.3.
"Shareholders Deed"	means the deed between Coniston, Starloop and Gazania which regulates the actions of the shareholders in Gazania.
"Shareholder"	means the registered holder of a Share in the Company.
"Starloop"	means Starloop Holdings Pty Ltd (ACN 156 425 455)
"Tranche 1 Shares"	means 46 million Shares to be issued to Coniston on settlement of the Share Sale Agreement.

“Tranche 2 Shares”

means 25 million Shares to be issued to Coniston after announcing to ASX or any other stock exchange an inferred JORC resource of 1 million tonnes at a grade of 2% Cu; (or the metal equivalent being 20,000 tonnes of contained Cu metal).

“Tranche 3 Shares”

means 5 million Shares to be issued to Coniston after announcing to ASX or any other stock exchange an inferred JORC resource of 5 million tonnes at a grade of 3% Cu (or the metal equivalent being 150,000 tonnes of contained Cu metal) from the Otavi Valley Base Metals Project.

“Vendor”

means Coniston.

References in this Explanatory Statement to Sections are to Sections of this Explanatory Statement.

PROXY FORM

The Secretary
SABRE RESOURCES LTD
1st Floor
8 Parliament Place
West Perth WA 6872

Facsimile: (08) 9481 7835

I/We (full name) _____

Of (address) _____

being a member(s) of SABRE RESOURCES LTD, hereby appoint as my/our proxy

Of (address) _____

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10:00am on 28 June 2012 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

Should you so desire to direct the proxy how to vote, then please tick the appropriate box below:

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. Acquisition of Starloop Holdings Pty Ltd	☐	☐	☐
2. Ratification of issue of Shares	☐	☐	☐
3. Approval for issue of Shares	☐	☐	☐

If no directions are given the proxy may vote as the proxy thinks fit or may abstain subject to the below.

INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to resolutions 1 to 3, please place a mark in the box.

☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolutions 1 to 3 and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolutions 1 to 3 and your votes will not be counted in calculating the required majority if a poll is called on the resolutions.

If the member is an individual or joint holder:

Usual Signature

Dated this _____ day of _____ 2012.

Usual Signature

If the member is a Company:

Signed in accordance with the
Constitution of the company in
the presence of:

Director/Sole Director/Secretary

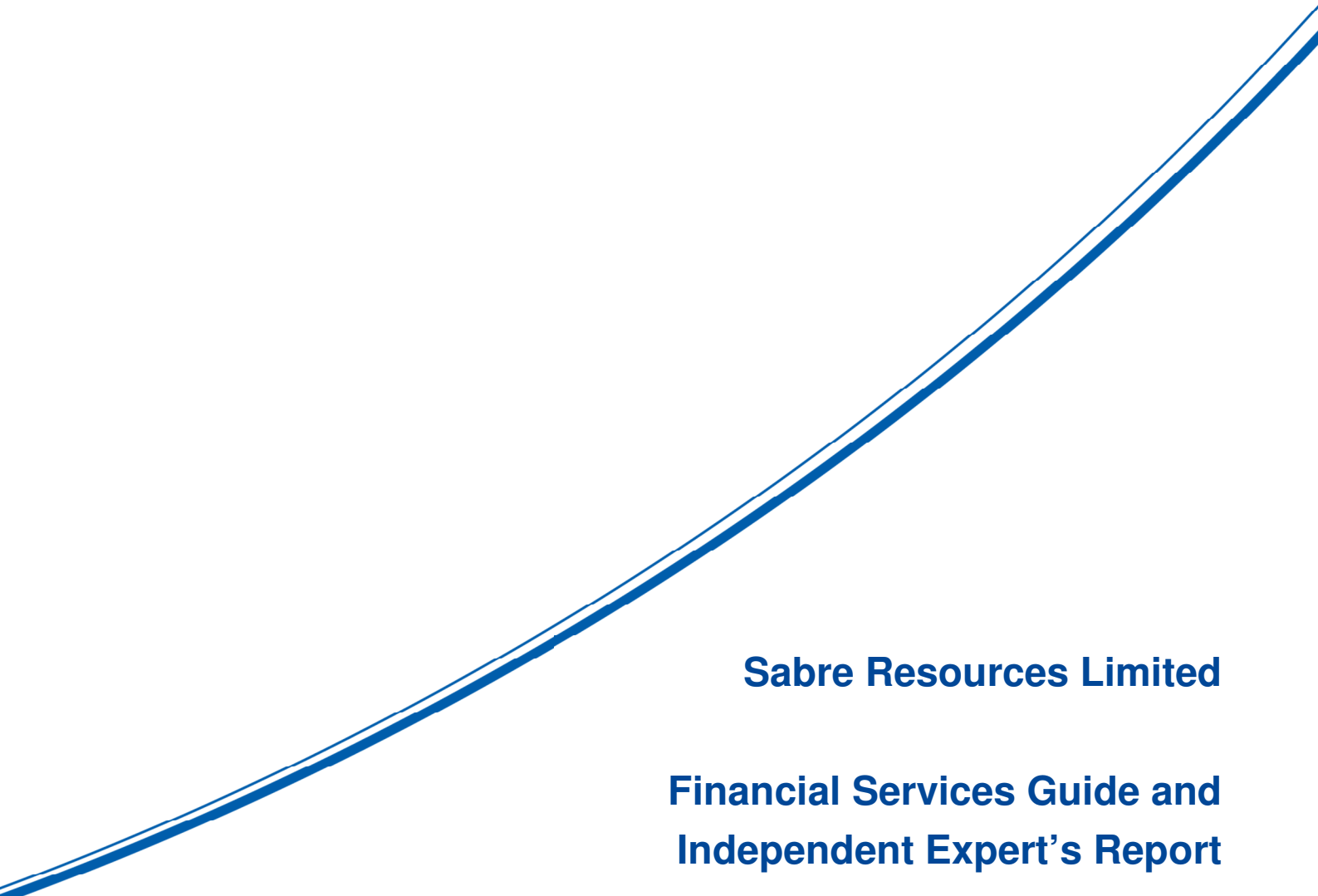
Dated this _____ day of _____ 2012.

Director/Secretary

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy. A member that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (1st Floor, 8 Parliament Place, West Perth, Western Australia, 6872) or sent by facsimile to that office on Fax: 08 94817835 to be received not less than 48 hours prior to the time of the meeting.
5. The proxy form must be signed personally by the member or his attorney duly authorised in writing. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution and s.127 of the Corporations Act, or its duly authorised attorney. In the case of joint members, the proxy must be signed by at least one of the joint members, personally or by a duly authorised attorney.
6. The Chairman intends to vote all undirected proxies in favour of the resolutions.
7. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands; and
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.

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Sabre Resources Limited

**Financial Services Guide and
Independent Expert's Report**

10 May 2012

Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
 - (a) basic deposit products;
 - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

Independent Expert's Report

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Appendix 1 - Declarations and Disclaimers

Appendix 2 - Sources of Information

Appendix 3A - Independent Valuation of the Ongava Project

3B – Independent Valuation of the Otavi Project

Direct Line: (08) 9261 9447
Email: andy.gilmour@rsmi.com.au

AJG/AB/JUMO
9 May 2012

The Directors
Sabre Resources Limited
1st Floor, 8 Parliament Place
WEST PERTH WA 6005

Dear Sirs

Independent Expert's Report

1. Introduction

- 1.1. This report has been prepared to accompany the Notice of General Meeting and Explanatory Statement for Shareholders for the General Meeting of Sabre Resources Limited ("Sabre" or "the Company") to be held on 28 June 2012 at which Shareholder approval will be sought for Resolution 1, which gives rise to the Proposed Transaction:-

Resolution 1 – Acquisition of Starloop Holdings Pty Ltd

"To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to ASX Listing Rule 10.1, and section 611 Item 7 of the Corporations Act and for all other purposes, the Company:

- (a) Agrees to the acquisition by the Company from the Vendor (as more particularly described in the Explanatory Statement accompanying this Notice of Meeting) of all the issued share capital of Starloop Holdings Pty Ltd ("Starloop") in consideration for the issue to the Vendor of a maximum of 76,000,000 ordinary fully paid shares in the Company together with a cash payment of \$300,000;*
- (b) Approves and authorises the Directors to allot and issue to the Vendor a maximum of 76,000,000 ordinary fully paid shares in the capital of Sabre as consideration for the acquisition of shares in Starloop referred to in paragraph (a) of this Resolution; and*
- (c) Agrees to the acquisition by the Vendor and its associates, by way of allotment referred to in paragraph (b) of this Resolution, of a maximum of 76,000,000 ordinary shares in the capital of Sabre,*

in each case on the terms and subject to the conditions more particularly described in the Explanatory Statement accompanying this Notice of Meeting”

- 1.2. The Directors of Sabre have requested that RSM Bird Cameron Corporate Pty Ltd, being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to Shareholders not associated with the Proposed Transaction (“the Non-Associated Shareholders”).

2. Summary and Conclusion

- 2.1. In our opinion, and for the reasons set out in Sections 12 and 13 of this report, the Proposed Transaction is **Fair and Reasonable** for the Non-Associated Shareholders of Sabre.

Fairness

- 2.2. In order to assess the fairness of the Proposed Transaction, we have valued a share in Sabre prior to and immediately after the Proposed Transaction to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved. Our assessed values are summarised in the table below.

	Ref.	Value per Share		
		Low	Mid	High
		A\$	A\$	A\$
Value of Sabre share pre Proposed Transaction		0.45	0.51	0.57
Value of a Sabre share post Proposed Transaction		0.46	0.52	0.59

Table 1: Valuation Summary

- 2.3. We have determined the value of a Sabre share after the Proposed Transaction to be greater than the value prior, and therefore, in the absence of any other relevant information, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders.

Reasonableness

- 2.4. As the Proposed Transaction is fair, it is considered to be reasonable in accordance with the guidance provided by the Australian Securities and Investment Commission ("ASIC"). However, we have also considered the following factors in our assessment:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

- 2.5. The key advantages of the Proposed Transaction are:

- The Proposed Transaction is fair;
- There may be a possible improvement in the liquidity of Sabre shares if the Proposed Transaction creates increased interest in the Company and hence a more efficient market for shareholders to dispose of their shareholding; and
- The Proposed Transaction provides shareholders with the opportunity to participate in a project adjacent to the Company's principal asset. The project is located in highly prospective mineral region and previous exploration is not considered by the Company to have fully assessed the potential of the project.

2.6. The key disadvantages of the Proposed Transaction are:

- Dilution of Non-Associated Shareholders' interests from approximately 78.26% to 57.41% immediately following the Proposed Transaction.
- Sabre may require future capital raisings to exploit the Otavi and Ongava Projects. Existing shareholders may be further diluted should they elect not to participate in future capital raisings.

2.7. We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of Sabre at this time.

2.8. In our opinion, the position of the Non-Associated Shareholders of Sabre if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Sabre.

3. Summary of Proposed Transaction

- 3.1. On 10 May 2012 Sabre announced that it had entered into a Share Sale Agreement with Coniston Pty Ltd ("Coniston") a substantial shareholder of the Company in accordance with which Sabre would acquire 100% of the ordinary shares of Starloop Holdings Pty Ltd ("Starloop").
- 3.2. Starloop's only asset is an 80% holding in Gazania Investments Nine (Pty) Ltd ("Gazania"). The remaining 20% of Gazania is held by Coniston. Gazania is a company incorporated in Namibia, whose major asset is its 100% ownership of the Otavi base metal mining tenement, located in the Otavi Valley of north eastern Namibia and which comprises of one Exclusive Prospecting Licence ("EPL") 3540 and covers an area of approximately 207 square kilometres ("the Otavi Project").
- Pursuant to a shareholder's agreement between Starloop, Coniston and Gazania, Coniston's 20% shareholding in Gazania is to be free carried by Starloop such that Coniston is not required to provide any funding for any purpose whatsoever to Gazania. In addition, Sabre is to indemnify Coniston against any Namibian tax liability in relation to the Proposed Transaction. We note that the Company has received written professional advice that there is no Namibian tax liability arising out of the Proposed Transaction.
- 3.3. The consideration for the acquisition is proposed as follows:
- 46 million Sabre shares at settlement (Tranche 1 Shares);
 - 25 million Sabre shares after announcing to the Australian Securities Exchange ("ASX") or any other stock exchange an inferred JORC resource of 1 million tonnes at a grade of 2% Cu, (or the metal equivalent being 20,000 tonnes of contained Cu metal) from the Otavi Project (Tranche 2 Shares);
 - 5 million shares after announcing to the ASX or any other stock exchange an inferred JORC resource of 5 million tonnes at a grade of 3% Cu (or the metal equivalent being 150,000 tonnes of contained Cu metal) from the Otavi Project (Tranche 3 Shares); and
 - \$300,000 in cash.
- 3.4. The Share Sale Agreement is subject to a number of conditions including:
- The shares in Starloop are to be transferred free of all encumbrances; and
 - The obtaining of all necessary shareholder and regulatory approvals for the Proposed Transaction.

Effect of the Proposed Transaction

3.5. The effect of the Proposed Transaction on Sabre's issued share capital is illustrated in the table below.

	Number of Shares	%	Number of Options	%	Total Number of Securities	%
Pre Proposed Transaction						
Shares held by Associated shareholders						
Coniston	24,700,000	19.5	-	-	24,700,000	16.5
Kalgoorlie Mine Management Pty Ltd	1,940,000	1.5	-	-	1,940,000	1.3
James John Del Piano	906,020	0.7	-	-	906,020	0.6
Total shares held by Associated Shareholders	27,546,020	21.7	-	-	27,546,020	18.4
Shares held by Non-Associated Shareholders	99,156,973	78.3	23,000,000	100.0	122,156,973	81.6
Total shares pre Proposed Transaction	126,702,993	100.0	23,000,000	100.0	149,702,993	100
Post Proposed Transaction – Tranche 1						
Shares held by Associated shareholders	27,546,020	15.9	-	-	27,546,020	14.1
Tranche 1 shares	46,000,000	26.6	-	-	46,000,000	23.5
Total shares held by Associated Shareholders	73,546,020	42.6	-	-	73,546,020	37.6
Shares held by Non Associated Shareholders	99,156,973	57.4	23,000,000	100.0	122,156,973	62.4
Total shares post Proposed Transaction – Tranche 1	172,702,993	100.0	23,000,000	100.0	195,702,993	100
Post Proposal Transaction – Tranche 1 and 2						
Shares held by Associated Shareholders	73,546,020	37.2	-	-	73,546,020	33.3
Tranche 2 shares	25,000,000	12.6	-	-	25,000,000	11.3
Total shares held by Associated Shareholders	98,546,020	49.8	-	-	98,546,020	44.7
Shares held by Non Associated Shareholders	99,156,973	50.2	23,000,000	100.0	122,156,973	55.3
Total shares post Proposed Transaction Tranche 1 & 2	197,702,993	100.0	23,000,000	100.0	220,702,993	100
Post Proposed Transaction – Tranche 1, 2 and 3						
Shares held by Associated Shareholders	98,546,020	48.6	-	-	98,546,020	43.7
Tranche 3 shares	5,000,000	2.5	-	-	5,000,000	2.2
Total shares held by Associated Shareholders	103,546,020	51.1	-	-	103,546,020	45.9
Shares held by Non Associated Shareholders	99,156,973	48.9	23,000,000	100.0	122,156,973	54.1
Total shares post Proposed Transaction Tranche 1, 2 & 3	202,702,993	100.0	23,000,000	100.0	225,702,993	100

Table 2: Sabre's Capital Structure Pre and Post the Proposed Transaction (undiluted and fully diluted shares)

3.6. Coniston, Kalgoorlie Mine Management Pty Ltd and James John Del Piano are associated due to James John Del Piano controlling both Kalgoorlie Mine Management Pty Ltd and Coniston.

- 3.7. On an undiluted basis the interest of existing Non Associated Shareholders of Sabre will be diluted from:
- 78.26% to 57.42% if Tranche1 is issued;
 - 78.26% to 50.20% if Tranche 1 and 2 are issued; and
 - 78.26% to 48.90% if Tranche 1, 2 and 3 are issued.
- 3.8. On a fully diluted basis the interest of existing Non-Associated Shareholders of Sabre will be diluted from:
- 81.6% to 62.4% if Tranche 1 is issued;
 - 81.6% to 55.3% if Tranche 1 and 2 are issued; and
 - 81.6% to 54.1% if Tranche 1, 2 and 3 are issued.

Purpose of Proposed Transactions

- 3.9. The Directors of the Company believe the Proposed Transaction provides the Company with an 80% interest in a significant Namibian base metals project. The Otavi Project is advanced with more than 20 prospects and historic mines which have been identified as warranting follow up and drill testing.
- 3.10. The Otavi Project is prospective for copper, silver, lead, zinc and vanadium mineralisation. Its location adjacent to Sabre's existing Ongava Project will allow the Company's expertise and presence in the region to transfer directly to the Otavi Project.

4. Purpose of this Report

Corporations Act

- 4.1. Section 606 of the Corporations Act ("the Act") sets out the general prohibition for acquisition of relevant interests in a public company that results in a voting power of 20% or more including increasing a shareholding where that person directly has voting power in excess of 20% except in certain limited circumstances.
- 4.2. Completion of the Proposed Transaction will result in the Associated Shareholders, James John Del Piano, Coniston and Kalgoorlie Mine Management Pty Ltd increasing their interest in the Company from 21.7% to 42.6% after the issue of Tranche 1 shares on an undiluted basis.
- 4.3. However, under item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the non-associated shareholders of the company.
- 4.4. In addition, ASX Listing Rule 10.1 prohibits a company from acquiring a substantial asset from, or disposing of a substantial asset to, (amongst other persons) a related party or any of its associates without the approval of shareholders.
- 4.5. ASX Listing Rule 10.1 provides that a company must not, without shareholder approval, acquire or dispose of a substantial asset (representing more than 5% of the equity interests of the company in the latest accounts given to the ASX) to a substantial shareholder (which is a person who together with his associates, holds at least 10% of the voting power of the company) or a related party (which includes a director of the company) without shareholder approval.
- 4.6. The equity interests of the Company as set out in its accounts as at 31 December 2011 (being the Company's latest accounts lodged with the ASX) were approximately \$15.84 million, 5% of which is approximately \$792,000. The value of Starloop, a company owned 100% by Coniston, is approximately \$26.29 million. Accordingly the value of Starloop exceeds 5% of the equity interests of the Company as at 31 December 2011.
- 4.7. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for Resolution 1 under item 7 of section 611 of the Act and in accordance with Listing Rule 10.1.
- 4.8. Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. Furthermore, where ASX Listing Rule 10.1 approval is sought, shareholders must be presented with a report on the transaction from an independent expert which states whether the transaction is fair and reasonable to the Non-Associated Shareholders. Regulatory Guide 111 Content of Expert Reports ("RG 111") issued by ASIC advises the commissioning of an Independent Expert's Report in such circumstances and provides guidance on the content.

Basis of Evaluation

- 4.9. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is "fair and reasonable".

4.10. RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

4.11. Where an issue of shares by a company otherwise prohibited under Section 606 is approved under item 7 of Section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

4.12. In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders we have considered the advantages and disadvantages of the Proposed Transaction in the event that it proceeds or does not proceed including:

- A comparison of the fair value of an ordinary share in Sabre prior to and immediately following the Proposed Transaction (fairness);
- The future prospects of Sabre if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

5. Profile of Sabre

- 5.1. Sabre is a company incorporated in Australia which listed on the ASX in December 1987. The principal activity of Sabre is the exploration for mineral resources in Namibia.
- 5.2. Sabre's primary asset is a 70% interest in the Ongava Project in Namibia. The project is located in the world-class metallogenic province of the Otavi Mountain land in northern Namibia, historically a globally important source of copper, lead, zinc and vanadium. The Ongava Project contains more than 30 known copper, lead, zinc, and vanadium occurrences, including the Kaskara copper-lead-zinc-vanadium discovery, unmined deposits such as the Border and Driehoek lead-zinc deposits, and historic mine sites such as Harasib Claims and Uitsab.
- 5.3. As at 31 December 2011, Sabre's share of capitalised exploration relating to the Ongava Project was \$13,873,342.

Ongava Poly-metallic Project

- 5.4. The five primary areas of focus on the Ongava Poly-metallic Project are: Kaskara where the target is copper, vanadium, lead and zinc, Border where the target is zinc, lead and silver, Driehoek where the target is zinc, lead, and silver, South Ridge where the target is zinc, lead and silver; and the Hoba Ost area which focuses on copper, lead, zinc and silver.

Kaskara

- 5.5. The target at Kaskara is a copper-lead-zinc sulphide ore body at depth. The massive mineralisation encountered at surface, in drilling, and underground is deeply weathered secondary mineralisation. At other deposits in the region, this style of mineralisation occurs above fresh primary sulphide mineralisation at depth. Anomalies detected below this secondary mineralisation are regarded as the topmost portion of such sulphide mineralisation at Kaskara. Sabre discovered previously unknown and inaccessible workings within the underground mine workings at Kaskara during the half-year ended 31 December 2011.

Border

- 5.6. The Border Zinc, Lead and Silver Deposit is one of a series of similar deposits scattered along Sabre's 20km Pavian Trend in northern Namibia. It is a first of what is expected to be a series of the Pavian Trend deposits to have a JORC resource calculated by Sabre, which was released during the quarter. Sabre sees Border as a key part of a future series of high-tonnage, moderate-grade Zinc, Lead and Silver mines feeding a centrally located processing plant.

Driehoek

- 5.7. Driehoek is a zinc-lead deposit outcropping on a series of prominent hills about 2.5km south of Kaskara. 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. The first three of these will comprise the initial resource at Driehoek, for which the exploration target is: 3 to 6 Mt@ 4-7% Lead and Zinc. This estimate is based on a mineral resource estimate completed by Goldfields Namibia Ltd in 1997. Sabre is aiming to validate historic drill and trenching results in order to calculate a new resource at Driehoek.

South Ridge

- 5.8. Sabre has discovered a broad zone of outcropping lead and zinc mineralisation, measuring around 1,500m x 50m, during mapping of a geochemical anomaly at the South Ridge prospect. The mineralisation is vein network and shear-hosted and similar in style and geometry to the Border deposit which is located 5.7km to the West. The only important difference between the two deposits is the presence of significantly higher grades at surface at South Ridge. A channel sampling programme is underway at South Ridge. It is designed to locate the strongest part of the mineralisation for the purposes of drill testing. The first three channels have returned very encouraging results.

Hoba Ost

- 5.9. 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 the mineralised areas and to define targets that may have otherwise been missed. 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.

Directors

- 5.10. At the date of this report, the directors of Sabre are as follows:
- Alex Clemen;
 - Jonathan Downes;
 - Michael Scivolo; and
 - David Zukerman

Financial Information

- 5.11. The financial information set out below is based upon the audited financial statements for the year ended 30 June 2010 and 30 June 2011 and the reviewed financial information for the 6 months ended 31 December 2011.

Financial Performance

5.12. The summarised financial performance of Sabre for the years ended 30 June 2011 and 30 June 2010 and the half-year ended 31 December 2011 is set out below:

	Paragraph	Half -Year ended	Year ended	Year ended
	Ref.	31-Dec-11	30-Jun-11	30-Jun-10
		<i>Reviewed</i>	<i>Audited</i>	<i>Audited</i>
		\$	\$	\$
Other Revenue				
Interest earned		39,781	185,509	159,440
Cost Recovery		68,797	123,707	-
		108,578	309,216	159,440
Expenses				
Change in fair value of investments		10,667	38,667	-
Loss/(gain) on sale of fixed assets		-	-	(6,817)
Depreciation		31,436	55,408	21,530
KMP Remuneration		257,976	392,375	54,646
Management fees		121,284	238,155	232,530
Administration Costs		55,200	201,287	324,924
Other operating costs		116,959	215,681	257,740
		593,522	1,141,573	884,553
Profit/(loss) before tax		(484,944)	(832,357)	(725,113)
Income tax benefit		69,306	-	-
Net profit/(loss)		(415,637)	(832,357)	(725,113)
Other Comprehensive Income				
Exchange differences on translating foreign controlled entities		(540,040)	(236,344)	(159,289)
Total Comprehensive (loss)	5.13	(965,537)	(1,068,701)	(884,402)

Table 3: Financial Performance of Sabre for the two years ended 30 June 2011 and the half-year ended 31 December 2011

5.13. As Sabre is still in the exploration phase and is not earning any revenue, the entity is generating comprehensive losses whilst conducting exploration activities.

Financial Position

5.14. The financial position of Sabre as at 31 December 2011, 30 June 2011 and 30 June 2010 is summarised in the table below:

	Paragraph Ref.	As at 31-Dec-11 <i>Reviewed</i> \$	As at 30-Jun-11 <i>Audited</i> \$	As at 30-Jun-10 <i>Audited</i> \$
Current Assets				
Cash and cash equivalents		1,906,477	1,920,788	5,210,154
Trade and other receivables		39,175	79,013	81,518
		1,945,652	1,999,801	5,201,672
Non-Current Assets				
Financial Assets		37,333	48,000	-
Property, plant and equipment		108,519	148,590	138,145
Exploration and evaluation expenditure	5.16	13,873,342	12,961,146	10,794,008
		14,019,194	13,157,736	10,932,153
Total Assets		15,964,846	15,157,537	16,133,825
Current Liabilities				
Trade and other payables		121,616	193,518	201,105
Provisions		2,936	-	-
		124,552	193,518	201,105
Total Liabilities		124,552	193,518	201,105
NET ASSETS		15,840,294	14,964,019	15,932,720
Equity				
Issued capital		36,403,620	34,561,808	34,461,808
Share option reserve		652,716	652,716	652,716
Foreign exchange reserve		(867,886)	(317,986)	(81,642)
Accumulated losses		(20,348,156)	(19,932,519)	(19,100,162)
TOTAL EQUITY		15,840,294	14,964,019	15,932,720

Table 4: Financial Position as at 31 December 2011, 30 June 2011 and 30 June 2010

5.15. As at 31 December 2011, Sabre had net assets of approximately \$15.8 million with a working capital surplus of approximately \$1.8 million.

5.16. The Company's principal asset is exploration and evaluation expenditure. This relates to capitalised exploration expenditure on the Ongava Project in Namibia.

Share Price and Performance

5.17. The daily closing share price and traded volumes of Sabre shares on the Australian Securities Exchange is illustrated below for the 12 month period to 8 May 2012, being the date prior to the Company announcing the Proposed Transaction.

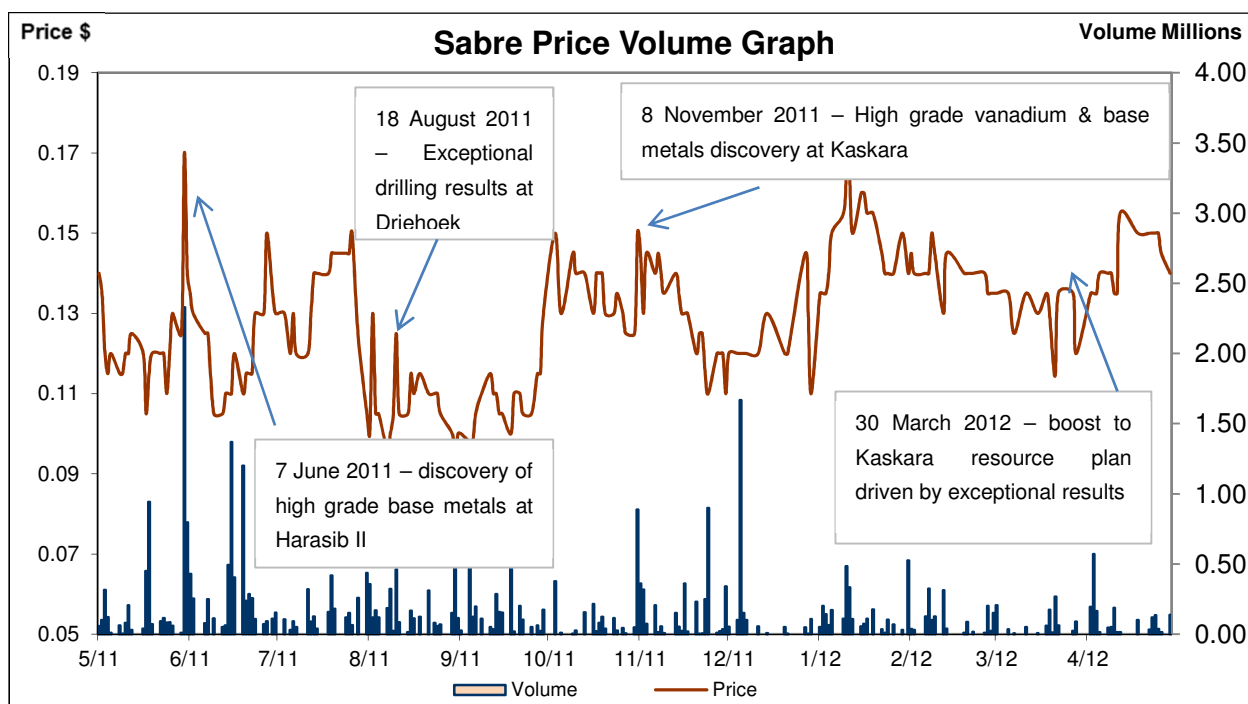


Table 5: Sabre Share Price Volume Graph

5.18. Announcements that caused Sabre's stock price to move throughout the previous 12 months were as follows:

- 7 June 2011 - An announcement was released to the market regarding a high grade outcropping base metals discovery at Harasib II. A large volume of shares was purchased causing the share price to rise by 36%.
- 18 August 2011 - An announcement was released to the market regarding exceptional drilling results at Driehoek East. This caused the share price to increase by 19%.
- 8 November 2011 - An announcement was made to the market regarding a high grade Vanadium and base metals discovery at Kaskara. This caused the share price to increase by 20%.
- 29 March 2012 - An announcement was made to the market regarding a boost to the Kaskara Resource Plan driven by outstanding results. This caused the share price on 30 March to increase by 17%.

Capital Structure

- 5.19. As at the date of this report, Sabre had approximately 126.7 million shares of which 53% were held by the top ten shareholders, as illustrated in the following table.

Shareholder	Number of Ordinary Shares	% of Total Shares
Coniston Pty Ltd	24,700,000	21.74%
National Nominees Limited	12,325,285	9.73%
BBY Nominees Limited	7,343,267	5.80%
Bow Lane Nominees Pty Ltd	6,513,800	5.14%
Kirk Group Holdings Pty Ltd	3,761,088	2.97%
Langoni Investments Pty Ltd	3,520,000	2.78%
JP Morgan Nominees Australia	2,760,154	2.18%
HSBC Custody nominees	2,600,617	2.05%
Kalgoorlie Mine Management Pty Ltd	1,940,000	1.53%
Queensway Investments Pty Ltd	1,675,000	1.32%
Top 10	67,139,211	52.99%
Other	59,563,786	47.01%
TOTAL	126,702,997	100.00%

Table 6: Sabre Significant Shareholders

- 5.20. In addition to the ordinary share on issue as at the date of this report, Sabre had issued a total of 23,000,000 unlisted options over unissued ordinary shares. These options have an exercise price of \$0.10 each and may be exercised at any time up to, and expire on, 31 December 2012.

6. Profile of Starloop Holdings Pty Ltd

History

- 6.1. On 1 May 2012, Starloop issued 6,500,000 \$1 ordinary shares to Coniston to acquire an 80% interest in Gazania.
- 6.2. Set out below is a summarised balance sheet of Starloop as at 1 May 2012 immediately following the share issue:

	Paragraph Ref.	As at 1-May-12 <i>Unaudited</i> \$
Current Assets		
Cash and cash equivalents		1
		<u>1</u>
Non-Current Assets		
Investment - 800 Gazania Shares		6,500,000
		<u>6,500,000</u>
Total Assets		<u>6,500,001</u>
Equity		
Issued Share Capital		6,500,001
Total Equity		<u>6,500,001</u>

Table 7: Starloop Balance Sheet at 1 May 2012

Gazania

- 6.3. Gazania is a company incorporated in Namibia. Its main business and operations are described as carrying on the business of investing in property, shares, securities or equities of any kind.
- 6.4. Gazania's single major asset is its 100% ownership of the Otavi Project in north eastern Namibia. The Otavi Project is comprised of Exclusive Prospecting Licence ("EPL") 3540 and covers an area of 207 square km.
- 6.5. The directors of Gazania are listed as being:
- JU Ashipala;
 - A Clemen;
 - TS Putt; and
- 6.6. Gazania's audited statement of financial position as at 30 June 2011 and 30 June 2010 and unaudited statement of financial position as at 1 May 2012 is shown below:

	Paragraph	As at	As at	As at
	Ref.	1-May-12	30-Jun-11	1-Jul-10
		<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
		\$NAD	\$NAD	\$NAD
Current Assets				
Cash and cash equivalents		900	100	100
		900	100	100
Equity				
Issued capital		900	100	100
TOTAL EQUITY		900	100	100

Table 8: Gazania Statement of Financial Position

7. Overview of the Region and the Base Metals Industry

Sub-Saharan African

- 7.1. Sub-Saharan Africa is forecast to be the second fastest growing economic region in the world after emerging Asia and is forecast to grow at 4.5% per annum over the next 10 years.
- 7.2. Economic growth in the region averaged 5.7% in the period 2003 to 2010 according to the IMF and is estimated to have been 5% to 5.5% in 2010 and 2011.
- 7.3. This strong growth has been due to a turnaround in political instability, economic policies and increased investment due to improving business conditions and strengthening commodity prices.
- 7.4. The IMF forecasts a slowdown in the world economy for 2012 with a corresponding fall in commodity prices, however the overall impact on the sub-Saharan Africa region is expected to be reduced as production costs remain relatively low enabling exploration and production to remain economically viable.
- 7.5. Better world economic conditions are expected for 2013 and 2014 with demand for base metals expected to grow, lifting prices and potentially offering support for African economies with prevailing mining industries.

Namibian Mining Industry

- 7.6. Namibia has a growing mining industry and continuing interest in mineral resources in the area with mining products contributing up to 50% of its' annual export earnings.
- 7.7. Namibia's primary mineral products include diamonds, uranium, gold, zinc, copper and lead.
- 7.8. Although the mining industry plays a vital role in Namibia's economy, the mining sector has experienced a decline in growth over the past few years. Observers note this has predominantly been as a result of several mining ventures closing down due to diminishing ore reserves and volatility in commodity prices.
- 7.9. Analysts consider the Namibia mining sector and geology exhibits good base metal potential, as set out in the figure below, however at this stage there are only a few producing mines in the country.

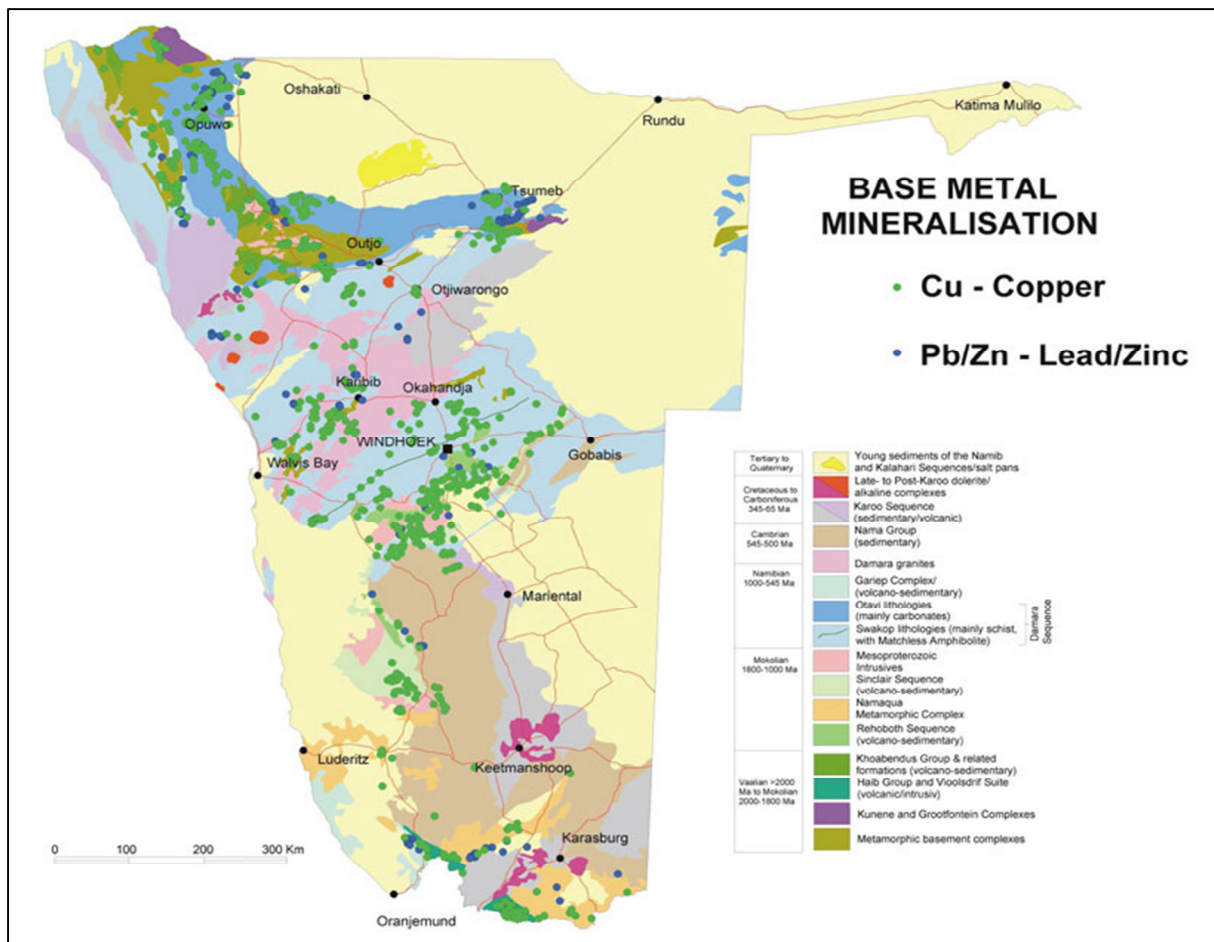


Figure 1: Namibia base metal mineral deposits (Source: Namibian Ministry of Mines and Energy)

- 7.11. The only copper producer in Namibia is Ongopolo Mining and Processing Ltd and the only two producing zinc mines are the Rosh Pinah Mine owned by Kumba Resources Pty Ltd (95%) and PE Minerals (5%) and the Skorpion Mine owned wholly by AMBASE (Namibia) (Pty) Ltd.
- 7.12. Southern Namibia is highly prospective for zinc deposits and major exploration companies such as BHP Billiton, Teck Cominco Ltd and AMBASE are actively exploring in Southern Namibia for economic zinc deposits.

Copper industry analysis

Overview

- 7.13. Copper is used primarily for electrical and electronic equipment which represents about 42% of its use with construction being the second greatest use at 28%. Other uses include for transportation, consumer goods and industrial machinery.
- 7.14. Copper prices have experienced significant growth in the past 10 years as demand was maintained at high levels before seeing a significant correction in 2008 during the beginning of the Global Financial Crisis (GFC).

- 7.15. Prices, however, quickly recovered in 2010 and hit an all-time high above US\$10,000 per tonne in early 2011. Sovereign debt risk pushed prices lower again later in 2011, however copper prices have recently stabilised somewhat above US\$8,000 per tonne.
- 7.16. Through this period demand has consistently been high and generally exceeding supply of refined copper.

Supply and demand

- 7.17. Copper has been in a trade deficit (demand exceeds supply) for the past three years which has seen strong prices maintained over this period.
- 7.18. According to preliminary data from the International Copper Study Group (ICSG), for 2012, world demand for refined copper is expected to exceed production by about 240,000 tonnes, as supply will continue to lag behind the growth in demand.
- 7.19. In 2013, however, increased output from new and existing mines could reverse the three-year trend, and, based on initial projections, refined copper production could exceed demand by about 350,000 tonnes.
- 7.20. Asia, and in particular China, are the world's largest consumers and exporters of copper in the current market and this is expected to be maintained in the medium term. The chart below sets out the world copper production and usage by major region in the world.

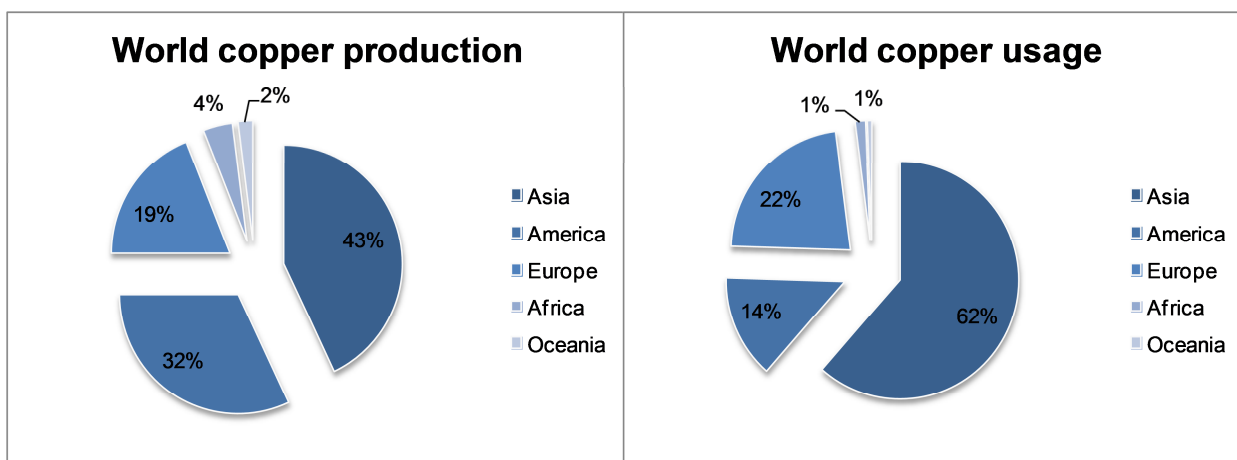


Figure 2: World copper production and usage (Source: London Metals Exchange and International Copper Study Group)

- 7.21. The global supply of copper will fall short of demand until the second half of 2013 as environmental and financing difficulties delay new production plants. Project delays and unexpected production halts have maintained a five-year copper supply deficit of between 300,000 and 400,000 tonnes a year, or about 3% of the world's production, helping prices hit an all-time high early in 2011. China's copper demand will grow by at least 6% in 2012 given the power sector's unflagging appetite for the metal.

Prices and future outlook

- 7.22. The global demand for refined copper was in a 358,000 tonne deficit in 2011 according to ICSG. World refined usage grew by 3% to 20 million tonnes, while world refined production grew by the same percentage to 19.63 million tonnes. For December 2011, the market showed a production surplus of 42,000 tonnes.

- 7.23. The chart below shows the historic spot price of copper for the past 12 months per the London Metals Exchange (LME).

Figure 3: One year spot copper price in US\$ (Source: London Metals Exchange)



- 7.24. The prices, while falling from all-time highs in early 2011, are still maintained at a strong level by historical standards and are expected to be supported in the near term. Economic uncertainty triggered the sharp fall, however strong demand pushed the prices back above US\$8,000 per tonne.
- 7.25. ICSG expects the world copper usage in 2012 to grow by only 2.5% from that in 2011 to 20.4 million tonnes. Demand growth in China is anticipated to slow to 3.6% with a contraction in demand expected in Europe. No growth is foreseen for usage in Japan and the U.S. usage is expected to grow by 3.9%.
- 7.26. Looking further to 2013, improved macro-economic conditions are expected to generate copper demand growth of 3.9% strongly spurred by Chinese usage which is foreseen to increase by 4.9%, greater than the rest of the world at 3.3%.

Zinc industry analysis

Overview

- 7.27. Zinc is commonly mined as a co-product with standard lead and both metals have growing core markets for their consumption. The main market for zinc is galvanising, which accounts for almost half its modern-day demand. Zinc's electropositive nature enables metals to be readily galvanised, which gives added protection against corrosion to building structures, vehicles, machinery and household equipment.
- 7.28. Asia, and in particular China, are the largest producers of zinc, representing over half of the total world production. Europe and America follow, as set out in the chart below.

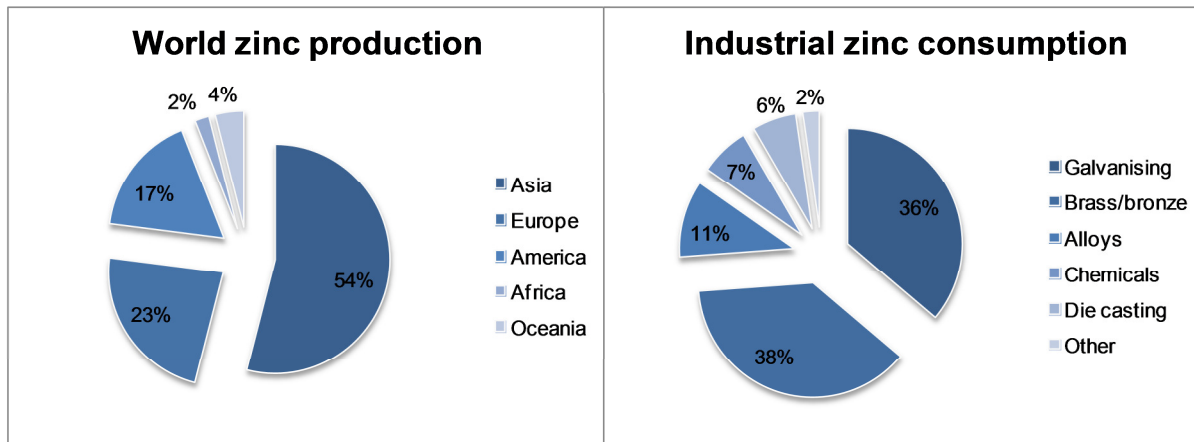


Figure 4: World zinc production and consumption (Source: London Metals Exchange)

Supply and demand

- 7.29. Demand for zinc has been mixed and the prices have been volatile recently resulting from a world surplus of the metal. A report from World Bureau of Metals Statistics (WBMS) showed that the world refined Zinc surplus increased by 21% during 2011.
- 7.30. LME warehouse stocks, which represent 74% of the total world stocks, were 248,000 tonnes higher during the year while the total refined production of Zinc was 2% higher during 2011 than 2010.
- 7.31. This surplus of the metal resulted in a fall in the spot zinc price in 2011 as we set out the 12 month spot price chart of LME prices below.



Figure 5: One year spot zinc price in US\$ (Source: London Metals Exchange)

- 7.32. As the above chart indicates, the zinc price experienced a sharp decrease triggered by the European sovereign debt issues that arose in 2011. Since then the prices have recovered slightly but remain relatively low and volatile due to the surplus in supply.

Prices and outlook

- 7.33. The demand scenario for zinc remains mixed, although there are signs of strengthening in both China and the US. Europe's economy continues to lag behind and is still the biggest threat to stability to prices.
- 7.34. Forecasts indicate that prices around the US\$2,000 per tonne mark are expected to be maintained, however a dip in global markets could see a fall below this mark, though it would not be expected to be as low as the GFC levels. Pre-GFC highs, in excess of US\$4,000 per tonne, are not expected to be approached in the foreseeable future.

Lead industry analysis

Overview

- 7.35. Being very soft and pliable and highly resistant to corrosion, lead has been a highly demanded metal for many years. Today, storage batteries remain the main outlet and environmental issues have brought about new uses for the metal, particularly in the housing of power generation units to protect against electrical charges or dangerous radiations.
- 7.36. As with other base metals the most significant producer is Asia followed by America and Europe as set out in the chart below.

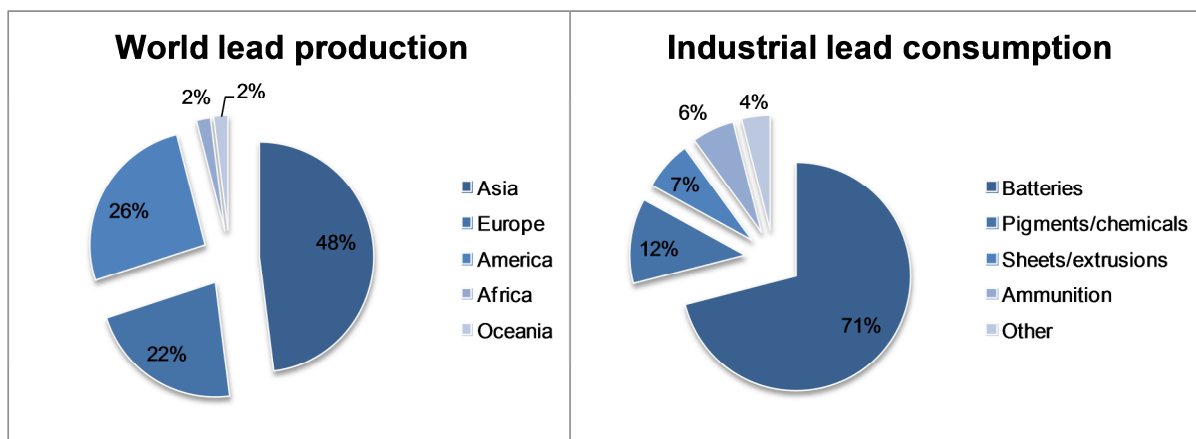


Figure 6: World lead production and consumption (Source: London Metals Exchange)

- 7.37. Batteries represent the vast majority of the usage for lead followed by other major uses in pigments and chemicals, sheets and extrusions and for ammunition.
- 7.38. Prices in lead saw a significant rise in the pre-GFC boom as they peaked at around US\$4,000 per tonne before falling sharply in the GFC to below US\$1,000 per tonne. Prices have since stabilised somewhat at around the US\$2,000 per tonne range.

Supply and demand

- 7.39. Asia remains the main driver for global lead demand growth, even with Chinese growth slowing to a more sustainable pace recently. Preliminary estimates suggest that the global lead market remained firmly in surplus in the first quarter of 2012, marking the fourth consecutive quarter of surplus.

- 7.40. This surplus has been a major factor in the price of lead falling recently as well as economic uncertainty, particularly in Europe. Prices in the near term appear to be relatively stable at the US\$2,000 per tonne mark which has been maintained for the past six months or so.

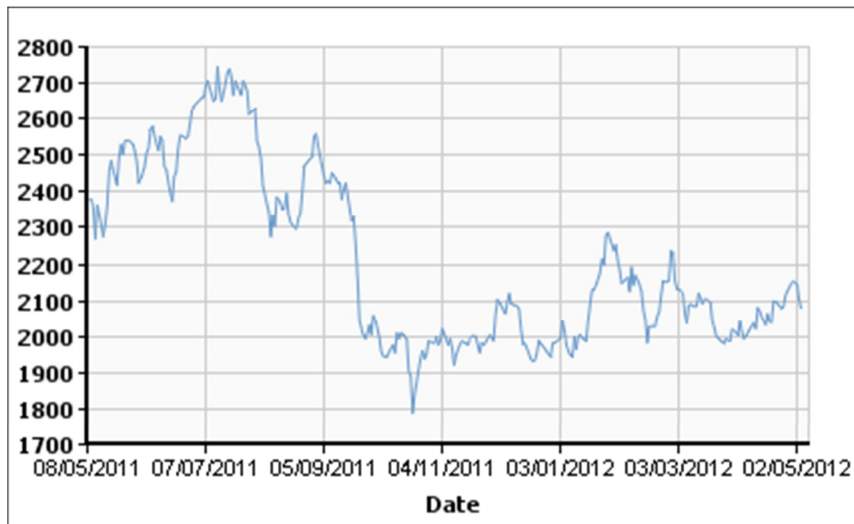


Figure 7: One year spot lead price in US\$ (Source: London Metals Exchange)

Prices and outlook

- 7.41. LME inventories remain at near-record highs and with lead's own current physical market picture providing little upward impetus to prices, the downside appears to have been limited by wider investor sentiment towards metals remaining neutral to mildly bullish.
- 7.42. It is forecast that LME spot lead prices are likely to remain anchored around US\$2,000 per tonne for a while longer. However, is expected prices may start lifting by the end of 2013, as the lead market is anticipated to tighten and wider economic conditions are expected to improve.

8. Valuation Approach

Valuation Methodologies

- 8.1. In assessing the value of Sabre prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cashflows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 8.2. We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market Based Methods

- 8.3. Market based methods estimate the fair market value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;
- Capitalisation of maintainable earnings;
 - The quoted price for listed securities; and
 - Industry specific methods.
- 8.4. The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.
- 8.5. The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 8.6. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Discounted Cash Flow Methods

- 8.7. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset Based Methods

- 8.8. Asset based methodologies estimate the fair market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:-
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 8.9. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 8.10. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 8.11. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of Sabre pre the Proposed Transaction

- 8.12. The principal asset of Sabre is its 70% interest in the Ongava Project located in Namibia. In our experience the most appropriate method for determining the value of companies similar to Sabre is on the basis of the fair value of their underlying net assets.
- 8.13. Accordingly, in valuing a share in Sabre pre the Proposed Transaction we have utilised the net assets on a going concern methodology and assessed the value of Sabre's assets as follows:
- In determining the value of Sabre's interest in the Ongava project we have relied on the valuation prepared by Malcolm Castle of Agricola Mining Consultants Pty Ltd ("Agricola") dated 8 May 2012; and
 - In assessing the value of Sabre's other assets and liabilities we used the net book value of these assets as set out in the reviewed statement of financial position of Sabre as at 31 December 2012.
- 8.14. ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. We determined the need for a specialist's involvement with regard to valuing the Ongava Project and we engaged Agricola to prepare an independent report providing a value of a 100% interest in the Ongava Project.
- 8.15. Agricola's report has been prepared in accordance with the requirements of the VALMIN code as adopted by the Institute of Geoscientists and the Australian Institute of Mining and Metallurgy. We have satisfied ourselves of Agricola's qualifications and independence from Sabre and have placed reliance on their report accordingly. A copy of Agricola's report is attached at Appendix 3A.

- 8.16. As a cross-check to our primary valuation methodology, we have also considered the implied value of a Sabre share based on recent trading prices for portfolio shareholding parcels of Sabre shares on the ASX. In accordance with RG 111, we have assessed the value of Sabre's shares on a 100% controlling interest basis.

Valuation of Starloop

- 8.17. In order to assess the value of a Sabre share immediately following the Proposed Transaction, it is necessary to assess the fair value of the assets being purchased by Sabre.
- 8.18. As mentioned in paragraph 6.1, Starloop's only asset is its 80% interest in Gazania. Gazania's single major asset is its 100% ownership of the Otavi Project. In our experience the most appropriate method for determining the value of companies similar to Starloop and Gazania is on the basis of the fair value of their underlying net assets.
- 8.19. Accordingly, in valuing Starloop we have utilised the net assets on a going concern methodology and assessed the value of Starloop's assets as follows:
- In determining the value of Starloop's interest in the Otavi project we have relied on the valuation prepared by Agricola dated 8 May 2012; and
 - In assessing the value of Starloop's other assets and liabilities we used the net book value of these assets as set out in the unaudited statement of financial position of Starloop as at 31 March 2012.
- 8.20. ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. We determined the need for a specialist's involvement with regard to valuing the Otavi project and we engaged Agricola to prepare an independent report providing a value of a 100% interest in the Otavi Project.
- 8.21. Agricola's report has been prepared in accordance with the requirements of the VALMIN code as adopted by the Institute of Geoscientists and the Australian Institute of Mining and Metallurgy. We have satisfied ourselves of Agricola's qualifications and independence from Sabre and have placed reliance on their report accordingly. A copy of Agricola's report is attached at Appendix 3B.

Valuation of Sabre Post Transaction

- 8.22. We have calculated the value of Sabre post transaction to allow us to assess the fairness of the Proposed Transaction. The value of a Sabre share post transaction is based on the value of Sabre pre Transaction plus the value acquired through the acquisition of Starloop less disbursements made in relation to the Transaction divided by the total number of shares on issue post Transaction.

9. Valuation of Sabre (pre Proposed Transaction)

- 9.1. As stated at paragraph 8.13, we have assessed the value of Sabre prior to the Proposed Transaction on a net assets on a going concern basis and have also considered the recent quoted price of its listed securities
- 9.2. The basis of our evaluation of “fairness” is to compare the value of a share in Sabre pre the Proposed Transaction to the value of a share in Sabre immediately after the Proposed Transaction.

Net assets on a going concern basis

- 9.3. We are assessing the value of a Sabre share pre the Proposed Transaction. Therefore we have valued a Sabre share using the net assets on a going concern methodology based on the net book value of the assets and liabilities of Sabre as at 31 December 2011 as adjusted for items as set out in the Table below.

	Ref:	Low	High	Preferred
		A\$000's	A\$000's	A\$000's
Net assets of Sabre as at 31 December 2011		15,840	15,840	15,840
Plus:				
Proceeds from options exercised	9.5	2,300	2,300	2,300
Fair value of Ongava	9.6-9.8	89,580	116,830	103,210
Less:				
Capitalised exploration expenditure	9.6-9.8	(13,873)	(13,873)	(13,873)
External interest in Ongava (30%)	9.6-9.8	(26,874)	(35,049)	(30,963)
Total Value of Sabre		66,973	86,048	76,514
Number of shares on issue at the date of this Report		126,702,997	126,702,997	126,702,997
Add: Options exercised	9.5	23,000,000	23,000,000	23,000,000
Total Shares on Issue		149,702,997	149,702,997	149,702,997
Value per share on an undiluted basis		\$0.45	\$0.57	\$0.51

Table 9: Assessed Value of Sabre on Net Assets Basis (Pre-Proposed Transaction)

- 9.4. As shown in the Table above we have valued Sabre pre the Proposed Transaction in the range of \$66,973,000 to \$86,048,000 with a preferred value of \$76,514,000. Based on our analysis the value of an ordinary share in Sabre is in the range of \$0.45 to \$0.57 with a preferred value of \$0.51 per share.
- 9.5. In addition Sabre has 23,000,000 options on issue with an exercise price of \$0.10 and an expiry of 31 December 2012. Given that all these option holders are “in the money” we have assumed that all relevant option holders will seek to maximise their financial position by exercising the options. As such we have included the receipt of cash from the exercising of the options in our valuation of Sabre with a corresponding increase in the number of shares on issue to reflect the exercise of the options.

- 9.6. Sabre's capitalised exploration and evaluation asset balance of \$13,873,342 as set out in the Company's reviewed statement of financial position as at 31 December 2011 represents the book value of Sabre's 70% interest in the Ongava Project. As noted previously we have engaged Agricola to assess the fair market value of the Ongava Project and accordingly we have eliminated the book value of the Ongava Project and included the fair market value. In the opinion of Agricola the fair market value of the Ongava Project is as set out in the table below.

	Ref:	Low	High	Preferred
		A\$000's	A\$000's	A\$000's
Border deposit	9.7	8,320	11,050	
Ongava Tenement	9.8	81,260	105,780	93,520
Total		89,580	116,830	103,200

Table 10: Summary of Fair Value of 100% interest in Sabre Mining Assets

- 9.7. The Border Deposit is an inferred resource in accordance with the JoRC code. Agricola have valued the deposit adopting a comparable transaction approach. Under this approach value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.
- 9.8. Agricola state in their report that the Ongava Project is an advanced exploration project. Agricola have adopted the "Geoscientific Rating" method of valuation for this project as it focuses on the prospectivity of the area. In their report Agricola note that Geoscientific Rating method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost ("BAC") is the important input to the method and is calculated by summing the application fees, annual rent, work required to facilitate grading (e.g. native title, environment etc.) and statutory expenditure for 12 months. Equity and grant status are also taken into account. Each factor is then multiplied serially to the BAC to derive the Base Value. The Base Value is then multiplied by the prospectivity rating to establish the overall technical value of each mineral property. Finally a market premium is applied to the technical value of each property to reflect the current market conditions for exploration properties in Australia and overseas.
- 9.9. A full copy of Agricola's report can be found at Appendix 3A.

Quoted Price of Listed Securities

- 9.10. In order to provide a cross-check to the valuation of a Sabre share under the net assets on a going concern basis, we have also assessed the fair value based on the quoted market price.
- 9.11. The assessment only reflects trading prior to the announcement of the Proposed Transaction in order to avoid the influence of any movement in price that occurred as a result of the announcement.
- 9.12. The Proposed Transaction was announced to the Australian Securities Exchange on 10 May 2012. Table 4 shows the daily closing price and traded volumes of Sabre from 12 months prior to 10 May 2012.
- 9.13. Over this period, the closing price of Sabre shares has ranged from a low of \$0.10 on 9 August 2011 to a high of \$0.17 on 19 January 2012.

- 9.14. In order to provide further analysis of the market prices for Sabre shares, we have considered the weighted average market price for 10 day, 30 day and 60 trading day periods up to and including 9 May.

\$	10 Days	30 Days	60 Days
Closing price	0.135	0.135	0.14
Weighted average price	0.145	0.135	0.139

Table 11: Volume Weighted Average Price of Sabre (to 9 May 2012)

- 9.15. An analysis of the volume in trading in Sabre shares prior to 9 May 2012.

	Low	High	Cumulative	% of Total
	\$	\$	Volume	Capital
1 trading day	0.15	0.15	134,220	0.11%
10 trading days	0.135	0.155	712,380	0.56%
30 trading days	0.115	0.155	2,991,030	2.36%
60 trading days	0.115	0.165	6,891,420	5.44%

Table 12: Traded Volumes of Sabre to 9 May 2012

- 9.16. The table shows that only 5.44% of Sabre's shares have been traded in the 60 trading days prior to the announcement of the Proposed Transaction which indicates a low level of liquidity.
- 9.17. Our assessment of a fair market value of a Sabre share is based on the quoted market price, and therefore on the basis of a minority interest, is \$0.145 based on the 10 day volume weighted average price prior to 9 May 2012.
- 9.18. The value above is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Sabre. In the case of a Section 611 acquisition, RG 111 states that the independent expert should calculate the value of a target's shares as if 100% control were being obtained. Therefore, in our assessment of the fair value of a Sabre share, we should include a premium for control.
- 9.19. RSM Bird Cameron has undertaken a survey of control premiums paid over a 5-year period to 30 June 2010 in 212 successful takeovers and schemes of arrangements of companies listed on the ASX ("RSM Bird Cameron Control Premium Study 2010"). The findings are summarised in the table below, showing the average control premium 20 days, 10 days and 2 days prior to announcement:

	Number of Transactions	20 Days Pre	10 Days Pre	2 Days Pre
Average control premium - All Industries	212	30.7%	25.6%	21.9%
Average control premium - Metals & Mining	55	33.9%	29.9%	26.4%

Table 13: Average Control Premium over five years to 30 June 2010
(Source: RSM Bird Cameron Control Premium Study 2010)

- 9.20. We have selected a control premium of 30% and applied it to our assessed value of a Sabre share on a minority interest basis as follows:

	Share Price
Quoted market price value	\$0.145
Control premium	30%
Quoted market price valuation including a premium for control	\$0.19

Table 14: Assessed Value of a Sabre Share

- 9.21. Our valuation of a Sabre share on the basis of the quoted market price including a premium for control is therefore \$0.19.

Valuation Summary

- 9.22. A summary of our assessed values of a Sabre share pre the Proposed Transaction, is shown below.

	Preferred	High	Low
Net assets on a going concern	\$0.51	\$0.57	\$0.45
Quoted market price value	\$0.19	\$0.19	\$0.19
Preferred Valuation	\$0.51	\$0.57	\$0.45

Table 15: Sabre Valuation Summary

- 9.23. We have relied upon the net assets on a going concern valuation methodology as we consider that the trading market for Sabre's shares is not deep enough to provide a fair market value. Sabre shares have not historically traded in significant volumes or on a regular basis.
- 9.24. We have therefore assessed the fair market value of a Sabre share on a controlling basis pre the Proposed Transaction to be in the range of \$0.45 and \$0.57 with a preferred mid-point value of \$0.51.

10. Valuation of Starloop

- 10.1. As stated at paragraph 8.19, we have assessed the value of Starloop prior to the Proposed Transaction on a net assets on a going concern basis.

Net assets on a going concern basis

- 10.2. We have valued Starloop using the net assets on a going concern methodology based on the net book value of the assets and liabilities of Starloop as at 31 December 2011 as adjusted for items as set out in the Table below.

	Ref:	Low	High	Preferred
		A\$000's	A\$000's	A\$000's
Net assets of Starloop as at 31 December 2011		6,500	6,500	6,500
Plus:				
Fair value of Otavi Project	10.4	28,640	37,090	32,860
Less:	10.4	(6,500)	(6,500)	(6,500)
Book value of Atavi Project				
External interests in the Otavi Project (20%)	10.5	(5,728)	(7,418)	(6,572)
Value of Starloop on an undiluted basis		22,912	29,672	26,288

Table 16: Assessed Value of Starloop on Net Assets Basis

- 10.3. As shown in the Table above we have valued Starloop in the range of \$22,912,000 to \$29,672,000 with a preferred value of \$26,288,000.
- 10.4. Starloop's key asset is its 80% shareholding in Gazania. Gazania's only asset is a 100% interest in the Otavi Project and therefore Starloop has an 80% interest in the Otavi Project. As mentioned above, we have engaged Agricola to assess the fair market value of the Otavi Project, and accordingly we have eliminated the book value of the Otavi Project and included the fair market value. In the opinion of Agricola, the fair market value of the Otavi Project is as set out in the table below.

	Low	High	Preferred
	A\$000's	A\$000's	A\$000's
Otavi Project	28,640	37,090	32,860

Table 17: Summary of Fair Value of 100% interest in the Otavi Project

- 10.5. As Starloop holds an 80% shareholding in Gazania which owns the Otavi Project we have adopted 80% of the fair market value in our analysis.

11. Valuation (post Proposed Transaction)

11.1. As required by RG 111, in order to provide an indication of the value of the Company after the Proposed Transaction, assuming it is successful, we have calculated the theoretical underlying value of a share in Sabre post the Proposed Transaction

11.2. We summarise our valuation of a Sabre share subsequent to the Proposed Transaction on a net assets or a going concern basis in the table below. Our assessment has been based on the issue of the Tranche 1 shares only as Tranche 2 and Tranche 3 are only issued on the achievement of certain hurdles.

Valuation post Proposed Transaction	Paragraph Ref.	Low Value \$000's	High Value \$000's	Preferred Value \$000's
Value of Sabre	8.3	66,973	86,048	76,514
Value of Starloop	9.2	22,912	29,672	26,288
Equity Value		89,885	115,720	102,802
Cash consideration payable	3.4	(300)	(300)	(300)
Transaction costs	10.3	(50)	(50)	(50)
Equity Value Post Transaction		89,535	115,370	102,452
Ordinary shares on issue	8.3	126,702,997	126,702,997	126,702,997
Add: Options exercised	8.3	23,000,000	23,000,000	23,000,000
Shares to be issued as consideration for Starloop	3.4	46,000,000	46,000,000	46,000,000
Total Shares Post Transaction		195,702,997	195,702,997	195,702,997
Value per Share		0.46	0.59	0.52

Table 18: Sabre share value after Proposed Transaction

11.3. Transaction costs are estimated by management to be approximately \$50,000.

11.4. As shown in the Table above we have assessed the value of a Sabre share subsequent to the Proposed Transaction to be in the range of \$0.46 to \$0.59 with a preferred value of \$0.52.

12. Is The Proposed Transaction Fair?

- 12.1. Our assessed values of a Sabre share prior to and immediately after the Proposed Transaction are summarised in the tables below.

	Ref.	Value per Share		
		Preferred	Low	High
		A\$	A\$	A\$
Value of a Sabre share pre Proposed Transaction	8.16	0.51	0.45	0.57
Value of a Sabre share post Proposed Transaction	10.2	0.52	0.46	0.59

Table 19: Valuation Summary

Conclusion on Fairness

- 12.2. As the value of a Sabre share after the Proposed Transaction is greater than the value prior, and in the absence of any other relevant information, in our opinion, the Proposed Transaction is **Fair** to the Non-Associated Shareholders.

13. Is The Proposed Transaction Reasonable?

- 13.1. RG111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes.
- 13.2. In order to assess whether the Proposed Transaction is “reasonable”, we have considered the following:
- The future prospects of Sabre if the Proposed Transaction does not proceed; and
 - Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Stated Intentions of Coniston

- 13.3. The Company has stated its intentions if the Proposed Transaction proceeds to be:
- To remain in the resource exploration industry;
 - To retain the current Board of Directors; and
 - To maintain the Ongava project and continue exploration of it and on approval of the acquisition of the Otavi project to commence a comprehensive exploration programme of Otavi including data acquisition and interpretation and the drill testing of a number of identified geophysical and “up front” targets.

Future Prospects of Sabre if the Proposed Transaction Does Not Proceed

- 13.4. If the Proposed Transaction does not proceed the Company will continue with its existing operations in maintaining the Ongava Project and undertaking further exploration of the area.

Advantages and Disadvantages

- 13.5. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages

Advantage 1 – Proposed Transaction is Fair

- 13.6. RG 111 states that a transaction is reasonable if it is fair.

Advantage 2 – Opportunity for Growth

- 13.7. The acquisition will provide the company with additional prospective tenements adjacent to Sabre's existing Ongava Project which means the Company's expertise and presence in the region will transfer directly to the new project. The Otavi project is located in a proven area of mineralisation in Namibia and the Company considers that previous exploration has not fully uncovered the potential of the Project.

Advantage 3 – Possible Improvement in Liquidity

- 13.8. Sabre Shares have been relatively illiquid with only 12.16% of the total issued capital being traded in the past 6 months. The acquisition of the Otavi Project may create increased interest in Sabre shares which could improve liquidity and enable shareholders to sell their shares efficiently.

Advantage 4 – Increase in Net Assets of the Company

- 13.9. Subsequent to the proposed transaction, the Company will have net assets at fair market value of between \$89.5 million and \$115.7 million compared to net assets at fair market value prior to the Proposed Transaction of between \$67 million and \$86 million.

Disadvantages

Disadvantage 1 – Dilution of Shareholders' Interests

- 13.10. The consideration to be paid consists of the issue of 46 million ordinary shares in Sabre which will result in an immediate dilution in the interest held by existing Non-Associated Shareholders of Sabre from approximately 78.26% to 57.41%.

Disadvantage 2 – Requirement for Future Capital Raisings

- 13.11. Sabre may need to raise further capital to fund the proposed exploration of both the Otavi and Ongava projects. The relative shareholding of the existing Sabre shareholders may be therefore further diluted if they do not participate in any future capital raisings.

Alternative Proposal

- 13.12. We are not aware of any alternative investment opportunities which Sabre are pursuing, or would pursue if the Proposed Transaction did not proceed, at this time.

Response of Market to the Announcement

- 13.13. As the Proposed Transaction was announced to the market on the date of this report, we have not been able to assess the market's response.

Conclusion on Reasonableness

- 13.14. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is Reasonable for the Non-Associated Shareholders of Sabre.
- 13.15. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. In doubt, shareholders should consult an independent advisor.

RSM! Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD

A handwritten signature in black ink that reads "Andrew Gilmour". The script is cursive and fluid.

A J GILMOUR

Director

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour is a director of RSM Bird Cameron Corporate Pty Ltd. Mr Gilmour is a Chartered Accountant with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders of Sabre Resources Limited in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Sabre Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of \$20,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Ram Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

APPENDIX 2

Sources of Information

In preparing this report we have relied upon the following principal sources of information:

- Sabre financial statements for the year ended 30 June 2011 and the half year ended 31 December 2011.
- Notice of General Meeting and Explanatory Statement for the meeting of Sabre shareholders to be held on 28 June 2012.
- Information provided by Sabre management through meetings and correspondence.
- Capital IQ, IBIS World and other financial databases and subscription services.
- Publicly available information.
- Sabre ASX announcements.
- Sabre share register listing provided by management.
- Sabre statement of financial position as at 31 March 2012 and statement of financial performance for the nine month period ended on that date.
- Gazania Investment Nine (Pty) Ltd audited financial statements for year ended 30 June 2011.

APPENDIX 3A

Independent Valuation of the Ongava Project

APPENDIX 3B

Independent Valuation of the Otavi Project



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1 May 2012

The Directors
RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace
Perth WA 6000

Dear Sirs,

**Re: INDEPENDENT VALUATION OF THE ONGAVA BASE METAL PROJECT
IN NORTHEASTERN NAMIBIA**

I have been commissioned by RSM Bird Cameron Corporate Pty Ltd ("RSM") to provide a Mineral Asset Valuation Report ("Report") of the of the Ongava Base Metal Project in Namibia. RSM has been engaged by the Directors of Sabre Resources Ltd ("Sabre" or "the Company") to prepare an Independent Expert's Report ("IER"). RSM are to prepare an IER stating whether, in the expert's opinion, the proposed transactions are fair and reasonable to the non-associated Shareholders. This valuation report on mineral assets will form part of the RSM's IER.

This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the exploration assets based on the information in the Report.

The present status of the tenements listed in this report is based on information provided by the Company and is set out in the Tenement Schedule. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation. Details in respect to the legal status and tenure of the tenements in Western Australia comprising the Project were reviewed from the Department of Mines and Petroleum database.

DECLARATIONS

Relevant codes and guidelines

This report has been prepared as a technical assessment and valuation in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for*

Independent Expert Reports (the "VALMIN Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where mineral resources have been referred to in this report, the classifications are consistent with the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code")*, prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the VALMIN Code, the properties are classified as 'exploration areas', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this report, I did not carry out a site visit to any of the Company's Project areas. Based on my professional knowledge and experience and the availability of extensive databases and technical reports made available by various Government Agencies, I consider that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent valuation report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specialises in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore

and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical Audits in many countries. He has completed numerous Independent Geologist's Reports and mineral asset valuations over the last decade as part of his consulting business.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence

I am not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM,
GCertAppFin (Sec Inst)

TENEMENT SCHEDULE

NAMIBIAN TENEMENTS

Tenement No.	Registered Holders	Area, km ²	Status	Commenced
EPL 3542	Gazania Investments Nine (Pty) Ltd	601.34	Granted,	30 October 2006

The Status of the Namibian tenement (Exclusive Prospecting Licence) is based on information provided by the current owners and has not been based on a recent independent enquiry of the Department of Mines in Namibia, pursuant to paragraph 67 of the Valmin Code by Agricola Mining Consultants Pty Ltd. The tenement is believed to be in good standing. The tenement is mature with exploration spanning five and a half years..

The project area is composed of one Exclusive Prospecting License, EPL 3542 and covers an area of 60,134 hectares (601.34 km²).

Mining Tenure in Namibia

Mineral Licences - The Minerals Act allows for various types of prospecting and mining licences, covering both small-scale and formal activity. A brief summary of each is given below.

Mining Claims - Available only to Namibian citizens for the development of small-scale mines and mineral deposits, mining claims are valid for three years. Two-year extension periods are possible providing that the claim is being developed or worked. Up to a maximum of ten claims can be held at any one time.

Reconnaissance Licence - Designed for regional, mainly remotely sensed exploration, a reconnaissance licence is valid for six months on a non-renewable basis. This licence facilitates the identification of exploration targets and is only exclusive in special cases.

Exclusive Prospecting Licence - This three-year licence allows systematic prospecting in areas of up to 1,000 km². It gives exclusive exploration rights to the land and may be extended twice for two-year periods if demonstrable progress is shown. Renewals beyond seven years require special approval from the Minister.

Mining Licence - This gives the holder the exclusive mining right in the licence area for a period of 25 years or the life of the mine, with renewals valid for 15-year periods. The holder is required to demonstrate the financial and technical ability to develop and operate a mine. A mining licence also gives the holder the exclusive right to approve the development of other mines on the same property.

Mineral Deposit Retention Licence - This allows an exploration company in certain circumstances to retain tenure on a prospecting licence, mining licence or mining claim without mining obligations. It is valid for five years, with two-year renewal periods. The licence holder must, however, meet work and expenditure obligations and submit regular project reviews.

ONGAVA BASE METAL PROJECT

The Ongava Base Metal project is located in the Otavi Mountain Land, in the northeast of Namibia, southwest Africa. The project area is located approximately 350 km to the north-northeast Windhoek, the capital of Namibia.

The Ongava project is accessed from Windhoek via the main paved highway that runs north to the towns of Otavi and Tsumeb. The main road that runs from Tsumeb to Grootfontein crosses the project area, with access inside the project area via minor roads and farm tracks.

The project area is composed of one Exclusive Prospecting License, EPL 3542. The EPL is owned by Gazania Investments Nine (Pty) Ltd and covers an area of 60,134 hectares (601.34 km²). The tenement was applied for in April 2006 and was granted on 30 October 2006 for a period of three years. Renewals since that time have been granted.

The Ongava project contains the significant Border, Driehoek and Harasib lead-zinc deposits.

THE OTAVI MOUNTAIN LAND, NAMIBIA

The Otavi Mountain Land (OML) hosts a wealth of mineral deposits in addition to the famous Tsumeb and Kombat mines. These include Berg Aukas (Grootfontein), Guchab and Abenab, among others, where world-class descloizite, willemite, diopside, and the largest known crystals of vanadinite have been found.

The Otavi Mountain Land in Northern Namibia is located in the Northern Platform Zone of the east-northeast striking intracontinental branch of the Damara Belt, at the southern margin of the Congo Craton.

The lithologies in the OML are mainly shallow water carbonates and siliciclastic rocks of the Neoproterozoic Damaran Supergroup. About 600 Cu-Pb-Zn-V mineralized occurrences, only some of them of economic value, are known in the OML. Based on their geometry, but also on their geochemical and Pb-isotopic characteristics, several authors have grouped these deposits into different types. The pipe-like structure of the Tsumeb type (Pb, Cu>Zn) and the stratabound Berg Aukas type (Zn, Pb) are the most famous ones. The type of mineralization depends on the facies and the diagenetic overprint of the host rocks, its tectonic setting and the occurrence of sedimentary, karst and tectonic breccias.

Possible sources of the mineralising fluids are basement highs in the central and southern OML, northeast-southwest striking mafic dykes, volcanic and siliciclastic successions in the Nosib Group at the base of the Damaran Supergroup or higher metamorphic units of the Northern Zone of the Damaran Orogen.

The Tsumeb Deposit

The Tsumeb carbonate hosted, breccia pipe copper-lead-zinc-silver deposit is located in northern Namibia, some 430 km by road and rail from Windhoek and 600 km by rail from the Atlantic coast port of Walvis Bay.

The polymetallic orebody was present mainly on the outer peripheries of a near vertical, irregular, markedly transgressive, collapse-breccia pipe cutting dolomites of the Upper Proterozoic Damaran Supergroup. Sulphides were massive to semi-massive, and mineralisation was present over a vertical distance of nearly 1.8 km in the oval shaped pipe which is 20 to 180 m in diameter. The orebody has been exhausted and the mine closed.

The Tsumeb pipe transgresses carbonates of the upper half of the Otavi Group, a member of the Upper Proterozoic Damara Supergroup. It occurs in on-lapping carbonates of the Northern Platform deposited over the Angola-Kasai Craton some 80 km to the north of the main northern margin of the Damaran/Katangan Rift Zone. The Upper Proterozoic sequence in this region and on the adjacent Northern Platform comprises, from the base:

- Nosib Group, 0 to 1200 metres thick - comprising feldspathic quartzites, arkose and conglomerate; overlain by phyllitic agglomerate, tuff and epidotised andesite up to 300 m thick; capped by quartzite, conglomerate, arkosic mixtite, dolomite and ferruginous shale. The Nosib Group is not as extensive as the overlying Otavi Group which oversteps it onto the basement in the Northern Platform near Tsumeb.
- Otavi Group, 0 to 4800 metres thick - is very widespread but restricted to the platform fringes of the Damaran/Katangan Rift Zone. It is areally more extensive than the underlying Nosib Group and transgresses well onto the Angola-Kasai Craton. This group contains two units of predominantly carbonates, with minor argillites and no arenites, separated by a mixtite/tillite unit.
- Mulden Group. - On the Northern Platform, the Otavi Group is unconformably overlain by the Mulden Group with an angularity that varies from marked to virtually concordant. This group appears to represent an initial thicker coarse clastic phase, followed by finer grained clastics and carbonates.

The Tsumeb orebody transgresses at least 1000 m of stratigraphy of the upper part of the Tsumeb Subgroup carbonates of the Otavi Group. It is situated on the northern flank of the doubly plunging, slightly asymmetric Tsumeb Syncline. Parasitic folds with varying plunges are mapped within this structure to the east and west of the orebody at surface and underground. An axial plane cleavage is present. Numerous bedding plane shears are obvious, and some prominent bedding thrusts caused by flexural slip folding are found in the host units. A major feature of the mine area is the North Break, a zone of alteration within the bedding of the lower portion of the T6 unit, a section rich in stromatolite beds.

This zone, which is a major aquifer (and palaeo-aquifer), is recognisable at surface from 3 km to the west to 1 km to the east of the mine area as a discontinuous horizon of siliceous, ferruginous, calcitic and manganiferous dolomite which in many places contains secondary Cu, Pb, Zn and V minerals.

The main rock types within the pipe are as follows:

- Feldspathic Sandstone - which in part transgressively fills the pipe, is composed of a light to medium grey variety that petrographically and chemically resembles certain arenaceous facies of the Tschudi Formation of the overlying Mulden Group. Typically it consists of an equigranular clastic aggregate of angular to well rounded quartz and feldspar grains, usually with very little matrix. Shungitic carbon (an anthracite like pyro-bitumen) has been emplaced in part, resulting in darkening of the rock. The feldspathic sandstone has also penetrated the North Break having been found up to 300 m from the intersection with the pipe. Historically, because of the transgressive mode of its occurrence, the feldspathic sandstone has been regarded as an igneous rock and termed an aplite or pseudo-aplite. Petrographic work however indicates that it is a sediment and probably belongs to the Tschudi Formation that has flowed into a large solution collapse/dewatering structure in the unconformably underlying carbonates of the Tsumeb Subgroup.
- Dark Dolomite Breccia and Dolomite Breccia - the Dark Dolomite Breccia first appears at the 21 level at the change in plunge of the orebody pipe and persists to near the 28 level where it grades into the Dolomite Breccia. The Dark Dolomite Breccia consists of clasts which may be identified with lithologies cut by the pipe higher in the mine. For instance where it cuts the T6 unit, the T7 are evident, while where it cuts T5 the clasts are of T6 and lesser T7, while a clast of oolitic chert of the type found at the top of the T8 unit occurs 1000 m below that unit on the 40 level where the pipe cuts the T5 unit.
- Calcitisation - first appears on 20 level where it occurs in small areas, but increases to become more prominent by 24 level. Calcitisation is a replacement process which was initiated prior to the introduction of the ore and has affected dolomite, dolomite breccia and feldspathic sandstone.
- Marble Breccia - where calcitisation is most intense on the 34 level, the entire core of the pipe has been thoroughly altered to a coarsely crystalline, grey, calcitic rock which is in places ferruginous and has locally also been bleached. The resultant rock has been termed Marble Breccia. The breccia clasts are composed of foliated, crystalline and calcitised grey dolomite, together with subordinate grey chert and unaltered dolomite. The matrix is as described for the calcitised dolomite above.

- Silicification - which is observed from 26 level downward, is restricted to the southern margin of the ore zone to 34 level, but intensifies and becomes more widespread deeper down until it dominates.
- Silica Dolomite - comprises dolomite or dolomite breccia of which more than 40% has been reconstituted by siliceous alteration. All silica-dolomite development is below the North Break. Within the silica-dolomite breccias there is a variety of results of the alteration, ranging from large white crystalline interclast siliceous veins, to pink silicification of clasts. In places there is a strong sharply defined breccia texture, while elsewhere there are only diffuse boundaries between the matrix and clasts. In general the clasts predominate, while in places massive sulphides rim the silicified clasts.

The principal primary sulphide minerals at Tsumeb are galena, tennantite, sphalerite, chalcocite, enargite and bornite, with lesser chalcopyrite, germanite and renierite. Pyrite is widespread, normally in small amounts. Supergene chalcocite, djurleite, digenite and covellite are important in the upper section of the mine, while the same minerals are present in a lower oxidation zone between 24 and 38 levels. A large number of sulphides and sulpho-salts occur as erratic traces throughout the deposit. Limited amounts of non-metallic gangue minerals are present, principally calcite, quartz and dolomite and rarely barite and fluorite. 213 minerals are recorded in the mine, for 40 of which it is the type locality.

There are four types of mineralisation present, as follows:

- Massive Peripheral Ore - these complex Pb, Zn and Cu ores contain up to 40% total metal. Massive ore from the surface to 20 level is typically concentrated peripheral to feldspathic sandstone, reaching its maximum lateral extent in adjoining dolomite breccia. This ore is generally present as medium to coarse grained sulphides, comprising variable amounts of galena and sphalerite, together with tennantite, enargite (in the upper sections of the mine), bornite and chalcocite.
- Manto Ore - this comprises wing like appendages to the massive peripheral ore that are present between the 26 and 30 levels on the southern and northern side of the main pipe. Most of these very rich concordant to sub-concordant lenses occur near the base of the T6 unit in which many stromatolitic beds are located. Most of the manto ores are present over the whole strike of the orebody and are often very rich. The S95 Manto for instance had 75 000 t @ 23% Cu. On the southern side of the pipe the manto ores are generally bornite, chalcocite, djurleite, tennantite, galena and sphalerite, except for the S95 which is mainly chalcocite. On the northern side they comprise galena and sphalerite with subordinate tennantite. As with the massive ores, textures strongly indicate a replacive nature.

- Disseminated and Stringer Ores - these ores are hosted by feldspathic sandstone, unaltered to altered bedded dolomite and by various dolomite breccias. The disseminated ore is most commonly within feldspathic sandstone with the equigranular sulphides evenly scattered, preferentially replacing feldspar. Bornite, chalcocite and tennantite are dominant, galena is scarce and sphalerite is rare. Discontinuous Cu rich veins are also present in the feldspathic sandstone, and where replacement is more advanced, the disseminated and stringer mineralisation grades into massive ore.
- Oxide Ores - these are present in the upper zone of supergene enrichment in the upper parts of the mine and in a zone of 'oxidation' from the 24 to 38 levels.

The Tsumeb ore deposit contained: 27 Mt @ 4.3% Cu, 10% Pb, 3.5% Zn, 95 g/t Ag (historic production).

MINERALISATION AND EXPLORATION POTENTIAL

The Ongava project hosts both the Tsumeb and Berg Aukas styles of base metal mineralisation, in over 22 reported mineral occurrences.

The stratigraphical and structural continuity shown by the various styles of mineralisation within the project area indicate that the potential for finding further significant economic mineralisation is extremely high.

Zinc-Lead (Zn-Pb) mineralisation is found throughout the carbonate stratigraphy within the tenement area. These occurrences are controlled by fracture zones within the host carbonate rocks, particularly within the basal dolomitic units and appear to be genetically related to Mississippi Valley Type (MVT) hydrothermal mineralisation. Mineralised deposits and prospects include Border, Driehoek, Harasib, and Tiger Tunnel.

THE BORDER ZINC-LEAD DEPOSIT

The Border, or Toggenburg, deposit is located approximately 35 kilometres northeast of the Kombat copper mine on the Nosib 655 farm. Border was discovered by Etosha Petroleum in the late 1960's, following a detailed surface soil sampling program.

A zone of anomalism over a kilometre long was delineated and drilling identified several brecciated dolomitic horizons that host zinc, lead and silver mineralisation that can be traced along the entire strike extent of the deposit. These zones can also be traced to surface, where they exhibit values of between 1-3% Zn and 1-2% Pb. These zones range between 2.5 to 21 metres wide and do contain higher-grade intercepts at over 10% Zn+Pb. A total of 23 diamond drill holes were completed on the prospect.

Mineralized sections of the core were bulked and extensive metallurgical test work was initiated on the material. The assay of the bulk sample returned values of 2.2%Zn, 1.3%Pb and 13 g/t Ag. The test work indicated that the ore would be amenable to conventional treatment methods with plus 90% recoveries for both lead and zinc. The company further proceeded to drive an adit into the main mineralized zone to conduct a series of underground drill holes.

In the 1970s it was standard practice to extract mineral deposits through underground mining methods. In the case of the Border deposit, Etosha planned its drilling and exploration around a 'bulk underground mining' scenario. A result of this style of mining is that much of the near surface mineralisation, from surface to around 50 metres depth, could not be mined and therefore mineralisation above this level was not included in the deposit tonnage calculations. Modern open pit mining techniques will allow this near surface material to be mined and result in significant upgrades to overall tonnage of the deposit.

The drilling to date largely fails to test the mineralisation in the near surface environment, with most intercepts below 50 metres. There is significant potential for increased tonnage in the near surface 'open pit' environment and at depth.

A zone of mineralisation to a vertical depth of 300 metres was outlined with combined weighted average grades of lead and zinc at approximately 5 to 6%. Exploration in other areas of the Otavi Mountains shows Zn content of the ore is around twice that of the Pb. The mineralisation at Border shows good continuity and depth and along strike, with little attempt made at that time to investigate the correlation between the high-grade zones. The Zn and Pb grades appear to increase at depth, as does Cu content, indicating zonation within the deposit.

Soil sampling over the prospect indicates three main 'bulls-eye' targets, all of which have received only cursory drill testing. The western-most anomaly appears continue to the south and remains largely untested by both surface sampling and drilling.

The deposit already shows a potential to host a very large tonnage of ore, both near surface and at depth. In addition the strike extensions, which appear to lie beneath a veneer of calcrete cover, have the potential to host further mineralisation. Exploration and resource definition remain at a very early stage with the potential for large upgrades to both tonnage and grade.

Sabre Resources announced an estimate of Inferred Resource in accordance with the JORC code in its December 2011 quarterly report of:

16.2 million tonnes at 1.5 at 3% Zn, 0.59% Pb and 4.76 g/t Ag.

DRIEHOEK ZINC-LEAD DEPOSIT

The Driehoek prospects are located approximately 15 kilometres to the northeast of the Kombat Copper mine. The prospects were discovered by Eland Exploration in the 1970s and later explored by Goldfields of Namibia Ltd (GFN) through to the late 1990s.

The surface Pb-Zn, Cu and Mn anomalies at Driehoek are associated with a folded dolomitic unit, with samples assaying up to 10% Zn and and Pb. Exploration by both Eland and Goldfields have concentrated on the North, East and the South Zones.

The project shows very low strip ratios and remains untested at depth. Soil sampling shows the anomalism extending to the northeast into 'Gauss' and remains untested by drilling.

HARASIB MAIN

The Harasib prospects and claims occur on the Border stratigraphy, which is folded about the Harasib Syncline. Harasib is composed of three main prospect areas and a number of occurrences. These prospects host a number of small deposits, however these occurrences have yet to be fully investigated and have the potential to host significant economic mineralised systems.

Goldfields investigated the Harasib deposits in the 1990's and their historical reports indicate that a number of shallow (less than 50 metres depth) Pb-Zn deposits occur in close proximity at this location with a combined size of over one million tonnes at between 4 and 5% combined Lead and Zinc.

The Harasib prospects have yet to be fully investigated and show the potential to host significant economic ore deposits.

OTHER LEAD-ZINC PROSPECTS

The Tiger Tunnel prospect is located along strike from Border, and covers approximately 6 kilometres of anomalous lead and zinc mineralisation, with assays of up to 0.3% Pb and 3.5% Zn at surface. The mineralisation extends to the east into the area surrounding Khusib Springs.

The Nosib 648 occurrence lies adjacent to the Harasib claims and was originally discovered due to their vanadium prospectivity. Historically the South west Africa company dug a 67 metre deep shaft at this prospect and extracted 18,450 tonnes of vanadium oxide mineralisation, which graded up to 13.5% Zn and 7% Pb. The prospect requires further exploration.

There are a number of small, historical copper-lead (Cu-Pb) occurrences within the project area at Uitsab. The Uitsab prospect area is located to the east of the Harasib claims, and has yet to be explored by modern exploration methods.

REFERENCES

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Lombaard A F, Gunzel A, Innes J, Kruger T L, 1986 - The Tsumeb lead-copper-zinc-silver deposit, south west Africa/Namibia: in Anhaeusser C R, Maske S, (Eds.), 1986 Mineral Deposits of South Africa Geol. Soc. South Africa, Johannesburg v2 pp 1761-1787

VALUATION ASSESSMENT

A mineral Resource has been estimated in accordance with the JORC code for the Border Deposit. The Entire tenement is a large one with some drilling completed on other target areas but other areas are not yet at the stage where resources can be estimated.

When a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a Comparable Transactions approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

A similar approach can be taken with other metals including copper or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account. This approach has been applied to the **Border Deposit**.

The remaining **Ongava Base Metal Project** is an advanced exploration project. Several methods of valuation are available for such projects where a Mineral Resource has not yet been estimated in accordance with the JORC code. These include the use of valuations based on past exploration expenditure and valuations based on perceived prospectivity.

Exploration projects can be extremely variable and the use of comparable transactions is unlikely to produce a statistical spread of values for "similar" projects. The Prospectivity Exploration Multiplier (PEM) is based on past expenditure while the Kilburn Geoscience Rating is based on opinions of the prospectivity hence tenements can have marked variation in value between the methods.

The 'Geoscientific Rating' method of valuation for exploration tenements is the preferred valuation method for the Company's current tenements as it focusses on the prospectivity of the area.

The Geoscientific Rating method systematically assesses and grades of four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months. This is usually expressed as average expenditure per square kilometre. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value' is multiplied by the prospectivity rating (the assessment of prospectivity factors multiplied together) to establish the overall technical value of each mineral property.

Where exploration has produced documented results and past expenditures known, a PEM can be derived which takes into account the valuer's judgment of the success of the previous exploration techniques and results.

Paragraph 65 of RG 111 discusses a preference for the use of more than one valuation methodology. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past historical expenditures for the Company's current tenements are not available from the previous explorers over the duration of modern exploration and reliance is mainly placed on the Geoscientific method.

BORDER DEPOSIT – COMPARABLE TRANSACTIONS

MINERAL RESOURCE ESTIMATES

A resource estimate in accordance with the JORC code was undertaken by the Company and announced in its Quarterly Report for December 2011. Grade and tonnage estimates were made for the mineralized zone with an Inferred Resource of:

16.2 million tonnes at 1.5 at 3% Zn, 0.59% Pb and 4.76 g/t Ag.

VALUATION METHODOLOGY

- Contained metal is calculated from the deposit tonnes and grade in the categories of the JORC code.

Sabre Resources Ltd

Deposit:	Border			
Resource	Measured	Indicated	Inferred	Expl. Target
Tonnes, Mt	-		16.20	
Grade, Zn %			1.53	
Grade, Pb %			0.59	
Grade, Ag, g/t			4.76	
Metal Content, Mt	Measured	Indicated	Inferred	Expl. Target
Contained tonnes Zn	-	-	0.25	
Contained tonnes Pb			0.10	
Contained Ounces Ag			2.48	

- The estimated contained value for the Inferred Resource is estimated based on current metal prices.

$$\text{Contained Value} = [\text{Resource Tonnes}] * [\text{Value of TREO per tonne}]$$

Metal Value	US\$/lb	lb/tonne	Exchange Rate	A\$/t
Zinc	0.9006	2205	0.97	1,926.25
Lead	0.9470	2205	0.97	2,025.49
	USD/Oz			A\$/Oz
Silver	30.8000	1	0.97	29.88

Contained Value \$M

Measured	-
Indicated	-
Inferred	745.10
Exploration Target	-
Subtotal	745.10

- A discount factor is applied to the contained value to recognise the JORC category and allow for resource risk.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

- Base Metal Production faces significant challenges in extraction and timing of marketing and significant volatility in price. An estimate of operational factors is included in the valuation to reflect these challenges and to provide a comparison with other types of deposits such as gold which are more straightforward. An operation discount of 92.4% has been used.

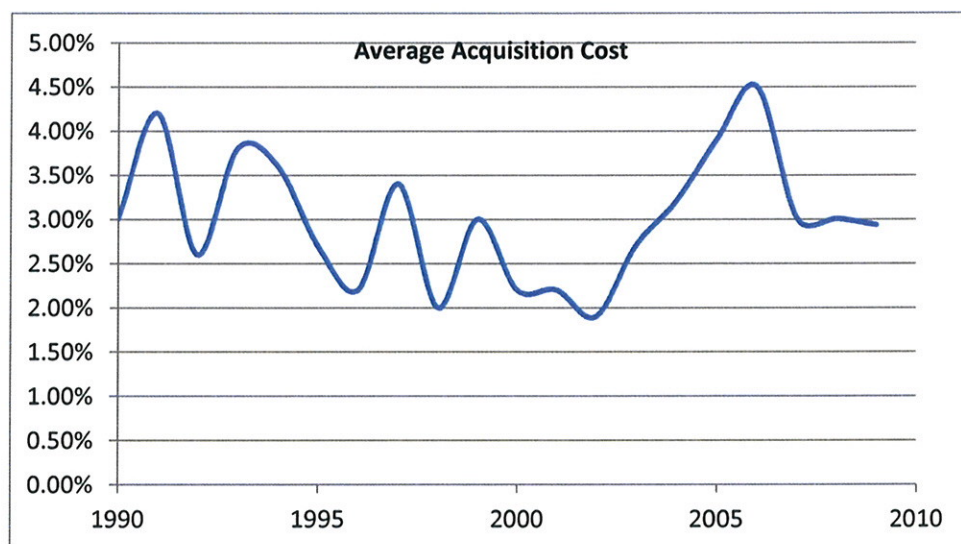
Operations Factors	Base Metals
Recovery	100%
Mining	100%
Processing	90%
Rail	90%
Port	90%
Capex	90%
Marketing	90%
Total Operatins Discount	59.0%

- The base value for the project is estimated by multiplying the contained value by the discount factors.

$$\text{Base Value} = [\text{Contained Value}] * [\text{Resource Discount}] * [\text{Operational Discount}]$$

Base Value A\$M	
Measured	-
Indicated	-
Inferred	263.99
Exploration Target	-
Total	263.99

- A range of average acquisition cost (AAC) percentages is estimated based on comparative transactions in the gold industry over the last 20 years.



The Average Acquisition Cost (AAC) for gold projects lies in the range of 2% to 4.5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for the AAC as shown in the following table.

Percentile	AAC Percentiles				
	10%	25%	50%	75%	90%
AAC	2.20%	2.63%	3.00%	3.35%	3.89%

For the purpose of this valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles

- The Base Value is multiplied by AAC Percentiles to arrive at the estimated project value.

Total Project Technical Value, A\$M	
Low	6.93
High	8.84
Preferred	7.92

Low	6.93
High	8.84
Preferred	7.92

MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, I have considered the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a small to medium market premium to the technical value of the exploration potential of the tenements.

The current market value for mineral projects in Namibia is considered to be mildly buoyant and a base market factor of 15% to 20% has been applied to the basic technical value.

Total Project Market Value, A\$M	
Low	7.97
High	10.61
Preferred	9.29
% of contained value	1.25%
\$/t Resource	\$0.57

Low	7.97
High	10.61
Preferred	9.29
% of contained value	1.25%
\$/t Resource	\$0.57

Based on an assessment of the factors involved I estimate the value for the Border Deposit to be in the range A\$8.0 million to A\$10.6 million with a preferred value of A\$9.3 million.

REMAINING TENEMENT - GEOSCIENTIFIC RATING METHOD

BASE VALUE

This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for Exploration Licences in Western Australia. Exploration Licences in the first year attract a minimum annual expenditure of \$1000 and annual rent of \$113.5 per block. A 15% administration fee is taken into account to imply a BAC of \$410 to \$450 per square kilometre. More mature tenements are escalated in proportion to the increase in rent for years 4 to 5 and year 6 and over.

Western Australia Expenditure Commitments

Exploration Licence	Year 1	410	450
Exploration Licence	Year 2	480	530
Exploration Licence	Year 3	550	610
Exploration Licence	Years 4 to 5	620	680
Exploration Licence	Year 6 on	1,200	1,320
Prospecting Licences	All years	4,900	5,400
Mining Lease	All Years	13,200	14,500

The Ongava tenement is in its sixth year and a BAC of \$1,200 to \$1,320 per square kilometres has been applied.

For the valuation it is assumed the Company has 100% equity in the tenements.

$$\text{Base Value} = [\text{Area}] * [\text{Grant Factor}] * [\text{Equity}] * [\text{Base Acquisition Cost}]$$

Sabre Resources Ltd								
Tenement								
Factors								
Tenement	Country	Project	Equity	Km2	Status	Grant Factor	BAC	
							Low	High
EPL 3542	Namibia	Ongava	100%	601.34	Granted, Yr 6	100%	1,200	1,320

PROSPECTIVITY ASSESSMENT FACTORS

A detailed assessment of the prospectivity of tenements was carried out. The geoscientific rating chosen for each element are included in the following table.

This includes a consideration of

- Regional mineralization, old and current workings and the validity of conceptual models.
- Local mineralization within the tenements and the application of conceptual models within the tenements.
- Identified anomalies warranting follow up within the tenements.
- The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.

KILBURN RATING CRITERIA - SIMPLIFIED				
Rating	Off Site Factor	On Site Factor	Anomaly Factor	Geological Factor
1	Indications of Prospectivity	Indications of Prospectivity	No targets outlined	Generally favourable geological environment
2	Resource targets Identified	Targets identified with successful early drilling	Exposure of mineralised zones or surface drilling (RAB)	Generally favourable lithology with structures or exposures of mineralised zones
3	Along Strike or adjacent to known mineralization	Grade intercepts on adjacent sections - Exploration Targets Estimated from sound evidence	Significant grade intercepts not yet linked on cross and long sections	Significant mineralised zones exposed in prospective host rocks
4		Inferred Resource identified not yet estimated	Grade intercepts on adjacent sections	

Assessments in each category are based on a set scale (see above and appendix) and are multiplied together to arrive at a "prospectivity index". *Prospectivity Index = [Off Site Factor]*[On Site Factor]*[Anomaly Factor]*[Geology Factor]*

Sabre Resources Ltd										
Prospectivity Factors										
Tenement	Country	Project	Off Site		On Site		Anomaly		Geology	
			Low	High	Low	High	Low	High	Low	High
EPL 3542	Namibia	Ongava	3.25	3.35	3.30	3.40	3.50	3.60	2.50	2.60

TECHNICAL VALUE

An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity.

$$Technical\ Value = [Base\ Value] * [Prospectivity\ Index]$$

Sabre Resources Ltd						
Technical Value						
Tenement	Country	Project	Technical Value			
			Low	High	Preferred	
EPL 3542	Namibia	Ongava	67.72	84.62	75.94	

MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, I have considered the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a small to medium market premium to the technical value of the exploration potential of the tenements.

The current market value for mineral projects in Namibia and Australia is considered to be mildly buoyant and a base market factor of 20% to 25% has been applied to the basic technical value.

$$\text{Market Value} = [\text{Technical Value}] * [\text{Adjusted Market Factor}]$$

Sabre Resources Ltd							
Market Value							
Tenement	Country	Project	Market Value				
			Market Factor		Low	High	Preferred
EPL 3542	Namibia	Ongava	120.0%	125.0%	81.26	105.78	93.52

VALUATION OPINION

Exploration Tenements:

There is a preference for the use of more than one valuation methodology for the same tenements expressed in Paragraph 65 of Regulatory Guide 111. In the absence of a resource estimate in accordance with the JORC code apart from the Border Deposit an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

PEM Range	Criteria
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed

Complete records of past expenditure for the Projects are not available from the previous explorers. The project has been extensively explored in the past with mapping, satellite imagery, geophysics, surface geochemistry and historical drilling form part of the data base.

It is considered reasonable to suggest that the current value of past mining and exploration with pre-JORC resource estimates and other work elements would be in the range of \$25 to \$30 million if carried out in the current market. This is considered speculative (but plausible) and the successful results of the work indicate that detailed drilling has defined targets with potential economic interest with the potential to contain medium sized deposits and small Inferred Resources may be estimated. This would attract Prospectivity Enhancement Multipliers as set out below and suggest a technical value in the range \$62 million to \$90 million with a preferred value of \$76.3million.

Sabre Resources Ltd							
Technical Value - Prospectivity Enhancement Method							
	Expenditure, A\$M		PEM		Technical Value, A\$M		Preferred
	Low	High	Low	High	Low	High	
EPL 3542	25.00	30.00	2.50	3.00	62.50	90.00	76.25

FINAL VALUATION – RESOURCES AND EXPLORATION POTENTIAL

In this report, I have systematically established the value of the mineral assets as at 1 May 2012.

	Low, \$m	High, \$m	Preferred, \$m
Border Deposit	7.97	10.61	9.29
Ongave Tenement	81.26	105.78	93.52
Total Value	89.23	116.39	102.81

Based on an assessment of the factors involved I estimate the value for the Current project areas is in the range A\$89.2 million to A\$116.4 million with a preferred value of A\$102.8 million.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning BMG's planned exploration program and other statements that are not historical facts. Although BMG 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.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2004 Edition of the 'Australasian Code for Reporting of Exploration

Results, Mineral Resources and Ore Reserves. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

APPENDIX

MINERAL ASSETS VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Mineral assets classification	
Exploration areas	Mineralization may or may not have been identified, but where a mineral resource has not been defined.
Advanced exploration areas	Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment.
Pre-development projects	A positive development decision has not been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles.
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels.
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production.

The fair market value of a mineral asset is the estimated amount of money or the cash equivalent or some other consideration for which the mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction. Each party is assumed to have acted knowledgeably, prudently and without compulsion.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

REGULATORY AUTHORITIES

Mineral asset valuations are governed by the VALMIN code and ASIC Practice Note 43 in Australia and by the CIMVAL code, NI43-101 and TSXV Appendix 3G in Canada

THE VALMIN CODE

The four main requirements of the *VALMIN Code* are

Transparency The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer.

Materiality This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report.

Competence The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity.

Independence. The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a "fair market value". To achieve independence, the valuer must not receive any special benefit from doing the study.

The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration. Selection of the appropriate valuation method will depend on, inter alia:

- (a) the purpose of the Valuation;
- (b) the development status of the Mineral or Petroleum Assets;
- (c) the amount and reliability of relevant information;

(d) the risks involved in the venture; and

(e) the relevant market conditions for commodities and/or shares.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration, stating the reasons why the particular valuation method(s) have been selected in relation to those factors set out in Paragraph 39 and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation method(s) used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reason(s) for selecting the Value adopted.

Australian Securities and Investment Commission – Regulatory Guides RG111 and RG112

It is not the ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

(a) the discounted cash flow method;

(b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

The ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the figures derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

(a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or

(b) the current market value differs materially from that derived by the chosen method.

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the Tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Expert based on his experience.

The Independent Expert, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralization
- level of knowledge of the geometry of mineralization in the district
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralization
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralization identified on adjacent properties
- appropriate geological models

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a "market factor" unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified reserves it is appropriate to use financial analysis methods to estimate the net present value (NPV) of the properties. This technique has deficiencies which include assessment of only a very narrow area of risk, namely the time value of money given the real

discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified mineral resources or only inferred resources it is inappropriate to prepare any form of financial analysis to determine the net present value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (PEM) is heavily based on the expenditure, while the Kilburn Geoscience Rating (Kilburn) is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Kilburn assessment is high and the PEM is low it indicates effective well focussed exploration, if the Kilburn is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

PROSPECTIVITY ENHANCEMENT MULTIPLIER (PEM) OR MULTIPLE OF EXPLORATION EXPENDITURE (MEE)

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database.

PEM Factors Used in this valuation method

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralization identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed

3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the table.

GEOSCIENTIFIC RATING METHOD

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralization known to exist on the property being valued;
- number and relative position of anomalies on the property being valued;
- geological models appropriate to the property being valued.

The Method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months.

Exploration Licences attract a minimum annual expenditure for the first three years of \$1000 per block and annual rent of \$113.5 per block. A 15% administration fee is taken into account to imply a BAC of \$410 to \$450 per square kilometre. More mature tenements are escalated in proportion to the increase in rent for years 4 to 5 and year 6 and over.

Western Australia Expenditure Commitments

Tenure	Maturity	Low	High
Exploration Licence	Years 1 to 3	410	450
Exploration Licence	Years 4 to 5	620	680
Exploration Licence	Year 6 on	1,240	1,360
Prospecting Licences	All years	4,900	5,400

The multipliers or ratings and the criteria for rating selection across these 6 factors are summarised in the following table.

KILBURN GEOSCIENTIFIC RATING CRITERIA - MODIFIED					
	Rating	Address - Off Property	Mineralization - On Property	Anomalies	Geology
Low	0.5	Very little chance of mineralization, Concept unsuitable to environment	Very little chance of mineralization, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Generally Unfavourable lithology
Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered Generally favourable geology
	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered Generally favourable geology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB and/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (90 - 100%)
	3.5	Along strike or adjacent to known mineralization at Pre-Feasibility Stage	Resource areas identified	Subeconomic targets of possible significant volume - early stage drilling	
	4	Along strike or adjacent to Resources at Definitive Feasibility Stage	Along strike or adjacent to known mineralization at Pre-Feasibility Stage	Marginal economic targets of significant volume - advanced drilling	
	4.5	Along strike or adjacent to Development Stage Project	Along strike or adjacent to Resources at Definitive Feasibility	Marginal economic targets of significant volume - well drilled at	

			Stage	Inferred Resource stage
Very High	5	Along strike or adjacent to Operating Mine	Along strike or adjacent to Development Stage Project	Several significant ore grade correlatable intersections with estimated resources

Estimate of project value is carried out on a tenement by tenement basis and uses four calculations as shown mellow.

$$\text{Base Value} = [\text{Area}] * [\text{Grant Factor}] * [\text{Equity}] * [\text{Base Acquisition Cost}]$$

$$\text{Prospectivity Index} = [\text{Off Site Factor}] * [\text{On Site Factor}] * [\text{Anomaly Factor}] * [\text{Geology Factor}]$$

$$\text{Technical Value} = [\text{Base Value}] * [\text{Prospectivity Index}]$$

$$\text{Market Value} = [\text{Technical Value}] * [\text{Adjusted Market Factor}]$$

VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they

reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

The dollar value must take into account a number of aspects of the resources including:

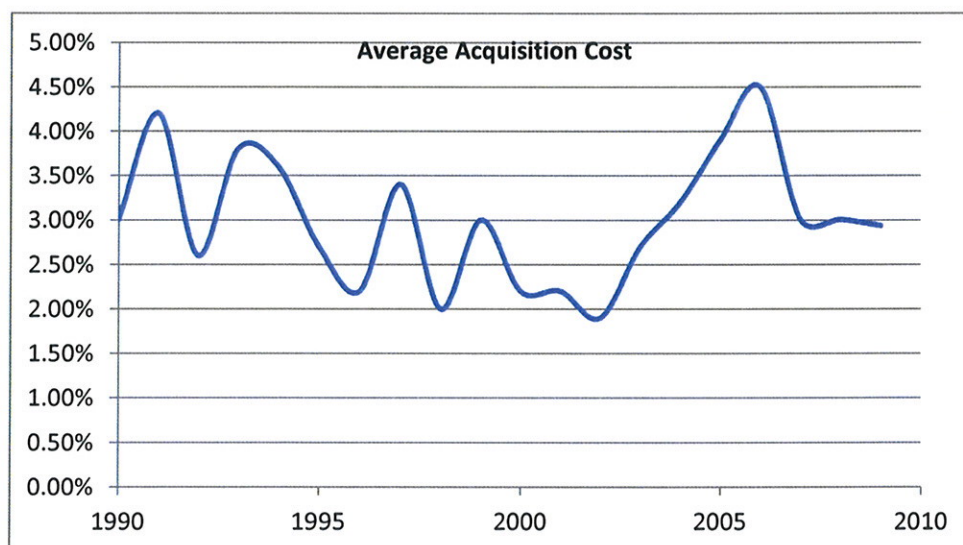
- The confidence in the resource estimation (the JORC Category).
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of toll treatment facilities, infrastructure, development and capital expenditure aspects

A similar approach can be taken with other metals including uranium or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.

Iron Ore Mining and Processing DiscountsResource	
Recovery	88.0%
Mining	90.0%
Processing	80.0%
Rail	80.0%

Port	70.0%
Capex	70.0%
Marketing	85.0%
Total Operating Discount	21.1%

Comparative transactions in the gold industry over the last 20 years



The AAC for gold projects lies in the range of 2% to 5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for 'Apparent Acquisition Cost' (AAC) over the last twenty years as shown in the following table.

Dollar per Ounce for International Gold Sales (AUD)

Percentile	AAC Percentiles				
	10%	25%	50%	75%	90%
AAC	2.20%	2.63%	3.00%	3.35%	3.89%

VALUATION REFERENCES

AusIMM, (2004), "Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), prepared by the Joint Ore Reserves Committee (JORC) of the AusIMM, the Australian Institute of Geoscientists (AIG) and the Minerals Council of Australia (MCA)", (The JORC Code) effective December 2004.

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1 May 2012

RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace
Perth WA 6000

Dear Sirs,

Re: INDEPENDENT VALUATION OF THE OTAVI VALLEY BASE METAL PROJECT
IN NORTHEASTERN NAMIBIA

I have been commissioned by RSM Bird Cameron Corporate Pty Ltd ("RSM") to provide a Mineral Asset Valuation Report ("Report") of the of the Otavi Valley Base Metal Project in Namibia. RSM has been engaged by the Directors of Sabre Resources Ltd ("Sabre" or "the Company") to prepare an Independent Expert's Report ("IER"). RSM are to prepare an IER stating whether, in the expert's opinion, the proposed transactions are fair and reasonable to the non-associated Shareholders. This valuation report on mineral assets will form part of the RSM's IER.

This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the exploration assets based on the information in this Report.

The present status of the tenements listed in this report is based on information provided by the Company and is set out in the Tenement Schedule. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation. Details in respect to the legal status and tenure of the tenements in Western Australia comprising the Project were reviewed from the Department of Mines and Petroleum database.

DECLARATIONS

Relevant codes and guidelines

This report has been prepared as a technical assessment and valuation in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for*

Independent Expert Reports (the "VALMIN Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where mineral resources have been referred to in this report, the classifications are consistent with the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code")*, prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the VALMIN Code, the properties are classified as 'exploration areas', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this report, I did not carry out a site visit to any of the Company's Project areas. Based on my professional knowledge and experience and the availability of extensive databases and technical reports made available by various Government Agencies, I consider that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent valuation report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specialises in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore

and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical Audits in many countries. He has completed numerous Independent Geologist's Reports and mineral asset valuations over the last decade as part of his consulting business.

Mr. Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence

I am not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM,
GCertAppFin (Sec Inst)

TENEMENT SCHEDULE

NAMIBIAN TENEMENTS

Tenement No.	Registered Holders	Area, km ²	Status	Commenced
EPL 3540	Gazania Investments Nine (Pty) Ltd	207.00	Granted, Renewal Pending	30 October 2006

The Status of the Namibian tenement (Exclusive Prospecting Licence) is based on information provided by the current owners and has not been based on a recent independent enquiry of the Department of Mines in Namibia, pursuant to paragraph 67 of the Valmin Code by Agricola Mining Consultants Pty Ltd. The tenement is believed to be in good standing. The tenement is mature with exploration spanning five and a half years. Renewal of the tenement is pending though no impediments to grant are known to exist at this time.

The project area is composed of one Exclusive Prospecting License, EPL 3540 and covers an area of 20,700 hectares (207.00 km²), reduced from the original area of 55,239 hectares.

Mining Tenure in Namibia

Mineral Licences - The Minerals Act allows for various types of prospecting and mining licences, covering both small-scale and formal activity. A brief summary of each is given below.

Mining Claims - Available only to Namibian citizens for the development of small-scale mines and mineral deposits, mining claims are valid for three years. Two-year extension periods are possible providing that the claim is being developed or worked. Up to a maximum of ten claims can be held at any one time.

Reconnaissance Licence - Designed for regional, mainly remotely sensed exploration, a reconnaissance licence is valid for six months on a non-renewable basis. This licence facilitates the identification of exploration targets and is only exclusive in special cases.

Exclusive Prospecting Licence - This three-year licence allows systematic prospecting in areas of up to 1,000 km². It gives exclusive exploration rights to the land and may be extended twice for two-year periods if demonstrable progress is shown. Renewals beyond seven years require special approval from the Minister.

Mining Licence - This gives the holder the exclusive mining right in the licence area for a period of 25 years or the life of the mine, with renewals valid for 15-year periods. The holder is required to demonstrate the financial and technical ability to develop and operate a mine. A mining licence also gives the holder the exclusive right to approve the development of other mines on the same property.

Mineral Deposit Retention Licence - This allows an exploration company in certain circumstances to retain tenure on a prospecting licence, mining licence or mining claim without mining obligations. It is valid for five years, with two-year renewal periods. The licence holder must, however, meet work and expenditure obligations and submit regular project reviews.

OTAVI VALLEY BASE METAL PROJECT

The Otavi Valley Base Metal project is located in the Otavi Mountain Land, in the northeast of Namibia, southwest Africa. The project area is located approximately 350 km to the north-northeast Windhoek, the capital of Namibia.

The project is accessed from Windhoek via the main paved highway that runs north to the towns of Otavi and Tsumeb. The main road that runs from Tsumeb to Grootfontein crosses the project area, with access inside the project area via minor roads and farm tracks.

THE OTAVI MOUNTAIN LAND, NAMIBIA

The Otavi Mountain Land (OML) hosts a wealth of mineral deposits in addition to the famous Tsumeb and Kombat mines. These include Berg Aukas (Grootfontein), Guchab and Abenab, among others, where world-class descloizite, willemite, diopside, and the largest known crystals of vanadinite have been found.

The Otavi Mountain Land in Northern Namibia is located in the Northern Platform Zone of the east-northeast striking intracontinental branch of the Damara Belt, at the southern margin of the Congo craton.

The lithologies in the OML are mainly shallow water carbonates and siliciclastic rocks of the Neoproterozoic Damaran Supergroup. About 600 Cu-Pb-Zn-V mineralized occurrences, only some of them of economic value, are known in the OML. Based on their geometry, but also on their geochemical and Pb-isotopic characteristics, several authors have grouped these deposits into different types. The pipe-like structure of the Tsumeb type (Pb, Cu>Zn) and the stratabound Berg Aukas type (Zn, Pb) are the most famous ones. The type of mineralization depends on the facies and the diagenetic overprint of the host rocks, its tectonic setting and the occurrence of sedimentary, karst and tectonic breccias.

Possible sources of the mineralising fluids are basement highs in the central and southern OML, northeast-southwest striking mafic dykes, volcanic and siliciclastic successions in the Nosib Group at the base of the Damaran Supergroup or higher metamorphic units of the Northern Zone of the Damaran orogen.

The Tsumeb Deposit

The Tsumeb carbonate hosted, breccia pipe copper-lead-zinc-silver deposit is located in northern Namibia, some 430 km by road and rail from Windhoek and 600 km by rail from the Atlantic coast port of Walvis Bay.

The polymetallic orebody was present mainly on the outer peripheries of a near vertical, irregular, markedly transgressive, collapse-breccia pipe cutting dolomites of the Upper Proterozoic Damaran Supergroup. Sulphides were massive to semi-massive, and mineralisation was present over a vertical distance of nearly 1.8 km in the oval shaped pipe which is 20 to 180 m in diameter. The orebody has been exhausted and the mine closed.

The Tsumeb pipe transgresses carbonates of the upper half of the Otavi Group, a member of the Upper Proterozoic Damara Supergroup. It occurs in onlapping carbonates of the Northern Platform deposited over the Angola-Kasai Craton some 80 km to the north of the main northern margin of the Damaran/Katangan Rift Zone. The Upper Proterozoic sequence in this region and on the adjacent Northern Platform comprises, from the base:

- Nosib Group, 0 to 1200 m thick - comprising feldspathic quartzites, arkose and conglomerate; overlain by phyllitic agglomerate, tuff and epidotised andesite up to 300 m thick; capped by quartzite, conglomerate, arkosic mixtite, dolomite and ferruginous shale. The Nosib Group is not as extensive as the overlying Otavi Group which oversteps it onto the basement in the Northern Platform near Tsumeb.
- Otavi Group, 0 to 4800 m thick - is very widespread but restricted to the platform fringes of the Damaran/Katangan Rift Zone. It is areally more extensive than the underlying Nosib Group and transgresses well onto the Angola-Kasai Craton. This group contains two units of predominantly carbonates, with minor argillites and no arenites, separated by a mixtite/tillite unit.
- Mulden Group. - On the Northern Platform, the Otavi Group is unconformably overlain by the Mulden Group with an angularity that varies from marked to virtually concordant. This group appears to represent an initial thicker coarse clastic phase, followed by finer grained clastics and carbonates.

The Tsumeb orebody transgresses at least 1000 m of stratigraphy of the upper part of the Tsumeb Subgroup carbonates of the Otavi Group. It is situated on the northern flank of the doubly plunging, slightly asymmetric Tsumeb Syncline. Parasitic folds with varying plunges are mapped within this structure to the east and west of the orebody at surface and underground. An axial plane cleavage is present. Numerous bedding plane shears are obvious, and some prominent bedding thrusts caused by flexural slip folding are found in the host units. A major feature of the mine area is the North Break, a zone of alteration within the bedding of the lower portion of the T6 unit, a section rich in stromatolite beds. This zone, which is a major aquifer (and palaeo-aquifer), is recognisable at surface from 3 km to the west to 1 km to the east of the mine area as a discontinuous horizon of siliceous, ferruginous, calcitic and manganiferous dolomite which in many places contains secondary Cu, Pb, Zn and V minerals.

The main rock types within the pipe are as follows:

- Feldspathic Sandstone - which in part transgressively fills the pipe, is composed of a light to medium grey variety that petrographically and chemically resembles certain arenaceous facies of the Tschudi Formation of the overlying Mulden Group. Typically it consists of an equigranular clastic aggregate of angular to well rounded quartz and feldspar grains, usually with very little matrix. Shungitic carbon (an anthracite like pyro-bitumen) has been emplaced in part, resulting in darkening of the rock. The feldspathic sandstone has also penetrated the North Break having been found up to 300 m from the intersection with the pipe. Historically, because of the transgressive mode of its occurrence, the feldspathic sandstone has been regarded as an igneous rock and termed an aplite or pseudo-aplite. Petrographic work however indicates that it is a sediment and probably belongs to the Tschudi Formation that has flowed into a large solution collapse/dewatering structure in the unconformably underlying carbonates of the Tsumeb Subgroup.
- Dark Dolomite Breccia and Dolomite Breccia - the Dark Dolomite Breccia first appears at the 21 level at the change in plunge of the orebody pipe and persists to near the 28 level where it grades into the Dolomite Breccia. The Dark Dolomite Breccia consists of clasts which may be identified with lithologies cut by the pipe higher in the mine. For instance where it cuts the T6 unit, the T7 are evident, while where it cuts T5 the clasts are of T6 and lesser T7, while a clast of oolitic chert of the type found at the top of the T8 unit occurs 1000 m below that unit on the 40 level where the pipe cuts the T5 unit.
- Calcitisation - first appears on 20 level where it occurs in small areas, but increases to become more prominent by 24 level. Calcitisation is a replacement process which was initiated prior to the introduction of the ore and has affected dolomite, dolomite breccia and feldspathic sandstone.
- Marble Breccia - where calcitisation is most intense on the 34 level, the entire core of the pipe has been thoroughly altered to a coarsely crystalline, grey, calcitic rock which is in places ferruginous and has locally also been bleached. The resultant rock has been termed Marble Breccia. The breccia clasts are composed of foliated, crystalline and calcitised grey dolomite, together with subordinate grey chert and unaltered dolomite. The matrix is as described for the calcitised dolomite above.
- Silicification - which is observed from 26 level downward, is restricted to the southern margin of the ore zone to 34 level, but intensifies and becomes more widespread deeper down until it dominates.
- Silica Dolomite - comprises dolomite or dolomite breccia of which more than 40% has been reconstituted by siliceous alteration. All silica-dolomite development is below the North Break. Within the silica-dolomite breccias there is a variety of results of the alteration, ranging from large white crystalline interclast siliceous

veins, to pink silicification of clasts. In places there is a strong sharply defined breccia texture, while elsewhere there are only diffuse boundaries between the matrix and clasts. In general the clasts predominate, while in places massive sulphides rim the silicified clasts.

The principal primary sulphide minerals at Tsumeb are galena, tennantite, sphalerite, chalcocite, enargite and bornite, with lesser chalcopyrite, germanite and renierite. Pyrite is widespread, normally in small amounts. Supergene chalcocite, djurleite, digenite and covellite are important in the upper section of the mine, while the same minerals are present in a lower oxidation zone between 24 and 38 levels. A large number of sulphides and sulpho-salts occur as erratic traces throughout the deposit. Limited amounts of non-metallic gangue minerals are present, principally calcite, quartz and dolomite and rarely barite and fluorite. Some 213 minerals are recorded in the mine, for 40 of which it is the type locality.

There are four types of mineralisation present, as follows:

- **Massive Peripheral Ore** - these complex Pb, Zn and Cu ores contain up to 40% total metal. Massive ore from the surface to 20 level is typically concentrated peripheral to feldspathic sandstone, reaching its maximum lateral extent in adjoining dolomite breccia. This ore is generally present as medium to coarse grained sulphides, comprising variable amounts of galena and sphalerite, together with tennantite, enargite (in the upper sections of the mine), bornite and chalcocite.
- **Manto Ore** - this comprises wing like appendages to the massive peripheral ore that are present between the 26 and 30 levels on the southern and northern side of the main pipe. Most of these very rich concordant to sub-concordant lenses occur near the base of the T6 unit in which many stromatolitic beds are located. Most of the manto ores are present over the whole strike of the orebody and are often very rich. The S95 Manto for instance had 75 000 t @ 23% Cu. On the southern side of the pipe the manto ores are generally bornite, chalcocite, djurleite, tennantite, galena and sphalerite, except for the S95 which is mainly chalcocite. On the northern side they comprise galena and sphalerite with subordinate tennantite. As with the massive ores, textures strongly indicate a replacive nature.
- **Disseminated and Stringer Ores** - these ores are hosted by feldspathic sandstone, unaltered to altered bedded dolomite and by various dolomite breccias. The disseminated ore is most commonly within feldspathic sandstone with the equigranular sulphides evenly scattered, preferentially replacing feldspar. Bornite, chalcocite and tennantite are dominant, galena is scarce and sphalerite is rare. Discontinuous Cu rich veins are also present in the feldspathic sandstone, and

where replacement is more advanced, the disseminated and stringer mineralisation grades into massive ore.

- Oxide Ores - these are present in the upper zone of supergene enrichment in the upper parts of the mine and in a zone of 'oxidation' from the 24 to 38 levels.

The Tsumeb ore deposit contained: 27 Mt @ 4.3% Cu, 10% Pb, 3.5% Zn, 95 g/t Ag (historic production).

MINERALISATION AND EXPLORATION POTENTIAL

The Otavi Valley Base Metal Project hosts both the Tsumeb and Berg Aukas styles of base metal mineralisation, in a number of reported mineral occurrences.

The stratigraphical and structural continuity shown by the various styles of mineralisation within the project area indicate that the potential for finding further significant economic mineralisation is extremely high.

Zinc-Lead (Zn-Pb) mineralisation is found throughout the carbonate stratigraphy within the tenement area. These occurrences are controlled by fracture zones within the host carbonate rocks, particularly within the basal dolomitic units and appear to be genetically related to Mississippi Valley Type (MVT) hydrothermal mineralisation.

Details of the project geology and mineralisation are included in a report by the company entitled "Otavi Valley Base Metal Project (EPL3540)" dated February 2012.

REFERENCES

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VALUATION ASSESSMENT

The **Otavi Valley Base Metal Project** is advanced with numerous old working and substantial surface rock chip and soil anomalous areas. More than 20 prospects have been identified which warrant detailed followup and drill testing include the following:

- Guchab (Cu)
- Reirfontein (Pb-Zn-V)
- Baltika (Pb-Zn-V)
- Odin (Pb-Zn)
- Kombat Ost (Cu-Pb-Zn)

The Otavi Valley Base Metal Project is prospective for both copper and lead-zinc mineralisation.

When a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a Comparable Transactions approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

A similar approach can be taken with other metals including copper or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.

The **Otavi Valley Base Metal Project** is an advanced exploration project. Several methods of valuation are available for such projects where a Mineral Resource has not yet been estimated in accordance with the JORC code. These include the use of valuations based on past exploration expenditure and valuations based on perceived prospectivity.

Exploration projects can be extremely variable and the use of comparable transactions is unlikely to produce a statistical spread of values for “similar” projects. This method can be used where a Mineral Resource has been estimated. The Prospectivity Exploration Multiplier (PEM) is based on past expenditure while the Kilburn Geoscience Rating is based on opinions of the prospectivity hence tenements can have marked variation in value between the methods.

The ‘Geoscientific Rating’ method of valuation for exploration tenements is the preferred valuation method for the Company’s current tenements as it focusses on the prospectivity of the area.

The Geoscientific Rating method systematically assesses and grades of four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the application fees, annual rent,

work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months. This is usually expressed as average expenditure per square kilometre. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value' is multiplied by the prospectivity rating (the assessment of prospectivity factors multiplied together) to establish the overall technical value of each mineral property.

Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the success of the previous exploration techniques and results.

Paragraph 65 of RG 111 discusses a preference for the use of more than one valuation methodology. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past expenditures for the Company's current tenements are not available from the previous explorers over the duration of modern exploration and reliance is mainly placed on the Geoscientific method.

GEOSCIENTIFIC RATING METHOD

BASE VALUE

This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for Exploration Licences in Western Australia. Exploration Licences attract a minimum annual expenditure for the first three years of \$1000 per block and annual rent of \$113.5 per block. A 15% administration fee is taken into account to imply a BAC of \$410 to \$450 per square kilometre. More mature tenements are escalated in proportion to the increase in rent for years 4 to 5 and year 6 and over.

Western Australia Expenditure Commitments			
Tenure	Maturity	Low	High
Exploration Licence	Years 1 to 3	410	450
Exploration Licence	Years 4 to 5	620	680
Exploration Licence	Year 6 on	1,240	1,360
Prospecting Licences	All years	4,900	5,400
Mining Lease	All Years	13,200	14,500

The Namibian tenement is mature with exploration extending over five and a half years. More than 20 targets have been identified by a variety of exploration methods including historic drill results and old production record. A BAC of \$1240 to \$1360 per square kilometres has been used to reflect the maturity of the Exclusive Prospecting Licence.

A discount of 10% (Grant factor of 90%) is applied to the tenements to recognise the uncertainty of the pending renewal process. The Company has 100% equity in both the tenements.

$$\text{Base Value} = [\text{Area}] * [\text{Grant Factor}] * [\text{Equity}] * [\text{Base Acquisition Cost}]$$

TENEMENT DETAILS

**Sabre Resources
Ltd**

Tenement Factors

Tenement	Location	Project	Equity	Km ²	Status	BAC	
						Low	High
EPL 3540	Namibia	Otavi	100%	207.00	Granted, Renewal Pending	1,240	1,360

PROSPECTIVITY ASSESSMENT FACTORS

A detailed assessment of the prospectivity of tenements was carried out. The geoscientific rating chosen for each element are included in the following table.

This includes a consideration of

- Regional mineralization, old and current workings and the validity of conceptual models.
- Local mineralization within the tenements and the application of conceptual models within the tenements.
- Identified anomalies warranting follow up within the tenements.
- The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.

KILBURN RATING CRITERIA - SIMPLIFIED				
Rating	Off Site Factor	On Site Factor	Anomaly Factor	Geological Factor
1	Indications of Prospectivity	Indications of Prospectivity	No targets outlined	Generally favourable geological environment
2	Resource targets Identified	Targets identified with successful early drilling	Exposure of mineralised zones or surface drilling (RAB)	Generally favourable lithology with structures or exposures of mineralised zones
3	Along Strike or adjacent to known mineralization	Grade intercepts on adjacent sections - Exploration Targets Estimated from sound evidence	Significant grade intercepts not yet linked on cross and long sections	Significant mineralised zones exposed in prospective host rocks
4		Inferred Resource identified not yet estimated	Grade intercepts on adjacent sections	

Assessments in each category are based on a set scale (see above and appendix) and are multiplied together to arrive at a "prospectivity index".

$$\text{Prospectivity Index} = [\text{Off Site Factor}] * [\text{On Site Factor}] * [\text{Anomaly Factor}] * [\text{Geology Factor}]$$

Sabre Resources Ltd

Prospectivity Factors

Tenement	Location	Project	Off Site		On Site		Anomaly		Geology	
			Low	High	Low	High	Low	High	Low	High
EPL 3540	Namibia	Otavi	4.00	4.10	2.75	2.85	3.50	3.60	2.80	2.90

TECHNICAL VALUE

An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity.

$$\text{Technical Value} = [\text{Base Value}] * [\text{Prospectivity Index}]$$

Sabre Resources Ltd

Technical Value

Tenement	Country	Project	Technical Value		
			Low	High	Preferred
EPL 3540	Namibia	Otavi	24,903,000	30,909,000	27,827,000
			24,903,000	30,909,000	27,827,000

MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, I have considered the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a small to medium market premium to the technical value of the exploration potential of the tenements.

The current market value for mineral projects in Namibia is considered to be mildly buoyant and a base market factor of 15% to 20% has been applied to the basic technical value.

The government in Namibia is based on a constitutional republic framework which means, the head of state is a representative of the people chosen by the people and is bound to govern by constitutional law. Namibia's economic freedom score is 62.7, making its economy the 73rd freest in the 2011 Index. Namibia ranks 4th out of 46 countries in Sub-Saharan Africa region. Namibia's overall score is lower than the global and regional averages, making it the least free in terms of business.

The Corruption Perceptions Index (CPI) is a survey to measure the perceived level of corruption across countries worldwide. Namibia is ranked 56th on this list indicating the corruption levels in the public departments is moderate.

No additional risk adjustments to the market factor were considered necessary for the Namibian tenements. An allowance for the pending renewal was included in the Base Value estimate. Country risk is considered to be low to moderate.

$$\text{Market Value} = [\text{Technical Value}] * [\text{Adjusted Market Factor}]$$

Sabre Resources Ltd							
Market Value							
Tenement	Country	Project	Market Value				
			Market Factor		Low	High	Preferred
EPL 3540	Namibia	Otavi	115.0%	120.0%	28,638,000	37,091,000	32,864,500
					28,638,000	37,091,000	32,864,500

VALUATION OPINION

In this report, I have systematically established the value of the mineral assets as at 1 May 2012.

	Low, \$m	High, \$m	Preferred, \$m
Otavi Valley	28.64	37.09	32.86

Based on an assessment of the factors involved I estimate the value for the Current project areas is in the range A\$28.6 million to A\$37.1 million with a preferred value of A\$32.9 million.

There is a preference for the use of more than one valuation methodology for the same tenements expressed in Paragraph 65 of Regulatory Guide 111. In the absence of a resource estimate in accordance with the JORC code at Otavi Valley an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Complete records of past expenditure for the Otavi Valley Base Metal Project are not available from the previous explorers. The project has been extensively explored in the past with mapping, satellite imagery, geophysics, surface geochemistry and historical drilling form part of the data base. Mining has been carried out on the property in the past.

It is not considered unreasonable to suggest that the current value of these work elements would exceed \$10.0 to \$13.0 million if carried out in the current market. This is considered highly

speculative (but plausible) and the successful results of the work indicate that detailed drilling has defined targets with potential economic interest with the potential to contain medium sized deposits and small Inferred Resources may be estimated. This would attract a Prospectivity Enhancement Multiplier of 2.4 to 2.6 and suggest a market value in the range \$24 million to \$34 million.

Prospectivity Enhancement Method			
	Low	High	Preferred
Expenditure, \$m	12.00	14.00	13.00
PEM	2.40	2.60	2.50
Market Value	28.80	36.40	32.50

PEM Range	Criteria
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed

APPENDIX

MINERAL ASSETS VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Mineral assets classification	
Exploration areas	Mineralization may or may not have been identified, but where a mineral resource has not been defined.
Advanced exploration areas	Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment.
Pre-development projects	A positive development decision has not been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles.
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels.
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production.

The fair market value of a mineral asset is the estimated amount of money or the cash equivalent or some other consideration for which the mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction. Each party is assumed to have acted knowledgeably, prudently and without compulsion.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

REGULATORY AUTHORITIES

Mineral asset valuations are governed by the VALMIN code and ASIC Practice Note 43 in Australia and by the CIMVAL code, NI43-101 and TSXV Appendix 3G in Canada

THE VALMIN CODE

The four main requirements of the *VALMIN Code* are

Transparency The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer.

Materiality This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report.

Competence The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity.

Independence. The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a "fair market value". To achieve independence, the valuer must not receive any special benefit from doing the study.

The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration. Selection of the appropriate valuation method will depend on, inter alia:

- (a) the purpose of the Valuation;
- (b) the development status of the Mineral or Petroleum Assets;
- (c) the amount and reliability of relevant information;
- (d) the risks involved in the venture; and
- (e) the relevant market conditions for commodities and/or shares.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration, stating the reasons why the particular valuation method(s) have been selected in relation to those factors set out in Paragraph 39 and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation method(s) used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reason(s) for selecting the Value adopted.

Australian Securities and Investment Commission – Regulatory Guides RG111 and RG112

It is not the ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

- (a) the discounted cash flow method;
- (b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

The ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the figures derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

- (a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or
- (b) the current market value differs materially from that derived by the chosen method.

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the Tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Expert based on his experience.

The Independent Expert, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralization
- level of knowledge of the geometry of mineralization in the district
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralization
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralization identified on adjacent properties
- appropriate geological models

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a “market factor” unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified reserves it is appropriate to use financial analysis methods to estimate the net present value (NPV) of the properties. This technique has deficiencies which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified mineral resources or only inferred resources it is inappropriate to prepare any form of financial analysis to determine the net present

value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (PEM) is heavily based on the expenditure, while the Kilburn Geoscience Rating (Kilburn) is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Kilburn assessment is high and the PEM is low it indicates effective well focussed exploration, if the Kilburn is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

PROSPECTIVITY ENHANCEMENT MULTIPLIER (PEM) OR MULTIPLE OF EXPLORATION EXPENDITURE (MEE)

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database.

PEM Factors Used in this valuation method

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralization identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the table.

GEOSCIENTIFIC RATING METHOD

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralization known to exist on the property being valued;
- number and relative position of anomalies on the property being valued;
- geological models appropriate to the property being valued.

The Method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months.

Exploration Licences attract a minimum annual expenditure for the first three years of \$1000 per block and annual rent of \$113.5 per block. A 15% administration fee is taken into account to imply a BAC of \$410 to \$450 per square kilometre. More mature tenements are escalated in proportion to the increase in rent for years 4 to 5 and year 6 and over.

Western Australia Expenditure Commitments

Tenure	Maturity	Low	High
Exploration Licence	Years 1 to 3	410	450
Exploration Licence	Years 4 to 5	620	680
Exploration Licence	Year 6 on	1,240	1,360
Prospecting Licences	All years	4,900	5,400
Mining Lease	All Years	13,200	14,500

The multipliers or ratings and the criteria for rating selection across these 6 factors are summarised in the following table.

KILBURN GEOSCIENTIFIC RATING CRITERIA - MODIFIED					
	Rating	Address - Off Property	Mineralization - On Property	Anomalies	Geology
Low	0.5	Very little chance of mineralization, Concept unsuitable to environment	Very little chance of mineralization, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Generally Unfavourable lithology
Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered Generally favourable geology
	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered Generally favourable geology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (90 - 100%)
	3.5	Along strike or adjacent to known mineralization at Pre-Feasibility Stage	Resource areas identified	Subeconomic targets of possible significant volume - early stage drilling	
	4	Along strike or adjacent to Resources at Definitive Feasibility Stage	Along strike or adjacent to known mineralization at Pre-Feasibility Stage	Marginal economic targets of significant volume - advanced drilling	
	4.5	Along strike or adjacent to Development Stage Project	Along strike or adjacent to Resources at Definitive Feasibility Stage	Marginal economic targets of significant volume - well drilled at Inferred Resource stage	
Very High	5	Along strike or adjacent to Operating Mine	Along strike or adjacent to Development Stage Project	Several significant ore grade correlatable intersections with estimated resources	

Estimate of project value is carried out on a tenement by tenement basis and uses four calculations as shown mellow.

$$\text{Base Value} = [\text{Area}] * [\text{Grant Factor}] * [\text{Equity}] * [\text{Base Acquisition Cost}]$$

$$\text{Prospectivity Index} = [\text{Off Site Factor}] * [\text{On Site Factor}] * [\text{Anomaly Factor}] * [\text{Geology Factor}]$$

$$\text{Technical Value} = [\text{Base Value}] * [\text{Prospectivity Index}]$$

$$\text{Market Value} = [\text{Technical Value}] * [\text{Adjusted Market Factor}]$$

VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

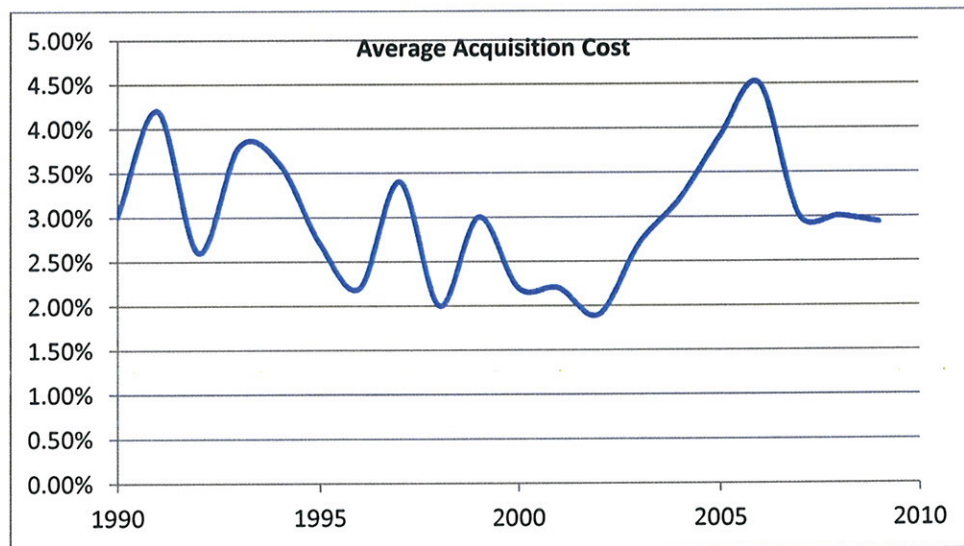
The dollar value must take into account a number of aspects of the resources including:

- The confidence in the resource estimation (the JORC Category).
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of toll treatment facilities, infrastructure, development and capital expenditure aspects

A similar approach can be taken with other metals including uranium or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.

Iron Ore Mining and Processing DiscountsResource	
Recovery	88.0%
Mining	90.0%
Processing	80.0%
Rail	80.0%
Port	70.0%
Capex	70.0%
Marketing	85.0%
Total Operating Discount	21.1%

Comparative transactions in the gold industry over the last 20 years



The AAC for gold projects lies in the range of 2% to 5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for 'Apparent Acquisition Cost' (AAC) over the last twenty years as shown in the following table.

Dollar per Ounce for International Gold Sales (AUD)

Percentile	AAC Percentiles				
	10%	25%	50%	75%	90%
AAC	2.20%	2.63%	3.00%	3.35%	3.89%

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