



(Formerly New World Alloys Limited)

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7 August 2009

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir,

Austral Africa Resources Limited – Entitlements Offer

Further to the release dated 26 June 2009, Austral Africa Resources Limited ABN 36 060 774 227 (**Austral Africa**) announces that it will be undertaking a non-renounceable entitlements offer of approximately 903,306,294 fully paid ordinary shares (**Entitlements Offer**).

Purpose

The purpose of the Entitlements Offer is to raise funds which Austral Africa will use (i) to meet the costs of conducting the orderly sale process in relation to its copper smelting plant in the Democratic Republic of Congo, (ii) to seek new mineral opportunities in Australia and Africa and (iii) as working capital for general purposes. If the Entitlements Offer is fully subscribed, Austral Africa will raise gross proceeds of approximately \$900,000.

Basis of participation

Under the Entitlements Offer, persons who are shareholders as at 5.00pm (Perth time) on the record date of 18 August 2009 (**Record Date**) will be entitled to subscribe for one fully paid ordinary share at an issue price of \$0.001 per share for every one share they hold.

As this is a one-for-one offer no fractional entitlements will result.

The Entitlements Offer is non-renounceable and shareholders will not be able to trade their entitlements.

New shares

New shares issued under the Entitlements Offer (**New Shares**) will rank equally with Austral Africa's existing fully paid ordinary shares from their date of issue.

The rights and obligations attaching to ordinary shares in the Company are set out in Austral Africa's constitution (which may be obtained from the Company on application) and are, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

Foreign shareholders

The Company is making the Entitlements Offer to Eligible Shareholders only.

An Eligible Shareholder is:

- a shareholder who holds shares on the Record Date and whose address (as registered on the Company's share registry) is in Australia or New Zealand; or
- an Eligible Foreign Shareholder.

An Eligible Foreign Shareholder is a shareholder who holds shares on the Record Date and whose address (as registered on the Company's share registry) is not in Australia or New Zealand but who resides in a jurisdiction in relation to which:

- (a) the receipt of the Entitlements Offer;
- (b) the exercise of that shareholder's entitlement; and
- (c) the subscription for New Shares by that shareholder,

does not breach the securities laws applicable in that jurisdiction (**Foreign Conditions**). An Eligible Foreign Shareholder is responsible for ensuring that the Foreign Conditions do not breach the securities laws in the relevant jurisdiction. Return of a completed Entitlement and Acceptance Form will be taken by Austral Africa to constitute a representation by such shareholder that there has been no breach of such laws.

Issue price

The issue price of \$0.001 per share under the Entitlements Offer represents a discount of 80% on the last sale price of \$0.005 as recorded on 6 August 2009.

Shortfall

The Entitlements Offer will be not be underwritten. If there is any shortfall, the Directors reserve the right to place any shortfall with parties selected by them in their absolute discretion within three months after the closing date.

No Prospectus/Shareholder approval

The Entitlements Offer is being made pursuant to section 708AA of the Corporations Act and Austral Africa is not required to prepare a prospectus. Instead, the Company has lodged with ASX a notice in accordance with section 708AA(2)(f) of the Corporations Act and shareholders eligible to participate in the Entitlements Offer will receive an offer document containing details of the Entitlements Offer and how to take up their entitlements. A copy of the offer document has been lodged with ASX.

Shareholder approval is not required for the Entitlements Offer.

Timetable

The timetable* for the Entitlements Offer is set out below:

| Event | Date |
|--|---------------|
| Announcement of Entitlements Offer | 7 August 2009 |
| Lodgement of appendix 3B, offer document and section 708AA(2)(f) notice with ASX | 7 August 2009 |

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|---|--------------------------------------|
| Shares quoted on a ex entitlements basis | 12 August 2009 |
| Record date for Entitlements Offer | 18 August 2009 |
| Offer document (including entitlement and acceptance form) dispatched | 24 August 2009 |
| Closing date – latest time and date for acceptances and payment of application monies | 5pm (Perth time) on 7 September 2009 |
| Issue of New Shares | 15 September 2009 |
| Holding statements dispatched | 15 September 2009 |

The timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules and the Corporations Act.

Offer document and continuous disclosure

Eligible Shareholders should have regard to all publicly available information on Austral Africa including all announcements made by the Company to ASX (which are available from its website, or from ASX's website, www.asx.com.au), as well as the offer document.

Shareholders should consult their professional advisers before taking up all or any part of their entitlement.

Capital structure

The following table sets out the capital structure of Austral Africa as at the date of this announcement and on completion of the Entitlements Offer (assuming the Entitlements Offer is wholly subscribed). The exact number of new shares cannot be determined until entitlements have been calculated on the record date.

| Securities | Number |
|--|---------------|
| Fully paid ordinary shares on issue as at the date of this announcement | 903,306,294 |
| New shares to be issued under the Entitlements Offer | 903,306,294 |
| Total fully paid ordinary shares on issue immediately following completion of the Entitlements Offer | 1,806,612,588 |

There are no options currently on issue.

Appendix 3B

An appendix 3B for the Entitlements Offer has been lodged with ASX.

Yours faithfully,

for **AUSTRAL AFRICA RESOURCES LIMITED**



L A Colless
Chairman