



(Formerly New World Alloys Limited)

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11 March 2008

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

Dear Sir,

Update on Sino Asia Mining Resources plc purchase and sale agreement

The Board of Austral Africa Resources Ltd. ("the Company") has received notification from Sino Asia Mining Resources plc that it has abandoned its proposed listing on the Alternative Investment Market of the London Stock Exchange, and will therefore not be proceeding with the purchase of the Nova Smelting and furnace business in the Democratic Republic of Congo ("DRC").

The Board of Austral Africa Resources Ltd has taken back the furnace business and will be operating the furnaces on a toll treatment basis as well as treating some proprietary ore in the short term. The supply of ore and the supply and price of coke has changed the business model and accordingly the Board has decided to sell the furnaces as a going concern.

The Company will concentrate on the exploration concessions it already holds in the DRC as well as some further concessions it is negotiating for.

The Company intends to retain a new electric power source it has negotiated and some of its land in Lubumbashi in case it wishes to downstream process material from the concessions in the future with electric arc furnaces.

The Company further intends to seek new mineral exploration opportunities in Australia and Africa.

Yours faithfully,
For **AUSTRAL AFRICA RESOURCES LTD**

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

L A Colless
Chairman