



SEPTEMBER 2009 QUARTERLY ACTIVITIES REPORT

ASX Release

30 October 2009

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Issued Capital:
74 million shares

ASX Symbol: OVR

HIGHLIGHTS

Yukon Base Metal Project

Project Optimisation

- Canol Road heavy haulage corridor study completed
- Potential to save over 60% in trucking costs
- High confidence in DMS applicability

JORC Resource

- Total JORC compliant resource of:
8.95Mt at 6.3% Zn & 1.2% Pb¹, or
8.95Mt at 7.5% Zn equivalent²

Preliminary Mining Evaluation

- Positive Preliminary Mining Evaluation
- Open pit and underground mining potential
- Near-term production opportunity

Exploration Potential

- Considerable potential for additional discoveries
- Continued support from the Yukon Government

Global Zinc Market

- LME zinc metal prices increase 30% over the reporting period.
- Price appreciation rate similar to that of December 2005

During the September quarter Overland Resources Limited (ASX: OVR and "Overland Resources" or "Company") further advanced the economic optimisation of the mining study conducted on the Yukon Base Metal Project.

A multi-client Canol Road heavy haulage corridor study was completed. This study indicated that potential exists to reduce the trucking costs by up 60% of those utilised in the economic study by applying certain alternative trucking configurations.

The Company also dispatched a representative sample of low grade material from the Andrew Zinc Deposit to SGS Lakefield in Canada. SGS Lakefield will conduct additional metallurgical test work to ascertain the level of beneficiation that may be achieved by processing the low grade material through a DMS circuit. Results from this work are expected within the next month.

Overland Resources continues to examine and evaluate other opportunities which would provide a positive economic impact on the project and the Company.

¹ Lower cut-off grade of 2% zinc applied

² October 24th spot LME metal price applied: US\$1.0573/lb zinc, US\$1.0777/lb lead

Project Optimisation

During the September quarter the Company, in conjunction with various specialist consulting groups, continued a review to improve upon the proposed economics of development of the Yukon Base Metal Project. The review is primarily focused on, but not limited to, three main aspects:

1. Transport – A multi client (OVR, Port of Skagway and Yukon Government) sponsored Canol Resource Corridor heavy haulage study has been completed. The report highlighted several potential operational savings that may be achieved through the utilisation of different transport routes and trucking configurations. One alternative has the potential to reduce trucking costs to below \$0.06/t/km by utilising 100 tonne Super Load B-Train truck configurations, similar to those in operation in Australia.

The potential cost savings achievable through the utilisation of 100 tonne SuperLoad B-Train is over 60% when compared with costs initially used in the preliminary economic evaluation, CND\$0.055/T/km against US\$0.14/T/km. This represents a potential cost reduction of over US\$36 million to the project economics if the project remained at the same scale of operation as originally proposed.

2. Processing plant feed – Initial metallurgical test work conducted in 2008 on the potential application of Dense Media Separation (DMS) on the Andrew Zinc Deposit ore concluded that the mineralisation was highly amenable to beneficiation through the application of DMS technology. This initial result provides the Company with a high level of confidence that the application of DMS to the lower grade material will successfully result in beneficiation of this material to provide additional plant feed.

A representative sample of the low grade material from the Andrew Zinc Deposit has been collected and dispatched to SGS Lakefield in Canada. SGS Lakefield will conduct additional metallurgical test work to ascertain the level of beneficiation that may be achieved by processing the low grade material through a DMS circuit.

If successful, the application of DMS could have a positive impact on the project economics through:

- a. Increasing life of mine (LOM) by increasing the quantity of plant feed,
- b. Reducing mining cost per tonne of plant feed, by reducing the strip ratio and increase in mining inventory, and
- c. Potentially reducing the Projects total mining cost per tonne by increasing the size of the economically viable open pit.

3. Power – The Company continues to examine several alternative power generation techniques to supplement the proposed diesel fuelled power generators. Specifically the Company is examining *Run of River* hydropower technology. Success in this area would not only reduce the projects reliance on expensive fossil fuels and reduce overall power cost, but may also reduce transport costs associated with bringing fuels to site.

The Company will incorporate these results into a revised economic model and adjust the scope of the project in preparation for a bankable feasibility study.

Background

Resource Estimate

The total JORC Code compliant resource for the Yukon Base Metal Project is:

8.95 million tonnes at 6.3% Zn and 1.2% Pb³

or

8.95 million tonnes at 7.5% Zn equivalent⁴

³ 2% zinc cut off applied

⁴ October 24th spot LME metal price applied: US\$1.0573/lb zinc, US\$1.0777/lb lead

Classification	Tonnes	Zn (%)	Pb (%)
Measured	1,610,000	5.5	1.7
Indicated	4,690,000	6.2	1.6
Inferred	2,650,000	6.8	0.3
TOTAL	8,950,000	6.3	1.2

Table 1. Andrew Zinc Deposit JORC compliant mineral resource⁵

The global resource is derived from the JORC compliant resource estimates for the Andrew Zinc Deposit (Table 2), together with the inaugural JORC compliant resource estimate for the newly discovered Darcy Zinc Deposit (Table 3).

Classification	Tonnes	Zn (%)	Pb (%)
Measured	1,610,000	5.4	1.7
Indicated	4,690,000	6.2	1.6
Inferred	900,000	7.0	0.7
TOTAL	7,200,000	6.2	1.5

Table 2. Andrew Zinc Deposit JORC compliant mineral resource⁵

Classification	Tonnes	Zn (%)	Pb (%)
Inferred	1,750,000	6.7	0.0
TOTAL	1,750,000	6.7	0.0

Table 3. Darcy Zinc Deposit JORC compliant mineral resource⁵

Preliminary Mining Evaluation

A preliminary mining evaluation conducted on the Yukon Base Metal Project indicated an estimated capital costs of US\$94 million, including a 25% contingency, to develop a mining operation comprising a 700,000 tonne per annum centralised processing plant supported by open pit and underground mining operations.

An initial 6 year mining operation would produce 493,000 tonnes of zinc concentrate and 135,000 tonnes of lead concentrate. There is considerable potential for expansion through optimisation and further exploration success.

At the proposed production rate these costs equate to a concentrate production cost of US\$0.31/lb of zinc equivalent⁶. Transport of the concentrate through the ice free Port of Skagway in Alaska, to an Asian discharge port, is estimated to cost \$0.12/lb of zinc equivalent⁶.

Exploration Potential

Mineralisation at both the Andrew Zinc Deposit and the Darcy Zinc Deposit remains open in all directions. There is considerable potential for mineralisation to extend beyond the bounds of the current drilling. The Company intends undertaking additional work to expand the resource bases at both deposits. This would add considerable value to any mining operation established at the Yukon Base Metal Project.

The Andrew and Darcy Zinc Deposits are 600m apart and lie within a NW-SE trending mineralised corridor. Soil geochemistry samples collected from this mineralised corridor show it to be highly anomalous in zinc over at least 2,500 metres of strike. The entire mineralised corridor remains to be adequately tested. The Company has identified six high priority zones for drilling including the Darin Zone, to the south east, where analytical results returned from diamond drilling include:

- **21.2m at 4.8% zinc from 103.1m, and**
- **10.5m at 3.6% zinc from 3.7m**

The Company believes that potential exists to double the resource base at the Yukon Base Metal Project by conducting a systematic drilling programme over these exploration targets (Figure 1.).

⁵ 2% zinc cutoff applied

⁶ Assuming zinc metal price = lead metal price

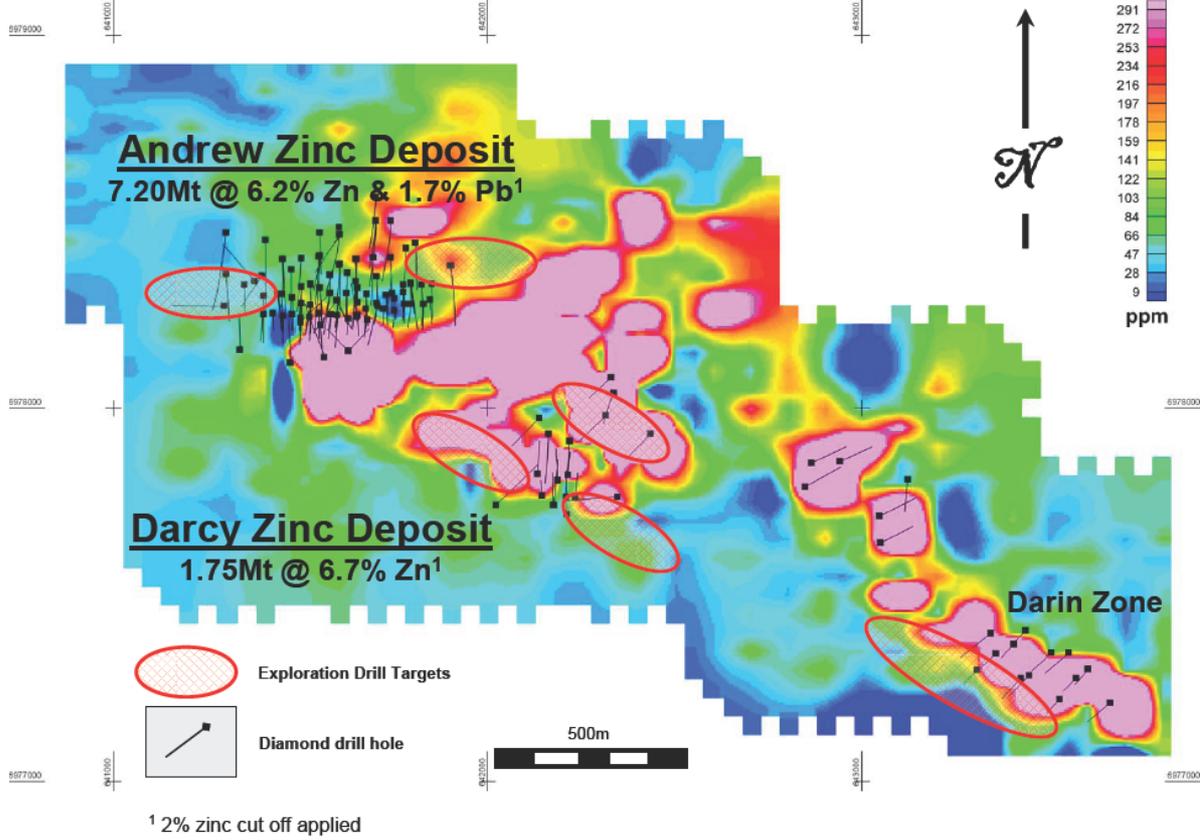


Figure 1: Zinc in soil geochemistry extending 2,500m south east from the Andrew Zinc Deposit.

It is anticipated that all new resources discovered within this 2,500m mineralised corridor would have similar metallurgical characteristics to the material from the Andrew Zinc Deposit and could be processed through the same treatment facility. As a result minimal additional capital expenditure would be required to bring these new discoveries into production and they would increase the economic life of the project.

GLOBAL ZINC MARKET

During the September quarter zinc metal prices have continued their recovery. LME prices increased 30% over the reporting period from US\$0.78/lb to US\$1.02/lb while LME inventories have remained stable. LME zinc and lead metal prices are demonstrating a price appreciation equivalent to that seen in December 2005. Metal prices are now above the metal price utilised in the economic mining evaluation.



Figure 2: LME Zinc metal prices and inventory over the past 12 months.

CORPORATE

The Yukon Government continues to actively support Overland Resources in its activities in the Yukon Territory through the Yukon Mining Incentive Programme and the Department of Economic Development. For the second year in succession Overland Resources was selected by the Yukon Government to attend the China Mining Conference in October 2009. This included attending and presenting at specific events organised by Natural Resources Canada and the Yukon Government.

Overland is in a solid financial position and is striving to maximise shareholder value through the rapid development of its key Yukon Base Metal Project in Canada. The Company holds a 90% interest in the Yukon Base Metal Project, including the Andrew Zinc Deposit, Darcy Zinc Deposit and surrounding claim blocks.

Overland Resources is seeking to capitalise on opportunity created by the current economic conditions by growing its portfolio of projects. The Company continues to evaluate new opportunities globally as it endeavours to grow and add value for shareholders.

Hugh A Bresser Managing Director

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy. Mr Peter Ball is the Manager of Data Geo. Mr Peter Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Resources and Ore Reserves'. Mr Peter Ball consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Result is based on information compiled by Mr Hugh Alan Bresser who is a Member of the Australian Institute of Mining and Metallurgy. Mr Hugh Alan Bresser is a Director of Overland Resources Limited, he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Resources and Ore Reserves'. Hugh Alan Bresser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.