



(Formerly New World Alloys Limited)

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24 November 2009

Manager Announcements  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

**AUSTRAL AFRICA RESOURCES LIMITED TO ACQUIRE TANGANYIKA URANIUM CORP**

Austral Africa Resources Limited (**Company**) is pleased to announce that it has 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 1,360,000,000 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 will shortly make offers to the individual TUC shareholders and is finalising the Notice of Meeting to convene a meeting of the Company's shareholders to consider all necessary resolutions relating to the Company undertaking the Offer.

**BACKGROUND ON TUC URANIUM ASSETS**

TUC has tenure covering two regional plays in Tanzania. The southern area known as the "Madaba-Mkuju" covers an area of approximately 950km<sup>2</sup> and has targeted sandstone roll-front style uranium mineralisation whilst the area located in the north of the country known as the "Eastern Rift", covers an area of 2,420km<sup>2</sup> and has targeted calcrete-style uranium mineralization. Additional applications cover extensions to the above granted tenure.

Uranium mineralisation was first identified in Tanzania during the period 1978-1982 by Uranerzbergbau GmbH (UEB). UEB identified airborne radiometric anomalies during the period led to the discovery of two uranium deposits at Mkuju and Mdaba. These deposits are adjacent to or partially within the Selous Game Reserve. Since

1982, modern exploration by other explorers has identified an Inferred Mineral Resource at the Mkuju discovery of **39.9 million tonnes averaging 409 ppm  $U_3O_8$  for a contained 35.9 million pounds of  $U_3O_8$  (or approximately 16,300 tonnes contained  $U_3O_8$ ) at a lower cut-off grade of 200 ppm  $U_3O_8$**  (Mantra Resources Limited In February 2009).

### Madaba-Mkuju

The Madaba-Mkuju Property represents a sandstone-type uranium prospect within the same geological setting (extension) as the Mantra discovery and covers the Madaba uranium deposit identified by UEB. The Property is underlain by a gently dipping, unmetamorphosed sequence of Carboniferous to Jurassic continental sandstone of the Karoo Basin, which rests unconformably on Precambrian crystalline basement rocks. The Karoo sediments are 6,000 meters thick and locally contain variable concentrations of calcite, coalified plant material and invertebrate fossils, and are known to host uranium deposits elsewhere in southeastern Africa. The geological setting is considered favourable for uranium mineralization.

Sandstone-type uranium mineralization at Madaba on the Madaba-Mkuju Property was discovered in 1978 from ground follow-up of airborne radiometric anomalies generated by UEB. Mineralization is restricted to a specific stratigraphic horizon known as the Madaba Formation in Karoo sediments occupying the Luwegu-Madaba-Mkuju Basin. The uranium mineralization is typical of other sandstone-type deposits, as it is penecontemporaneous and is associated with a combination of carbonaceous matter, calcite, and groundwater levels. The main style of mineralization is primary uranium minerals in stratiform sandstone zones below the present groundwater table, but supergene enrichments above the present groundwater table and mineralised discordant rolls in laterite are also known.

A total of 28 drill holes with available data were completed in 1981, with only 15 of the holes penetrating the favourable sandstone horizon at depths ranging from 24 to 160 metres. Of these 15 holes, the average grade was 0.05%  $eU_3O_8$  across thicknesses of 0.5 to 5.0 metres, with the best hole returning 0.056%  $eU_3O_8$  across 9.1 metres, including 0.122%  $eU_3O_8$  across 2.1 metres. The drilling tested an area of some 300 km<sup>2</sup>, averaging one successful hole per 20 km<sup>2</sup>. Potential for much higher grades in roll fronts developed in reduced areas such as carbonaceous matter and redox boundaries has not been adequately tested with the current drill spacing. Outside of the Madaba area, the remainder of the Madaba-Mkuju Property has excellent geological potential for additional discoveries of sandstone-hosted uranium mineralization.

### Eastern Rift

The Eastern Rift project covers calcrete-style uranium mineralization. Other deposits of this type have recently been identified to the south of the TUC holdings with an inferred resource reported for the Bahi project of 14 million tonnes, averaging 218ppm  $U_3O_8$  for a contained  $U_3O_8$  content of approximately 6.7 million pounds (or approximately 3,000 tonnes contained  $U_3O_8$ ), at a cut off grade of 150ppm  $U_3O_8$ . Contained  $U_3O_8$  more than doubles to approximately 15.3 million pounds at the 100ppm  $U_3O_8$  cut off grade (Uranex NL).

TUC's Eastern Rift Property is underlain by a complex series of Precambrian and Phanerozoic metamorphic, igneous, and sedimentary rocks. It is approximately centred on the central part of the East African Rift which forms several closed drainage basins with high evaporation rates. The basins are filled with sediments locally cemented with carbonate, gypsum, and silicate minerals precipitated from laterally moving groundwaters in an arid to semi-arid climate. The East African Rift is also the source of high heat flow and Tertiary to Recent alkaline volcanism including an active carbonatite volcano and numerous active hot springs. The geological setting is interpreted as suitable for hosting calcrete style uranium mineralization.

Country-wide airborne radiometric surveys completed in the late 1970's and detailed surveys completed by Tanganyika in 2008 have resulted in the identification of numerous radiometric anomalies, including multiple anomalies on ground now covered by the Eastern Rift Property. A uranium-prevalent radiometric anomaly at Mto wa Mbu is over 14 km long and coincides with the location of an extensive deposit of calcrete-cemented lake sediments. This anomaly is located almost entirely within the current boundaries of the Eastern Rift property, and it has not been tested by pitting or drilling by TUC. The Mto wa Mbu radiometric anomaly is underlain by

calcareous rift-fill sediments considered suitable for the development of uranium-bearing calcretes. Additional radiometric anomalies, coincident and not coincident with rift-fill calcretes, are known on the Eastern Rift Property and have not been followed up.

The TUC portfolio covers an exciting uranium package targeting both roll-front and calcrete style uranium geological settings. Work by TUC has confirmed the near surface calcrete style uranium potential at the Eastern Rift while work by other companies in the Madaba-Mkuju region has confirmed previously defined areas as prime targets. Both project areas are considered to host excellent potential for bulk uranium deposits.

The information in this release that relates to Exploration Results is based on information compiled by Mr Harmen J Keyser (P.Geol) in accordance with clause 5.2 under National Instrument 43-101 and summarised by Mr Michael Griffiths, a geologist and Director of Tanganyika Uranium Corp., who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Griffiths has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

Reference to Resource Estimates at the Mantra Resources Limited Mkuju Project and Uranex NL Bahi Project have been compiled by Mr M.R. Griffiths from public stock exchange released data.

Further information on TUC and its assets will be outlined in the notice of general meeting to be lodged with ASX and dispatched to shareholders shortly.

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



L A Colless  
Director