

MEDIA RELEASE

15 November 2011



AGREEMENT FOR SALE OF CORUNNA DOWNS IRON PROSPECT

Sale agreement

Gondwana Resources Limited (**Gondwana** or **the Company**) is pleased to announce that it has entered into a agreement with Atlas Iron Limited (**ASX:AGO**) to sell its interest in the Corunna Downs Iron Prospect in the Pilbara for \$2.1 million in cash, to be paid in three tranches. The agreement is in the form of a staged 12-month exploration option for 100% of Gondwana's interest in the Corunna Downs and adjacent tenements, namely Exploration Licences E45/2585, E45/3320, E45/3321, E45/3322, E45/3323, E45/3324, E45/3579 and E46/803 located in the East Pilbara, WA.

The Corunna Downs prospect has been well explored by the Company and preparations have been made for the construction of an access road to enable the Company to carry out a first-pass drilling program to test the extent and grade of Iron ore mineralisation on the prospect. However, the Company has recognized that it does not possess the financial resources to develop this prospect alone and its iron ore potential could realistically be developed only by a miner such as Atlas Iron Limited with established iron ore deposits and operations in the region.

The principal terms of the agreement are as follows:

- Total consideration of \$2.1million in cash paid in three tranches (\$350,000 on signing, \$350,000 six months after signing and \$1.4mil on exercise of the option and transfer of the tenements to Atlas);
- Gondwana to retain a royalty of \$1.13 per tonne for all iron ore mined;
- Atlas to retain a right to buy back the Gondwana royalty for \$0.20 per ore reserve tonne;
- Gondwana to retain a royalty of 1.5% of the gross proceeds of sale of other minerals; and
- Atlas to assume obligations to Adelaide Prospecting Pty Ltd in respect of Adelaide's free-carried 10% interest in certain of the tenements.

Contact

For further information, please contact Warren Beckwith or Grant Donnes on phone (08) 9388 9961 or send an email to info@gondwanaresources.com.

A handwritten signature in dark ink, appearing to read "Warren Beckwith", with a stylized flourish at the end.

Warren Beckwith
Director
Gondwana Resources Limited