



Sub-Sahara Resources NL

20 August 2007

ASX Announcements Office

Increase in Equity in Zara Project - Eritrea

Sub-Sahara Resources (ASX: SBS) has now completed Stage 3 of the Zara Joint Venture Agreement having spent in excess of US\$3.3 million on exploration on behalf of Dragon Mining Limited (ASX:DRA) and Sub-Sahara.

This expenditure dilutes Dragon's interest to 20% with Sub-Sahara having earned 70% of Dragon's original 66.65% holding or 46.65% of the Zara Project in Eritrea. Dragon will now be free carried through to completion of a bankable feasibility study.

The equities in the project are now:

Sub-Sahara Resources NL	69%
Dragon Mining Limited	20%
Africa Wide Resources Limited	11%

SBS is currently proceeding with a major exploration programme on the Zara project. A resource estimate based on drilling data completed by the company up to April 2007 has shown an Inferred Resource of 7.0Mt grading 3.4g/t Au containing 760,000 ounces gold.

Drilling conducted at the deposit since that time has been directed towards increasing the resource and the level of confidence.

Sub-Sahara's Managing Director Mike Griffiths said, "Management was always very confident about the potential of the Zara gold project and consequently we are keen to maximise our interest in the Project."

For and on behalf of

Sub-Sahara Resources NL

Web site: www.subsahara.com.au

M.R. Griffiths
Managing Director

About Zara Gold Project

The Zara Joint Venture comprises a single license covering an area of 196km² situated in northern Eritrea, approximately 160km northwest of Asmara city (Figure 1). Sub-Sahara has earned 69% interest in the project. The Koka Gold deposit contains an inferred resource 760,000 ozs gold from 7million tonnes of ore grading 3.4g/t gold and current drilling continues to expand and enhance this resource. Initial metallurgical test work indicates +95% recovery after 24 hours gravity/cyanidation.

On application for a mining license, the government of Eritrea is entitled to a 10% free carried interest. Furthermore, the Government has the right, by agreement, to a 30% equity participation interest of any mining project and up to a 5% royalty on mined precious metals.

About Sub-Sahara

Sub-Sahara Resources is an ASX listed company (ASX: SBS) with interests in a number of highly prospective and rapidly expanding African projects, including the Zara joint venture in Eritrea and the Nyanzaga joint venture with Barrick Gold, Lake Victoria joint venture with Currie Rose Resources and the Nyakufuru joint venture with Resolute Mining in Tanzania. The company hold 7.6 million shares in Sunridge Gold Corp (TSX-V: SGC).

FOR FURTHER INFORMATION:

Michael Griffiths, MD
Sub-Sahara Resources
enquiries@subsahara.com.au
Ph: +61 8 9227 3260

Jill Thomas
Professional Public Relations (WA)
jthomas@pprwa.com.au
Ph: +61 8 9388 0944

Competent person statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr M R Griffiths, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Griffiths is a full-time employee of Sub-Sahara Resources NL. Mr Griffiths 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Griffiths consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 1: Zara Project Location

