

ASX ANNOUNCEMENT

31 October 2018



QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

HIGHLIGHTS

- **Sherlock Bay Nickel-Copper-Cobalt and Gold Project, Pilbara, WA**
 - Positive result from the Sherlock Bay mining study update.
 - Further studies of processing options planned followed by updated estimates of capital costs and operating costs for the project.
- **Otavi Mountain Land Base Metal and Vanadium Project, Namibia**
 - Tenement renewal applications lodged with the Namibian Ministry of Mines and Energy.
- **WA Vanadium Projects**
 - Acquisition of 100% interest in Kinetic Metals Pty Ltd by Sabre has been settled. Kinetic holds 100% interest in three vanadium projects in Western Australia.

SHERLOCK BAY PROJECT

Sabre Resources Limited (ASX: **SBR** or the Company) holds a 70% interest in the Sherlock Bay Project located in the Pilbara region of Western Australia (*refer to SBR announcement dated 29 January 2018*). The Project is well-located, 12 km off Highway 1 with access to critical mining infrastructure. The Project tenements comprise two valid exploration licenses E47/1769 and E47/1770 and a mining lease M47/567 (Figure 1 and Appendix I).

Mining Study Update

Sabre Resources has received the results of a review and update of the mining study conducted on the Sherlock Bay nickel-copper-cobalt deposit by AMC Consultants Pty Ltd (*refer to Sabre Resources ASX announcement 14th August 2018*). The results of the mining study were positive and have encouraged the Company to proceed with further studies of processing options and to update estimates for the capital and operating costs for the Sherlock Bay Project.

In June 2018, Sabre commissioned AMC Consultants Pty Ltd (AMC) to undertake a review of the previous mining study for the Sherlock Bay deposit to update costs for the open pit mining and evaluate the underground mining.

The open pit cost update was based on the recently updated resource estimate, which is restated in compliance with the JORC Code 2012 (*refer to Sabre Resources ASX announcement 12th June 2018*). The deposit contains total Measured, Indicated and Inferred Resources of:

24.6 Mt grading 0.4% nickel, 0.09% copper and 0.02% cobalt

The underground cost update has been based on the resource model and evaluation detailed in the Sherlock Bay mining study report completed by AMC in 2005 (2005 Report).

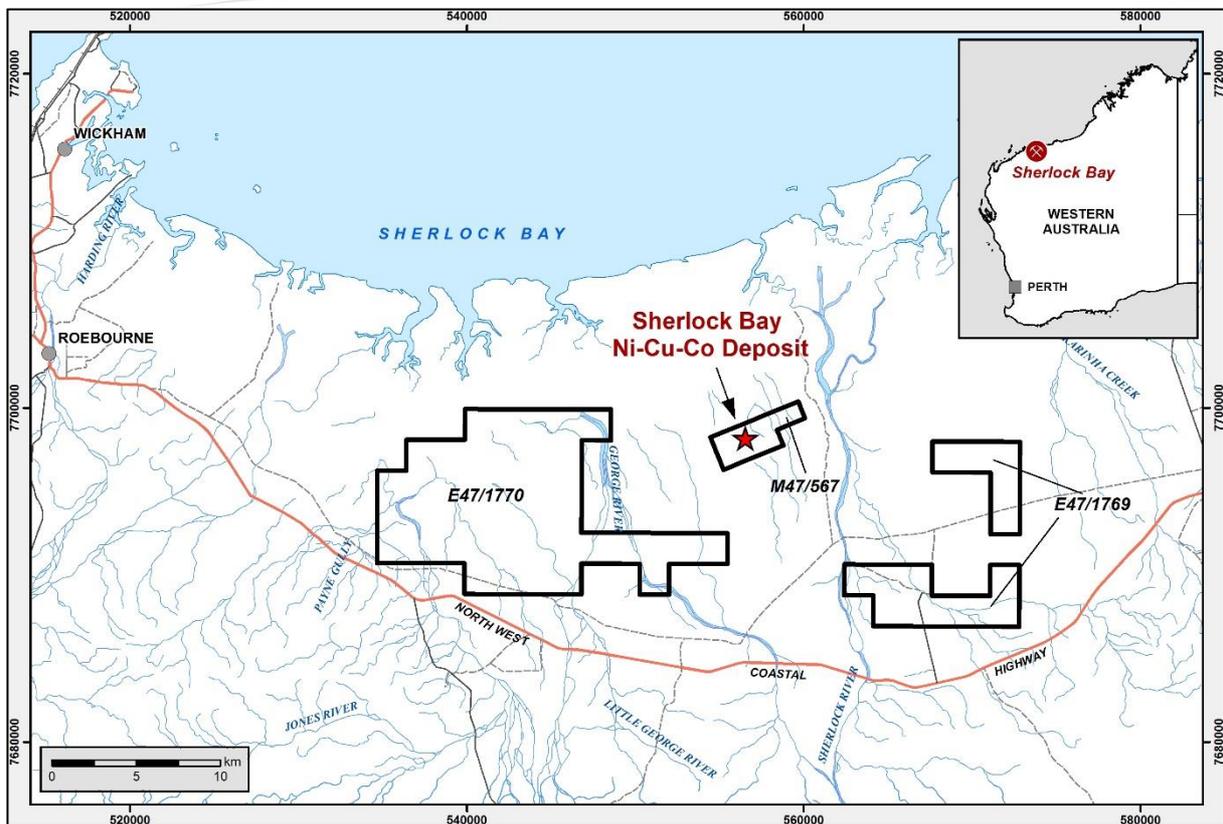


Figure 1: Location map of the Sherlock Bay Project in Western Australia

To comply with ASX Listing Rules, Sabre cannot release details of projected cash flows and detailed costs in the mining study update at this time. These data will be released on completion of a processing study and when fully incorporated into a comprehensive scoping/pre-feasibility study.

The open pit optimisation, pit design and all cost updates (both open pit and underground) were carried out by AMC at scoping study level. The updates are based on contractor mining costs. The scoping studies referred to in the report are based on low-level technical and economic assessments and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping studies will be realised.

The updated resource estimate block model, relevant input parameters and mining costs were used by AMC to create optimal pit shells using Whittle Four-X software. A suitable pit shell was used to prepare a preliminary pit designs (Figure 2), pit stages and schedule.

The updated costs for the underground were applied to the evaluation detailed in the 2005 Report for mining using a longitudinal sublevel caving method. There were no changes to:

- Resource model used;
- Mining method;
- Access and infrastructure;
- Ventilation;
- Materials handling;
- Mining designs; and
- Schedules (capital development, operating development, production).

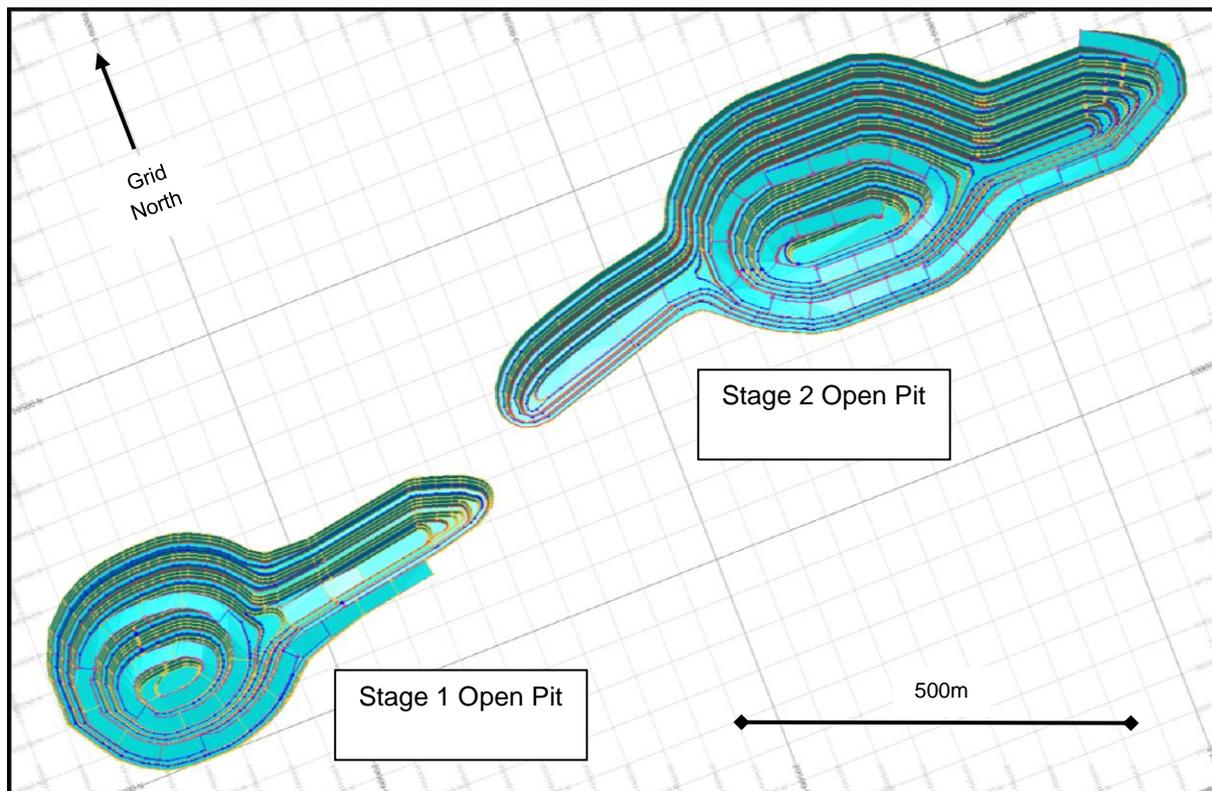


Figure 2: 3D visualization of conceptual Sherlock Bay open pit designs looking down and to north

Processing Study

The Company intends to convene a review and update of previous processing studies and flow sheets with the aim of ascertaining CAPEX and OPEX costs.

Feasibility Studies

The Company is continuing to review and update the substantial feasibility study work that has previously been completed on the development of the Sherlock Bay deposit. The extensive information already available will allow the Company to rapidly advance the evaluation of the project to feasibility stage.

OTAVI MOUNTAIN LAND PROJECT (“OML PROJECT”)

The Otavi Mountain Land is a highly prospective, underexplored area in northern Namibia (Figure 3) which has potential for high-value copper mineralisation, stratabound zinc-lead mineralisation and vanadium deposits. The project comprises two granted tenements, EPL 3540 (SBR 80%) and EPL 3542 (SBR 70%), which cover about 347 km² of the ‘Otavi Triangle’ (Figure 4).

The Otavi Mountain Land contains numerous historic mines, including the Tsumeb copper-lead-zinc mine and smelter complex, plus the Kombat copper mine. These mines are currently on care and maintenance but the Tsumeb copper smelter remains one of only five operating copper smelters in Africa. The presence of these mines and other significant historical mining and processing operations has resulted in the provision of excellent infrastructure throughout the region.

During the quarter the Company lodged documentation for the statutory renewals of EPL 3540 and EPL 3542.



Figure 3: Location of the Otavi Mountain Land Project in northern Namibia. Red lines are highways, black crossed lines are railways, black squares are towns and cities, and black star is the capital, Windhoek.

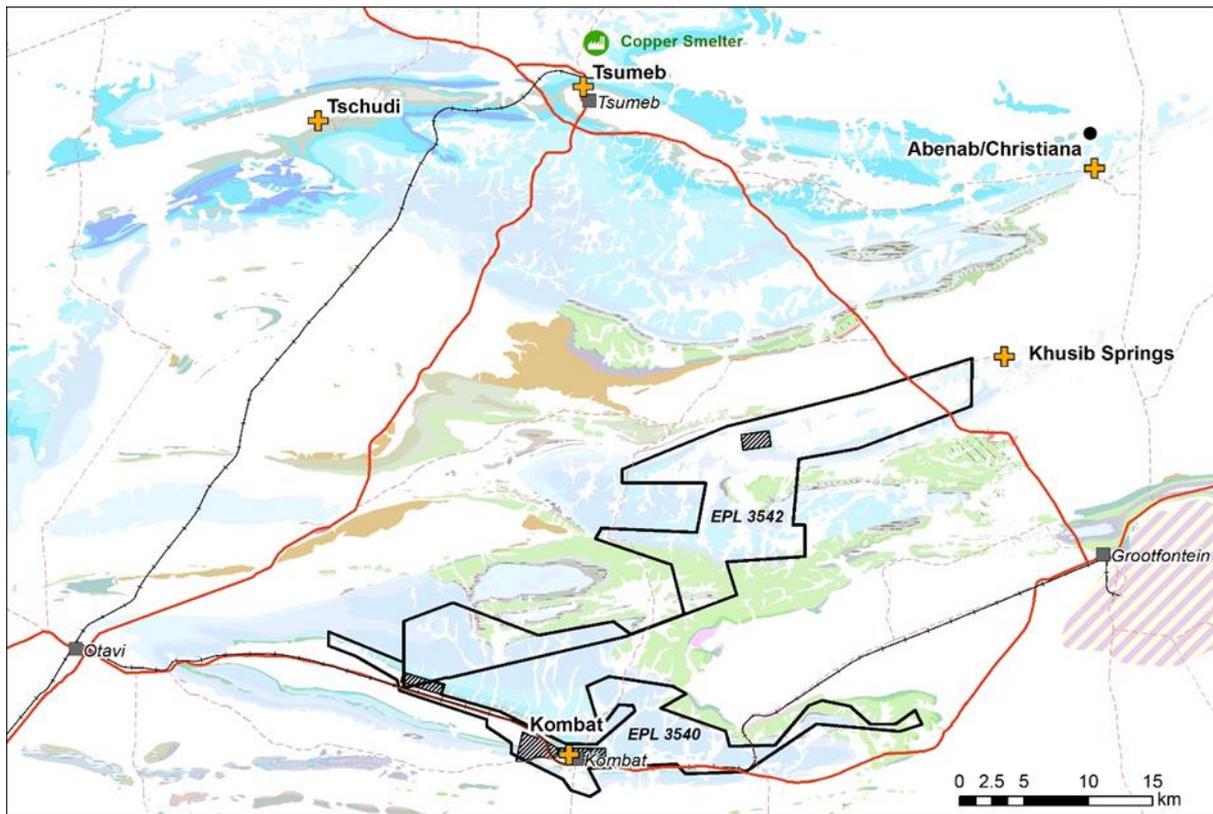


Figure 4: The Otavi Mountain Land, showing roads (red) railroads (black hatched), towns (black square), major mines and deposits (crosses) and the Tsumeb smelter complex. Sabre's two licences, EPL3540 and EPL3542, are located in the highly mineralised south of the area. Mining licences (grey cross-hatched) are not owned by Sabre and are excised from the licences.

WA VANADIUM PROJECTS

During the quarter the Company settled the acquisition of 100% interest in Kinetic Metals Pty Ltd (*refer to SBR announcement dated 2rd August 2018*) the holder of a 100% interest in three projects located in Western Australia (Figure 5) with potential for vanadium mineralisation.

- **The Speewah Vanadium Project** is located adjacent to and adjoins the area that contains the King River Copper Limited Speewah Dome project which hosts a JORC resource of 4.7Bt at 0.3% V₂O₅, 2% TiO₂ and 14.7% Fe. The project area is also located to the south and along strike (~7km) from King River Copper's Windsor fluorite deposit that has a Mineral resource of 6.7Mt at 24.6% CaF₂
- **The Unaly Vanadium Project** is located adjacent to and adjoins the area that contains the Surefire Resources Limited Unaly Hill project which hosts a JORC resource of 86.2Mt at 0.42% V₂O₅, 4.5% TiO₂ and 24% Fe
- **The Balla Vanadium Project** is prospective for mineralisation similar to the Forge Resources Limited Balla-Balla iron-vanadium-titanium project which hosts a JORC resource of 456Mt at 0.65% V₂O₅, 13.7% TiO₂ and 45% Fe

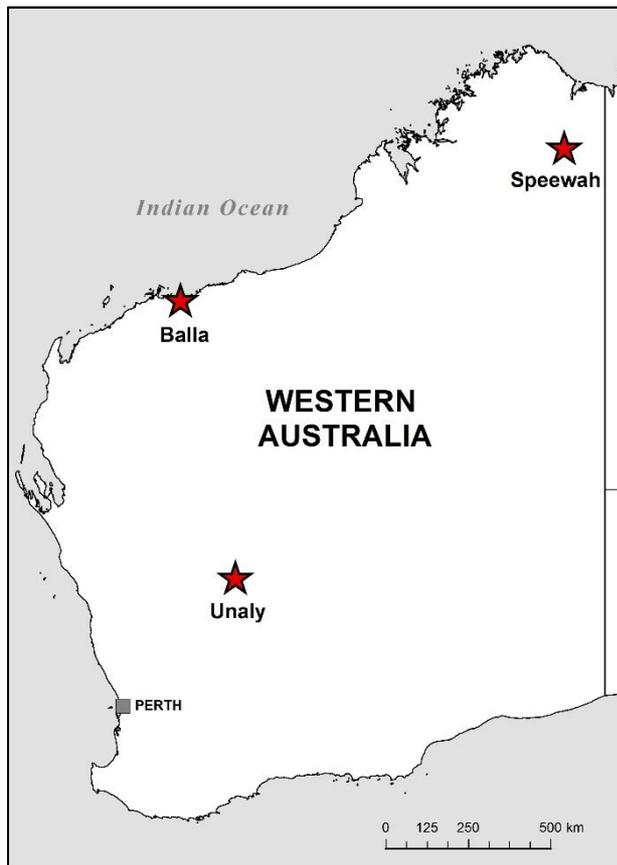


Figure 5: Location diagram of the Company's WA vanadium projects

The three exploration licenses which comprise the vanadium projects are currently under application (Appendix I). A review of previous exploration is in progress with the aim of formulating an exploration program.

CORPORATE

Exploration Manager

In October, Mr Martin Bennett was appointed Exploration Manager for Sabre Resources replacing Mr Lachlan Reynolds. Mr. Bennett was previously Exploration Manager at BCI Minerals and has held senior roles at KGL Resources, Endeavour Mining and La Mancha Resources. He has exploration experience in Australia and Africa.

ENDS

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Or consult our website:

www.sabresources.com

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resource or Ore Reserves is based on information compiled by Mr Martin Bennett, who is a consultant to Sabre Resources Ltd, and who is a Member of The Australian Institute of Geoscientists. Mr Bennett 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 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Bennett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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 program 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 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.

APPENDIX I – TENEMENT SCHEDULE

Country	State/Region	Project	Tenement ID	Area (km ²)	Date Granted	Date Expires	Interest
Namibia	Otjozondjupa	Otavi Mountain Land	EPL3540	110.98	30/10/2006	29/10/2018	80%
			EPL3542	236.90	30/10/2006	29/10/2018	70%
Australia	WA	Sherlock Bay	M47/567	10.0	07/09/2004	22/09/2025	70%
			E47/1769	44.7	07/09/2009	06/09/2019	70%
			E47/1770	134.3	07/09/2009	06/09/2019	70%
		Balla	E47/3985*	35.22	-	-	-
		Unaly	E57/1092*	60.31	-	-	-
		Speewah	E80/5219*	170.66	-	-	-

* Exploration License Application