

## ACTIVITIES REPORT FOR THE DECEMBER QUARTER 2012

### PARKER RANGE GOLD PROJECT

#### Parker Range Gold Project, Western Australia

(Centenary M77/657, M77/762-3 - Gondwana 100%, Buffalo & Spring Hill M77/893 – Gondwana 70%)

#### Location

The Parker Range Gold Project is located in the Southern Cross Greenstone Belt 22km south of St Barbara's Marvel Loch Gold Operations along the Marvel Loch-F Forrestania Road (see figure 1). The Southern Cross area is a well-recognised regional mining centre offering excellent established infrastructure and a long gold mining tradition.

#### Background

The Company's recent gold exploration focus has been to transform the historic gold mines at Buffalo, Spring Hill and Centenary into JORC-compliant resources and to explore nearby gold prospects with the aim of increasing total resources. In mid-2010, the exploration team discovered 40,300oz of gold resources at the Centenary gold project, 5km north of Buffalo. This gave the Parker Range Gold Project critical mass and the Company momentum to look to commercialise the resource.

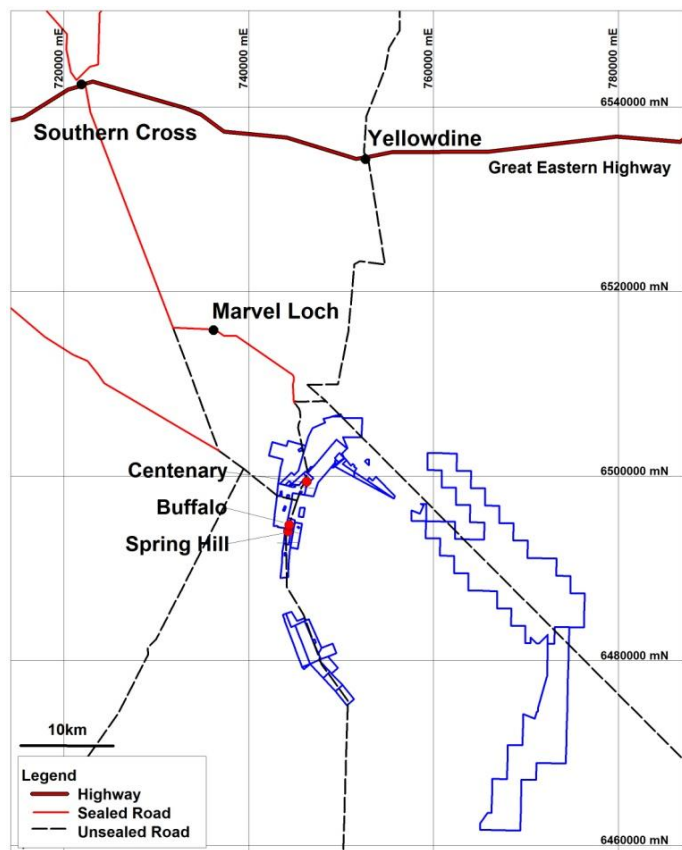
The Parker Range Gold Project now has an estimated 91,450oz Au Mineral Resources (refer to the Appendix).

#### Current Activity

Following the completion of a pit shell optimization study for each of the Centenary, Buffalo and Spring Hill gold deposits, with positive results for all three pits, Minecomp Pty Ltd have generated pit designs, life-of-mine schedules, cash flow projections and JORC Ore Reserve estimates.

#### Mining Studies

During the December 2012 quarter, the Company continued work on the mining studies for the Parker Range Gold Project with a view to going into production in the first half of calendar 2013.



**Figure 1:**  
**Location of the Parker Range Gold Project -**  
**Centenary, Buffalo & Spring Hill gold deposits**

This work included the following:

### **Environmental Studies, Flora and Fauna**

As part of the Company's mining studies for the Parker Range Gold Project, Keith Lindbeck & Associates were engaged during the quarter to undertake Environmental and Site Surveys and to submit the Company's mining proposals to DMP.

Keith Lindbeck & Associates have commissioned Botanica Consulting to conduct a Level 2 Flora Survey to EPA guidance 51 standards and Julie Raines, Consulting Zoologist, to conduct a Fauna Survey covering the proposed minesite area of approximately 310ha.

The surveys commenced mid-November and reports are expected to be finalised shortly and submitted to DEC. Clearing permits have been applied for.

### **Site survey**

Southern Cross Surveys have undertaken a comprehensive survey of the proposed minesite area around the pits at Centenary, Buffalo and Spring Hill. This will permit finalisation of the site layout and design including waste and ore stockpile pads, site buildings, machinery service areas, magazine, internal roads, and environmental bunds. The existing Shire road and its proposed new position have been surveyed for the purpose of an application to the Shire to rebuild the road around the pits.

### **Mining**

Proposals from mining contractors are being reviewed.

### **Treatment**

The Company have commenced discussions with regarding toll treating the ore from the Parker Range Gold Project at the Marvel Loch mill located 22km north of the Project.

St Barbara Limited (ASX:SBM) announced on 9 January 2013 that it had entered into an agreement to sell its Southern Cross operations (including the Marvel Loch mill) to a subsidiary of Hong Kong listed China Hanking Holdings Limited. The Company views this development of a new, active and well-funded participant entering the region as a positive one and gives the Company further encouragement regarding the commercialisation of its resource.

Independent proposals have been received for the cartage of ROM ore from mine stockpiles to the Marvel Loch mill.

### **Next Steps**

During the current quarter (Q1/13), the environmental reports will be finalised, and minesite layout plans, pit design, mining schedules, and Ore Reserve Estimates will be updated. It is hoped that mining and treatment contracts can be agreed, which will permit the definitive feasibility study to be completed.

## **EAST PILBARA PROJECT**

### **Sale of tenements**

#### **Corunna Downs and associated tenements**

E45/2585, E45/3320-4, E45/3579, E46/1803

The Company announced during the quarter (12 October 2012) that it had entered into a new Option to Purchase Agreement (**Option**) with Atlas Iron Limited (ASX:AGO) in respect of Gondwana's 90% interest in the Corunna Downs and adjacent tenements located in the East Pilbara, WA. This Option replaces the letter agreement entered into with Atlas in respect of the Corunna Downs and adjacent tenements previously announced on 16 November 2011.

The principal terms of the Option are as follows:

- Option expires on 10 October 2013;
- Total consideration of \$2.1 million in cash, paid in three tranches (\$350,000 previously received, \$350,000 due on or before 18 October 2012 and \$1,400,000 payable 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 sold, and Atlas no longer has the right to buy back the royalty;
- Gondwana to retain a royalty of 1.5% of the gross proceeds of sale of other minerals, and Atlas no longer has the right to buy back the royalty;
- Gondwana to receive a fee of \$0.20 per tonne in excess of 2 billion tonnes of independently verified JORC compliant iron ore reserves in respect of the tenements as published by Atlas immediately prior to Atlas making a decision to commence first commercial mining on the tenements; and
- Atlas to assume obligations to Adelaide Prospecting Pty Ltd in respect of Adelaide's free-carried 10% interest in certain of the tenements.

### Trigg Hill

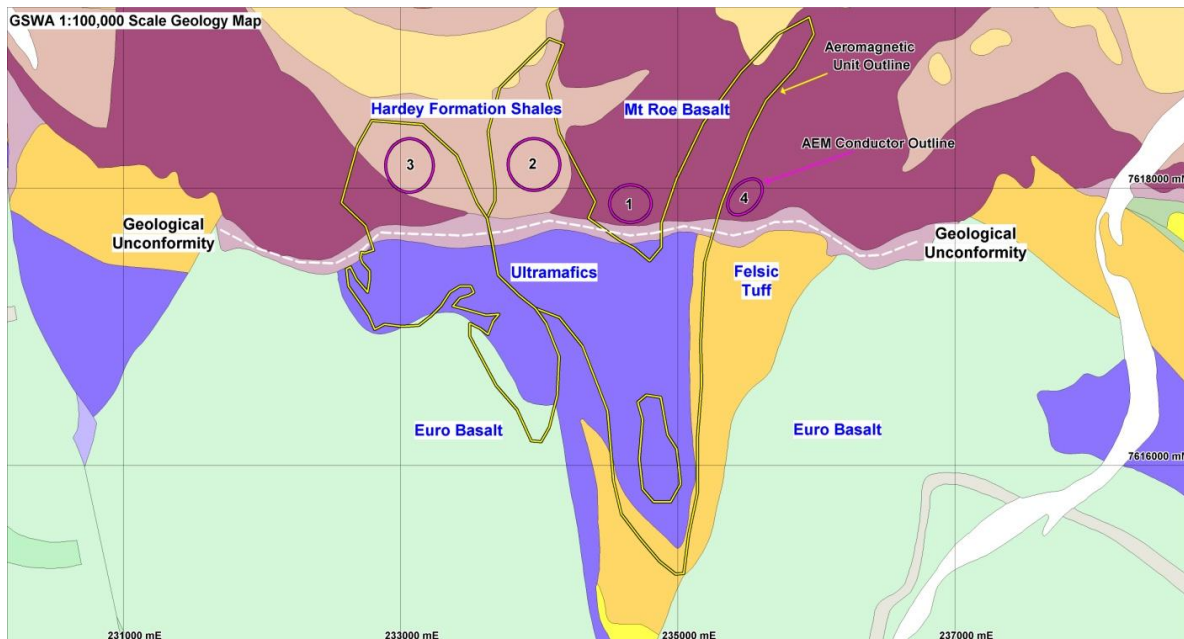
E45/3437

At the same time, the Company announced that it has entered into an agreement with Atlas to sell its 90% interest in exploration licence E45/3437, the Trigg Hill Prospect, located in the Pilbara, Western Australia for \$1.3 million cash. The Trigg Hill Prospect formed part of Gondwana's East Pilbara Project and has previously been explored by the Company for rare earths and other minerals.

### Copper/Molybdenum/Nickel

(E45/3326 – 90%)

### Cyclops Nickel Prospect



**Figure 2: VTEM B-Field Channel 30 conductors are located under basalt and shales**

A helicopter-supported field reconnaissance program was conducted at Cyclops during the quarter. The program was designed primarily to follow up the four AEM conductors at the Cyclops Prospect shown in Figure 2 above and was conducted by the Company's two senior consulting geologists.

The EM targets were all visited but no source rocks were observed and further modelling of the EM data will be required to assist in determining the depths of these anomalies. Further, it was recommended that a reconnaissance stream sediment sampling program be undertaken to assess the entire tenement for potential for gold and base metal mineralisation.

**Gobbo's Copper-Molybdenum Prospect**

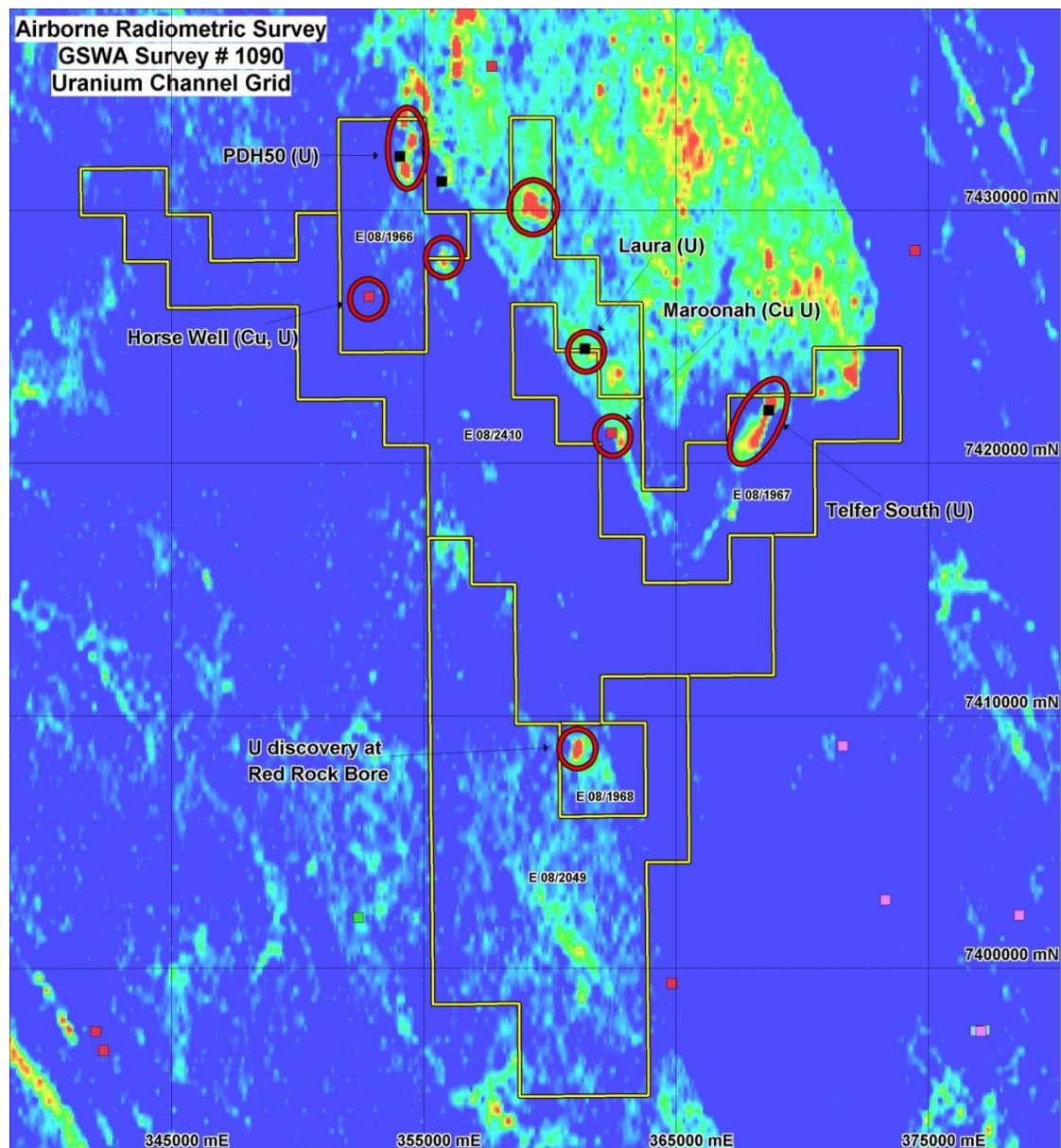
E45/3326 also contains the Gobbo's Prospect with Copper and Molybdenum mineralisation being discovered in diamond drilling (from 1980). Copper-Molybdenum mineralisation found in the creek bed will be mapped and sampled, with a follow up RC drill program to be formulated to drill test the demagnetised zone outlined from the detailed aeromagnetic survey previously completed by the Company.

**URANIUM PROJECT**

Gondwana Resources Limited holds a number of exploration licences in the Gascoyne/Ashburton region of Western Australia which have been selected for uranium exploration using regional airborne radiometric surveys and the Mindex database of uranium occurrences.

**Red Rock Bore (E08/1968, 2049)-Horse Well (E08/1966)-Mt Padbury (E08/1967)-Horse Well South (ELA08/2410)**

These five tenements have been combined into a contiguous block covering 441km<sup>2</sup> (see Figure 3).



**Figure 3: Prospects identified by airborne radiometric survey**

## Red Rock Bore

The most prospective of the targets in this tenement group is Red Rock Bore where airborne radiometric anomalies are associated with a uraniferous granite at or adjacent to a Lower Proterozoic unconformity. The principal feature of Red Rock Bore is an inselberg or exfoliating granite dome that stands 35 metres above the surrounding sand plain.

The project is located on Maroonah Station, a pastoral property in the Gascoyne region approximately 220km southeast of Exmouth in Western Australia. Tenure is secured by exploration licence E08/1968 which is wholly owned by Gondwana Resources Limited. Red Rock Bore is located 11km northeast of Maroonah Homestead and exploration is aimed at evaluating a high-tonnage, low-grade (nominally 0.03-0.05% U or 300-500ppm) granite-hosted uranium deposit.

Rock chip and channel sampling completed in 2011 indicates radiometric anomalies are associated with supergene enrichment in weathered exfoliated granite dated at  $1681 \pm 10$ Ma, i.e. Lower Proterozoic. The granite straddles the Lower-Middle Proterozoic unconformity, a highly prospective feature in uranium geology.

During the quarter, the Company has been preparing for exploration drilling of about 1,000 metres in eight drillholes, aimed at testing a number of surface radiometric uranium and geological anomalies with both vertical and angled reverse circulation (RC) drillholes. Two holes will be drilled to about 200m deep with the remaining holes to about 100m depth. The proposed RC drilling program will test uranium radiometric anomalies hosted in weathered surface granite outcrops. Gondwana personnel and those from the drilling contractor are likely to be exposed to direct irradiation from radionuclides within the granite outcrop, inhalation of airborne dust containing radionuclides from the RC drilling, radon decay products and possible ingestion of radionuclides during eating or smoking. Department of Mines and Petroleum regulations require a comprehensive Radiation Management Plan (RMP) to be submitted that addresses these radiation problems. The RMP is currently being compiled and will be submitted in early February 2013. There are no native title issues and once the RMP and the Program of Work have been approved, the Company is hoping to commence drilling in the second quarter of 2013.

## CORPORATE

As previously announced, the Company's strategy for 2013 is broadly to:

- focus on a small number of superior exploration targets;
- monetise and/or farm-out lower priority areas, lowering expenditure commitments, and retain carried interests and/or royalties;
- commence production (subject to feasibility studies) at the Parker Range Gold Project, introducing partners to share/minimize risk;
- complete a recapitalisation process;
- identify and acquire new, potential "company-maker" mineral projects for investment.

The Company made positive progress during the quarter pursuing the above strategy. At a general meeting of shareholders on 28 November 2012, a 1:100 consolidation of issued shares was approved, giving a more appropriate capital structure to attract new investment and projects to the Company.

Post-consolidation, a Placement was announced on 27 December 2012 of 5,000,000 ordinary shares at \$0.05 per share with a 1 for 1 free attaching option in accordance with shareholder approval at the general meeting on 28 November 2012. This placement, followed by a rights issue to be undertaken in the current quarter, will leave the company well placed to pursue its strategy above.

As previously reported, the Company also strengthened its management team during the quarter with the appointment of Mr Jolyon (Jol) Sinclair as a new Independent Non-Executive Director and Mr Daniel Hewitt as the Company's Chief Executive Officer.

## Contact

For further information please contact the Company on (08) 9388 9961, email [info@gondwanaresources.com](mailto:info@gondwanaresources.com) or visit the website at [www.gondwanaresources.com](http://www.gondwanaresources.com).



**Paul Goodsall**  
**Company Secretary**  
**31 January 2013**

### **Competent Persons Statement – Ore Reserves**

*The open pit mining reserves have been compiled by Mr Gary McCrae, a full time employee of Minecomp Pty Ltd (MAIMM). Gary McCrae has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being reported on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves (2004). Gary McCrae consents to the inclusion in this report of the matters in the form and context in which it appears.*

### **Competent Person Statements – Exploration**

*The information in this Report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Malcolm Castle who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears. Mr Castle is a self-employed consultant to the Company.*

## APPENDIX

### ORE RESERVES AND MINERAL RESOURCES

#### 1. Buffalo, Spring Hill and Centenary JORC Mineral Resource Estimate ( $\geq 1.0$ g/t)

Resource Category	Tonnes	Grade (g/t)	Cut ounces* (Au)
<b>Buffalo</b>			
Indicated	292,200	2.4	22,200
Inferred	62,800	1.6	3,200
Buffalo total	355,000	2.2	25,400
<b>Spring Hill</b>			
Indicated	226,400	2.0	14,250
Inferred	180,300	2.0	11,500
Spring Hill total	406,700	2.0	25,750
<b>Centenary</b>			
Indicated	391,000	2.4	30,400
Inferred	166,000	1.8	9,900
Centenary total	557,000	2.2	40,300
<b>Total Project</b>			
Indicated	909,600	2.3	66,850
Inferred	409,100	1.8	24,600
<b>Project grand total</b>	<b>1,318,700</b>	<b>2.1</b>	<b>91,450</b>

\*Resource reported at a 1.00 g/t Au lower cut and variable top cuts  
 1kg screen fire assay results were used for estimation of high grade zones where possible  
 Assay results are primarily from RC drilling with diamond holes as required  
 Specific Gravity density values were derived from the Centenary and Buffalo diamond drill core measurements

#### 2. Buffalo, Spring Hill and Centenary JORC Ore Reserves

##### *Notes accompanying JORC Ore Reserve Estimate*

Minecomp Pty Ltd was engaged by Gondwana Resources Limited to undertake an estimation of open pit gold Reserves at the Centenary, Buffalo and Spring Hill resources, in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

The Ore Reserve is that part of the Mineral Resource which can be economically mined by open pit mining methods. Dilution of the Mineral Resource and an allowance for ore loss was included in the Ore Reserve estimate. All of the Indicated Mineral Resource has been classified as Probable Reserves after consideration of mining, metallurgical, social, environmental and financial aspects of the Parker Range Project.

The open pit Probable Reserve for the Parker Range deposits is based on applying economic mining parameters that reflect current operating costs, gold price and recovery parameters to the current resource estimates. Operational costs are derived from contractor costs, calculated operational costs and peer equivalent costs.

The open cut pit wall angles used in the Centenary and Spring Hill deposit pit designs are extracted directly from the Buffalo deposit geotechnical and density information. The Buffalo geotechnical drilling has been utilised for all three deposits because the geology along strike between the deposits is identical.

The total project life is estimated to be 18 months.

### Centenary Probable Reserve

The open pit Probable Reserve for the Centenary deposit (see *table below*) is based upon applying economic mining parameters that reflect current operating costs, gold price and recovery parameters to the September 2011 resource estimate of the deposit. Operational costs are derived from contractor costs, calculated operation costs and peer equivalent costs.

Centenary	Reserve Classification	Mining Reserves	Mined Ounces
	Probable	339,000t @ 2.3g/t	25,500

The Centenary deposit is 100% owned by Gondwana Resources Limited. The proposed Centenary open pit design exploits the BIF hosted mineralisation over a strike length of 250m to a depth of approximately 85 metres. The total volume mined is 1.7M cubic metres of ore and waste with the stripping ratio estimated to be 13.3:1. Operating cash costs are estimated to be A\$1,093/oz. It is proposed to mine the Centenary pit over a period of 8 months.

### Buffalo Probable Reserve

The open pit Probable Reserve for the Buffalo deposit (see *table below*) is based upon applying economic mining parameters that reflect current operating costs, gold price and recovery parameters to the February 2010 resource estimate of the deposit. Operational costs are derived from contractor costs, calculated operation costs and peer equivalent costs.

Buffalo	Reserve Classification	Mining Reserves	Mined Ounces
	Probable	238,000t @ 2.2g/t	17,000

The Buffalo deposit is 70% owned by Gondwana Resources Limited (30% Kings Minerals – ASX:KMN). The proposed Buffalo open pit design exploits the BIF hosted deposit over a strike length of 250m to a depth of approximately 80 metres. The total volume mined is 1.1M cubic metres of ore and waste with the stripping ratio estimated to be 12.2:1. Operating cash costs are estimated to be A\$1,018/oz. It is proposed to mine the Buffalo pit over a period of 7 months, initially in conjunction with the Spring Hill pit.

### Spring Hill Probable Reserve

The open pit Probable Reserve for the Spring Hill deposit (see *table below*) is based upon applying economic mining parameters that reflect current operating costs, gold price and recovery parameters to the January 2010 resource estimate of the deposit. Operational costs are derived from contractor costs, calculated operation costs and peer equivalent costs.

Spring Hill	Reserve Classification	Mining Reserves	Mined Ounces
	Probable	201,000t @ 1.9g/t	12,100

The Spring Hill deposit is 70% owned by Gondwana Resources Limited (30% Kings Minerals – ASX:KMN). The proposed Spring Hill open pit design exploits the BIF hosted deposit over a strike length of 250m to a depth of approximately 60 metres. The total volume mined is 0.9M cubic metres of ore and waste with the stripping ratio estimated to be 11.6:1. Operating cash costs are estimated to be A\$1,194/oz. It is proposed to mine the Spring Hill pit over a period of 7 months, initially in conjunction with the Buffalo pit.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GONDWANA RESOURCES LIMITED

ABN

72 008 915 311

Quarter ended ("current quarter")

31 December 2012

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(519)	(867)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(139)	(391)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(653)</b>	<b>(1,250)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	1,650	1,650
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(400)	(400)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) - Deposits recovered	-	70
<b>Net investing cash flows</b>		<b>1,250</b>	<b>1,320</b>
1.13	Total operating and investing cash flows (carried forward)	<b>597</b>	<b>70</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	597	70
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	250	402
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	60	527
1.17	Repayment of borrowings	(203)	(298)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	107	631
	<b>Net increase (decrease) in cash held</b>	704	701
1.20	Cash at beginning of quarter/year to date	33	36
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	737	737

Note: Since the end of the quarter, proceeds from the sale of tenements have increased the Cash available to the Company and, as at the date of this Appendix 5B, the Company held cash at bank of \$1,394,953.

**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	24
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

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

+ See chapter 19 for defined terms.

### 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	100,000
4.2 Development	-
4.3 Production	-
4.4 Administration	90,000
Total*	190,000

*Note: Expenditure may increase depending on capital raising referred to in the Activities Report.*

### 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	737	33
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>737</b>	<b>33</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	E45/3437	Tenements sold	90%	Nil
	P77/3682	Tenement surrendered	100%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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>	nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	17,253,125	17,228,125		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,000,000	5,000,000		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	3,809,909 4,200,000 5,000,000	3,809,909	Exercise price \$1 Exercise price 10¢	Expiry 30/6/13 Expiry 30/6/14 Expiry 30/6/15
7.8	Issued during quarter	5,000,000	-	Exercise price 10¢	Expiry 30/6/15
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-	-	
7.11	<b>Debentures</b> <i>(totals only)</i>	nil	-	-	
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	nil	-		

+ See chapter 19 for defined terms.

## 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 /does not\* [\(delete one\)](#) give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31 January 2013  
(Company Secretary)

Print name: Paul Goodsall

## 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.

== == == == ==

---

+ See chapter 19 for defined terms.