



(Formerly New World Alloys Limited)

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29 January 2010

Manager, Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By E-Lodgement

Dear Sir/Madam

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009

Operations

Austral Africa Resources Ltd (AAF) suspended processing operations of its Congolese copper smelting plant due to prevailing economic conditions and continues to discuss the possible sale, joint venture or other arrangements with some interested parties. Should these discussions continue to be fruitless, the Board will put these assets up for sale by tender.

AAF holds eight mineral exploration concessions in the Katanga province in the Democratic Republic of Congo (DRC). The Company is in continuing talks with third parties regarding exploration activities on selected concessions. These talks are still in preliminary stages and full details will be provided as and when formal agreement is reached.

Corporate

On 24 November 2009, the Company announced that it had entered into a Binding Terms Sheet with Tanganyika Uranium Corp (TUC) pursuant to which the Company will make offers to TUC shareholders to acquire 100% of the issued shares in TUC.

TUC, a private unlisted Canadian company, currently has an interest in uranium exploration assets in Tanzania, East Africa, which the Company considers to be complementary to its own existing assets on the African continent.

Pursuant to the Binding Terms Sheet, the Company will offer 64 fully paid ordinary shares in the Company for every one share held by TUC shareholders (**Offer**). The Offer will result in the issue of up to 1,342,205,760 new fully paid ordinary shares in the Company at a deemed issue price of \$0.0025 cents per share.

The Binding Terms Sheet is conditional upon the satisfaction of a number of items including the completion of mutual due diligence by both the Company and TUC, the Company receiving acceptances for at least 95% of the TUC shares on issue, each of the TUC directors accepting the Offer for their respective TUC shares, the Company obtaining all required approvals for the issue of the shares pursuant to the Offer and there being no claims against TUC.

The Company has called a general meeting of shareholders to be held on 23 February 2010 to approve the above purchase. As of the date of this report the Company has received acceptances from 23 TUC shareholders holding a total of 70.5% of TUC shares.

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

A handwritten signature in black ink, appearing to read 'L A Colless', written in a cursive style.

L A Colless
Chairman