



(Formerly New World Alloys Limited)

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11 February 2009

Ms Jenny Cutri
Australian Securities Exchange
2 The Esplanade
Perth WA 6000

Dear Jenny,

**Re: Austral Africa Resources Limited
QUARTERLY REPORT QUERY**

In response to your letter of 5 February 2009 regarding information contained in the Company's recently released Appendix 5B quarterly cash flow report, the Company provides the following answers to your questions:

1. The Company's subsidiary in the Democratic Republic of Congo (DRC) has put its operating plant on care and maintenance. Consequently operating costs will reduce significantly in the next quarter. The plant and other assets in DRC are up for sale.
2. The Company may have negative operating cash flows in future quarters but not at the level of the December quarter. The Board is examining ways to reduce costs further to conserve cash during coming quarters.
3. The Company is examining various ways to continue to meet its business objectives. In these economic times, those methods need to be increasingly flexible.
4. The Company is in compliance with Listing Rule 3.1.
5. The Company firmly believes it is in compliance with Listing Rule 12.2.

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

L A Colless
Chairman



ASX Markets Supervision Pty Ltd
ABN 28 087 780 489
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 2 9224 0003
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5 February 2009

Ms Karen Brown
Company Secretary
Austral Africa Resources Limited
129 Edward Street
PERTH WA 6000

Facsimile: 9227 8178

Dear Karen

Austral Africa Resources Ltd (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2008 released to ASX Limited ("ASX") on 30 January 2009 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and debtors of \$148,000.
2. Net negative operating cash flows for the quarter of \$589,000.
3. Cash at end of quarter of \$399,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5.00 p.m. W.S.T. on Wednesday 11 February 2009.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on 9224 0003.

Yours sincerely



Jenny Cutri
Assistant Manager, Issuers (Perth)