27 January 2010

QUARTERLY ACTIVITIES REPORT
for the period ended 31 December 2010

ONGAVA POLY-METALLIC PROJECT, NAMIBIA

Work continues into the start of the northern Namibian wet season on the Ongava Poly-Metallic Project. Drilling at the Kaskara copper-lead-zinc prospect has intercepted mineralisation and is continuing.

Kaskara is located in the Ongava Poly-Metallic Project, northern Namibia (Figures 1 & 2). The project is at the centre of the Otavi Mountain Land, a historic, world-renowned and highly prospective mining region that is home to the world-class Tsumeb copper-lead-zinc-silver mine (now closed).

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

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

KASKARA PROSPECT

Oxidised disseminated and vein-hosted copper, lead and zinc mineralisation has been intercepted in several holes during diamond drilling at Kaskara. The mineralisation is of the same oxidised character as that exposed in the gossans and as vein sets at surface. Drilling confirms the down-dip extension of this mineralisation to depth.

The Company believes that we have intercepted the near-surface oxidised expression of deep-seated copper, lead and zinc sulphide mineralisation at Kaskara (Figure 3).

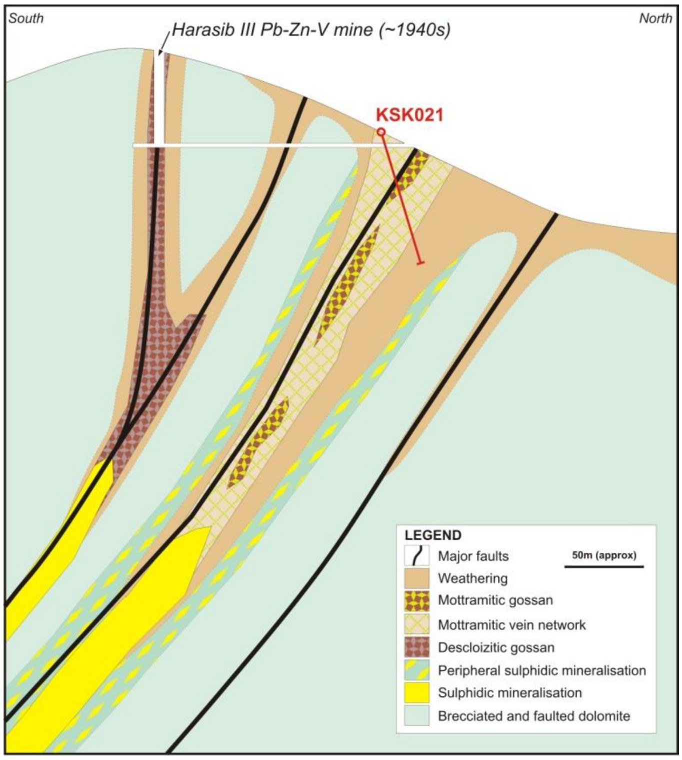

Figure 3 - Conceptual diagram of the Kaskara copper-lead-zinc mineralised system, showing relationship of the mottramitic gossans to expected sulphidic mineralisation at depth.

Mineralisation is clustered in oxidised zones that are up to 30 m thick. Within these broad zones, irregular bodies of copper-lead-zinc mineralised hematitic material are up to several metres thick, and are surrounded by networks of hematitic veins. The hematitic material is variably mineralised by mottramite (Figure 4) and descloizite, and to a lesser extent galena, sphalerite and/or chalcocite. Widespread occurrence of these copper-lead-zinc minerals confirms Tsumeb-style mineralisation at Kaskara.

Drilling at Kaskara has intercepted oxidised zones at over 190 m beneath surface. Extension to depth of such oxidised zones is known to preferentially occur around the ore deposits of the Otavi Mountainland (e.g. Tsumeb, Berg Aukas, Abenab etc.). Deep oxidation and weathering at Kaskara is therefore considered highly favourable for the presence of extensive sulfide mineralisation at and around Kaskara.

Drilling and sampling progress

Eight diamond drill holes have been drilled to date at Kaskara. Three of these are repeats of shallow holes that have failed due to the difficult ground conditions. Mineralisation has been intercepted in each hole, with varying thicknesses, styles and intensities. Drilling of the final 200 m deep drill hole is underway.

Extensive deep weathering and fracturing of the rocks at Kaskara has made diamond drilling difficult and slower than expected. Numerous techniques for stabilising the rock mass have been trialled but the weathered, broken and porous nature of the mineralised zones in particular has resulted in several hole failures. Slower drilling rates are resulting in less collapses.

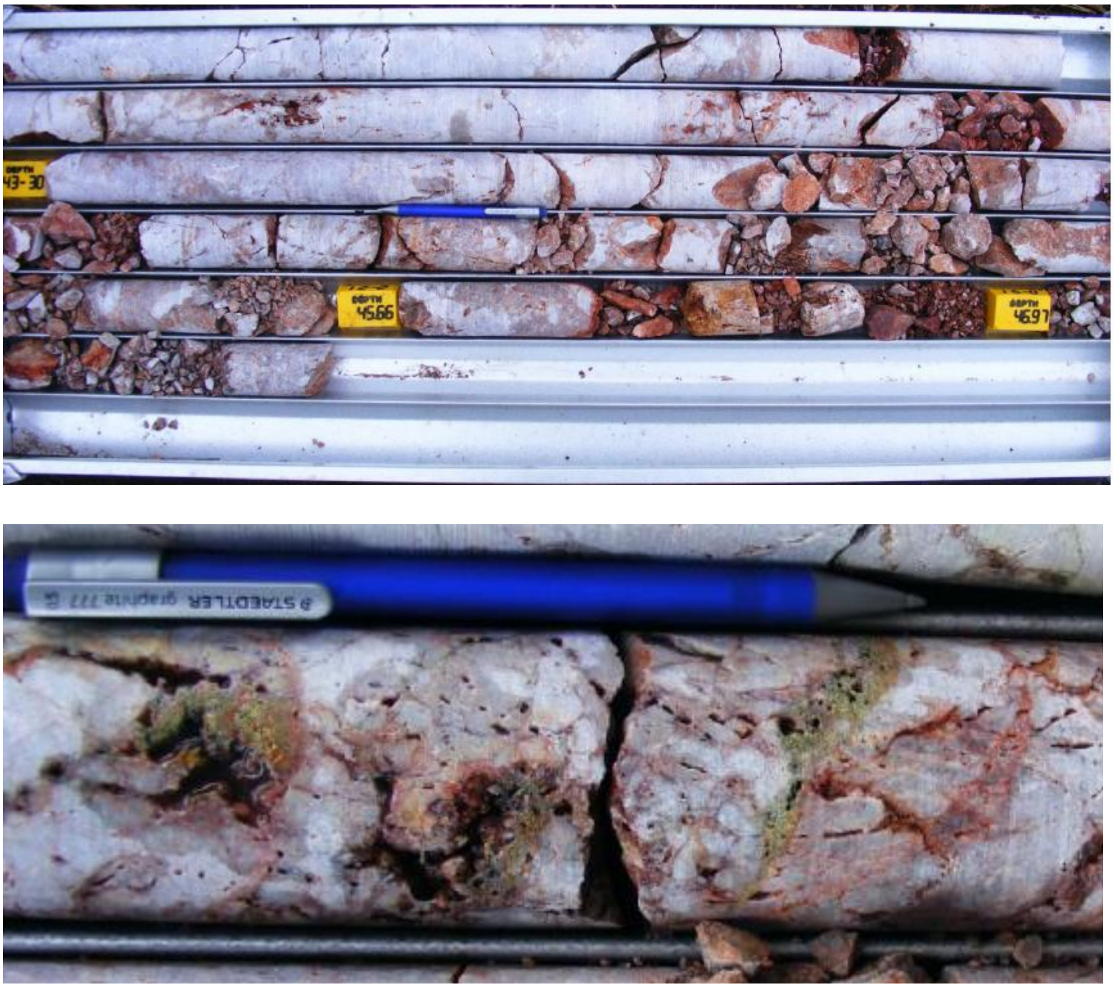

Figure 4 - Mineralised rocks from drilling at Kaskara in drillhole KSK021. Gossanous zones (red-brown, top image) appear to be sporadically mineralised and can be correlated between surface and drill hole. Mottramite (yellow-green to black, bottom image) commonly occurs as clots and vein infills in the highly oxidised and brecciated rocks.

Drilling has progressed throughout the wet season despite daily torrential rains. Access to site is generally not hindered and drilling on the hill is generally unaffected by the weather.

The first batch of samples from Kaskara has been sent to the laboratory. Assay results are expected in the first quarter of 2011.

Regional geophysics interpretation

An initial interpretation of Sabre's recently acquired high-resolution regional aeromagnetic dataset shows that Kaskara is located in a geological structure that is highly favourable for copper-lead-zinc mineralisation.

Kaskara is located within a dilational zone inside a jog on the east-west trending Uitsab Fault (Figure 5). Gossans, outcropping mineralisation and historic mine workings follow or lie directly on northwest-trending dilational faults. These subordinate faults were opened during mineralisation. The total prospective area is now considered to be in excess of 6.5 square kilometres, with the outcropping gossans forming only a small part of this area (Figure 5).

In exploration, dilational fault zones are amongst the most prospective of locations for mineralisation. Globally, many structurally controlled ore deposits of various commodities are located in fault jogs.

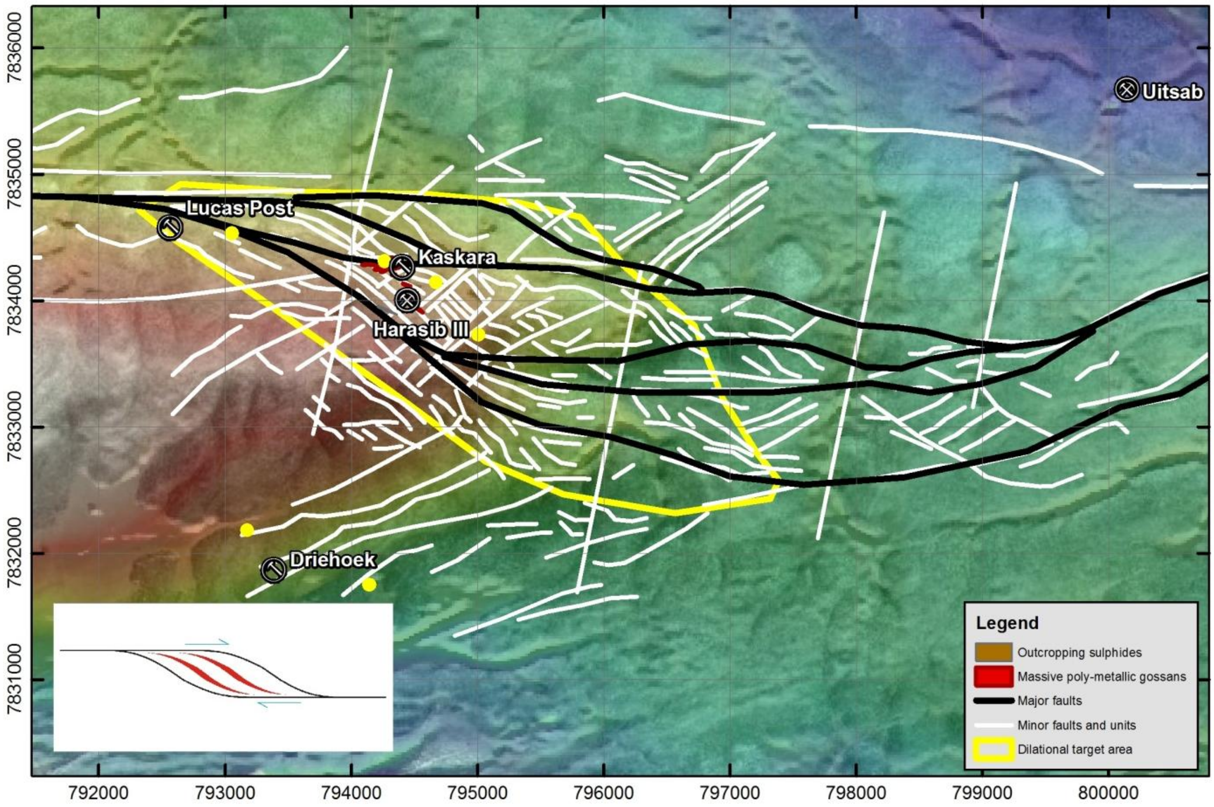

Figure 5 - Geophysical interpretation of the geology of the Kaskara area. Major faults (black) define a fault jog, with known mineralisation controlled by subordinate faults (white). Latest stage dextral (or right-lateral) movement resulted in dilation along these secondary faults. The yellow area shows the region most likely to host dilation-controlled mineralisation. The locations of Kaskara, Lucas Post, and the Driehoek prospects, along with the historic Harasib III and Uitsab mines, are shown. A simplified diagram of a fault jog undergoing dextral movement (insert) shows dilated zones (red) which are susceptible to mineralisation. Imagery is total magnetic intensity (north sun) 50% transparency over satellite imagery.

Upcoming work at Kaskara and the Lucas Post Trend

The results of the drill programme to date are sufficiently encouraging to warrant a second drill programme at Kaskara. Improved access to site and on the hill will facilitate more rapid drilling in this next phase. Upcoming work will include the following:

1. Final holes of this initial programme at Kaskara are to be completed (February).
2. Assessment and potential drilling of a limited number of holes at Lucas Post in February/March.
3. Release of assay results from Kaskara (February/March).
4. Clearing of access tracks on the hills at Kaskara (commencing March/April).
5. Second drill programme to more systematically test the extent of mineralisation at Kaskara (commencing after the wet season, likely to be April/May).

BORDER DEPOSIT AND THE PAVIAN TREND

Exploration at the Border deposit represents the first stage of the exploration of the Pavian Trend, a 20 km long lineament of fault-controlled lead, zinc and copper mineralisation and strong soil anomalism. Sabre will assess the entire Pavian Trend for the possible development of a string of high-tonnage, moderate-grade lead, zinc, and possibly copper mines.

The remainder of the assay results from the second phase of drilling at Border have been received after some delay. The programme aimed to step out and define mineralisation at depth. Results show extensively mineralised zones that continue along the defined northeasterly trend to depth (Figure 6). New intercepts from this programme include the following:

BD058 **11 m @ 3.46 % Pb+Zn** (0.13 % Pb + 3.33 % Zn) from 213 m
including **4 m @ 5.34 % Pb+Zn** (0.13 % Pb + 5.21 % Zn) from 220 m
and **4 m @ 2.28 % Pb+Zn** (0.44 % Pb + 1.85 % Z n) from 246 m

BD059 **12 m @ 3.38 % Pb+Zn** (1.10 % Pb + 2.28 % Zn) from 328 m
including **2 m @ 12.05 % Pb+Zn** (5.71 % Pb + 6.35 % Zn) from 336 m

All results are reported in the Appendix. Two holes, BD051 and BD056 were not assayed due to low visual estimates of sulphide mineralisation.

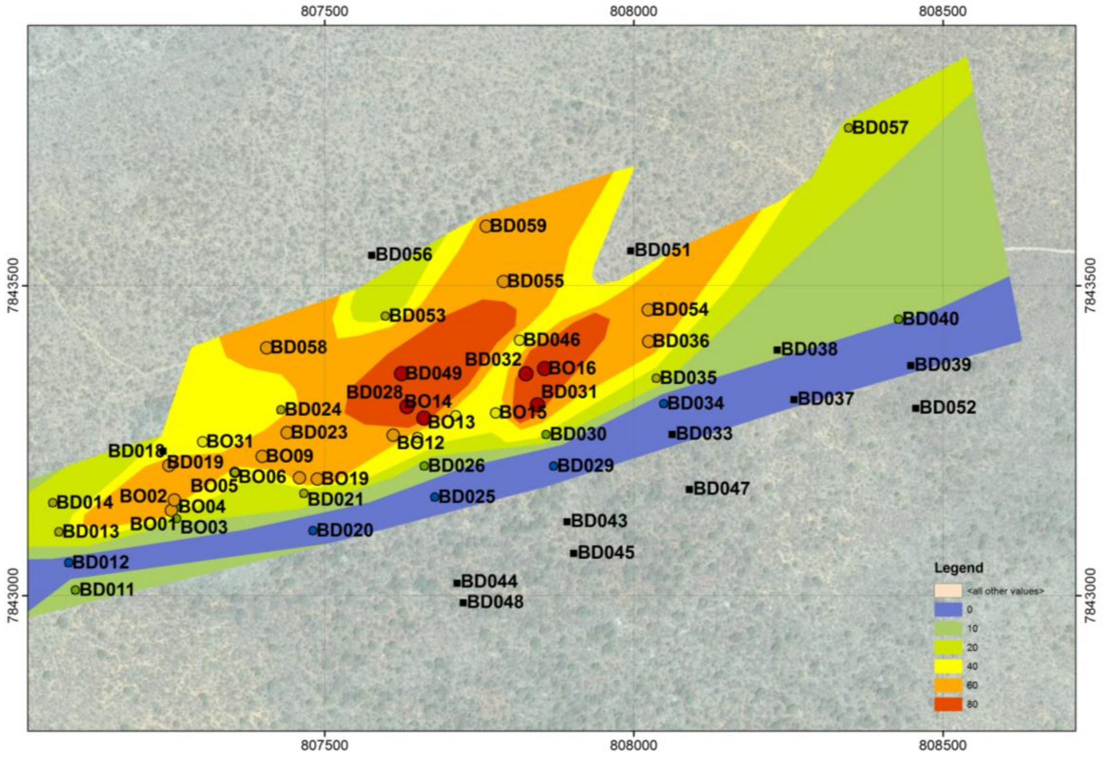

Figure 6 - "Grade x metre" plot for drillholes at Border, showing the distribution of lead-zinc mineralisation. The deposit is open to the north and northeast. Values in excess of 60 (orange) correspond to the most intensely mineralised zones. Holes that have not been assayed are shown as black squares. Note - some historic holes did not penetrate the entire mineralised zone and therefore give misleading results, so are therefore not included.

Mineralisation is open at depth to the north and northeast (Figure 6). The overall trend of the Border deposit continues to the northeast but variation is apparent in the trend of mineralised zones and in their composition. Several holes suggest that the deeper portions of the deposit drilled to date are more zinc rich than those portions further up dip.

Whilst the broad spacing of the most recent drilling has allowed better definition of the extent of mineralisation at Border, it appears that it is too broadly spaced to provide full confidence in correlation of mineralisation between holes. Changes in mineralisation intensity, composition, and trend show significant variation in the 100m between holes on each section line and the 200m between each section. In order to define a resource under JORC rules will require tightening of this drill spacing to 50x200m (as per the original programme) or 50x100m spacing.

Beneficiation testing

Sabre is undertaking a series of tests to determine the effectiveness of beneficiation of the potential Border ore by the use of Dense Media Separation (DMS). During mining, DMS is a cheap yet effective means of increasing the grade of lead-zinc ore on site prior to creating a concentrate. The technique is particularly effective in ores where there is a substantial contrast in specific gravity (or density) of the ore minerals in comparison to the host rocks, as there is at Border.

Around 100kg of samples has arrived in Perth for analysis, which will include initial determination of approximate crush sizes and calculated upgrade factors. DMS is effective in upgrading zinc-lead concentrate grades by up to 1.5 times, or more in some cases.

OTHER WORK

Our regional assessment of the prospects of the Ongava Project continues with several sites investigated during the quarter. Interpretation of the regional magnetic dataset is ongoing.

Sabre continues to assess other projects in the vicinity of the Ongava Project. Projects within a nominal 100 km radius of the Ongava Project are being considered for exploration from our existing base. Several copper plays have been investigated in some detail, and negotiations are continuing on potential access to these projects.

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Or consult our website: http://www.sabresources.com/

Competent Person Declaration
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Matthew Painter, who is a member of The Australasian Institute of Geoscientists. Dr Painter has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Dr Painter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix - Intercepts for the second phase of drilling at Border

Intercepts have been defined at Border on the basis of a number of criteria. Intercepts of greater than or equal to 1m thickness were defined by the following values:

- Lead (Pb) + Zinc (Zn) content greater than 2.0%
- *Or* Copper (Cu) content greater than 0.2%
- *Or* Silver (Ag) content greater than 31 g/t (~1 oz/t)

All intercepts are located within a broad lower-grade zone of mineralisation that varies between 20 and 100 m thick. Intercepts listed in red have not been reported previously.

BD046 **1 m @ 4.33 % Pb+Zn** (0.97 % Pb + 3.36 % Zn) from 88 m
1 m @ 2.46 % Pb+Zn (0.40 % Pb + 2.05 % Zn) from 122 m
5 m @ 3.51 % Pb+Zn (0.55 % Pb + 2.95 % Zn) from 131 m

BD049 **10 m @ 5.30 % Pb+Zn** (2.14 % Pb + 3.16 % Zn) from 111 m
including **2 m @ 13.95 % Pb+Zn** (8.25 % Pb + 5.70 % Zn) & **43.7 g/t Ag** from 113 m
11 m @ 2.35% Pb+Zn (1.45 % Pb + 2.20 % Zn) from 123 m
1 m @ 2.15 % Pb+Zn (2.13 % Pb + 0.02 % Zn) from 140 m
1 m @ 2.71 % Pb+Zn (0.03 % Pb + 2.68 % Zn) from 145 m

BD053 **1 m @ 2.02 % Pb+Zn** (0.03 % Pb + 1.99 % Zn) from 351 m

BD054 **1 m @ 2.35 % Pb+Zn** (0.04 % Pb + 2.31 % Zn) from 139 m
4 m @ 3.07 % Pb+Zn (0.71 % Pb + 2.36 % Zn) from 156 m
4 m @ 4.87 % Pb+Zn (2.07 % Pb + 2.8 % Zn) from 164 m
including **1 m @ 7.42 % Pb+Zn** (3.50 % Pb + 3.92 % Zn), **0.24 % Cu**, & **32 g/t Ag** from 164 m
3 m @ 3.61 % Zn from 181 m

BD055 **27 m @ 2.56 % Pb+Zn** (0.67 % Pb + 1.89 % Zn) from 224 m
Including 1 m @ 2.59 % Pb+Zn (0.55 % Pb + 2.04 % Zn) from 232 m
and 4 m @ 4.21 % Pb+Zn (0.17 % Pb + 4.04 % Zn) from 236 m
and 1 m @ 4.92 % Pb+Zn (3.02 % Pb + 1.90 % Zn) from 244 m
and 3 m @ 3.87 % Pb+Zn (2.22 % Pb + 1.65 % Zn) from 248 m

BD057 **6 m @ 2.48 % Pb+Zn** (0.65 % Pb + 1.83 % Zn) from 366 m

BD058 **2.12 m @ 3.78 % Pb+Zn** (0.33 % Pb + 3.44 % Zn) from 208.6 m
11 m @ 3.46 % Pb+Zn (0.13 % Pb + 3.33 % Zn) from 213 m
Including **4 m @ 5.34 % Pb+Zn** (0.13 % Pb + 5.21 % Zn) from 220 m
4 m @ 2.28 % Pb+Zn (0.44 % Pb + 1.85 % Zn) from 246 m

BD059 **1 m @ 3.10 % Pb+Zn** (0.12 % Pb + 2.98 % Zn) from 323 m
12 m @ 3.38 % Pb+Zn (1.10 % Pb + 2.28 % Zn) from 328 m
Including **2 m @ 12.05 % Pb+Zn** (5.71 % Pb + 6.35 % Zn) from 336 m
1 m @ 6.66 % Pb+Zn (1.19 % Pb + 5.47 % Zn) from 342 m
5 m @ 2.72 % Pb+Zn (0.30 % Pb + 2.42 % Zn) from 345 m