



(Formerly New World Alloys Limited)

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19 January 2009

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Claim by former Executive Director

The Directors of Austral Africa Resources Limited (**AAF**) wish to advise that AAF is aware of certain claims by a former director, Mr Laurence Findlay, on the Company as disclosed in the Company's 2008 annual report. The Company has refuted those claims and has issued certain counter claims against Mr Findlay. The Company is also conducting an ongoing investigation concerning certain matters and transactions that occurred during Mr Findlay's stewardship of the Company.

The Company is also aware that Mr Findlay has made application to the Courts in Democratic Republic of Congo (DRC) for a hearing to establish a claim against the Company based entirely on the claim he has lodged with the Company in Australia. That hearing has been adjourned on four occasions and is again due for a further hearing within the next three months after proper notice is served on the Company.

The Company believes the claims to be unsubstantiated and vexatious and possibly a frivolous misuse of the judicial system in DRC.

The Company further considers that the claims by Mr Findlay do not have any material effect on the Company's business or financial position.

Please contact the undersigned if you have any queries regarding this matter.

Yours faithfully,
for **AUSTRAL AFRICA RESOURCES LIMITED**

A handwritten signature in black ink, appearing to read 'L A Colless', is written over a light blue horizontal line.

L A Colless
Chairman