Sabre Resources Ltd (ASX:SBR)

SABRE BARES ITS TEETH

SUMMARY

The primary focus of Sabre Resources Ltd (SBR) is the exploration and development of its 2 project areas within the highly prospective Otavi Mountain Land (OML) in Northern Namibia. The company recently raised about AUD10M, allowing management to introduce a comprehensive exploration program enabling them to do justice to an area covering over 800km² and hosting multiple base metal trends and prospects. We believe that that SBR will deliver at least one copper resource over the next year, whilst adding to its current lead and zinc inventory. Even in its current state the market is prepared to reward explorers for high grade discoveries.

We initiate coverage with a SPECULATIVE BUY recommendation and 12 month target of AUD0.53, in line with our valuation.

KEY POINTS

- The exciting Guchab copper prospect will be the focus of attention over the next few months as further diamond drilling results are released. Expectations remain high after spectacular results from pad 1. The terrain is difficult and a sled mounted DD rig is currently being used with varying success. The extra cash allows SBR to investigate the viability of purchasing a man portable DD rig as a preffered option.

- At Kaskara, RC drilling will target the primary sulphide mineralisation at depth, which has been identified by geophysics. Kaskara exhibits similarities to the nearby Tsumeb deposit (24.9Mt @ 5.5% copper, 11.5% lead, 4.0% zinc, and 172g/t silver). Massive mineralisation in the friable oxide zone, which is expected to extend from surface to depths of more than 100m, has frustrated drilling efforts over the past 2 years. Initial assay results could be announced as soon as the end of the year, adding some spice to the exploration effort.

- The Border deposit currently has an inferred resource of 16.5Mt @ 2.12% Pb+Zn and 4.76g/t Ag at a 1.25% Pb+Zn cut-off grade. Border is considered to be a modified Mississippi Valley-Type (MVT) deposit, hosted by dolomite sequences. Although grade is moderate, favourable metallurgy and mining characteristics make the deposit economically viable, as with its analogue, the Pering mine in South Africa.
BACKGROUND

The primary focus of Sabre Resources Ltd (Sabre) is the exploration and development of its 2 project areas within the Otavi Mountain Land (OML) in Northern Namibia, 400km N of the capital city of Windhoek.

SBR began exploration in the OML in 2007 following the acquisition of its interest in the Ongava (EPL 3542) lease area in the central OML, which now covers 600km². In June 2012, Sabre expanded its holding in the OML following the acquisition of its interest in the Otavi Valley (EPL 3540) tenement in the southern OML which covers around 200km². The tenement surrounds, but does not include, the Kombat Copper mine which has produced in excess of 8.7 million tonnes of copper ore at over 3% copper.

In August 2012 SBR completed a placement of about 31M shares at AUD0.26 to raise around AUD8M, with options being exercised to raise a further AUD2.3M. For the first time the company has the cash to embark on an extensive exploration program. SBR has multiple prospects and drill targets including Guchab (Cu, Ag), Kaskara (Cu, Pb, V), Driehoek (Pb, Zn) and Border (Pb, Zn).

The climate of the OML is dry tropical moderated by an altitude of 1650m ASL with the wet season running from November through to March. The area has extensive infrastructure including:

- Reticulated, high-voltage power,
- Reticulated water,
- Mobile and ‘hard-line’ communications,
- Paved Roads (extending to the capital of Windhoek 430 kilometres to the south and beyond to the port at Walvis Bay),
- Rail to Port (the rail line is used for regular heavy transport from the port at Walvis Bay to the smelter at Tsumeb, a distance of 530 kilometres, with an additional spur line passing through the Otavi Valley to Grootfontein in the east),
- A 400,000 tonne per annum copper concentrator at the Kombat mine in the Otavi Valley and,
- The Tsumeb copper smelter complex.

FIGURE 1: OTAVI MOUNTAIN LAND BASE METAL PROJECT

Source: Company Reports
The OML hosts the only two historically economically significant copper mines, the Tsumeb copper mine (24.9Mt @ 5.5% copper, 11.5% lead, 4.0% zinc, and 172g/t silver) and the Kombat copper mine (8.7 Mt @ 3.1% Cu, 1.1% Pb and 26 g/t Ag). Tsumeb was closed in 1996 whilst Kombat was put on care & maintenance in 2008. Plans are underway by the owners to bring the Kombat Mine back into production in the near future.

In 2006 Weatherly International Plc, a UK investment company, restarted production at the Tsumeb copper smelter in the OML after a refurbishment with annual capacity of 30kt Cu. Dundee Precious Metals bought Namibia Custom Smelters (NCS), the owner of the Tsumeb smelter, from Weatherly in March 2010 for around NAD400M (USD57M), when the smelter nearly closed down due to financial constraints experienced by Weatherly during the GFC. Dundee invested in the construction of an oxygen plant at Tsumeb to increase production and double the capacity of the smelter from 120kt to approximately 240kt tons of Cu concentrate per year. The Tsumeb smelter, which was set up about 50 years ago, is one of only five copper smelters in Africa and can treat complex concentrates, like arsenic and lead bearing copper concentrates. Dundee uses the smelter to process copper / gold concentrates from its Chelopech mine in Bulgaria. Both blister copper and arsenic trioxide ($\text{As}_2\text{O}_3$) are produced from the concentrates. The blister copper is delivered to refineries for final processing and the $\text{As}_2\text{O}_3$ is sold to third party customers.

**VALUATION**

As can be seen from the table below the valuations of a broad range of copper explorers vary widely. We are perhaps stating the obvious when we say that it is apparent from the analysis is that the smaller, higher grade deposits are valued more highly than large low grade deposits. Whilst Sandfire Resources NL (ASX: SFR) was still building up its resources in 2010, the in ground value of its resource (7Mt @ 5% Cu) was over AUD1000/t copper equivalent. This is when gold was trading at USD1100/oz, silver at USD20/oz and copper at USD7900/t. The market was, of course, much healthier than it is today but still gives an indication of the heights valuations can increase to when a high grade discovery is made. Other examples include explorers such as Sirius Resources NL (SIR), which indicates that the market is still prepared to reward high grade discoveries.

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker</th>
<th>Market Cap (ASM)</th>
<th>Attrib Resource (kt)</th>
<th>Mkt Cap / Resource (A$/t)</th>
<th>Average Resource Grade (%)</th>
</tr>
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<tbody>
<tr>
<td>Avanco Resources Ltd</td>
<td>AVB</td>
<td>$117.5</td>
<td>661</td>
<td>$178</td>
<td>1.3%</td>
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<tr>
<td>Avalon Minerals Ltd</td>
<td>AVI</td>
<td>$36.3</td>
<td>519</td>
<td>$70</td>
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<tr>
<td>Coppermoly Ltd</td>
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<td>$33</td>
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<td>Exco Resources Ltd</td>
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<td>$548</td>
<td>1.2%</td>
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<td>HAV</td>
<td>$68.4</td>
<td>916</td>
<td>$75</td>
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<tr>
<td>Hot Chili Ltd</td>
<td>HCH</td>
<td>$154.2</td>
<td>483</td>
<td>$319</td>
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<tr>
<td>Hillgrove Resources Ltd</td>
<td>HGO</td>
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<tr>
<td>Horseshoe Metals Ltd</td>
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<td>$218</td>
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<td>Intrepid Mines Ltd</td>
<td>IAU</td>
<td>$170.2</td>
<td>4,880</td>
<td>$35</td>
<td>0.6%</td>
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<tr>
<td>Indophil Resources NL</td>
<td>IRN</td>
<td>$288.9</td>
<td>5,718</td>
<td>$51</td>
<td>0.5%</td>
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<td>Metminco Ltd</td>
<td>MNC</td>
<td>$110.9</td>
<td>9,521</td>
<td>$12</td>
<td>0.4%</td>
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<td>Syndicated Metals Ltd</td>
<td>SMD</td>
<td>$13.7</td>
<td>186</td>
<td>$74</td>
<td>0.5%</td>
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<tr>
<td>Ventnor Resources Ltd</td>
<td>VRX</td>
<td>$43.7</td>
<td>101</td>
<td>$431</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Source: IRESS, Company Reports, Helmsec

For the first time since its inception SBR has the means to launch a concerted and systematic exploration effort in the OML after raising more than AUD10M. With this in mind we believe that it is only a matter of time before a meaningful resource is delineated, either at Kaskara or Guchab (or both!!). Guchab has a large copper soil anomaly with >5000ppm (0.5%) extending over an area of about 500m x 70m. Drilling indicates that the deposit could exceed 100m in depth. These dimensions would indicate an in situ tonnage of about 10M. A copper inventory of 200kt would be indicated at a grade of 2%. We believe that the expected discovery would attract a premium in the market due, at least, to some of the factors discussed in this report.
These include:

- High grade copper intersections (+1%) at Guchab
- Exceptional channel sampling results from both Guchab and Kaskara
- Mineralisation occurs from surface
- Can initially be mined with open cut
- Namibia is a established African democracy
- Stable investor base
- Good infrastructure in close proximity
- Enough cash to implement a comprehensive exploration program
- Large portfolio of prospects: Kaskara, Driehoek, Guchab, Border, etc
- Multi element orebodies with Cu, V, Pb, Zn and Ag

We would value an anticipated copper orebody discovery of the abovementioned nature within 12 months at about AUD400/t Cu resource, resulting in a 12 month forward valuation of AUD80M or AUD 0.44ps. We believe that the actual delineation of a high grade JORC resource (+2%) of the anticipated size would more than double our current valuation. We have placed a nominal value of AUD50/t combined lead and zinc on the Border JORC resource valuing it around AUD16M or AUD0.09ps. Total valuation is AUD96M or AUD0.53ps.

REGIONAL GEOLOGY

Orogeny refers to forces and events leading to a large structural deformation of the Earth's lithosphere (crust and uppermost mantle) due to the engagement of tectonic plates. Response to such engagement results in the formation of long tracts of highly deformed rock called orogens or orogenic belts. Orogens develop while a continental plate is crumpled and is pushed upwards to form mountain ranges, and involve a great range of geological processes collectively called orogenesis.

FIGURE 2 OROGENIC BELTS IN SOUTHERN AFRICA

Much of the bedrock geology of southwestern Africa is made up of a series of Pan-African orogenic belts that formed during the collision of Archaean to Mesoproterozoic continental fragments in the course of Gondwana amalgamation at the end of the Neoproterozoic Era. These are the West Congo, Mozambique and Lufilian/Zambezi belts to the west, east and south, respectively, of the Congo Craton. The latter continues southwestwards into the Damara Belt, located between the Kalahari and the Congo cratons. Along the South Atlantic coast are the Kaoko and Gariep belts located, with the latter extending into the Saldania Belt around the southern tip of Africa. While these orogenic belts share many similarities in lithostratigraphy and tectonic evolution, each belt has distinct characteristics. These belts host the Zambian Copper Belt which runs through northern Zambia and southern DRC, The Kalahari Copper Belt which runs through central Namibia and into Botswana and the Namib copper belt which is situated in northern Namibia.

Volcanogenic Massive Sulphides (VMS) deposits developed in the early stages of the evolution of the Damara belt. These deposits developed in a rift environment associated with volcanic rocks. The majority of VMS deposits are small, with about 80% of known deposits in the range 0.1 to 10Mt. Copper-pyrite VMS style deposits (e.g. Otjihase in the Kalahari Copper belt, Deblin and Askevold in the Namib Copper Belt) are related to early stage extensional tectonics. The formation of these VMS deposits preceded the collisional regime that led to the development of the copper and lead-zinc deposits of the Otavi Mountain Land in the Namib Copper Belt.

FIGURE 3: STRATIGRAPHY OF THE OML WITH LITHOSTRATIGRAPHIC POSITIONS OF SOME MINERAL DEPOSITS AND PROSPECTS.

<table>
<thead>
<tr>
<th>GROUP</th>
<th>FORMATION</th>
<th>LITHOLOGY</th>
<th>DEPOSIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>MULDEN</td>
<td>Kombat</td>
<td>slate, phylite, sandstone</td>
<td>Tschudi Cu-(Ag)</td>
</tr>
<tr>
<td></td>
<td>Tschudi</td>
<td>arenite, subgreywacke</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>conglomerate, dolostone</td>
<td></td>
</tr>
<tr>
<td>OTAVI</td>
<td>Huttenberg</td>
<td>dolostone, collinite, shale</td>
<td>Kombat Pb-Cu-(Zn)</td>
</tr>
<tr>
<td></td>
<td>Elandshoek</td>
<td>dolostone, chert, breccia</td>
<td>Tsumeb Pb-Cu-Zn(Ge)</td>
</tr>
<tr>
<td></td>
<td>Maieberg</td>
<td>dolostone, breccia</td>
<td>Abenab V</td>
</tr>
<tr>
<td></td>
<td></td>
<td>dolomite</td>
<td>Khusib Springs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>limestone</td>
<td>Cu-Pb-Zn</td>
</tr>
<tr>
<td></td>
<td>Ghaub</td>
<td>dolostone, limestone</td>
<td></td>
</tr>
<tr>
<td>Auenab Subgroup</td>
<td>Auros</td>
<td>breccia, dolomite</td>
<td>Abenab West Pb-Pb-V</td>
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<tr>
<td></td>
<td>Gauss</td>
<td>breccia, dolomite</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Variato</td>
<td>dolomite, chert</td>
<td>Berg Aukas Zn-Pb-V</td>
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<td>NOSIB</td>
<td>Askovoid</td>
<td>breccia, dolomite</td>
<td>Nabis Cu; Askovoid Cu</td>
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<tr>
<td></td>
<td>Nabis</td>
<td>dolostone, conglomerate</td>
<td></td>
</tr>
</tbody>
</table>

Source: “Stratigraphy and base metal mineralization in the Otavi Mountain Land, Northern Namibia—a review and regional interpretation” - A.F. Kamonaa, A. Günzel

Deposits and prospects with significant Cu are shown as ellipses and circles; those without Cu as squares.

Sediment-hosted base metal sulphide deposits in the Otavi Mountain Land occur in most stratigraphic units of the Neoproterozoic Damara Supergroup, including the basal Nosib Group, the middle Otavi Group and the uppermost Mulden Group. Deposits like Tsumeb (Pb–Cu–Zn–Ge), Kombat (Cu–Pb–Zn), Berg Aukas (Zn–Pb–V), Abenab West (Pb–Zn–V) all occur in Otavi Group dolostones, whereas siliciclastic and metavolcanic rocks host Cu–(Ag) or Cu–(Au)
mineralization, respectively. Compressional tectonics of the Damaran Orogeny have resulted in the deposition of lead-zinc followed by copper-rich mineralisation throughout the Damara Supergroup stratigraphy in the Otavi Mountain Land. The Tsumeb deposit appears to have developed after the peak of the Damaran orogeny at around 530 Ma as indicated by radiometric age data.

Volcanic hosted Cu–(Au) deposits (Deblin and Askevold) in the Askevold Formation to the south of the project areas may be related to ore forming processes during continental rifting around 746 Ma. The timing of carbonate-hosted Pb–Zn deposits in the Abenab Subgroup at Berg Aukas and Abenab is not well constrained, but the stable (S, O, C) and Pb isotope as well as the ore fluid characteristics are similar to the Tsumeb-type ores. Regional scale ore fluid migration typical of Mississippi Valley Type (MVT) deposits is indicated by the presence of Pb–Zn occurrences over 2500 km² within stratabound breccias of the Elandshoek Formation. Mulden Group siliciclastic rocks host the relatively young stratiform Cu–(Ag) Tschudi resource, which is comparable to Copperbelt-type sulfide ores.

**EXPLORATION: TRENDS AND TARGETS**

Sabre has identified four extensive base metal trends in the OML which are the focus of the company’s exploration program (Figure 4):

- Pavian Trend – Zn, Pb
- Hoek Trend – Zn, Pb
- Lucas Post Trend – Cu
- Kombat Trend – Cu

These trends host multiple known copper, lead, zinc and vanadium occurrences, ranging from grass-roots prospects, through unmined deposits such as Border and Driehoek, to historic mine sites such as Harasib Claims, Kombat and Gross Otavi. Gallium, germanium, silver and gold, are also highly prospective.

**FIGURE 4: BASE METAL TRENDS IN THE OML**

Source: Company Reports
KOMBAT COPPER TREND

SBR acquired the Otavi Valley lease (EPL 3540) in June 2012. The lease covers over 45 kilometres of the highly prospective Kombat Copper Trend, which hosts a number of historic mines, historic workings and prospects, including the Kombat Copper Mine (8.7Mt @ 3.1% Cu & 26g/t Ag produced), which is currently on care & maintenance and excised from SBR’s tenement.

FIGURE 5: KOMBAT TREND, PROSPECTS AND SURFACE GEOCHEMISTRY - COPPER

First-pass reconnaissance drilling has focussed on the Guchab deposit, part of the historic Guchab Mining Centre which consists of a historic series of copper mines to the east of Kombat. Metamorphic copper mineralisation has formed vein and breccia style deposits throughout the area. Major copper minerals at surface include malachite, chalcocite, and dioptase within the copper gossans that extend over more than 4km of strike. Copper-rich and silver-rich stratigraphy highlights extensive and very intense copper-in-soil geochemical anomalies (values in soils commonly exceeding 10,000 ppm or 1% Cu). High-grade zones are surrounded by more moderate grade vein networks outcropping over several areas, with the main zone measuring approximately 1,000 x 150 m. Channel sampling of the historic workings at the Guchab deposit has returned some very high-grade intercepts, including:

- GCTR 001 17m @ 5.86% Cu & 29g/t Ag
- GCTR 002 16m @ 10.16% Cu & 64g/t Ag
- GCTR 021 14m @ 6.40% Cu & 62g/t Ag
- GCTR 023 25m @ 6.70% Cu & 59g/t Ag
- GCTR 026 22m @ 5.83% Cu & 48g/t Ag

The Rodgerberg mine and the Schlangental prospect which are located along strike from the Guchab mine, also form part of the Guchab Mining Centre (Figure 6). Rodgerberg was a substantial copper mine during the 1920s. An underground sampling programme was completed at Rodgerberg during the second quarter of 2012 returned results including:

- RUUG 001 3m @ 10.88% Cu & 473g/t Ag
- RUUG 005 5m @ 6.96% Cu & 302g/t Ag
- RUUG 005 13m @ 5.32% Cu & 192g/t Ag

Sampling and mapping have identified a number of targets for the reconnaissance drilling programme.
Initial diamond drilling from Pad 1 on the eastern side of the prospect intersected significant widths of shallow copper mineralisation from surface, including:

- GCDD0001 107.75m @ 1.15% Cu & 6.93g/t Ag from 0.60m including 2.35m @ 13.24% Cu & 70.84g/t Ag from 17.90m and 8.95 m @ 3.03% Cu & 8.18g/t Silver from 36.05m
- GCDD0002 26.56m @ 1.06% Cu & 6.25g/t Ag from 1.42m including 4.57m @ 2.18% Cu & 21.44g/t Ag from 8.19m
- GCDD0003 18.90m @ 1.54% Cu & 9.66 g/t Ag from 1.00m including 7.00m @ 2.52% Cu & 10.12g/t Ag from 1.00m
- GCDD0004 24.05 m @ 1.29% Cu & 10.91g/t Ag from Surface including 1.00m @ 8.55% Cu & 38.38g/t Ag from 23.05m
- GCDD0005 22.20 m @ 3.45% Cu & 29.67g/t Ag from Surface including 2.15mm @ 17.60% Cu & 247.70g/t Ag from 20.05m

Diamond drilling is currently being carried out from Pad 4.

**LUCAS POST COPPER TREND**

The Lucas Post Copper Trend is located in the central OML on the Ongava lease area (EPL 3542). The trend extends over more than 25 kilometres of strike and takes in a number of prospect areas including Rooikat, Lucas Post, Uitsab and hosts the Kaskara discovery. Exploration along strike from Kaskara, to both the east and west, will continue to outline additional mineralisation. SBR’s ongoing exploration programme will work towards expanding the ‘footprint’ of the Kaskara area, as well as examining the prospectivity of targets such as the Rooikat anomaly in the west, and the Uitsab mine workings in the east which appear to host a further ‘Kaskara-type’ target.
Kaskara Copper-Lead-Vanadate Prospect

Exploration has outlined an area of outcropping mineralisation covering over 2,500m of strike and hosting a number of gossans that returned high grade geochemical results of up to 23% copper, 35% Lead, 34% Zinc and 3% Vanadium. It is important to note that Kaskara shows many structural, mineralogical, and metallurgical similarities to the nearby Tsumeb copper deposit.

Access was gained last year to previously unknown underground mine workings at Kaskara. Broad zones of massive Pb-V-Cu mineralisation were encountered in a network of underground tunnels. Some exceptional results were returned from channel sampling of these tunnels, including:

- KKUG0003 13m @ 5.59% Pb, 2.31% V₂O₅ and 0.32% Cu including 2m @ 19.85% Pb, 8.49% V₂O₅ and 0.91% Cu
- KKUG0019 22m @ 4.16% Pb, 1.81% V₂O₅ and 0.26% Cu including 5m @ 12.25% Pb, 5.44% V₂O₅ and 0.62% Cu

The massive mineralisation in the oxide zone occurs as continuous sub-vertical shoots extending from surface to a depth of more than 150 metres below surface. This sampling shows that the mineralised body is thickening with, and remains open at, depth. It is expected that these shoots will continue to depths of over 200 metres before transitioning into primary sulphide mineralisation at depth, which has been identified by geophysics. (Figure 8)
Channel sampling results in the Harasib III pit show that the eastern vertical wall of is highly mineralised to the base of the workings, 18 metres below surface, and is expected to continue vertically downwards before grading into sulphide mineralisation at depth. Results include:

- KKUG0023 21m @ 4.79% Pb, 2.00% V$_2$O$_5$ and 0.21% Cu Including 4m @ 9.15% Pb, 4.16% V$_2$O$_5$ and 0.38% Cu
- KKUG0024 4 metres @ 8.71% Pb, 3.69% V$_2$O$_5$ and 0.47% Cu

Drill testing of the prospect area has proven challenging due to the nature of the mineralisation in the oxide zone over the identified sulphide geophysical target at depth. The oxide mineralisation at Kaskara is particularly fine grained and is easily washed away by the addition of water during diamond drilling. This style of oxide mineralisation is peculiar to this area of southern Africa and is also observed in other locations in the Otavi Triangle where it is associated with significant sulphide ore bodies such as the Tsumeb copper deposit to the north and the Abenab & Berg Aukas Lead-Zinc deposits to the east. Kaskara shows a number of features characteristic of the major deposits of the region, such as Tsumeb, including the following:

- Outcropping, locally high-grade mineralisation;
- Outcropping disseminated sulphide mineralisation;
- A broad, strong soil geochemical anomaly;
- Location on a deviation in a major fault system;
- Geophysical anomalies at depth (Figure 3);
- Deep penetrative weathering in a region of otherwise shallow weathering (Figure 4); and
- Secondary copper-lead-zinc vanadate minerals indicative of primary copper-lead-zinc sulphide mineralisation at depth.

SBR has sought advice on the drilling of the oxide mineralisation, with the aim of testing the identified sulphide target at depth. The mineralised oxides must be drilled dry utilising appropriate levels of air pressure and lift to keep drill holes dry and ensure sample return. A highly experienced and respected local drilling company specialising in RC drilling has been commissioned to undertake the drilling programme at Kaskara which commenced in October 2012.

**PAVIAN ZINC-LEAD TREND**

The Pavian Zinc-Lead Trend is located in the north of the Ongava lease area (EPL 3542) and covers over 30 kilometres of highly prospective zinc-lead-rich stratigraphy. The Pavian Trend extends from Ratel in the west to beyond South Ridge in the east, and hosts the Company’s Border Zinc-Lead deposit. Exploration on the Pavian Trend has concentrated on drilling and a scoping study over the Border deposit and initial reconnaissance work over the South Ridge prospect area.

**FIGURE 9: PAVIAN TREND, PROSPECTS AND SURFACE GEOCHEMISTRY – ZINC AND LEAD**

Source: Company Reports
Border Zinc-Lead Deposit

Border is a modified Mississippi Valley-Type (MVT) deposit and consists primarily of galena (lead) and sphalerite (zinc) mineralisation within dolomitic host rocks. There is no pyrite nor any other sulphides present, and weathering is almost non-existent. The deposit dips at 60° to the north, stretches along strike for over 2,400 metres and extends for up to 390 m beneath surface (with the bulk of the tonnage and grade within 150 m of surface). The ore body varies between 10 metres and 85 metres in thickness, with an average thickness of 25 metres.

The inferred resource for the Border Zinc-Lead deposit is 16.2Mt @ 2.12% Pb+Zn and 4.76g/t Ag at a 1.25% Pb+Zn cut-off grade. Although this initially appears low, the Border deposit shows similarities to the Pering Zn-Pb Mine in the Northern Cape Province of South Africa operated by Shell South Africa and BHP Billiton from 1988 to 2003. Output over the life of mine was 20.4 Mt @ 0.58 % Pb and 2.58 % Zn with a mining cut-off of 1.1 % Pb+Zn. Like Border, Pering is considered to be a Mississippi Valley-Type (MVT) deposit, hosted by dolomite sequences. This illustrates that moderate-grade, high-tonnage MVT deposits can be economically viable assets. Border, with additional tonnages from Driehoek and other deposits to be defined along the Pavian Trend, could result in the establishment of zinc production in the Otavi Mountain Land.

Scoping studies on Border show low strip ratios, excellent metallurgy and low mining & processing costs, Results of the mineral resource estimate, metallurgical testwork and industry research were used to commence a high level scoping study on the Border deposit. Initial results of the scoping study are very positive. The findings indicate that the Border deposit is profitable in its own right. Sabre envisages that the Border deposit in conjunction with other deposits on the Pavian Trend (eg South Ridge), and the Driehoek deposit will be used to feed a centrally located plant built on the Pavian Trend to treat all ore. A number of prospects are targeted for conversion to JORC resources, including South Ridge, Nosib H & Irvington as well as Driehoek and Hoba Ost on the Hoek Trend to the south.

A high level scoping study has been completed with several open pit scenarios being considered for mining at Border, ranging between 500tpa and 2Mtpa. For a 1 Mtpa mine, key findings from the Border high level scoping study are:

- The value of the potential ore is around $US45/t
- The average direct mining costs are estimated at around $US10/t potential ore
- Mineral processing costs are estimated at around $US6/t potential ore
- All metal royalties amount to 3%

Preliminary metallurgical test work has also been completed using DMS followed by grinding and flotation. Final concentrate grades are around 66 % Pb and 61.5 % Zn (from an ore grading 0.77 % Pb and 1.66 % Zn), with final recoveries of 86.9 % and 81.7 % respectively.
BOARD AND MANAGEMENT

David Zukerman – Executive Director

David Zukerman has an accounting and finance background. He has held a number of public company directorships in Australia and Asia during the past twenty six years and during the past nine years he has also served as a Director of Metals Australia Ltd and Golden Deeps Ltd.

Michael Scivolo - Non-Executive Director

Michael Scivolo is a Certified Practising Accountant with over 35 years’ experience in accounting and taxation. He is a partner of Perth accounting firm Alessandrino Scivolo, and is also currently a Director of Golden Deeps Ltd, Metals Australia Ltd, Victory West Moly Limited, Power Resources Limited, Blaze International Limited and Prime Minerals Limited.

Jonathan Downes - Non-Executive Director

Jonathan has over 18 years’ experience in the minerals industry and has worked in various geological and corporate capacities. Jonathan has experience in nickel, gold and base metals and has been involved with numerous private and public capital raisings. He was a founding director of Hibernia Gold (now Moly Mines Limited) and Siberia Mining Corporation Limited (Siberia) (which has now merged with Monarch Resources Limited). Jonathan is currently a Non-Executive director of Graynic Metals Limited and the Managing Director of Ironbark Zinc Ltd.

Tim Putt - Chief Executive Officer

Tim is a geologist with over 19 years of geological and corporate experience in the minerals industry. He has been involved in both exploration and mining for a range of commodities including gold, nickel, copper, lead-zinc, uranium and iron ore and has worked in Australia, southern Africa and the Pacific. Mr Putt was, until recently, the Technical Director of Amex Resources Ltd, where he led the exploration team in development of the Mba Delta Ironsand project in Fiji, from identification through to the completion of the BFS.

Mattew Painter - General Manager - Exploration

Matt has over 19 years of geological experience and has worked across the globe in a number of roles including that of a Senior Consultant for Coffey Mining (2005-2007). Matt has a PhD in economic geology, with expertise in many styles of mineralisation, most major commodities, and structural geology in particular. He has led Sabre’s exploration team in the discovery of both the Kaskara and Guchab base metal deposits in the Otavi Mountain Land of Namibia.
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