

Managing Director's Report

History

Overland Resources Limited secured an option to earn a 90% interest in the Yukon Base Metal Project in January 2007. At the time the Yukon Base Metal Project comprised 493 Mineral Claims, covering approximately 100km² over and around the high grade Andrew and Darcy Zinc Deposits in the highly prospective and under explored Selwyn Basin of the Yukon Territory, Canada.

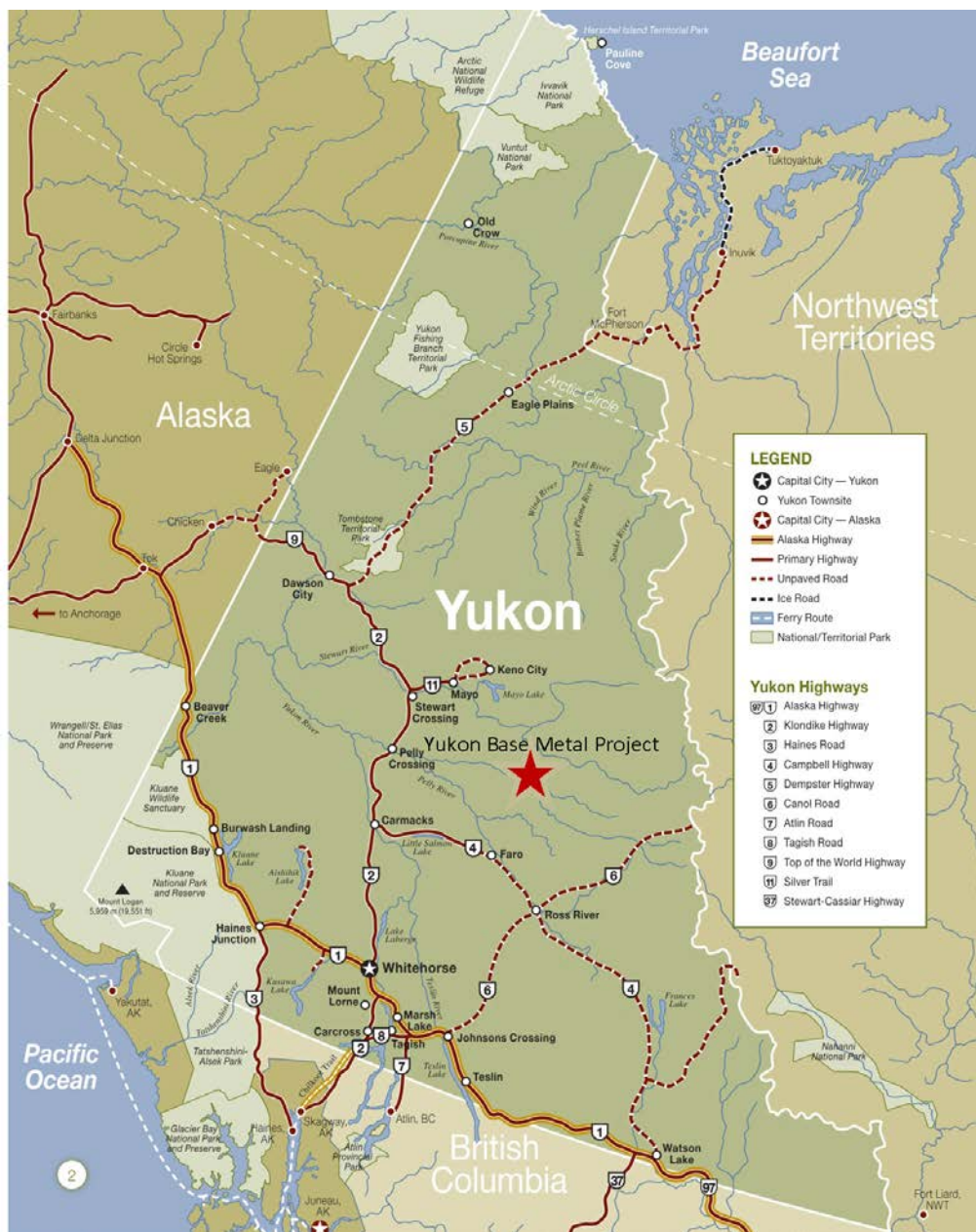


Figure 1. Yukon Base Metal Project location map

Originally discovered in 1996 by a local Yukon prospector, the Andrew Zinc Deposit forms the central focus of the Company's projects in the Yukon. Noranda Inc. optioned this property from the prospector in 2000 and in 2001 intersected thick, high grade zinc mineralisation in the first drilling programme ever conducted at the Project. A second drilling programme followed in 2002. Despite mineralisation remaining open in all directions Noranda relinquished its option in 2003.

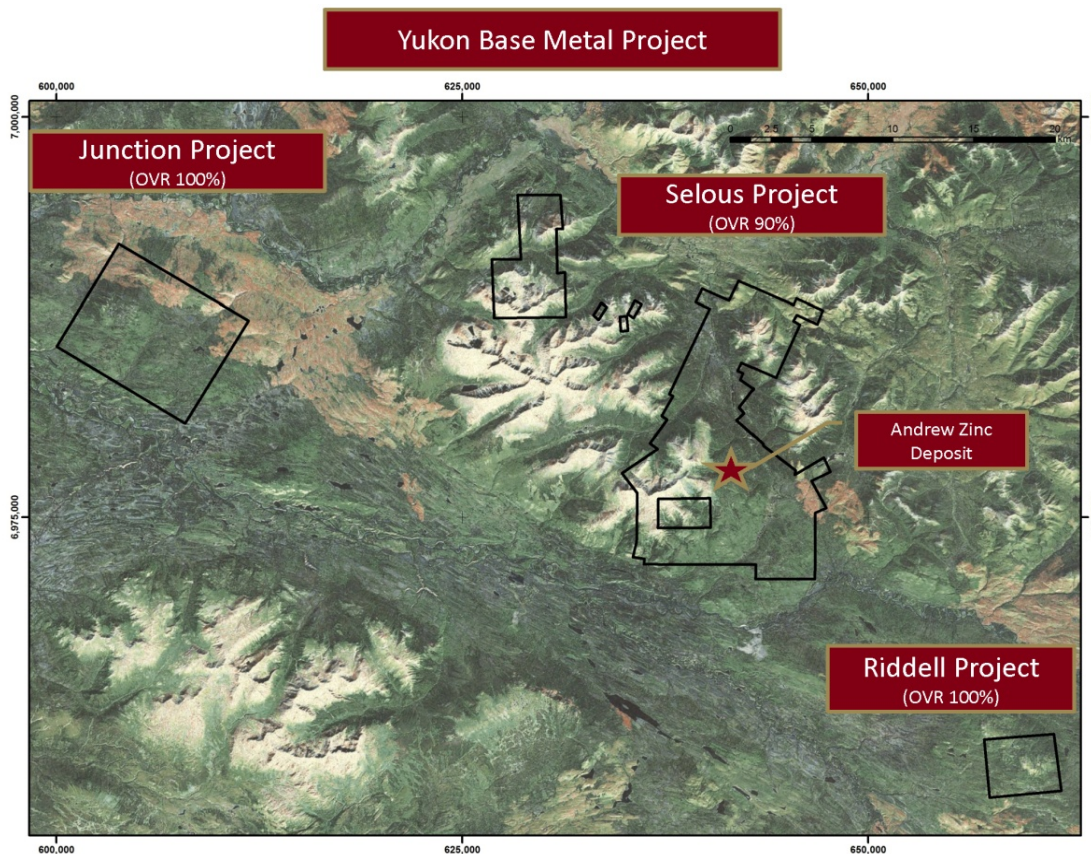


Figure 2. Overland Resources Limited's Yukon Base Metal Project expanded land position comprising the Junction Project (100%), the Selous Project (90%) and the Riddell Project (100%).

The Company has continued to expand its land position and the total area of the Yukon Base Metal Project now comprises approximately 305km² in three discrete project areas, the Junction, Selous and Riddell Projects (see Figure 2).

Between 2007 and 2012 the Company has:

- Completed 254 diamond core holes for 40,517 metres;
- Discovered three separate Zinc deposits within close proximity of each other - the Andrew, Darcy and Darin Zinc Deposits;
- Calculated JORC code compliant resources for all three deposits;
- Conducted advanced metallurgical test work;
- Collected environmental baseline data;
- Significantly increased its land position;
- Defined a mining schedule, processing techniques and estimated the total Capital and Operating costs associated with a mining operation in the region;
- Established strong relationships with Government, First Nation and Community bodies; and
- Commenced detailed feasibility work including, mine site, tailing and access road design.

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DEVELOPMENT AND EXPLORATION ACTIVITIES

During the reporting period the Company focused its activities on determining the continuity of mineralisation and expanding the size of the resources at the two main deposits, the Andrew and Darcy Zinc deposits as well as advancing the technical, economic and environmental understanding of a potential mining operation at the Yukon Base Metal Project.

A total of 45 diamond drill holes were completed on the project for 10,437 metres as part of the Company's 2011 summer drilling campaign. This drilling successfully extended the strike length of the known mineralisation at the Darcy and Andrew Zinc deposits by 150 metres and 100 metres respectively. Additional geotechnical, metallurgical and hydrological information was also collected as part of this drilling program.

JORC Code Compliant Resource

In the first quarter of 2012 an independent consultant, with the assistance of Company personnel, integrated the geological and geochemical information collected during 2011 with previous information to develop a new wireframe and block model for the Andrew and Darcy Zinc Deposits. This information was then used to re-estimate the JORC Code compliant resource for the Yukon Base Metal Project.

The total JORC Code compliant resource for the Yukon Base Metal Project now comprises 13.7 million tonnes at 5.3% Zn and 0.9% Pb¹; an increase of 24.5% over the previous estimate. A significant portion of the resources at the Andrew and Darcy Zinc Deposits are classified as "Indicated" or "Measured" (see Table 2).

Table 2. JORC Code compliant mineral resource for the Yukon Base Metal Project²

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Zinc (%)	Lead (%)	Tonnes	Zinc (%)	Lead (%)	Tonnes	Zinc (%)	Lead (%)	Tonnes	Zinc (%)	Lead (%)
Andrew	1,769,000	5.3	1.6	5,437,000	6.1	1.4	556,000	4.2	0.6	7,762,000	5.8	1.4
Darcy				1,670,000	4.8	0.0	3,880,000	4.7	0.0	5,550,000	4.7	0.0
Darin							360,000	4.0	0.2	360,000	4.0	0.2
Total	1,769,000	5.3	1.6	7,107,000	5.8	1.1	4,769,000	4.6	0.1	13,672,000	5.3	0.8

Definitive Feasibility Study

Throughout the 2011-2012 reporting period the Company's project team, including Golder and Associates, EBA Engineering, Sacre Davies, McElhanney and a team of independent specialists experienced with operations in northern Canada, continued to work towards the completion of a definitive feasibility study.

In June 2012, following the incorporation of the newly updated JORC Code Compliant Resource into the mine plan, a combined open pit mine schedule from the Andrew and Darcy Zinc Deposits was determined. The two separate open pit developments could provide a total of 8.0Mt of ore at an average grade of 5% zinc and 1.5% lead over a 7 year period.

¹ 2% zinc cut off applied

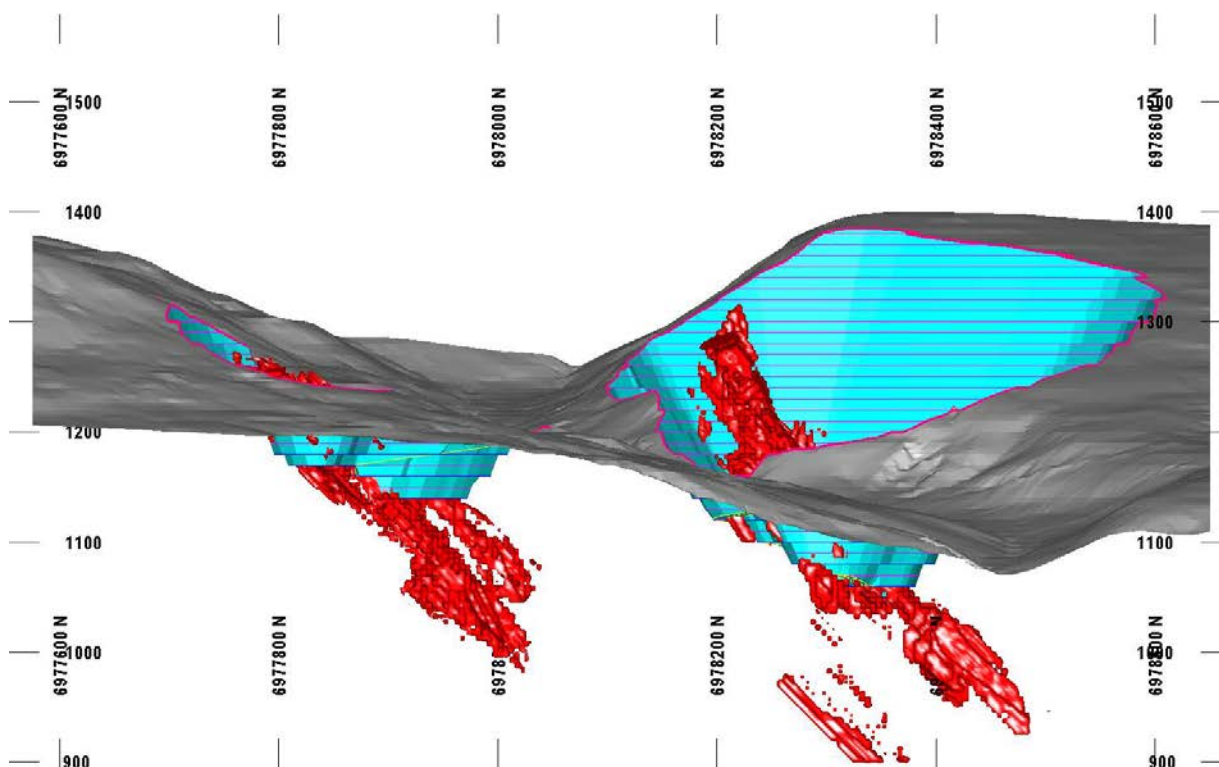


Figure 3. Andrew (RHS) and Darcy (LHS) open pit designs showing ore zones contained within the pits and continuing below the bottom of the pits.

The material mined would be blended on the ROM pad to provide feed to a 1Mt per annum SAG and Ball mill crushing, grinding and floatation circuit. This processing facility would produce separate zinc and lead concentrates which would be transported by truck to the Port of Skagway and in turn by ship to the customers' selected discharge port.

The estimated capital costs to develop this operation, including access road construction and port facilities upgrades, was US\$227 million, with a further 20% contingency allowance of \$45 million and an estimated pre-strip cost of \$20 million (Table 1.).

Capital Component	Estimate US\$'000
Mining	8,550
Crushing and Processing	71,607
Infrastructure	26,589
Site Services	22,016
Indirect	35,250
ECPM (15%)	14,730
Tailings and Water Management	14,357
Road Construction	33,748
Contingency (20%)	45,370
Pre-strip	20,450
Total Project Costs (including pre-strip)	292,668

Table1. Capital Cost estimate breakdown for the Selous Project

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Cost estimates equate to US\$0.70 per pound of payable metal (lead or zinc). Cost estimates are exclusive of stevedoring, shipping, treatment and refining costs, taxes, permitting costs, government or community fees and charges.

Mine Permitting

In light of the updated results of the economic study and the current uncertainty in the global equity and financial markets, the Board of Overland elected to suspend all further mine permitting work for the Yukon Base Metal Project. The long term forecast for metal prices, particularly zinc, remains positive and expectations are that prices will increase over the next three to five years as demand increases following the recovery in global economies and with the anticipated closure of several large zinc mines, which will reduce supply.

The quartz mining claims held by the Company that host the Andrew and Darcy Deposits are in good standing and remain under the control of the Company until at least 2026 and the road access route is secure until 2017 without an obligation to incur further expenditure.

Tenement Schedule

Project	Claim Names	Numbers	Expiry Date	Comments
Yukon Base Metal Project	A	1-8, 57-104	15/02/2022	See operations report
	AMB	1-25, 81-84, 149-150	15/02/2027	
		26-80, 85-104	15/02/2028	
		105-112	15/02/2026	
		115-116, 123-148	15/02/2025	
	AMBfr	117	15/02/2028	
		118-122, 151-162	15/02/2025	
	Andrew	1-2	15/02/2026	
		3-10	15/02/2029	
	Atlas	1-6	31/07/2019	
	B	53, 55, 57, 59, 61, 63, 65-74, 79-100, 105-126	15/02/2020	
		127-194	15/02/2017	
	Bridge	1-8, 11-16, 19-32	15/02/2025	
	Clear	1-25	15/02/2017	
	Dasha	1-6	15/02/2023	
	Data	1-320	15/02/2017	
	Link	1-231	15/02/2017	
	Myschka	1-32, 41-46, 48, 57-70, 77-90	15/02/2021	
		33-40, 47, 49-56, 71-76, 91-96	15/02/2022	
	Ozzie	1-32	15/02/2025	
	Riddell	1-80	01/02/2017	
	Scott	1-2, 35-36	15/02/2024	
		3-34	15/02/2018	
Sophia	1-4	15/02/2019		
TA	1-2	14/02/2017		
	3-332	15/02/2017		
Total Number of Claims:			1550	
Total Area:			305 sq km (30502 hectares)	