



(Formerly New World Alloys Limited)

**ABN 36 060 774 227**

**129 Edward Street, Perth, 6000 Western Australia**

**P O Box 8475, Perth Business Centre, 6849, Western Australia**

**Telephone (618) 9322 2744 Facsimile (618) 9227 8178**

**Email : [info@australafrica.com.au](mailto:info@australafrica.com.au) : Website [www.australafrica.com.au](http://www.australafrica.com.au)**

30 October 2008

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

By E-Lodgement

Dear Sir/Madam

#### **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

Austral Africa Resources Ltd is continuing to operate one of the furnaces on a toll treatment basis in the short term. As previously advised, the Board has decided to sell the furnaces as a going concern and negotiations are still proceeding.

On 25 August 2008, the Company received shareholder approval for the acquisition of a 75% interest in two granted and two applications for mineral exploration concessions located in the Katanga province in the DRC (Concessions), the key highlights of which are:

- The Concessions lie within areas where early exploration has revealed potential for copper and cobalt mineralisation.
- The Concessions fall within the overall Mwashya-Roan-Kibrerian geological formations which have shown mineral anomalies of copper and cobalt with silver and gold elements.
- There are a number of companies actively involved in exploration in these areas due to the underlying geological strata, normally associated with extensive mineralisation.

AAF now holds eight mineral exploration concessions in the Katanga province and the Directors consider the concessions provide AAF with an exciting opportunity to explore the Katanga copper belt in the DRC.

The Company is actively seeking new mineral exploration opportunities as well as considering its many options in DRC and other parts of Africa and Australia.

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

A handwritten signature in black ink, appearing to read 'L A Colless'.

L A Colless  
Chairman

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AUSTRAL AFRICA RESOURCES LIMITED

ABN

36 060 774 227

Quarter ended ("current quarter")

30 September 2008

### Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	474	474
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	(521)	(521)
(d) administration	(242)	(242)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – trade creditors etc	-	-
<b>Net Operating Cash Flows</b>	<b>(277)</b>	<b>(277)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) concessions	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) Batchelor tenements	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(277)</b>	<b>(277)</b>

1.13	Total operating and investing cash flows (brought forward)	(277)	(277)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Brokerage paid	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(277)	(277)
1.20	Cash at beginning of quarter/year to date	1,081	1,081
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>804</b>	<b>804</b>

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2 and 1.7	40
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salary, consultancy and superannuation to executive directors and directors fees to non-executive directors.

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
<b>Total</b>	<b>50</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	804	1,081
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>804</b>	<b>1,081</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	PR 5541 PR 5543 PR 6568 PR 6569	75% ) all of these tenements 75% ) , concessions are 75% ) located in the DRC 75% ) "Democratic Republic of Congo" – Africa	- - - -
			75%	75%
			75%	75%
			75%	75%

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities - Note (1)</b>	587,383,734	587,383,734	-	Fully Paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>  Unlisted				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

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Lindsay Colless  
Director  
30 October 2008

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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