

25 January 2008

**The Manager  
Company Announcements Office  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000**

Dear Sir

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007

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### 1. ONGAVA BASE METAL PROJECT - NAMIBIA

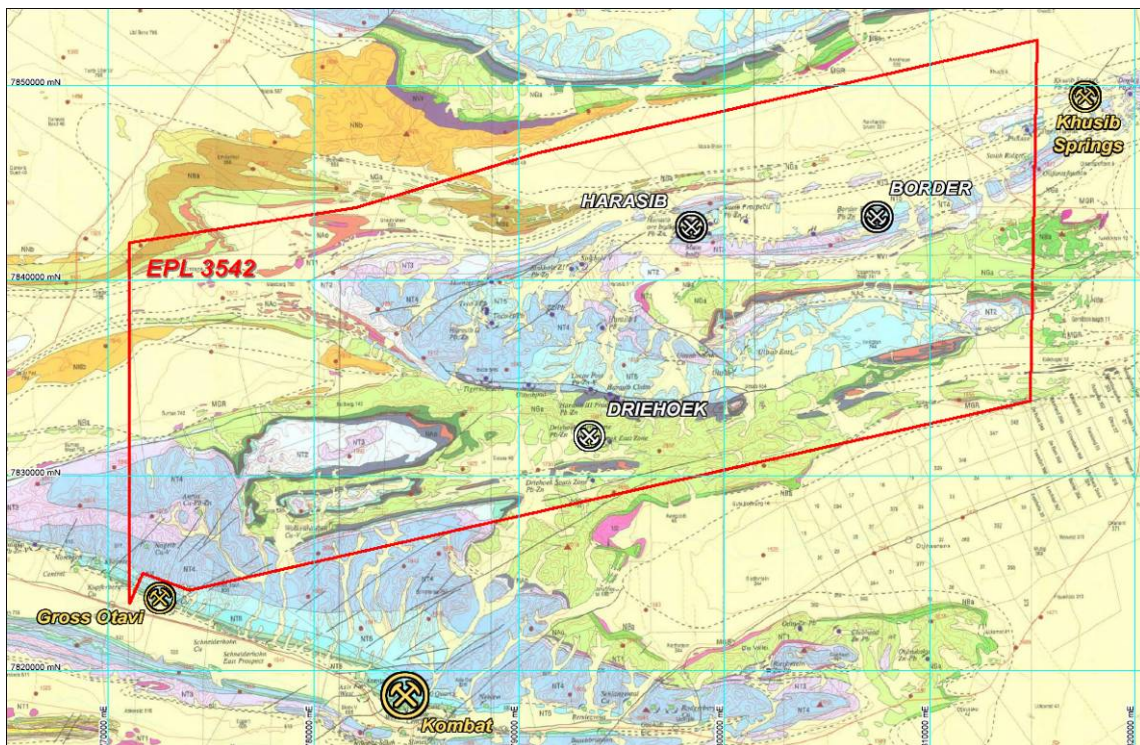
The Ongava Base Metal Project is located in the Otavi Mountain Land, in the northeast of Namibia (see right). The Otavi Mountain Land hosts numerous mineral deposits, including the renowned Tsumeb and Kombat copper mines, as well as the historic Berg Aukas (zinc), Guchab (copper) and Abenab (vanadium) mining operations.

The Ongava project covers approximately 800 square kilometres of highly mineralised carbonate stratigraphy and hosts more than 22 known base metal prospects, as well as the lead-zinc deposits at Border, Driehoek and Harasib (see below).



### LOCATION AND LOGISTICS

Namibia is located in southwest Africa and is bounded by the Atlantic Ocean to the west and South Africa to the south. It is one of the most politically stable and well-developed countries in Africa, with excellent infrastructure and government policy designed to promote investment in mining and exploration. Namibia is currently rated amongst the top ten countries in the world in which to undertake both mining and exploration (Resource Stocks magazine, September 2007).



Ongava Project area, showing Border, Driehoek and Harasib deposits (10km grid)

The Ongava Base Metal project is located approximately 350 km to the northeast of Windhoek, the capital of Namibia. The project is accessed from Windhoek via the main sealed highway that runs north to the mining town of Tsumeb.

Logistically, the project is very well situated, being close to Weatherly International's recently refurbished base metal mining & smelting operations at Tsumeb, as well as reticulated power and rail services. Rail services link directly to the country's major port facilities at Walvis Bay. The project occupies a strategic position in the Otavi Mountain Land and covers much of the 'Tsumeb Triangle', defined by the nearby mining towns of Tsumeb, Otavi & Grootfontein.

### ACQUISITION OF HIGH-VALUE EXPLORATION DATASETS

Sabre has devoted considerable resources to the acquisition of a comprehensive GIS (Geographic Information System) dataset over the project area and its surrounds. This dataset comprises much of the exploration undertaken over the Otavi Mountain Land since the 1970s and is comprised of data generated by a number of different companies including Tsumeb Corporation, Etosha Petroleum, Eland Exploration and Goldfields of Namibia.

Datasets acquired for the Otavi Mountain Land include:

- Landsat imagery;
- Regional gravity data;
- Magnetic and radiometric surveys;

- Regional and local geological mapping (government and private);
- Deposit drill databases (~100 drill holes, pits and costeans); and
- Surface geochemical sampling (>80,000 sample sites).

The value of these datasets cannot be understated. In today's terms, generation of these datasets would take many years and cost millions of dollars. Integration of all existing data has allowed smart targeting of mineralisation in the Otavi Mountain Land. In particular, the Border drill database, when used in conjunction with the surface geochemical sampling database, has allowed specific targeting of the February 2008 drilling programme at the Border deposit.

### FIELD APPRAISAL AND PREPARATION FOR DRILLING

The Border and Driehoek deposits are identified as the initial focus for exploration efforts in the Otavi Mountain Land. A review of the public domain data has generated initial exploration targets at these deposits as follows:

- **Border:** 12 million tonnes grading at 5-6% combined lead & zinc\*
- **Driehoek:** 3-6 million tonnes grading at over 4% combined lead & zinc\*

Fieldwork undertaken by Sabre's exploration team was successful in identifying mineralisation, and other indicators, beyond the extent of previous drilling at both the Border and Driehoek deposits. These indicators, combined with extensive soil geochemistry anomalies identified from surface geochemical sampling, further enhance the exploration potential of the Border and Driehoek deposits.

Investigation of the western strike continuation of the Border deposit shows that indicators of mineralisation increase markedly beyond the limits of the existing drilling. The mineralisation can be traced more than a kilometre to the west, beyond the previous drilling. It appears that this drilling was confined by an earlier licence boundary (that no longer exists) rather than any natural limit to mineralisation.

Planned reverse circulation drilling at Border will extend the area explored by Etosha Minerals in the 1970s and Goldfields Namibia in the 1990s from a strike length of 800 metres to over 2,200 metres. This drilling is designed to intercept the steeply northward-dipping, stratabound base metal mineralisation both near surface and at depth.

A drill density of 200 x 50m will allow a first-pass assessment of the existing Border deposit and provide a framework for later follow-up drilling and resource calculations. Spacing of drillholes on the eastern and western extremities of the Border deposit will be wider than in the main zone, at approximately 200 x 100m spacing.

Drilling is scheduled to commence at Border in early February 2008.

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\* The potential quantity and grade of the Border and Driehoek deposits are conceptual in nature, as Sabre has determined that insufficient exploration has been undertaken to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The 'exploration target' size is based upon deposit calculations undertaken by Etosha Petroleum Ltd (Border) and Goldfields of Namibia Ltd (Driehoek).

## 2. GNAMMA DAM NICKEL PROJECT - WESTERN AUSTRALIA

The Gnamma Dam nickel project comprises 14 granted Prospecting Licences (P25/1766-1775 and P25/1783-1786) covering a total of 20 square kilometres in the Bulong area east of Kalgoorlie, Western Australia (see right). The prospect area covers the Archaean Bulong Greenstone Belt, which comprises mafic, ultramafic, and felsic volcanic rock types as well as sedimentary sequences. Sabre considers past exploration to be inadequate with respect to nickel. As such, the licences are considered to be under explored.

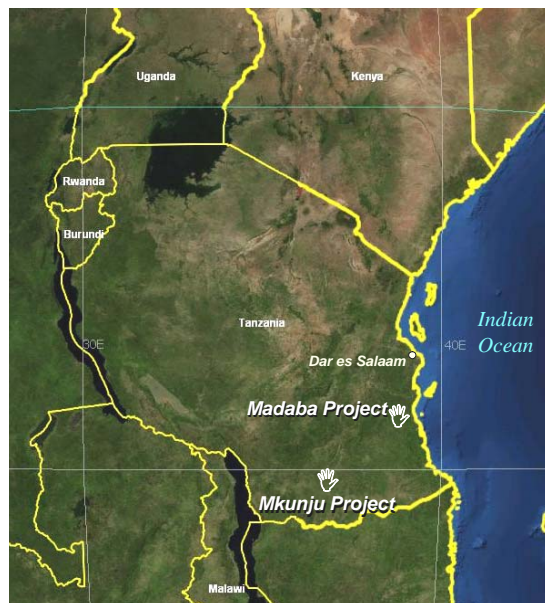


Ultramafic rocks in the sequence are known to be prospective for nickel. Sabre Resources has already identified mineralisation exposed at surface within the licence areas. These outcrops show a strong correlation with previously generated copper and nickel soil geochemical anomalies.

A reassessment of all recent soil geochemistry sampling is presently underway, and this will allow better targeting of exploration drilling over the licence areas.

## 3. MKUNJU & MADABA URANIUM PROJECTS - TANZANIA

The Company presently holds one licence in Tanzania, with two others pending. The Madaba Project (PLR 3447/2005) covers around 135km<sup>2</sup> on the northern boundary of the Selous Game Reserve. The licence is located around 260km south of the economic capital, Dar es Salaam, adjacent to the licences of Sterling Resources Ltd.



The pending licences comprise the Mkunju project, totalling 246km<sup>2</sup> in southern Tanzania around 460 km southwest of Dar es Salaam. PLR 3323/2005 and PLR 3324/2005 expired in June 2007 and new applications were subsequently lodged with the Tanzanian government over these areas. These licences are yet to be granted.

No detailed work was undertaken on the areas covered by the Madaba licences. The Company is awaiting confirmation of the Mkunju licences before proceeding with further exploration in Tanzania.

**Yours faithfully,  
Norman Grafton  
Company Secretary  
Sabre Resources Ltd**

**For further information please contact:**

Dr Matthew Painter, General Manager - Exploration

Phone (08) 9481 7833

**Or consult our website:**

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

**Competent Person Declaration**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Matthew Painter of Exploration and Mining Information Systems, 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". Matthew Painter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.