



ASX Release

23 April 2008

OVERLAND RESOURCES LIMITED
Level 2 / 675 Murray Street
WEST PERTH
Australia
Tel: +61 8 9226 5566
Fax: +61 8 9226 2027

Contact:
Hugh Bresser
Managing Director

E-mail: info@overlandresources.com

Tel: +61 8 9226 5566

For the latest news:
www.overlandresources.com

Directors / Officers:
Michael Haynes
Hugh Bresser
Matthew Wood
Anthony Polglase
Timothy Flavel
Scott Funston

Issued Capital:
54 million shares

ASX Symbol: OVR

Media:
Fortbridge +612 8399 0089
Bill Kemmery 0400 122 449

ECONOMIC MINING STUDY DEMONSTRATES A FINANCIALLY ROBUST ANDREW ZINC PROJECT

ANDREW BASE METAL PROJECT, CANADA

- Independent study into the economics of developing an open pit mining operation at the Andrew Zinc Deposit completed
- Financially feasible open pit mining project defined, with considerable upside
- **US\$347 million¹ undiscounted cash flow before CAPEX over 4.5 years from initial open pit mining operation**
- **Low initial CAPEX estimate US\$59.8 million**
- **Cash cost of production estimate US\$79 per tonne of plant feed**
 - equates to a production cost of \$0.35/lb of zinc equivalent¹
- **Increased revenue possible from silver and germanium credits**
- **Internal Rate of Return of 114%¹, capital payback period of 1 year**
- **NPV US\$217 million¹ at an 8.5% discount rate**
- **Economically robust project through metal price cycles**
- **Considerable underground and open pit expansion potential**
- **40,000m diamond drilling programme underway for resource to reserve definition and further exploration**
- **Preparations for bankable feasibility commenced including environmental base line and geotechnical studies**

Overland Resources Limited (ASX: OVR and "Overland Resources") is very pleased to announce the completion of an independent study coordinated by CSA Australia Pty Ltd into the economics of developing the Company's 90% owned Andrew Zinc Deposit in the Yukon Territory of Canada.

The study concludes that the development of an open pit mining operation at the Andrew Zinc Deposit is economically feasible. The Project potentially provides an undiscounted cash flow of US\$347 million¹ before capital, depreciation, tax and royalties. A 678,000 tonne per annum processing plant is recommended to produce separate zinc and lead concentrates. An initial mine life of 4.5 years is predicted. No revenue was attributed to the silver or germanium credits associated with the concentrates.

Capital costs are estimated to be US\$59.8 million including 10% allowance for Engineering, Procurement, Construction and Management (EPCM) and a 25% contingency. Operating costs are estimated to be US\$79 per tonne of processed plant feed including concentrate delivery costs to the port of Skagway, Alaska. At the modelled production rate and metal prices this equates to US\$0.35/lb of zinc equivalent¹. The initial capital payback period is estimated to be less than 12 months with an estimated Project IRR of 114%¹ and NPV of US\$217 million¹

This is an outstanding result for the Company, which is now committed to completing a bankable feasibility study on the development of the Andrew Zinc Deposit.

¹ Metal prices used Zinc US\$2,500/tonne Lead US\$3,280/tonne, no value is attributed to Silver or Germanium

SUMMARY OF ECONOMIC MINING STUDY RESULTS

The study on the Andrew Zinc Deposit was conducted by CSA Australia a geological, mining and management consulting company with a high level of technical expertise in exploration, development and mining gained from over 20 years involvement with the mining industry at a national and international level.

Economic Analysis

The study developed a mine design and processing flowsheet for the development of an open pit mining operation at the Andrew Zinc Deposit. This information was used to determine capital and operating costs and to evaluate the potential economics of the Project, based on commodity prices current at February 21, 2008 (zinc: US\$2,500/t, lead: US\$3,280/t).

The financial analysis indicates that the development of an open pit mining operation at the Andrew Zinc Deposit is economically feasible. The Project potentially provides undiscounted cash flow of US\$347 million¹ before capital, depreciation, tax and royalties over the 4.5 year start up mining period. A 678,000 tonne per annum processing plant is expected to produce 280,500 dry tonnes of zinc concentrate and 147,000 tonnes of lead concentrate over the initial 4.5 year period.

No revenue was attributed to the silver or germanium credits associated with the concentrates. This provides an additional revenue source for the Project based on favourable smelter contracts.

Table 1. Economic Analysis results from the 678,000 tpa mining and processing operation at the Andrew Zinc Deposit.

Parameter	Unit	Analysis
Zinc price	US\$ / tonne	2,500
Lead price	US\$ / tonne	3,280
Mine Life	Years	4.5
Zinc concentrate	Dry tonnes	280,500
Lead concentrate	Dry tonnes	147,000
Revenue	US\$ million	575.0
Operating cost	US\$ million	228.0
Operating cost	US\$ / Zn equiv. lb	0.35
Undiscounted cash flow before capital costs	US\$ millions	346.9
Capital Cost	US\$ millions	59.8
Undiscounted cash flow after capital costs	US\$ millions	287.1
NPV @ 8.5% discount	US\$ millions	216.9
IRR	%	114

At the proposed production rate and commodity prices applied the initial capital payback period is estimated to be less than 12 months. The Project's Internal Rate of Return (IRR) is calculated to be 114%.

Mine Design

Numerous mine models were evaluated by utilising the industry standard Whittle software programme. Results indicate that at current commodity prices undiscounted cash flows as high as US\$386 million (before capital costs) could be generated from open pit mining operations (Pit 15 developed during the study). The Company elected to proceed with a more conservative, lower risk mine model which would generate a slightly lower undiscounted cash flow of US\$347 million (before capital costs) but provide a more efficient return on capital (Pit 5 developed during the study).

A production schedule developed for the start up open pit mine design, based on Pit 5, involves the mining and processing of run of mine (ROM) feed including allowance for dilution and recovery of:

2.9Mt at 5.9% Zn, 3.3% Pb, 10.1g/t Ag and 27.0g/t Ge²

² Cut-off grade of 3% zinc applied

The proposed production rate is 2,000 tonnes of processing plant feed per day, or 678,000 tonnes per annum. At this production rate the life of mine would be approximately 4.5 years. The strip ratio would be 6.2:1, with pre-strip prior to commencement of production expected to take approximately 3 months.

By planning to develop a conservative mine design the Company protects itself considerably from potential future downward movements in commodity prices, yet still provides itself with excellent exposure to stronger zinc and lead prices should more favourable economic conditions prevail. The Company could readily modify the mine design when mining commences.

Capital Costs

Capital cost estimates have been determined to provide for site infrastructure required to support a contract mining operation. These estimates include provisions for construction of a 678,000 tonne per annum processing plant to produce separate zinc and lead concentrates, a diesel power generation plant, accommodation for 65 personnel, and construction of an airstrip, haul roads, access roads, waste dumps and tailings dams.

The total capital cost estimate is US\$59.8 million, which includes an allowance of 10% for Engineering, Procurement, Construction and Management (EPCM) and a further 25% for contingencies (see Table 2).

Table 2. Itemised capital costs for the development of a 678,000tpa open pit mining operation at the Andrew Zinc Deposit.

Item	Cost Estimate US\$ (millions)
Mining	0.74
Processing	22.86
Infrastructure	17.96
Site Services	1.13
EPCM @ 10%	4.56
Contingency @ 25%	12.53
TOTAL	59.78

Processing Plant and Throughputs

A 40kg sample of diamond drill core from the Andrew Zinc Deposit was utilised by SGS Lakefield in Canada to determine indicative metallurgical recoveries and possible concentrate grades. Exceptional metallurgical recovery rates were achieved (98.5% for lead and 96.0% for zinc). The test results are tabulated in Table 3.

Table 3. Results of Stage 1 metallurgical test work conducted by SGS Lakefield in Canada.

Product	Recovery (%)		Assay	
	Lead	Zinc	Pb (%)	Zn (%)
Lead	98.5	2.6	63.3	2.4
Zinc	0.8	96.0	0.4	58.0

The coarse grained nature of the mineralisation at the Andrew Zinc Deposit and high recovery rates indicate that a very simple process flow sheet entailing proven conventional floatation technology is all that is required to produce separate zinc and lead concentrates. This significantly reduces both capital and operating costs for the Project and reduces the overall project risk.

The metallurgical study also identified that the mineralisation at the Andrew Zinc Deposit is amenable to Dense Media Separation (DMS). The application of DMS technology may enable the beneficiation of low grade material to provide an additional source of processing plant feed. This would increase the utilisation of the processing plant and the amount of saleable concentrate produced. This has not been factored into the economic evaluation.

Operating Costs

Assuming an initial 4.5 year mine life, operating cash costs are estimated to be US\$79.08 per tonne of processing plant feed (before depreciation, tax and royalties), including the cost of delivering concentrate to the port of Skagway, Alaska. This equates to an operating cost of US\$0.35/lb zinc equivalent³. Port handling charges and shipping charges are excluded from the calculation. A summary of probable operating costs is presented in Table 4.

Table 4. Itemised operating costs for the development of a 678,000tpa open pit mining operation at the Andrew Zinc Deposit.

Item	US\$ / tonne plant feed produced
Mining	31.10
Processing	26.42
Administration	0.38
Transport	21.18
Total	79.08

Resources

An upgraded JORC Code compliant resource for the Andrew Zinc Deposit has been calculated by an independent consultant to include the results from the 10 diamond drill holes completed by Overland Resources Limited during 2007. This resource upgrade was announced on April 18, 2008.

The updated JORC Code compliant resource comprises:

5.04 million tonnes at 7.47% Zn, 1.72% Pb, 5.43g/t Ag & 17.43g/t Ge⁴

or

5.04 million tonnes at 10.79% Zn equivalent⁵

The resource estimate is based on the results of 24 diamond core holes drilled by Noranda Inc. during 2001 and 2002 and 10 diamond core holes drilled by Overland Resources Limited during 2007. The zone of mineralisation was solid modelled based on boundaries defined by geology and Zn grade. The drill holes were composited to 1m down hole against these wireframes and grade was estimated into a block model with parent cells of dimensions 50mE (along strike) x 5mN (across strike) x 5mRL (down dip) using Multiple Indicator Kriging. Tonnes were assigned using a default specific gravity of 2.7t/m³ appropriate to the geology. The mineral resource was classified according to geological continuity, grade continuity and a measure of drill spacing based on kriging error.

For reporting purposes a cut-off grade of 3% Zn was applied. The new resource has significantly increased the confidence level with 83% of the resource now within the "Measured" and "Indicated" categories, namely:

Classification	Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Ge (g/t)
Measured	88,000	7.2	1.0	4.9	26.3
Indicated	4,100,000	7.7	1.8	5.7	18.5
Inferred	856,000	6.6	1.3	4.1	11.7
TOTAL	5,044,000	7.5	1.7	5.4	17.4

³ Metal prices used Zinc US\$2,500/tonne Lead US\$3,280/tonne, no value is attributed to Silver or Germanium

⁴ Cut-off grade of 3% zinc applied

⁵ Spot LME metal prices used as on 15 April 2008, Zinc US\$2271/tonne, Lead US\$2906/tonne, Silver US\$17.77/oz and Germanium US\$1275/kg,

Potential Project Expansion

The economic study identified that historically very little exploration has been completed at the Andrew Base Metal Project. The resource at the Andrew Zinc Deposit itself is based on a relatively small number (30) of drill holes, predominantly due to the relatively recent discovery of the deposit. While the confidence level of the defined resource is high, it is recognised that the resource remains open both along strike and at depth. There is considerable potential to expand the resource with further drilling, which is currently in progress.

The study identified the opportunity to expand mining operations through the development of underground mining operations or open pit cut backs. Work will continue to further evaluate both of these opportunities.

The study also identified that there are numerous advanced "regional" targets within the Company's Project that are yet to be evaluated with drilling. There is considerable potential to expand on the Project's resources and reserves with further exploration success.

Further Work

The Company recently announced that it has commenced a 40,000 metre drilling programme that will be completed over the next six months. Environmental base line studies and collection of geotechnical data have also commenced as the Company advances the Andrew Base Metal Project towards production.

Drilling will facilitate the conversion of resources to reserves. Drilling will also test the lateral and vertical extensions of the mineralisation at the Andrew Zinc Deposit. Numerous additional high quality regional targets, beyond the Andrew Zinc Deposit will also be evaluated with drilling for the first time. Additional geotechnical information and material for advanced metallurgical studies will also be collected. Evaluation of the underground development potential continues.

In light of the exceptionally encouraging results from the recently completed study into the economic development of the Andrew Zinc Deposit the Company has committed to rapidly complete a bankable feasibility study into the development of the Project.

Hugh A Bresser Managing Director

Overland Resources Limited has not yet reported any ore reserves from the Andrew Zinc Deposit. While the Company remains optimistic it will report reserves in the future, any discussion in relation to production targets is only conceptual in nature and there has been insufficient work to define a Mineral Reserve and it is uncertain if further work will result in the determination of a Mineral Reserve.

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 Results 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.