



ABN 72 008 915 311

18 July 2014

Dear Optionholder

GONDWANA RESOURCES LIMITED – PRO RATA NON-RENOUCEABLE RIGHTS ISSUE

As announced on 17 July 2014, Gondwana Resources Limited (ACN 008 915 311) (**Gondwana**) is undertaking a 1 for 1 pro rata non-renounceable rights issue (**Offer**) of approximately 24,433,440 fully paid ordinary shares in the capital of the Company (**Share**) to raise approximately \$781,870. The price of Shares under the Offer is \$0.032 each. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 18 July 2014.

The Company is also making an offer of 1,250,000 options to acquire Shares (**Options**) (exercisable at \$0.05, on or before 31 December 2015) to Shareholders who participated in the placement by the Company on 31 March 2014 of 2,500,000 Shares at an issue price of \$0.032 per Share.

The Offer is fully underwritten by GMP Securities Australia Pty Limited (**Underwriter**). The Company must pay the Underwriter a management fee of 2% of the total value of the total amount raised pursuant to the Offer (being \$15,637) plus an underwriting fee of 4% of the value of the total amount raised pursuant to the Offer (being \$31,275). Further, the Company has agreed to issue to the Underwriter (or its nominee/s) 4,000,000 Options with an expiry date of 31 December 2016 and an exercise price of \$0.05 per Option as an additional underwriting fee. The Company must also reimburse the Underwriter for costs incidental to the Offer and pay the Underwriter a corporate transaction responsibility fee of \$15,000 per month until close of the Offer.

Use of Funds

The funds raised from the Offer are planned to be used for exploration and evaluation of mineral projects in Parker Range, Gascoyne, East Pilbara and elsewhere, corporate and administration costs, repayment of short-term debt, working capital and anticipated expenses of the Offer.

Please also refer to the notes set out in Section 5.1 of the Prospectus.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5pm (WST) on 25 July 2014, whose registered address is in Australia, New Zealand, Singapore, Hong Kong or the United Kingdom.

Shares issued under the Offer will rank equally with all shares already on issue.

Following completion of the Offer, the Company will have issued approximately 24,433,440 Shares resulting in total Shares on issue of approximately 48,866,880.

Optionholders

The terms and conditions of the Options you currently hold do not entitle you to participate in the Offer unless you exercise your Options in time for Shares to be issued and to be entered on the Company's register of members on or before 5.00pm (WST) on 25 July 2014 (**Record Date**).

To exercise your Options and thereby participate in the Offer, you will need to deliver the following to the Company at PO Box 1819 Applecross WA 6953:

- (a) a notice of exercise of Options;
- (b) an Options certificate (where the Options are certificated) or a copy of a holding statement (where the Options are uncertificated) in respect of those Options to be exercised; and
- (c) payment for the exercise price in respect of those Options to be exercised,

and otherwise comply with the terms of exercise applicable to your Options.

You must also ensure that you are permitted to exercise your Options under their terms. Gondwana will not accept a notice of exercise of Options if you are not permitted to exercise them under their terms.

To ensure that your Shares are issued prior to the Record Date, the above must be received by Gondwana no later than 23 July 2014. If received after this date, issue of Shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your Options, you should read the Prospectus in its entirety.

If you have any queries concerning the Offer, please contact your financial adviser or Mr Paul Goodsall, Gondwana's Company Secretary, on +61 8 9364 7414.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Goodsall', with a stylized flourish at the end.

Paul Goodsall
Director and Company Secretary