

Austral Africa Resources Limited

ABN 36 060 774 227

Offer Document

for

**a non-renounceable entitlements offer of
approximately 903,306,294 new fully paid ordinary
shares at an issue price of \$0.001 cents per share
on the basis of one new share for every one share
held as at 18 August 2009.**

**THE SECURITIES OFFERED BY THIS OFFER DOCUMENT ARE OF A
SPECULATIVE NATURE.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE
ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT
ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL
ADVISER WITHOUT DELAY.**

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1. KEY DATES AND IMPORTANT NOTICES

1.1 Key dates*

Announcement of Offer	7 August 2009
Lodgment of Offer Document, notice under section 708AA(2)(f) Corporations Act and Appendix 3B with ASX	7 August 2009
Shares quoted ex entitlement	12 August 2009
Record Date	18 August 2009
Offer Document and Entitlement and Acceptance Forms dispatched	24 August 2009
Closing Date - latest time and date for acceptances and payment of application moneys	5pm (Perth time) on 7 September 2009
Issue of New Shares	15 September 2009
Holding statements dispatched	15 September 2009

*These dates are indicative only and subject to change. Austral Africa reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable law, to vary the dates of the Offer.

1.2 Important notices

This Offer Document is dated 7 August 2009. Neither ASIC nor ASX takes any responsibility for the contents of this Offer Document or the merits of the New Shares offered by this Offer Document.

No securities will be issued pursuant to this Offer Document after 7 August 2010.

Austral Africa has applied to ASX for the New Shares to be admitted to quotation.

Not a prospectus

The Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act.

This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Important document

This Offer Document is important and should be read in its entirety before you decide to participate in the Offer. If, after reading this Offer Document, you do not understand any of its contents, have any questions about the Offer or are in doubt as to the course you should follow, you should consult your professional adviser. Shareholders should have regard to all publicly available information concerning Austral Africa. Announcements made by Austral Africa are available at its website, and from ASX's website, www.asx.com.au.

Applications

Applications for New Shares can only be made by completing the personalised Entitlement and Acceptance Form which accompanies this Offer Document. Please refer to section 3 for details on how to accept your Entitlement.

Restrictions on the distribution of this Offer Document

This Offer Document (and the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. The New Shares have not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered in the United States or to, or for the account of, US Persons (as defined in that Act).

The Company is making the Offer to Eligible Shareholders only.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by Austral Africa or the Directors.

Defined terms and abbreviations

Defined terms and abbreviations used in this Offer Document are explained in the glossary in section 7.

2. DETAILS OF THE OFFER

This section provides only an overview of the Offer. Please read the entire Offer Document carefully.

2.1 The Offer

By this Offer Document, Austral Africa is offering for subscription by Eligible Shareholders approximately 903,306,294 New Shares at the Offer Price to raise approximately \$903,306 (before costs of the Offer).

The issue price of \$0.001 per share under the Offer represents a discount of 80% on the last sale price of \$0.005 as recorded on 6 August 2009 (the latest practicable date prior to the issue of this Offer Document).

2.2 Purpose of the Offer and use of proceeds

The purpose of the Offer is to raise funds which the Company 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.

2.3 Entitlements

Eligible Shareholders will be entitled to subscribe for one New Share for every one Share held by them at 5.00pm (Perth time) on the Record Date.

As this is a one-for-one offer, there will be no fractional entitlements.

The number of New Shares to which you are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Offer Document.

Eligible Shareholders may subscribe for all, part or none of their Entitlement.

Instructions on how to accept your Entitlement are set out in section 3.

2.4 Rights and liabilities attaching to New Shares

From their date of issue, the New Shares will rank equally in all respects with the existing Shares then on issue.

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

2.5 Offer is non-renounceable

The Offer is non-renounceable and Eligible Shareholders may not transfer, dispose of or otherwise deal with any part of their Entitlement that they do not take up. There will be no trading of Entitlements on ASX.

2.6 Stock exchange quotation

Austral Africa has applied to ASX for the New Shares to be admitted to quotation. If the New Shares are not admitted to quotation within 3 months after the date of this Offer Document, all Application Monies will be refunded, without interest.

Subject to approval being granted by ASX, it is expected that quotation and trading of New Shares will commence on ASX on 16 September 2009.

2.7 Issue of New Shares

The New Shares will be issued on 15 September 2009 and holding statements dispatched on 15 September 2009.

It is the responsibility of Eligible Shareholders applying for New Shares to determine their allocation of New Shares prior to trading in those shares. Eligible Shareholders who purport to sell their New Shares before they receive their holding statements will do so at their own risk. Austral Africa disclaims all liability in tort, under statute or otherwise to persons who trade in New Shares before receiving their holding statements, whether on the basis of a confirmation of allocation provided by Austral Africa, its Share Registry or otherwise.

2.8 Foreign Shareholders

The Company is making the 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 this Offer;
- (b) the exercise of that Shareholder's Entitlement; and
- (c) the subscription for New Shares by that Shareholder,

do 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 the Company to constitute a representation that there has been no breach of such laws.

Eligible Shareholders with registered addresses overseas to whom the Offer is made should allow for time constraints imposed by mail services.

Austral Africa has decided that it is unreasonable to extend the Offer to Shareholders who are not Eligible Shareholders having regard to the number of those Shareholders, the number and value of New Shares those Shareholders would be offered, and the cost of complying with the legal and regulatory requirements in the relevant countries. Accordingly, where this Offer Document has been sent to Shareholders who are not Eligible Shareholders, it is sent to them for information purposes only.

This Offer Document (and the accompanying Entitlement and Acceptance Form) do not constitute an offer of, or invitation to subscribe for, New Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. The New Shares have not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered in the United States or to, or for the account of, US Persons (as defined in that Act).

2.9 Minimum subscription

There is no minimum subscription.

2.10 Opening date and Closing Date

The Offer will open for receipt of acceptances at 9.00am on Tuesday, 25 August 2009 and will close at 5.00pm (Perth time) on the Closing Date, Monday, 7 September 2009 or such later date as the Board, subject to compliance with the Corporations Act and the ASX Listing Rules, may determine. Applications received after the Closing Date will be rejected and the corresponding Application Monies will be returned without interest.

2.11 Shortfall

The Offer is not 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.

2.12 Enquiries

If you have any queries regarding your Entitlement or how to complete the Entitlement and Acceptance Form, please contact Austral Africa's Share Registry:

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

or
GPO Box D182
Perth WA 6840

Telephone: +61 8 9323 2000 or 1300 55 70 10 (within Australia only)
Facsimile: +61 8 9323 2033
Email via website: <https://www-au.computershare.com/Investor/contactus/default.asp>

Alternatively, please contact your stockbroker, solicitor, accountant or other professional adviser.

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 Entitlement and Acceptance Form

The accompanying Entitlement and Acceptance Form shows the number and cost of the New Shares to which you are entitled. The form also sets out instructions for taking up your Entitlement. If you have not received a personalised Entitlement and Acceptance Form, please contact Austral Africa's Share Registry.

3.2 If you wish to take up your Entitlement in full

If you wish to take up all of your Entitlement and pay by personal cheque or bank cheque, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form.

Send your completed Entitlement and Acceptance Form (together with your cheque or bank cheque for the amount shown on the form) to reach Austral Africa's Share Registry:

Computershare Investor Services
GPO Box D182
Perth WA 6840

by no later than 5pm (Perth time) on the Closing Date, Monday, 7 September 2009.

If you wish to pay by BPay, you do not need to return your Entitlement and Acceptance Form. See section 3.5 below for further details.

3.3 If you wish to take up only part of your Entitlement and allow the balance to lapse

If you wish to take up part of Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form, indicating the Number of New Shares you wish to accept (being less than your Entitlement as specified on the Entitlement Form).

Send your completed Entitlement and Acceptance Form (together with your cheque or bank cheque for the amount shown on the form) to reach Austral Africa's Share Registry at the address specified above by no later than 5pm (Perth time) on the Closing Date, Monday, 7 September 2009.

3.4 If you do not wish to take up any of your Entitlement

If you decide not to take up any of your Entitlement, you should take no action and allow it to lapse.

3.5 Payment for New Shares

The Offer Price of \$0.001 per New Share is payable in full on acceptance of your Entitlement (whether in whole or in part). No brokerage or stamp duty is payable on the issue of New Shares.

All payments are to be made in Australian currency either by way of:

- (a) a personal cheque drawn on and payable at any Australian bank or any bank operating in Australia;
- (b) a bank cheque drawn on and payable at any Australian bank or any bank operating in Australia; or
- (c) if you have an account with an Australian financial institution, by BPAY, in which case you are not required to return your Entitlement and Acceptance Form and payment will constitute your acceptance of your Entitlement. Your personalised application form carries the Biller Code and the unique personalised Customer Reference Number you must use to take up the Offer.

Other currency will not be accepted. Cash or Electronic Funds Transfer (EFT) payments will not be accepted. Other currency payments or cash payments will be returned and the acceptance will be deemed invalid.

Cheques or bank cheques should be made payable to "Austral Africa Resources Limited" and crossed "Not Negotiable". Receipts for payments will not be issued.

4. EFFECT OF THE OFFER

4.1 Amount to be Raised

The Offer will raise approximately \$903,306 (before costs of the Offer).

4.2 Capital Structure

The effect of the Offer on Austral Africa's capital structure is set out below:

Issued Capital as at the date of this Offer Document:

903,306,294 fully paid ordinary shares

Issued Capital immediately after completion of the Offer:

1,806,612,588 fully paid ordinary shares

4.3 Financial and other effects

On completion of the Offer the Company's cash balances will be augmented by \$903,306 less the costs of the issue which are estimated to be approximately \$33,000.

Eligible Shareholders will not be diluted if they accept their entitlement to the Offer in full and will be diluted proportionately should they not accept.

5. RISK FACTORS

There are a number of factors, both specific to Austral Africa and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in Austral Africa.

Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of Austral Africa and cannot be mitigated.

This section describes certain risks associated with an investment in Austral Africa. Prior to accepting their Entitlements, Eligible Shareholders should carefully consider the following risk factors, as well as the other information contained in this Offer Document.

(a) **Exploration and Evaluation Risks**

The business of mineral exploration, project development and mining by its nature contains elements of inherent risk. Ultimate success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable mineral reserves;
- access to adequate capital for project development;
- securing and maintaining title to tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining;
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- adverse weather conditions over prolonged periods, environmental hazards, industrial accidents, technical failures, labour disputes, unusual rock formations, fire, explosions and other incidents beyond the Company's control which can adversely affect exploration, mine development and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(b) **General Economic Risks and Business Climate**

Share market conditions may affect the price of the Company's listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- taxation;
- movements in or outlook on interest rates and inflation rates;
- currency fluctuations;
- commodity price movements;
- changes in investor sentiment towards particular market sectors; and
- the demand and supply for capital.

(c) **Commodity Prices**

To the extent that the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. These factors include world demand for the minerals, forward selling by producers, and production cost levels in the various producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates, currency and exchange rate fluctuations, and global and regional demand for, and supply of, the minerals as well as general global economic conditions. These factors may have an adverse effect on the Company's

exploration, development and production activities, as well as on its ability to fund those activities.

(d) **Exchange rate and sovereign risk**

To the extent that some of the Company's activities are located in Democratic Republic of Congo and Africa, a number of transactions are conducted in US dollars and other currencies. Transactions involved through these activities may expose the Company to risks associated with exchange rate fluctuations.

Any activities carried out on the continent of Africa, and in particular in Democratic Republic of Congo, could expose the Company to sovereign risks related to economic uncertainty and political unrest. There can be no assurance that political and economic conditions will continue as they are at the present time and it is possible that changes in the terms of the Company's mineral concessions, taxation issues and the ability of the Company to enforce its legal rights may occur.

(e) **Risk of international operations**

The Company's major project, the Nova Mining Copper Project (Nova Project), is based in Lubumbashi, DRC. The DRC is subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, expropriation, nationalisation, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in the DRC may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations.

The DRC is a developing nation emerging from a period of civil war and conflict. Physical and institutional infrastructure throughout the DRC is in a debilitated condition. The DRC is in transition from a largely state controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base, to one based on more democratic principles (presidential and parliamentary elections were held in 2006). There can be no assurance that these changes will be effected or that the achievement of these objectives will not have material adverse consequences for the Company and its operations. The DRC continues to experience instability due to certain militia and criminal elements. Whilst the Government and United Nations forces are working to support the extension of central government authority throughout the country there can be no assurance that such efforts will be successful.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

(f) **Environmental Considerations**

The Company's operations and proposed activities are subject to statutory laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with most exploration and mining operations, the Company's activities are expected to have a variety of environmental impacts, especially if advanced exploration or mine development proceeds. The Company conducts its activities in an environmentally responsible manner and in accordance with applicable laws and regulations.

(g) **Native Title and Aboriginal Heritage**

The effect of the present native title laws in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred in negotiating and resolving issues, including under any compensation arrangement reached in settling native title claims lodged over any of the tenements held or acquired by the Company.

The presence of Aboriginal sacred sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activities within spheres of influence on those sites and delays and expenses may be experienced in obtaining clearances.

(h) **Title risk**

Under the mining and exploration permits, licences and concessions and certain other contractual agreements to which the Company and its subsidiaries are or may in the future become party, the Company and its subsidiaries are or may become subject to payment and other obligations. In particular, exploration licence holders are required to meet the prescribed expenditure conditions. Failure to meet these expenditure commitments will render licences liable to be forfeited unless a total or partial exemption is granted.

Further, there is no guarantee that current or future applications, extensions or renewals of the tenements in which the Company has an interest will be granted.

(i) **Government**

Actions by the Australian Federal and State governments, and governments in other jurisdictions in which the Company has activities, may affect the Company's operations, including matters such as land access, compliance with environmental regulation, taxation and royalties. Mining industry activities are subject to discretionary regulations and approvals. The introduction of any new legislation or regulations could have an adverse affect on the Company's operations.

(j) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions.

(k) **Additional Financing Requirements**

Exploration and feasibility costs will reduce the cash reserves of the Company, which may not be replaced through future mining operations if they do not eventuate, prove unsuccessful or perform below acceptance base levels. The Company would then be dependent on seeking further capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects. The Company can give no assurances that, if such further capital is required, it can be obtained on terms favourable to the Company, if at all.

(l) **Litigation**

As disclosed in the Company's 2008 annual report, International Engineers Sdn Bhd, an entity associated with a former director, Mr Laurence Findlay, has brought legal proceedings against the Company, in respect of alleged sums owed for services rendered

to the Company. The Company has refuted the claim and further, has issued certain counterclaims against Mr Findlay.

The Company is also aware that Mr Findlay has made an application to the Courts in the Democratic Republic of Congo (DRC) to commence proceedings in relation to matters which are already the subject of the claim before the Australian courts referred to above.

Whilst there is no assurance that the Company will be successful in defending the claims, the Directors believe that: (i) there is no merit in the claims brought by International Engineers Sdn Bhd/Mr Findlay and (ii) given the quantum of the claims, even if a judgment is obtained against the Company, this will not have a material effect on the Company's business, prospects or financial position.

(m) **Sale of copper smelting plant**

Whilst the Company is actively seeking the sale of its copper smelting furnaces located in the DRC and/or a joint venture or other arrangement with third parties whereby they would take over full responsibility for and funding of the operation of the furnaces, it should be noted that due to the present economic climate, no solid offers have yet been received. The Company will continue to follow up on any offers that are made. However, in the event that the Company is unable to dispose of the furnaces, or reach any agreement for a joint venture or other arrangement with a third party, on appropriate terms, the Company may only be able to realise the value of the property on which they stand.

6. ADDITIONAL INFORMATION

6.1 Share price on ASX

The last sale price of Shares on ASX on 6 August 2009 (the date before the announcement of the Offer) was \$0.005. The highest and lowest market sale prices of Shares on ASX during the 12 months immediately preceding the date of this Offer Document were:

Highest – \$0.006 - on 4 August 2009

Lowest – \$0.001 - on 17 April 2009

6.2 Continuous disclosure

Austral Africa is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require it (subject to certain limited exceptions) to disclose immediately to ASX any information of which it is, or becomes, aware concerning Austral Africa which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

Copies of documents lodged with ASIC in relation to Austral Africa may be obtained from, or inspected at, an office of ASIC. The ASX, maintains a file of all announcements lodged by Austral Africa. Copies of documents lodged by Austral Africa with ASX can be found on the ASX website at www.asx.com.au. Copies of all material ASX announcements by the Company are also available on the Austral Africa website.

6.3 Privacy

Austral Africa collects, holds and will use your personal information to service your needs as a Shareholder, facilitate distribution of payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies (including the Australian Taxation Office), authorised securities brokers, print service providers, mail houses and Austral Africa's Share Registry.

You can access, correct and update the personal information that Austral Africa holds about you. If you wish to do so, please contact Austral Africa or its Share Registry at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the ASTC Settlement Rules.

6.4 Taxation Implications

Eligible Shareholders should be aware that there may be taxation liabilities arising from the subscription for New Shares and the sale of those New Shares. For this reason, it is very important that Eligible Shareholders consult their own taxation or other advisers in relation to the taxation laws and regulations applicable to their personal circumstances. Austral Africa and its officers accept no liability or responsibility in respect of any tax consequences connected with an investment in New Shares or the sale of those New Shares.

6.5 Withdrawal of Offer

The Directors reserve the right to withdraw all or part of the Offer at any time prior to the issue of New Shares, in which case Austral Africa will refund Application Moneys as soon as practicable, without interest.

6.6 **Governing law**

This Offer Document and the contracts which arise on acceptance by Austral Africa of applications for Entitlements are governed by the law applicable in Western Australia and each Eligible Shareholder submits to the exclusive jurisdiction of the courts of Western Australia.

7. GLOSSARY

In this Offer Document, the following words have these meanings:

\$ means Australian dollars unless otherwise specified.

Application Monies means monies in respect of an application for New Shares, payable in accordance with this Offer Document and the Entitlement and Acceptance Form.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

ASTC Settlement Rules means the settlement rules of ASTC.

ASX means the Australian Securities Exchange or ASX Limited ABN 98 008 624 691, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors.

Closing Date means Monday, 7 September 2009 or such other date as the Board may determine.

Company or **Austral Africa** means Austral Africa Resources Limited ABN 36 060 774 227.

Corporations Act means the Corporations Act 2001 (Cwlth).

Director means a director of Austral Africa.

DRC means the Democratic Republic of Congo.

Eligible Foreign Shareholder has the meaning in section 2.8.

Eligible Shareholder has the meaning in section 2.8.

Entitlement means the number of New Shares to which an Eligible Shareholder is entitled under the Offer.

Entitlement and Acceptance Form means the form accompanying this Offer Document which sets out the number of New Shares which are the subject of each Entitlement and provides the means for acceptance of all or part of an Entitlement.

Group means the Company and its subsidiaries.

New Shares means the Shares offered to Eligible Shareholders under this Offer Document.

Offer means the offer of New Shares to Eligible Shareholders under this Offer Document.

Offer Document means this document.

Offer Price means \$0.001 in respect of the subscription for a New Share on the terms and conditions set out in section 2.

Record Date means 5.00pm (Perth time) on Tuesday, 18 August 2009.

Share means a fully paid ordinary share in the capital of Austral Africa.

Share Registry means Computershare Investor Services.

Shareholder means a registered holder of Shares.

Shortfall means New Shares not taken up by Eligible Shareholders under their Entitlements.

ENTITLEMENT AND ACCEPTANCE FORM

[to be inserted]