



GONDWANA RESOURCES LIMITED

ACN 008 915 311

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12:30pm WST

DATE: 31 May 2012

PLACE: The Celtic Club, 48 Ord Street, West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company on +61 8 9388 9961 or info@gondwanaresources.com.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

The Annual General Meeting of the Shareholders of Gondwana Resources Limited to which this Notice of Meeting relates will be held at 12:30pm WST on 31 May 2012 at:

The Celtic Club
48 Ord Street
West Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00pm (WST) on 29 May 2012.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the year ended 31 December 2011 together with the Directors' declaration, the Directors' report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the year ended 31 December 2011.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

3. RESOLUTION 2 – RE-ELECTION OF PAUL GOODSALL AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Paul Goodsall, who retires by rotation in accordance with Clause 13.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

4. RESOLUTION 3 - RATIFICATION OF PRIOR PLACEMENT OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 120,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 4 – PLACEMENT – OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 120,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 300,000,000 Shares and up to 300,000,000 free attaching Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – PARTICIPATION IN PLACEMENT BY DIRECTOR – WARREN BECKWITH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 5, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 35,000,000 Shares and 35,000,000 Placement Options to Mr Warren Beckwith (or his nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Warren Beckwith (or his nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 7 – PARTICIPATION IN PLACEMENT BY DIRECTOR – STEVEN PYNT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 5, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 25,000,000 Shares and 25,000,000 Placement Options to Mr Steven Pynt (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Steven Pynt (or his nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 8 – PARTICIPATION IN PLACEMENT BY DIRECTOR – PAUL GOODSALL

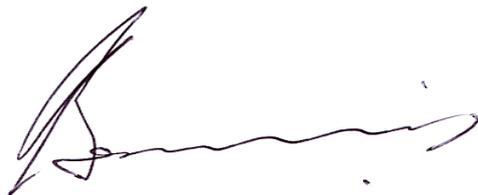
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 5, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 25,000,000 Shares and 25,000,000 Placement Options to Mr Paul Goodsall (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Paul Goodsall (or his nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATE: 23 April 2012

BY ORDER OF THE BOARD



**WARREN BECKWITH
DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The financial report of the Company for the year ended 31 December 2011 (including the financial statements, Directors' report and auditors' report) is included in the 2011 annual report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at <http://www.gondwanaresources.com>.

Time will be allowed during the Meeting for consideration by Shareholders of the financial report and the associated Directors' and auditors' reports.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 December 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

2.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF PAUL GOODSALL AS A DIRECTOR

Clause 13.2 of the Constitution requires that one third of the Directors in office (other than the Managing Director) must retire at each annual general meeting (provided no Director (except a Managing Director) may hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting themselves for re-election).

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

There are currently three Directors on the Board, therefore one must retire.

Mr Paul Goodsall, the Director longest in office since his last election, retires by rotation at the Annual General Meeting in accordance with the Constitution and, being eligible, offers himself for re-election.

4. RESOLUTION 3 – RATIFICATION OF PRIOR PLACEMENT OF SHARES

4.1 Background to Resolution 3

On 12 April 2012, the Company announced the placement of 120,000,000 Shares at a price of \$0.001 per Share and, subject to Shareholder approval, 120,000,000 free attaching Options to sophisticated and professional investors (as those terms are defined in the Corporations Act) **(2012 Placement)**.

The Company issued the Shares, the subject of the 2012 Placement, without prior Shareholder approval out of its 15% annual placement capacity, however, the issue of the Options remains subject to Shareholder approval (and is the subject of Resolution 4).

The Options are to be issued on the basis of one Option exercisable at a price of \$0.001 each on or before 30 June 2014 and otherwise on the terms and conditions set out in Schedule 1 for each Share taken up.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares under the 2012 Placement.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.3 Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Shares issued under the 2012 Placement:

- (a) 120,000,000 Shares were allotted and issued by the Company;
- (b) the Shares were issued at a price of \$0.001 per Share;
- (c) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (d) the Shares have been issued to sophisticated and professional investors and none of the allottees are related parties of the Company; and
- (e) as announced to ASX on 12 April 2012, funds raised from the 2012 Placement are being used by the Company for working capital, repayment of debt and assisting the funding of the Company's gold and mineral exploration programmes at Parker Range, Pilbara and elsewhere.

4.4 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the Shares the subject of Resolution 3 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months without Shareholder approval.

5. RESOLUTION 4 – PLACEMENT OF OPTIONS

5.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of up to 120,000,000 Options for nil cash consideration to subscribers in the 2012 Placement on the basis of 1 Option for every 1 Share subscribed for and issued.

A summary of ASX Listing Rule 7.1 is set out in Section 4.2 above.

The effect of Resolution 4 will be to allow the Directors to issue the Options pursuant to the 2012 Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the 2012 Placement:

- (a) the maximum number of Options to be issued is 120,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the 2012 Placement on a 1:1 basis;
- (d) the Options will be allotted and issued to the subscribers in the 2012 Placement the subject of Resolution 3 on the basis of 1 Option for every 1 Share subscribed for and issued;
- (e) the Options are exercisable at any time on or before 30 June 2014 at an exercise price of \$0.001 per Option and otherwise on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the Options pursuant to the 2012 Placement as the Options are being issued for nil cash consideration.

6. RESOLUTION 5 – PLACEMENT

6.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 300,000,000 Shares at an issue price of not less than 80% of the average market price for Shares, calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made, or, if there is a prospectus, over the last 5 days on which sales in the Shares are recorded before the date the prospectus is signed (**Placement Shares**), together with up to 300,000,000 Options (**Placement Options**) on the basis of up to 1 free attaching Option for each Share subscribed for and issued (**Placement**).

The issue of the Placement Options will be subject to the Directors' assessment of market conditions at the time of the Placement. The Company therefore wishes to retain the flexibility to issue the Placement Options at a maximum ratio of 1

free attaching Placement Option for each Placement Share subscribed for and issued or such lesser ratio with the possibility that no free Placement Options may be attached to the Placement Shares offered. The Company will advise potential subscribers of the final terms at the time of the offer.

After payment of the costs of the Placement, the funds will be used to explore and develop the Company's existing exploration prospects, new projects, investments in mining or other sectors (subject to the receipt of any necessary regulatory approvals), repayment of debt (if any) and provide the Company with general working capital.

A summary of ASX Listing Rule 7.1 is set out in Section 4.2 above.

The effect of Resolution 5 will be to allow the Directors to issue the Placement Shares and Placement Options pursuant to the Placement during the period of three (3) months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

6.2 Technical Information Required by ASX Listing Rule 7.1

The following information is provided in relation to the Placement pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) the maximum number of Placement Shares to be issued is 300,000,000 and the maximum number of Placement Options to be issued is 300,000,000;
- (b) the Placement Shares and Placement Options will be issued no later than three (3) months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Placement Shares will each be issued at not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made, or, if there is a prospectus, over the last 5 days on which sales in the Shares are recorded before the date the prospectus is signed and the Placement Options will be issued for nil consideration as free attaching to the Placement Shares issued under the Placement;
- (d) the Directors will determine to whom the Placement Shares (and any attaching Placement Options) will be issued but these persons will not be related parties of the Company except to the extent approved pursuant to Resolutions 6 to 8;
- (e) the Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (f) the Placement Options will be exercisable at any time on or before 30 June 2014 and the exercise price for each Placement Option will be the higher of 0.1 cents or 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue of Placement Options is made, or, if there is a prospectus, over the last 5 days on which sales in the Shares are recorded before the date the prospectus is signed. The Company will advise potential subscribers of the final exercise price at the time of

making the offer. The Placement Options will be otherwise exercisable on the terms and conditions set out in Schedule 1; and

- (g) the Company intends to use the funds raised from the Placement for the purposes set out in Section 6.1 above.

7. RESOLUTIONS 6 TO 8 – PARTICIPATION IN PLACEMENT BY DIRECTORS

7.1 General

Pursuant to Resolution 5, the Company is seeking Shareholder approval for the allotment and issue of up to 300,000,000 Placement Shares and up to 300,000,000 Placement Options pursuant to the Placement.

Warren Beckwith, Steven Pynt and Paul Goodsall or their nominees (together the **Directors**) wish to have the right to participate in the Placement.

Resolutions 6 to 8 seek Shareholder approval for the issue of Placement Shares and Placement Options to the Directors on the same terms as those Placement Shares and Placement Options issued under the Placement (referred to in Resolution 5) (**Participation**).

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Placement Shares and Placement Options which constitutes giving a financial benefit and the Directors are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation as the Placement Shares and Placement Options will be issued to the related parties on the same terms as non-related party participants in the Placement (refer to Resolution 5) and as such the giving of the financial benefit is on arm's length terms.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of Placement Shares and Placement Options to the Directors requires the Company to obtain Shareholder approval because it will result in the Company issuing Placement Shares and Placement Options to related parties of

the Company and it is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 Technical Information Required by ASX Listing Rule 10.11

The following information is provided in relation to Resolutions 6 to 8 pursuant to and in accordance with ASX Listing Rule 10.13:

- (a) the maximum number of Placement Shares and Placement Options to be issued to each of the Directors will be:
 - (i) Mr Warren Beckwith (or his nominees) – 35,000,000 Placement Shares and 35,000,000 Placement Options;
 - (ii) Mr Steven Pynt (or his nominees) – 25,000,000 Placement Shares and 25,000,000 Placement Options; and
 - (iii) Mr Paul Goodsall (or his nominees) – 25,000,000 Placement Shares and 25,000,000 Placement Options;
- (b) the Placement Shares (together with any Placement Options) will be issued to the Directors no later than one (1) month after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Placement Shares and Placement Options will be issued at the issue prices set out in Section 6.2(c);
- (d) the Placement Shares and Placement Options will be issued to the Directors on the same terms as those issued to unrelated participants in the Placement as set out in Sections 6.2(e) and 6.2(f) respectively; and
- (e) the funds raised from the participation by the Directors in the Placement will be used for the same purposes as the funds raised from the Placement as set out in Section 6.2(g).

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Placement Shares and Placement Options to the Directors as approval is being obtained under ASX Listing Rule 10.11.

Accordingly, the issue of Placement Shares and Placement Options to the Directors will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolutions 6 to 8 are each ordinary resolutions requiring them to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it. The Directors decline to make a recommendation in respect of voting on Resolutions 6 to 8, given their interests set out in this Explanatory Statement.

GLOSSARY

2012 Placement means as defined in Section 4.1 of this Notice.

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Gondwana Resources Limited (ACN 008 915 311).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option or Placement Option as the context requires.

Placement means as defined in Section 6.1 of this Notice.

Placement Option means an Option to be issued pursuant to the Placement with the terms and conditions set out in Schedule 2.

Placement Share means a Share to be issued pursuant to the Placement.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 December 2011.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

1. Each Option entitles the Optionholder to one (1) Share in Gondwana Resources Limited ("Company").
2. The Options are exercisable at any time on or prior to 5:00pm WST on 30 June 2014 ("Expiry Date") by completing an Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company. An exercise of Options is only effective when the Company has received the full amount of the exercise price in cleared funds. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. Subject to adjustment in accordance with paragraph 9, the Option exercise price will be \$0.001 per Option.
4. Within 10 Business Days of receipt of the exercise form accompanied by payment for the number of Shares in respect of which the Options are exercised the Company will allot the number of Shares required.
5. Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Options are freely transferable.
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.
7. Subject to the satisfaction of the requirements of the ASX Listing Rules, the Company will apply for quotation of the Options. In addition, the Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
8. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
10. Other than as contemplated in paragraph 9, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

1. Each Placement Option entitles the Optionholder to one (1) Share in Gondwana Resources Limited ("Company").
2. The Placement Options are exercisable at any time on or prior to 5:00pm WST on 31 December 2014 ("Expiry Date") by completing a Placement Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Placement Options are exercised to the registered office of the Company. An exercise of Placement Options is only effective when the Company has received the full amount of the exercise price in cleared funds. Any Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. Subject to adjustment in accordance with paragraph 9, the Placement Option exercise price will be the higher of 0.1 cents or 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue of Placement Options is made, or, if there is a prospectus, over the last 5 days on which sales in the Shares are recorded before the date the prospectus is signed. The Company will advise potential subscribers of the final exercise price at the time of making the offer.
4. Within 10 Business Days of receipt of the exercise form accompanied by payment for the number of Shares in respect of which the Placement Options are exercised the Company will allot the number of Shares required.
5. Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Placement Options are freely transferable.
6. All Shares issued upon exercise of the Placement Options will rank *pari passu* in all respects with the Company's then issued Shares.
7. Subject to the satisfaction of the requirements of the ASX Listing Rules, the Company will apply for quotation of the Placement Options. In addition, the Company will apply for official quotation by ASX of all Shares issued upon exercise of the Placement Options.
8. There are no participating rights or entitlements inherent in the Placement Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give Optionholders the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.
9. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
10. Other than as contemplated in paragraph 9, a Placement Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Placement Option can be exercised.

PROXY FORM

**APPOINTMENT OF PROXY
GONDWANA RESOURCES LIMITED
ACN 008 915 311**

ANNUAL GENERAL MEETING

I/We _____
of _____

being a member of Gondwana Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint _____
Name of proxy

or the Chairman of the Annual General Meeting as my proxy,

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 12:30pm WST on 31 May 2012 at The Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1[1], the proxy will be prevented from casting your votes on Resolution 1[1]. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1[1], you must direct your proxy how to vote on Resolution 1[1].

If the Chairman of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct the Chairman how to vote as your proxy in respect of Resolutions 6 to 8 please place a mark in this box.

By marking this box, you acknowledge that the Chairman of the Annual General Meeting may exercise your proxy even if he or she has an interest in the outcome of Resolutions 6 to 8 and that votes cast by the Chairman of the Annual General Meeting for Resolutions 6 to 8 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on Resolutions 6 to 8 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 6 to 8.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

OR

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Paul Goodsall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Placement – Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Participation in Placement by Director – Warren Beckwith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Participation in Placement by Director – Steven Pynt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Participation in Placement by Director – Paul Goodsall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s): _____ **Date:** _____

Individual or Member 1

Member 2

Member 3

Sole Director/Sole Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing Proxy Form

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) mail the proxy form by post to Gondwana Resources Limited, PO Box 2000, Subiaco, Western Australia 6904; or
 - (g) by facsimile to the Company on facsimile number +61 8 9381 1705,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.
