



Sub-Saharan Resources NL

ASX ANNOUNCEMENT
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SUB-SAHARA RESOURCES QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2009

HIGHLIGHTS

- Proposed Merger with Chalice Gold Mines Limited is on track with Shareholder Meeting set for the 4th August 2009.
- The revised resource estimate outlines 5.04 million tonnes at an average grade of 5.8g/t Au for 944,000 ounces of gold from at a cut-off of 1.2 g/t.
- Planning well advanced for 5,000m diamond drilling program to commence at Zara immediately on completion of the merger.
- Internationally recognised consortium of consultants led by Lycopodium Minerals and with extensive African experience appointed to conduct the Scoping Study and Feasibility Study for the Koka Deposit.

Corporate Activities

Merger Proposal

During the quarter, documentation concerning the proposed merger by Scheme of Arrangement (“Scheme”) between Sub-Saharan Resources NL and Chalice Gold Mines Limited (ASX: CHN; “Chalice”) was completed and dispatched to shareholders with the Scheme meeting set for the 4th August 2009.

The documentation included an independent valuation of both Sub-Saharan and Chalice with an updated resource estimate of the Koka Gold Deposit (see Exploration Activity Section).

The proposed merger will combine Chalice's strong cash position of approximately A\$10 million with Sub-Sahara's 69% interest in the high gold grade Zara Project in Eritrea, East Africa.

As part of the transaction and subject to the merger, Chalice will acquire Africa Wide Resources Limited ("AWR") 11.12% joint venture interest which will result in the newly merged group holding 80% of the Zara Project with ASX-listed gold producer Dragon Mining Limited owning the remaining 20%.

Under the terms of the Merger Implementation Agreement signed 29th April 2009 and subject to Sub-Sahara shareholder approval and Court approval, Sub-Sahara shareholders will receive **1 Chalice Share** for every **10.73 Sub-Sahara Shares** and will hold approximately 39% of the merged company.

Other security classes, comprising all partly paid shares and options have been offered Chalice shares based on a valuation calculated in accordance with the Black & Scholes valuation model. However, no offer was made for Sub-Sahara's 26,632,735 listed options which expired on 30 June 2009.

Following completion of the merger, Chalice will have approximately 121.2 million shares on issue and a strong funding position, which will enable acceleration of the exploration and evaluation of the Zara Project in Eritrea as the focus of an international gold development strategy.

Loan Facility

A loan facility of A\$450,000 has been made available to Sub-Sahara by Chalice to fund time-critical elements of the Scoping and Feasibility Studies of the Zara Project (Koka Gold deposit).

Funds advanced under the facility, together with accrued interest, are repayable if the merger is not implemented by 30 September 2009 (or such later date as Chalice may agree). In this event, the loan must be repaid either in cash or, at Sub-Sahara's election, by the issue of Sub-Sahara shares at an issue price of 1.3 cents per share. The facility is secured by a fixed and floating charge over Sub-Sahara.

EXPLORATION ACTIVITY

ERITREA

Zara Project (Gold)

The Zara Project is a joint venture with Dragon Mining Limited and Africa Wide Resources Limited consists of four licenses covering an area totalling 147km² situated in northern Eritrea, approximately 160km northwest of Asmara city (Figure 1).

Sub-Sahara currently holds a 69% interest in the project and the proposed merger of Sub-Sahara/Chalice will see a combined 80% ownership.

Tenure

During the quarter the 4 exploration licenses covering the Zara Project were extended by the Government of Eritrea for a further 12 months. The extension requires Sub-Sahara to complete a pre-feasibility study by the end of October, 2009 and a full feasibility study by May 25, 2010.

In addition, the Eritrea Government advised during the Quarter that applications by Sub-Sahara for additional tenements totalling 400 km² have been approved pending final documentation. This increases the total Sub-Sahara tenure at Zara to approximately 550 km².

Revised Resource Estimate

During the quarter Sub-Sahara commissioned Coffey Mining Pty Ltd (Coffey) to provide a revised resource estimate for the Koka Gold deposit that forms part of the Zara Project in Eritrea (Figure 1) as part of the documentation for the proposed merger with Chalice Gold Mines Limited.

The Mineral Resource Estimate of the Koka gold deposit is based on drilling completed by Sub-Sahara up to September, 2008.

The independent resource estimate and report was prepared by Coffey Mining Pty Ltd (Coffey) in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2004). Mineralised zones are defined using geological and assay data. Multiple Indicator Kriging (MIK) was used as the estimation method. The Mineral Resource Statement as of 1 May 2009 for in-situ Koka gold mineralisation is tabulated in Table 1.

Table 1: Koka Gold Deposit – reported above a cut-off of 1.2g/t Gold.

Category	Lower Cut-off Grade (g/t)	Tonnes (Mt)	Gold g/t	Metal (oz)
Indicated	1.2	4.55	5.9	867,000
Inferred	1.2	0.49	4.9	77,000
TOTAL	1.2	5.04	5.8	944,000

- # Koka Insitu Mineral Resource reported above a 1.2 g/t Au lower cut-off grade.
- MIK derived Selective Mining Unit (SMU) model estimates using a nominal 5mE x 10mN x 5mRL SMU dimension to emulate assumed open pit mining selectivity.

- Bulk density of 2.74t/m³ has been applied to mineralised zones. Gold grade tonnage distributions are subdivided by JORC resource categories.
- Depletion is to the current natural surface, with no mining assumed to-date.
- The reported resource limited by depth of drilling and model extents.

Coffey Mining Pty Ltd is a Perth based, independent international consulting company specialising in the areas of geotechnical engineering, hydrogeology, hydrology, tailings disposal, environmental science and social and physical infrastructure. Coffey was commissioned exclusively by Sub-Sahara to prepare the independent resource estimate in accordance with the JORC Code.

The Coffey estimate is based on a geological interpretation from 114 diamond drill holes, 2,310 bulk density measurements, and 11,704 drill samples. Core recovery averaged 95%. Based on statistical analysis, a high grade cut of 60g/t Au has been applied to 3 metre down hole composites.

Coffey have reduced the upper cut from 100g/t gold to 60g/t gold based on statistical parameters and have also advised that the optimum lower grade cut-off grade is 1.2g/t compared to 1.5g/t used in the previous estimate. Both these factors come as a result of additional data resulting from the in-fill drilling.

Study Activities

Due to time-critical elements which are necessary to complete the Pre-feasibility and Feasibility Studies, Chalice and Sub-Sahara have worked together to facilitate the continued advancement of the Zara Gold Project pending completion of the merger. These activities include the following:

Scoping Study Awarded to Lycopodium Minerals.

During the Quarter, Chalice appointed Lycopodium Minerals (“Lycopodium”) in association with AMC Consultants (“AMC”) and Knight Piesold to complete development studies for the Zara Gold Project.

Lycopodium will complete all metallurgical process design, infrastructure and project development components and is responsible for overall study coordination. AMC will complete geology, resource modelling, mining and mine related geotechnical study aspects. Knight Piesold will undertake infrastructure geotechnical studies, hydrogeology, tailings disposal and environmental and social impact management in consultation with local Eritrean consultants Global Resources Development and Management Consultants.

These consultants have demonstrated African gold project credentials and bring an international approach to the Zara Gold Project.

Owner’s Representative Appointment

During the Quarter, Chalice also appointed experienced Australian mining executive Mr Steven Chadwick as Owner's Representative to oversee the Scoping and Feasibility Studies for the Zara Gold Project, including the lead up to commencement of these studies.

Mr Chadwick has been involved in the development of numerous gold mines during an extensive career both as a consultant and in senior management roles.

Immediate Work Program

Major elements of an immediate work program have commenced to rapidly advance the Zara Gold Project to feasibility.

This work program includes water drilling and hydrological studies, metallurgical test-work, preparation for further resource definition drilling and ongoing environmental, geological and topographic data collection.

A percussion drilling program to investigate potential water-bearing structures identified by targeted geophysical surveys and drainages is planned and a contractor has been engaged by Sub-Sahara to conduct this work. Sub-Sahara has allocated loan funds to accommodate this expenditure.

Drill core from seven metallurgical holes drilled at the Koka deposit in 2008 is currently held by Ammtec metallurgical laboratories in Perth and a test-work program designed by the Company's consultants has commenced. This activity is part of the Lycopodium study and will be funded by Chalice.

A further 5,000m of drilling is required to infill the Koka resource and upgrade it from its current Indicated and Inferred status. It is planned that this drilling will commence shortly after the merger between Sub-Sahara and Chalice is completed. In anticipation of this event, work has already commenced on site preparation and a drilling contractor has been engaged by Chalice.

Regional Exploration during the Quarter

Konate Prospect

The 31 geochemical channel samples and 720 rock chip samples collected during 2008 over a strike length of 800m were assayed at Genalysis laboratories in Perth and results have been received for five of the eight batches. These results clearly confirm previous results and further delineate a single zone of mineralization up to 50m wide (and currently open along strike) and with a peak value of 3.0g/t gold, supported by moderately elevated values of Cu, Pb and Zn. The results further validate the similar nature of mineralization between the Konate Prospect and the Koka Gold Deposit.

EXPENDITURE

During the quarter, Sub-Sahara spent A\$89,000 on exploration and acquisition activities.

For and on behalf of

Sub-Sahara Resources NL
M.R. Griffiths, Managing Director

FOR FURTHER INFORMATION:

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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.

The information in this statement that relates to the Koka Gold Deposit Mineral Resource is based on information compiled by Brian Wolfe, who is a Member of The Australasian Institute of Mining and Metallurgy. Brian Wolfe is an employee of Coffey Mining Ltd. Brian Wolfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and for the activity which he has undertaken 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 – The JORC Code". Brian Wolfe consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Figure 1: Location Map - Zara Project, Eritrea

