



# Sub-Saharan Resources NL



ACN: 061 104 158  
288 Stirling Street, Perth  
Western Australia 6000  
PO Box 8260  
Perth Business Centre  
Western Australia 6849  
Telephone (+61 8) 9227 3260  
Facsimile (+61 8) 9227 3271  
Email: [enquiries@subsahara.com.au](mailto:enquiries@subsahara.com.au)  
Web: <http://www.subsahara.com.au>

24 January 2006

Australian Stock Exchange Limited  
Companies Announcements Office  
Level 10 Exchange Centre  
20 Bond Street  
Sydney NSW 2000

Dear Sir

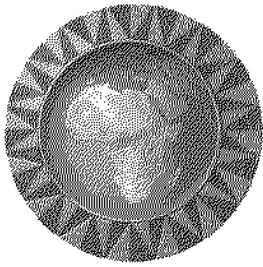
## **REQUEST TO LIFT TRADING HALT**

Please find attached a Stock Exchange Release with respect to a capital raising and proposed acquisition of a further interest in the Zara Project in Eritrea by Sub-Saharan Resources NL.

Accordingly Sub-Saharan requests the lifting of the trading halt of its securities with immediate effect.

Yours faithfully  
For and on behalf of  
**Sub-Saharan Resources NL**

**E A Myers**  
**Company Secretary**



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- Plan to increase equity in Zara Gold Project by 33.33%
- Major fund raising of \$8,000,000 to finance Zara exploration programme

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## **Zara Gold Project – Increase of equity**

Following the success of the initial drilling at the Zara project, Sub-Saharan plans to increase its current equity in the project from 33.33% to 66.66% by acquiring the 33.33% project interest of Africa Wide Resources Limited (AWR). This will result in the Company then having the right to earn up to an 80% interest in the project. Under the agreement reached with AWR, the company will, issue 20,000,000 shares to AWR together with 10,000,000 options exercisable at fifteen cents (\$0.15) per share on or before 30 June 2009, and pay a Net Smelter Return Royalty of 1.5% on 33.33% of the revenue derived from the sale of any gold or metal recovered from the project. Sub-Saharan has also agreed to reimburse to AWR its share of project expenditure incurred from 20 January 2006 until approval of the transaction by shareholders.

AWR is controlled by Mr H.D. (Dave) Kennedy, the Chairman of Sub-Saharan and a major shareholder.

The transaction is subject to regulatory and shareholder approvals, and the execution of binding agreements. It is also subject to approval of the Eritrean Minister for Mines.

Sub-Saharan has the right to earn a 48% interest in the project from Dragon Mining NL by funding Dragon's share of project costs either to completion of a Bankable Feasibility Study or the expenditure of US\$3.3m, whichever is the lesser. To date Sub-Saharan has earned a 33.33% interest. On the basis that approval is obtained by Sub-Saharan to acquire AWR's interest, the ultimate contributing equities will be Sub-Saharan 80% and Dragon 20%.

## **Exploration**

Sub-Saharan is sufficiently encouraged from the preliminary drilling results at Koko (one of several targets that make up the Zara Project) to embark on a major drilling programme during 2006 that will see it conduct some 20,000 metres of diamond and reverse circulation drilling with the view to obtaining sufficient information to produce a resource estimate.

The estimated cost of exploration is approximately \$7.5m and Sub-Saharan's share of this programme is estimated at \$6.8m with Dragon being required to contribute the balance to maintain its 20% equity.

## **Major Financing**

To finance its share of Zara project costs and ongoing corporate costs the company proposes to raise up to \$8,000,000 by way of the issue of up to 100,000,000 shares.

The issue will be in two parts, viz;

1. The placement of 20,000,000 shares at eight cents (\$0.08) each to raise \$1,600,000. Each share subscribed will entitle the subscriber to one option for every four shares subscribed, exercisable at 15 cents per share and expiring on or before 30 June 2009, and;
2. a pro rata, non- renounceable offer of 80,000,000 shares at eight cents (\$0.08) each to all shareholders on a one for four basis to raise \$6,400,000. Each share subscribed will entitle the subscriber to one option for every four shares subscribed, exercisable at 15 cents per share and expiring on or before 30 June 2009.

The placement will be managed by DJ Carmichael Pty Ltd (DJC) and they will be paid a management fee of 2% together with a brokerage fee of 4% on funds subscribed. These shares will be placed in accordance with Section 708A (5) of the Corporations Act.

The offer to shareholders will be subject to an offer document which will be forwarded to shareholders when it has been lodged with the regulatory authorities. The timetable will be announced when available.

DJ Carmichael Pty Ltd has been engaged to place any shortfall arising from the pro rata issue on a best endeavours basis. DJC will receive a management fee of 2% together with a brokerage fee of 4% for placement of any shortfall arising from the pro rata issue and will also be granted a success fee of 750,000 options exercisable at 15 cents per share, on or before 30 June 2009. Paradigm Capital Pty Ltd will be assisting DJC with the placement of any shortfall and will also be granted a success fee of 750,000 options on the same basis as DJC as above. It will also be paid fees by DJC on an agreed basis.

## **Sub-Sahara**

Sub-Sahara is an exploration company with an extensive portfolio of advanced exploration projects. An estimated 9 drill rigs are operating currently on 3 projects, namely the high-grade Asmara gold/copper/zinc/silver project (4 rigs), Nyanzaga gold Joint Venture with Barrick Gold (4 rigs) and high-grade Zara gold project (1 rig).

Initial mineral resource estimates are expected for Debarwa (Asmara project) and Nyanzaga in the current half year while a Conceptual Mining Study on Debarwa copper/gold deposit is due for completion during February 2006.

In addition two further Sub-Sahara projects will be subject to follow-up drilling commencing the next quarter by Joint Venture partners, Resolute Mining Limited and Currie Rose Resources INC.

For and on behalf of  
Sub-Sahara Resources NL

M R Griffiths  
CEO & Executive Director