



SUB - SAHARA RESOURCES NL



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Australian Stock Exchange Limited

Eritrean Asmara Joint Venture

Receipt of Notice of Exercise of Option pursuant to the option agreement between Sub-Sahara Resources NL and Sunridge Gold Corp, dated 30 June 2004 (the " Option Agreement")

Sub-Sahara Resources NL (SBS) advises that it has received notice from Sunridge Gold Corp. (SGC) that it is exercising its option to purchase SBS's 48% interest in Sub Sahara Resources (Eritrea) Ltd, the company that holds the Asmara Joint Venture project licences in Eritrea. SGC has earned a 40% interest in the project and is currently funding exploration through to completion of a feasibility study to earn an additional 30% interest in the project. Africa Wide Resources Limited (AWR), holds the remaining 12% interest in the joint venture and has also received notification from SGC of its intention to exercise the option agreement that it has with SGC for its interest in the Asmara JV.

The exercise purchase price of the interest is to be the Fair Market Value (FMV) negotiated and agreed by the parties. The FMV is to be satisfied by the issue to SBS of shares in SGC. In the event that the parties agree on a FMV, then SBS will be required to gain the approval of shareholders in General Meeting to a proposed disposal in accordance with ASX Listing Rules. Any transfer of interest arising from the option exercise will be subject to the consent of the Eritrean Minister of Mines.

The terms and conditions of the option agreement governing the conduct of negotiations and FMV in summary are:

- a) the FMV of the tenements shall be a negotiated and agreed value between SGC and SBS to be concluded within 10 business days of the exercise of the purchase option.
- b) In the event that the parties cannot agree on the FMV as above, then the parties shall within 20 business days of the notice of purchase, commission an Independent Expert experienced in such matters to determine the FMV of the Tenements and to provide a Valuation Report prepared in accordance with the VALMIN Code within 30 days of receipt of the commission or, within such other period as the parties may agree, that must be accepted by both parties.
- c) If the parties cannot agree on the person to be appointed as the Independent Expert within 20 days, the parties (or one of them) must forthwith request the President of the Australasian Institute of Mining and Metallurgy to nominate an Independent Expert who shall determine the FMV and generate a Valuation Report of the FMV in accordance with the VALMIN code that must be accepted.

The number of SGC shares that may be issued under the option agreement will be based on the 20 previous days weighted average trading price of the shares of SGC on the Toronto Stock Exchange (TSX) calculated back from the day the notice of Purchase was given. The notice was given on 13 January 2006 and the average weighted share price based on the above formula is C\$1.835 per share.

SGC is a TSX listed company and is in essence a single project company with its predominant focus on the Eritrean Asmara Joint Venture in which it has earned a 40% interest. It has a market capitalisation of C\$63,652,487 (as at 13 January 2006). It has 28,416,289 shares on issue and its shares last traded at a price of C\$2.24 on 13 January 2006 on a volume of 430,194 shares for the day. Mr Michael Griffiths the CEO of SBS was appointed to the board of SGC in 2004 and pursuant to the Option Agreement an additional director may be appointed to the board of SGC by SBS/AWR when the transaction has been settled.

At this stage the Directors of SBS are unable to make any further comments until they have met with the directors of SGC and concluded the negotiations pursuant to the terms of the Option Agreement. Once a FMV is determined, then SBS will provide full details to shareholders and convene a general meeting of shareholders to enable them to consider and vote on the transaction.

For and on behalf of
Sub-Sahara Resources NL

Peter Munachen
Director – Corporate and Finance
16th January, 2006