Gondwana
RESOURCES LIMITED

HALF-YEAR REPORT
TO 30 JUNE 2014

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DIRECTORS' REPORT

The directors present their report together with the financial report of Gondwana Resources Limited (Gondwana or the Company) for the half- year ended 30 June 2014 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half year are:

Warren Talbot Beckwith
Non-Executive Chairman
Appointed 24 October 2012
Warren is a Chartered Accountant with many years' experience as a partner in international firms within Australia and overseas and is currently chairman of Westralian Group Pty Ltd, which is engaged in corporate advisory services and investment in Australia and Hong Kong. He is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Hong Kong Institute of Certified Public Accountants and Fellow of the Australian Institute of Company Directors. Warren has held directorships or executive positions in listed companies in Australia and Hong Kong for many years and is currently an independent non-executive director of both China Properties Group Limited (Hong Kong-listed) and Utopa Limited (Hong Kong).

Steven Leigh Pynt
Non-Executive Director & Company Secretary
(Appointed 17 March 2000, appointed Company Secretary 9 February 2015)
Steven Pynt is the Legal Director of a major retail franchising company and is a commercial lawyer in private practice specializing in commercial law, including corporations law, franchising and contracts. In addition to completing his law degree in 1980, Steven completed a Bachelor of Business majoring in Accounting, an MBA and a Master of Taxation Studies. Steven has had long experience as a company director and is currently Chairman of Global Health Limited and Ephraim Resources Limited (both ASX-listed companies).

Paul Millington Goodsall
Non-Executive Director
(Appointed 8 October 1999, resigned 9 February 2015)
Paul Goodsall passed away on 12 March 2015. He was a Chartered Accountant with over 26 years' experience in merchant banking, specializing in commercial and resource project financing in Australia, USA, Africa and Fiji and was responsible for the appraisal and development of mineral developments in Australia and overseas. In recent years he held the position of commercial manager, director or company secretary of several public companies.

Jolyon James Sinclair
Non-Executive Director
(Appointed 24 October 2012)
Jol Sinclair has over 15 years in asset finance, venture capital and business development. He has held National Sales and Marketing roles for publicly listed IT companies before creating a niche venture capital and asset finance company specialising in the mining and telecommunications industries. Jol is also an executive director of a company specialising in commercial, retail and office installations.

PRINCIPAL ACTIVITIES

The Company's principal activity during the half-year was mineral exploration.

REVIEW OF OPERATIONS

Review and results of operations

The Review of Operations is set out on Pages 4 to 21 of this report.

The loss of the Company for the half year ended 30 June 2014 after income tax was $821,701 (2013: Profit $442,050).

Corporate

During the half year ended 30 June 2014, the Company raised $80,000 from the issue of 2,500,000 ordinary fully paid shares and $468,000 from the exercise of 4,680,000 options.

On 12 May 2014, Ochre Industries Pty Limited (Ochre), a wholly owned subsidiary of Ochre Group Holdings Limited, announced a conditional and unsolicited off-market takeover offer for Gondwana (Offer). The Offer was a conditional offer of $0.082 cash per Gondwana Share. Ochre's Offer is set out in its bidder's statement lodged with ASIC and released to the ASX on 19 June 2014, as supplemented by Ochre's first supplementary bidder's statement dated 2 July 2014.

DIRECTORS' REPORT (continued)

The Company issued its Target's Statement on 18 July 2014 and the directors unanimously recommended that shareholders reject the Offer.

On 18 August 2014 and 19 August 2014, Ochre announced that it had increased the Offer Price under its offer to $0.115 per Gondwana Share and declared the offer free of certain conditions (Revised Offer).

The Company issued its First Supplementary Target's Statement on 10 September 2014, the directors unanimously recommending that shareholders reject the Revised Offer. The Revised Offer expired on 7 November 2014 and was not extended.

During the takeover bid, the Company incurred substantial legal and other professional costs as well as ongoing operating costs. One of the seriously adverse effects of the takeover bid was to prevent the Company proceeding with its proposed underwritten rights issues (for which, in April 2014 and again in May 2014, a Prospectus was issued and each time was required to be withdrawn). As a result, the Company was only able to pay these substantial costs from the proceeds of sale of non-core assets, principally:

- on 1 July 2014, the sale to Atlas Operations Pty Ltd (a subsidiary of Atlas Iron Limited) to sell its 90% interest in the Panorama tenement in the Pilbara for $200,000.
- on 22 October 2015, the agreement to terminate Atlas' obligation to make a $1.13/tonne royalty payment to Gondwana on the first 30M tonnes produced from Atlas' Corunna Downs Iron Project. The consideration was $500,000 payable within 7 days, $500,000 payable within 180 days, and $1,000,000 in Atlas shares on 1 August 2016. The proceeds in cash and shares have since been received. A further $250,000 is payable to Gondwana within 30 days of first iron ore exports from Corunna.

As at the date of this report, all material debts have been repaid.

Gondwana retained the $1.13/tonne royalty on tonnes beyond the first 30M of production at Corunna Downs and a royalty of 1% of gross revenue from iron ore and other minerals mined and sold from Panorama (refer to After Balance Date Events).

During this period of indebtedness, from mid-2014 until late 2016, the Company was unable to complete and lodge with ASX Limited (ASX) its statutory audited financial statements and half yearly or annual reports. As a consequence, the Company's securities were suspended from trading by ASX on 15 September 2014. The Company has now completed and is simultaneously lodging audited financial statements and reports for the 2014 and 2015 years and will table these at the forthcoming Annual General Meeting of shareholders.

After Balance Date Events

On 31 July 2015, the Company raised $55,000 from the placement of 1,100,000 new shares issued at a price of 5 cents each together with 1,100,000 free attached options exercisable at 10 cents on or before 30 June 2017.

On 22 October 2015, the Company entered into an agreement to terminate Atlas' obligation to make a $1.13/tonne royalty payment to Gondwana on the first 30M tonnes produced from Atlas' Corunna Downs Iron Project. The consideration was $500,000 payable within 7 days, $500,000 payable within 180 days, and $1,000,000 in Atlas shares on 1 August 2016. The proceeds in cash and shares have since been received. A further $250,000 is payable to Gondwana within 30 days of first iron ore exports from Corunna.

Gondwana retained the $1.13/tonne royalty on tonnes beyond the first 30M of production at Corunna Downs and a royalty of 1% of gross revenue from iron ore and other minerals mined and sold from Panorama (Remaining Royalty Interests).

On 11 November 2016, the Company announced an agreement to sell Gondwana's Remaining Royalty Interests to Ochre. After selling back to Atlas Iron Limited (Atlas) the royalties on the first 30 million tonnes of production from Atlas' Corunna Downs iron project, Gondwana remained entitled to royalties from any production beyond 30Mt at Corunna Downs and any future production from Atlas' Panorama tenement, together referred to as the "Remaining Royalty Interests" (refer to the Company's previous ASX releases, also Atlas releases (ASX:AGO) for details).

The consideration payable to Gondwana by Ochre under the agreement for the sale of the Remaining Royalty Interests comprises:

- the buy back and cancellation of all shares held by OGH and its associated company, Joffrey Pty Limited, in Gondwana (OGH Shares); and
- cash of $100,000.

DIRECTORS' REPORT (continued)

The agreement is subject to receipt of the deposit and the consent of Atlas, both of which have been received, and the approval of Gondwana pursuant to the requirements for a selective share buy-back under Division 2 of Part 2J.1 of the Corporations Act and the requirements for the disposal of a substantial asset to a substantial holder under Listing Rule 10.1. Shareholder approval will be sought at the Company's forthcoming annual general meeting.

On 12 June 2017, the Company raised $133,638 from the placement of 3,818,227 new shares issued at a price of 3.5 cents each.

Other than as disclosed above, no events, matters or circumstances have arisen since the end of the half-year which, in the opinion of the directors, are likely to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the six months ended 30 June 2014.

Dated at Perth this 31st day of July 2017 and signed in accordance with a resolution of the directors.

Steven Pynt
Director

REVIEW OF OPERATIONS

PARKER RANGE PROJECT

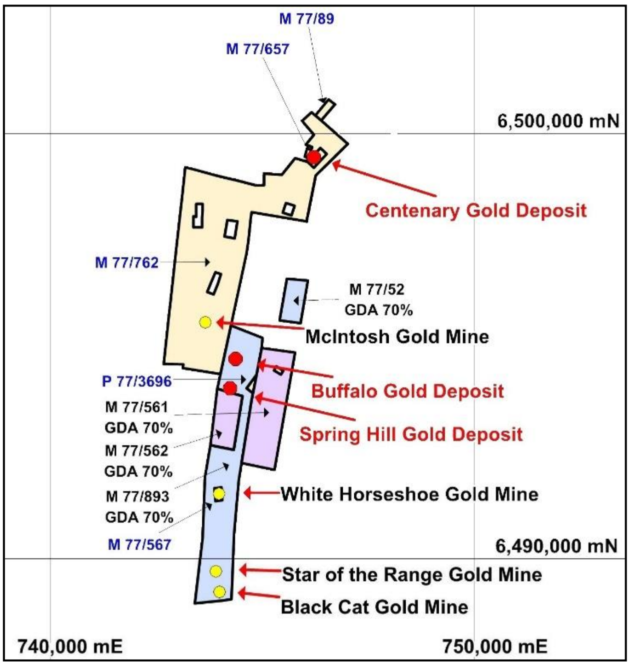

Figure 1: Location of the Parker Range Project

The Parker Range Project is located in the Southern Cross Greenstone Belt, immediately south of Marvel Loch and 80km north of Western Area's Forrestania Nickel Operations. The project area comprises exploration tenure of approximately 500 km² prospective for gold and nickel and contains numerous historic gold mines.

The Southern Cross area is a well-recognized regional mining centre offering excellent established infrastructure and a long gold mining tradition. Historic production since 1906 when gold was first discovered in the region exceeds 12Mozs of gold and 1,100,000t of nickel.

Gondwana's recent focus at Parker Range has been to transform historic gold deposits – Buffalo and Spring Hill (70% Gondwana) and Centenary (100% Gondwana) - into JORC compliant gold resources and explore nearby historic gold prospects with the aim of increasing total resources (refer Appendix 1).

In mid-2010, Gondwana was successful in discovering 40,300oz of gold at the Centenary gold project, 5km north of Buffalo. The Parker Range Gold Project, comprising the Buffalo, Spring Hill and Centenary deposits is now estimated to contain a total 101,350oz Au Mineral Resource (refer Appendix 1).

Gold Mining Project

The Company has been conducting mining studies for the Parker Range Gold Project with a view to establishing production on a toll treatment basis. The Parker Range Gold Project is a relatively small gold deposit but has the potential to be exploited for a low capital cost through the use of mining contractors and toll treatment at one of several nearby gold treatment plants. Metallurgical tests conducted by the Company have established that the ore is also amenable to heap leach treatment.

Following the completion of Whittle pit shell optimization studies for the Centenary, Buffalo and Spring Hill gold deposits, with positive results for all three pits, Minecomp Pty Ltd were engaged to generate pit designs, life-of-mine schedules, cash flow projections and JORC Ore Reserve estimates.

The project management plans for both the Buffalo and Centenary mines and flora and fauna surveys were completed with the assistance of Keith Lindbeck & Associates and submitted to the DMP during 2013 and the mining proposals received approval.

In October 2013, Capital Mine Consulting (CMC) completed an independent review of the project's economic feasibility based on production parameters, the Company's budgeted costs including quotes obtained from independent mining and cartage contractors and other proposed suppliers. CMC's report was received during the quarter and this broadly supported and confirmed the Company's projections, noting that "*although relatively small, the Parker Range Project appears to have positive economics and the completion of the recommended work could further enhance project robustness*".

CMC reported that further work could enhance and extend the gold inventory at Parker Range and the project's robustness and noted that historical mining at Centenary recovered average grades of 16g/t, suggesting potential for a high grade core

In January 2014, notwithstanding the above and the advanced stage of DMP approvals process, the Company announced that, after careful consideration of the recent decline in the gold price and other factors, mining studies had been temporarily suspended "*until the gold price recovers at least to levels prevailing in 2012*".

At the time of suspension, the mine project management plans had received DMP approval but the Company's consultants had, at that point, failed to satisfy the DMP Environment Group with the design of the abandonment bunds.

In late 2016, in the light of the significant increase in the AUD gold price, MineComp were requested to update the Parker Range Ore Reserve estimates to take into account an upward revision in the Buffalo Mineral

Resource estimate, changes in the gold price and reductions in budgeted operating costs. MineComp's report was completed in December 2016 and the new Ore Reserve estimates are set out in Appendix 1.

With renewed optimism, discussions have recommenced with toll treatment plant operators and experienced miners who specialize in developing and mining small deposits and have reached an advanced stage. The Company is considering options for a mining joint venture or similar commercial arrangement or, alternatively, the Company is confident of raising the capital to develop and mine the deposits itself.

Gold exploration prospects

Exploration tenements, including the Toomey Hills Group and part of the Northern, Dulcie and Eastern Groups, have been disposed of to reduce exploration commitments. Exploration has continued on remaining exploration interests at Parker Range.

Parker Range Gold Exploration

A recent historic soil data compilation identified multiple gold in soil anomalies within open file reports A39388 (Spring Hill), A50319 (Star of the Range to White Horseshoe) and A50319 (Buffalo). During the second half of 2016, anomalous gold areas were infill soil sampled at Buffalo East, Mopoke North/South, Gordon Highlander, White Horseshoe, Star of the Range and Black Cat prospects.

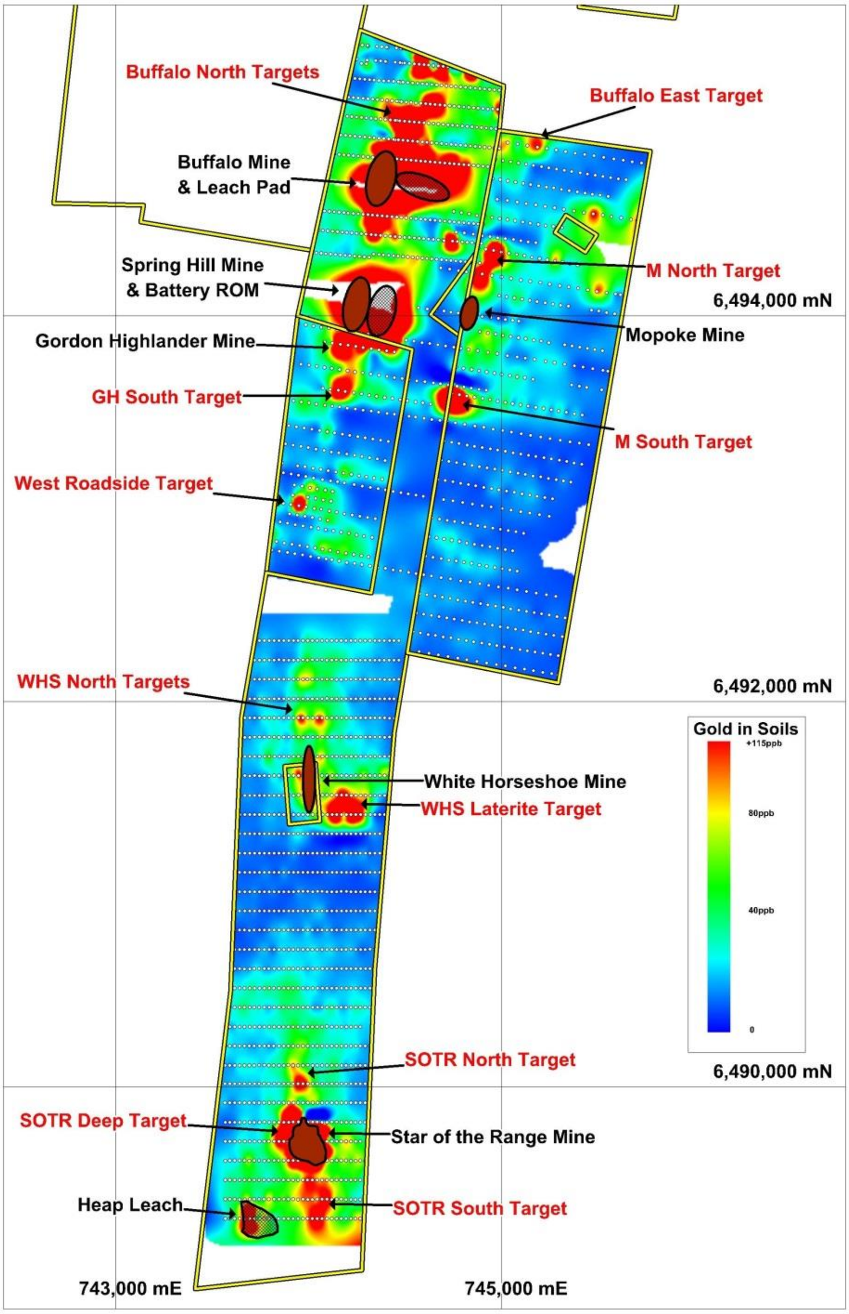

Figure 2: Gold in soils grid from shallow auger digitized from A39388 and A50319

During 2016, extensive infill soil surveying programs have been completed in the Company's Parker Range tenements, with gold-in-soil samples taken from a depth between 0.2m and 0.3m (shown as red hatched areas in figure 3).

The soil samples were not sieved but comprise of whole rock, soil and laterite pisoliths approximately 1kg in weight. Some graphitic sulphidic sediment outcrops were sampled for carbon content and multiple pegmatite outcrops were rock chipped for lithium content.

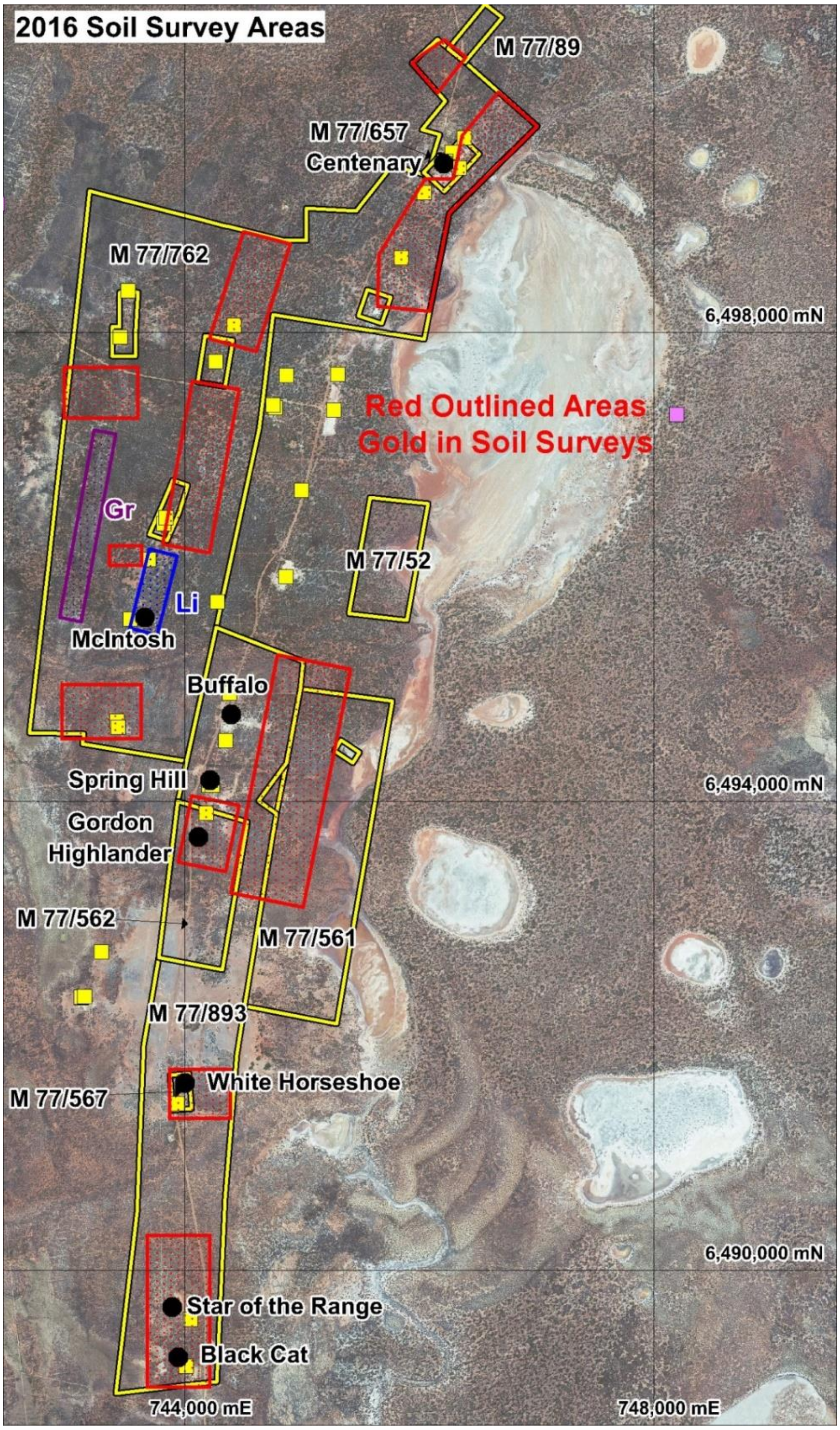

Figure 3: Soil Geochemical survey areas 2016

Gold-in-soil samples assays will be used for drill planning, focusing down dip (to the west) of the Black Cat underground, the Black Cat laterite and the Star of the Range laterite mine.

A recent review of the Star of the Range area shows that the historic 1990 mining and exploration did not cover the area immediately south of the Star of the Range mine and north of the Black Cat underground mine. This is because, at that time, the Star of the Range miners did not own the old Black Cat tenement which is now part of Gondwana's tenement holdings.

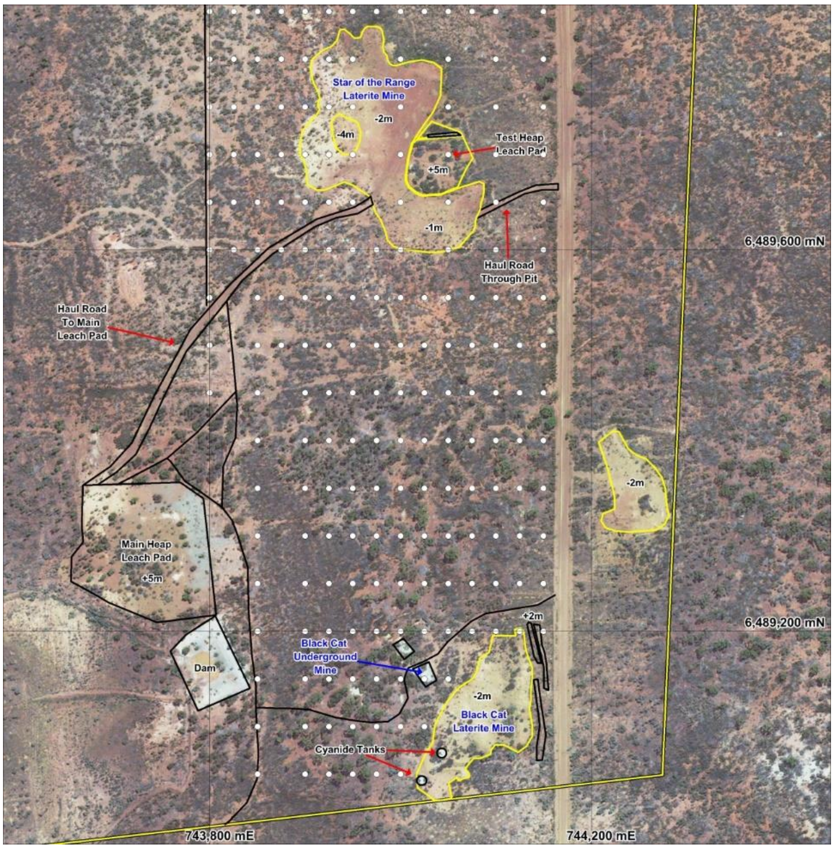

Figure 4: Gold sample location Black Cat to Star of the Range on satellite with topographic features

Black Cat is located at an inflection in the magnetics and mapped in earlier Mines Department bulletins as 3 x BIF units bending at that location. A steeply plunging quartz vein similar to Centenary may exist in-between the iron rich amphibolites, A depleted sulphide zone will be leached near the surface along the eastern BIF as it has enriched the remnant relict laterite.

The Star of the Range and Black Cat gold mine laterite pits show extensive oxidization of an altered amphibolite, which developed after intense shearing of the mafic host. Gold in soil mineralisation is likely continuous between the 2 pits, and under the cross cutting alluvial drainage channel (through the centre of the soil survey) which drains into the salt lake. Remnant exposures of laterite are all that remains of the relict soil terrain, some which was mined prior to 1982 and the rest in 1992. Multiple quartz lodes were injected along shear zones between the stacked BIF units and although small in tonnage, some do have bonanza +80g/t gold grades.

A gold in soil anomaly was historically mapped in A22398 (Star of the Range Annual report for M77/55 & M77/56 Nov 1987) with good shallow drilling results in laterite pits, but not across the Black Cat area. A deep target zone is down dip of multiple outcropping drag folded BIF units at Black Cat. In the stopes of the Black Cat underground, tightly folded units suggesting a deeper gold target exists down plunge in the fold nose not reached in the areas historic shallow drilling.

An airborne EM survey is still to be conducted for sulphide detection down dip prior to finalising the planned RC drill hole program design.

The 1940 geology map (GSWA Bulletin 99) shows three kink folded BIF's and a single 45° angled Black Cat underlay shaft, located west of the existing small laterite pit on the tenement boundary. Late stage gold bearing quartz lodes (such as Black Cat) can withhold their gold once oxidised, unlike the larger tonnage sulphide lodes which get depleted as gold remobilises to the surface.

Bulletin 99 discusses geological examination of the Black Cat underground during mining "No work has been carried out to any great depth, because the ore bodies have pinched to stringers with a flattening in dip. It is likely that the dip will steepen again and the ore shoots will gradually attain their original dimensions. For this reason, prospecting below the known ore shoots is recommended, taking into account of course their pitch."

After careful examination of the "Black Cat" underground mine during operation (pre WWII) it was noted the "ground water is at 144ft vertical depth" which shows the depth of probable gold depletion from near surface oxidisation and, "two ore shoots, which pitch steeply to the south east, are being mined and the main shaft is sunk between them" which is opposite the BIF dip and suggests a brittle deformed host.

The BIF strike is changing in the mine from gentle drag folding across dip, opening void spaces for later quartz lodes to infill in the fold hinges. The folds pitch steeply to the south east with lenses of quartz occupying the synclines but only quartz stringers on the anticlines. The shoots have pinched on their strike because anticlinal crests are being approached.

Recommended in 1940 was to underground drive northwest and southeast along the BIF strike as new shoots will "probably be disclosed", but only where the main underlay shaft dips changes from 45° to 52°. The main underlay shaft changed steepness at 93ft (down shaft) to 143ft (down shaft) when the underlay shaft returns to a 45° dip to 200ft (down shaft) or 144ft V.D. Changes in BIF dip have resulted from folding on a horizontal northwest-southeast axis, and could repeat at depth.

The local steeping in the BIF dip has influenced the quartz deposition, plus there is a pronounced fold in the 3 BIF's outcropping, with the fold nose area down dip still to be investigated. The 400m long Black Cat target zone identified on the new soil survey map is untested past 144 ft V.D or 44m vertical depth indicated in the 1940 report. The 400m long Star of the Range target zone identified with the new soil results is untested past the water table depth too.

At Black Cat a tightly spaced RC drill program is being design to drill across all 3 BIFs, to target at depth the steeply plunging quartz veins in fold hinges between each BIF unit.

Planning of deeper RC holes down dip to the west of the 800m long gold in soil anomaly will target large tonnage dipping conductors for gold mineralisation, if mineralisation is similar to the Buffalo deposit in the north of the tenement over a target strike length of 100m - 200m. The soils have been contoured together with previous mine area contaminated soils removed, highlighting five gold targets.

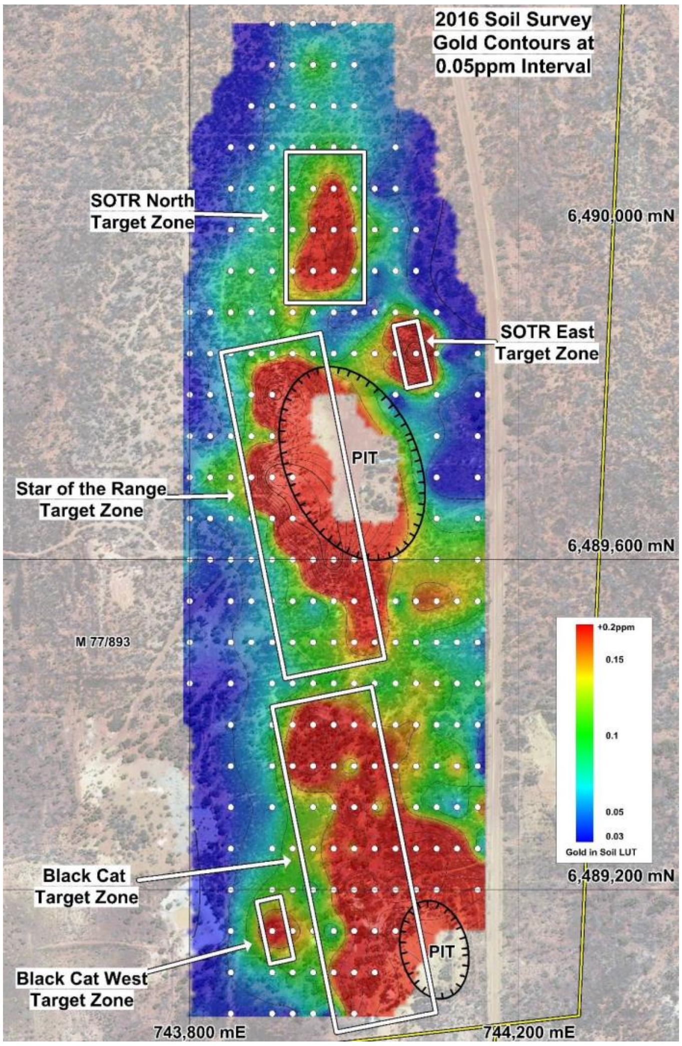

Figure 5: Black Cat Gold Target Zone is 400m long and Star of the Range Gold Target Zone is 400m

Cross cutting veins "in a pressure shadow" dipping SE are perpendicular to the SW dipping BIF and amphibolite host indicate brittle fracturing from southern tenement boundary to SOTR mine. The folded BIF at this location is changing dip and plunge due to the compression creating a kink fold, with a possible radial brittle deformation later infilling with 1-2ft wide quartz vein sets.

Drilling of three other gold mines along the same BIF hosted geology (at Centenary, Buffalo and Spring Hill) showed up to 4 stacked BIF units with them all carrying varying amounts of gold. Gold mineralisation is often enriched in the central and eastern BIF units, closest to the granite dome upwelling. At Centenary quartz rich shoots plunge down the main asymmetric fold void created during folding of the BIF, from horizontal N-S movements along the shear zone around the dome.

Many Parker Range gold deposits have higher grade and higher tonnage mineralisation below the depletion zone, where fresh pyrrhotite sulphide mineralisation is located. The gold sulphide ore is formed within a proximal shear zone parallel to the granite dome. The gold rich sulphide mineralisation is usually at the centre of a major shearing system and often adjoins a distal shear zone on sheared margins, creating amphibolite magnetite alteration along the belts entire strike length.

White Horseshoe mine survey

Gold in soil assays show a relict laterite ridge to the south east of the White Horseshoe mine in the drainage direction towards the salt lake. The low gold tenor of 0.1g/t indicates this laterite is only weakly mineralised, although still warrants some shallow drill holes though the centre of the +0.1g/t gold in soil anomaly to confirm higher gold grades don’t exist below the soil samples 0.3m depth.

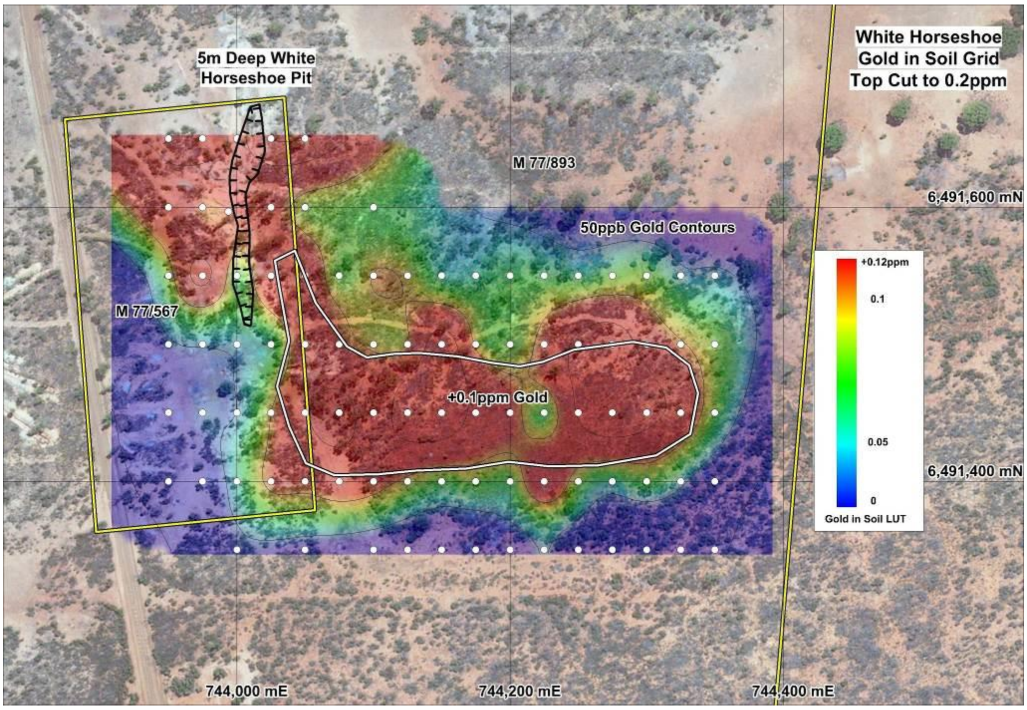

Figure 6: The White Horseshoe mine laterite gold target is only weakly anomalous +0.1g/t

This laterite is possibly secondary erosion from the White Horseshoe mine area or a redox front from an earlier east trending drainage channel, which has now etched southwards around the gold in soil anomaly causing a 2m raised 200m long laterite outcrop. Gold enrichment within a 1-2m thick laterite zone located below a 0.5m depleted surface laterite might still exist requiring shallow drilling to ascertain if there is any small tonnage laterite zones containing over 0.5g/t for heap leaching.

Gordon Highlander mine survey

At the Gordon Highlander historic underground mine, approximately 300m south of Spring Hill workings, the southernmost hole during the 2010 RC program intersected 3m @ 1.01 g/t from 14m down hole depth and 5m @ 1.97g/t from 23m depth in hole 10SHRC014.

The 2010 drill intersect is up-dip from a previously drilled 2008 RC exploration hole (SHRC08015) which intersected 5m @ 1.57g/t from 36m depth. The best RC results at Gordon Highlander are:

SHRC08015 : 26m to 32m 6m @ 0.83 and 36m to 41m - 5m @ 1.57

10SHRC014 : 14m to 17m - 3m @ 1.01 and 23m to 28m - 5m @ 1.97g/t

Detailed gold in soil assays taken to the north and east of the Gordon Highlander historic workings show +0.3g/t gold anomalism from the Spring Hill mine area to the Gordon Highlander mine because the mineralised BIF outcrops there containing up to 1.637g/t in soils. There is also a small anomaly to the east off the main zone however that could be contamination. The area to the south east of the BIF has no further anomalies although there are cultural disturbances in this area.

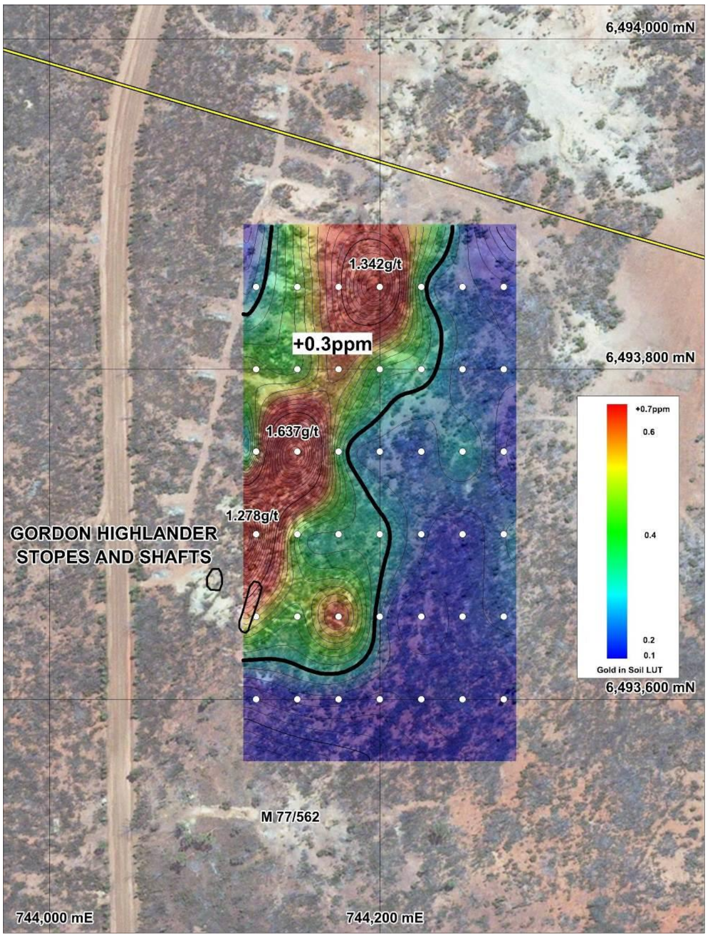

Figure 7: Gordon Highlander mine has multiple high grade soil assays within +0.3g/t areas

A second soil survey will be designed for later in 2017, to outline the end of the anomalous gold trend south west of Gordon Highlander up to the main road. This soil data will be used to orientate further infill RC drilling down dip and along strike to the south west of the Gordon Highlander shaft.

Mopoke north and south survey

The Mopoke North quartz vein has been drill previously tested and a review of the drilling effectiveness shows additional holes are required. This drilling was performed in 2010 and the two holes showed 1m gold intersects up to 0.9 g/t, but they were very shallow and do require deeper holes to test veins below oxide level. The +0.3g/t soil gold anomalism survey extends 100m to the north of the quartz vein outcrop and further drill holes are being designed to test north of the outcrop area.

Buffalo East survey

Historic drilling within Wamex report A25941 shows a small zone of enrichment in the corner of the Centipede, Buffalo and Mopoke tenements. This mineralized area is located in shallow laterite around the margin of the salt lake where the hyper saline water encroachment towards Buffalo. This EM conductive high is shown on the company’s 2010 V-TEM AEM data as high conductivity on all channels, with the underlying geology changing to more ultramafic at the location.

Secondary gold deposition is an important style of gold mineralization above or near to primary ore zones such as at the Golden Virgin pit north of Buffalo, which enriches near the surface because of the salt water interaction with the primary mineralisation. Shallow drilling is required south of the existing cleared drill line, to ascertain if this is primary or secondary mineralisation.

McIntosh to Raven Mine survey

The McIntosh area was infill soil sampled in early 2016. Results of this survey have been analysed and highlight the Raven laterite area east south east of the old Raven underground mine as a priority drill target. Only shallow drilling has been previously undertaken across the BIF at this location.

This lateritic gold mineralisation appears to be continuous downhill towards the salt lake and is coming directly from of the eastern side of the Raven underground shaft. This data identifies the eastern BIF of Raven could be similarly to Centenary which has a depletion zone down to 40m.

As shown at Centenary to the north of Raven, the eastern BIF is heavily leached of gold in the top 40m making Raven's eastern BIF a priority drill target at depth. RC drilling is planned to test the down plunge and down dip mineralisation at Raven because historic drilling wasn't deep enough.

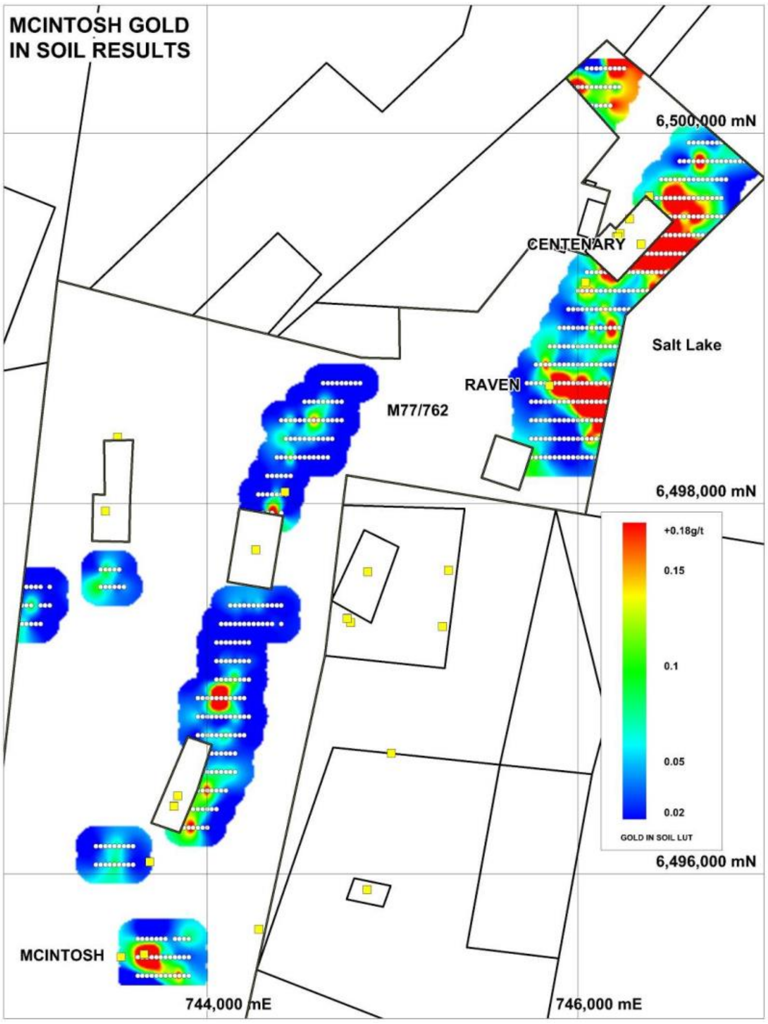

Figure 8: Centenary to McIntosh infill soils - target east of Raven is continuous to lake

Conclusions

A number of 1990's vintage soil survey/auger program anomalies were infill soil surveyed during 2016.

This soil analysis has revealed high priority gold drilling targets at the Black Cat mine, Star of the Range mine, Gordon Highlander mine, and Raven Mine.

Secondary gold drilling targets are evident along the shear zone north of McIntosh, Mopoke North quartz vein and Buffalo East laterite area.

Forrestania/Mt Holland

The Forrestania/Mt Holland project (exploration licence application) contains an unmined gold-bearing laterite, from an historic prospect referred to as the Blue Turtle prospect. No drill logs can be located but the drill locations are noted on plans.

Open file report A24752 refers in the text to primary gold mineralisation at the Blue Turtle prospect up to 3m @ 6.6g/t from 9m with 3 to 6m of laterite pisoliths above grading up to 1.28g/t [1].

Shallow drilling on 100m spaced lines either side failed to delineate any continuity. In this area, depletion zones combined with near vertical gold shoots in the unweathered basement are often beneath near-surface oxide mineralisation, and it appears no deep RC drilling has been undertaken at this prospect. Multiple E-W trending dykes at this location have disturbed the N-S stratigraphy and mineralisation may be locally folded or remobilised, so could be trending oblique to the E-W drill lines. Gold mineralisation could potentially be around 150m in strike and may be related to a vertical or sub-vertical plunging shoot.

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[1] WAMEX report A24752: Blue Turtle Annual report on Mt Holland E77/23 1988; Author Metals Exploration Ltd.

Gobbo's Copper-Molybdenum Prospect (E45/3326)

This tenement contains the Gobbo's copper/molybdenum prospect and the Cyclops nickel prospect.

The Company has entered into an agreement with Platypus Minerals Ltd ("Platypus", ASX:PLP) to farm out tenement E45/3326 on the following terms: -

1. Platypus has the option to sole fund $500,000 on exploration within three years to earn a 51% interest in the tenement with Gondwana retaining 39% and Adelaide Prospeting Pt Ltd (APPL) 10%. Platypus has advised that it has since expended the required amount and has earned its 51% interest.
2. Platypus has the option to sole fund a further $500,000 on exploration within a further three years to earn an additional 24% interest for a total 75% interest in the Tenement. At this stage Gondwana would retain 15% and APPL would retain 10%.
3. Subsequent expenditure would be on a pro-rata joint venture basis by Platypus and Gondwana, subject to dilution by industry standard formula. APPL would remain free carried to completion of a feasibility study.
4. Should any party's interest fall below 5%, then that party's interest would convert to a 2.5% royalty on gross sales on all metals produced from the tenement.
5. At any time after Platypus has earned its 75% interest, Gondwana has the right to convert its remaining interest to a 2.5% royalty on gross sales on all metals produced.

Platypus has announced significant reconnaissance drilling intercepts of copper, molybdenum and tungsten, rated Gobbos as one of the most outstanding unexplored prospects in Western Australia.

Other Pilbara tenements

The Company has retained a 90% interest in exploration licence E46/1026 and application E45/3956, which are considered prospective for gold, copper and other minerals. An extensive exploration program is planned for early 2017.

COMPETENT PERSON STATEMENT – EXPLORATION RESULTS

The information in this Report that relates to Exploration Results is based on information compiled by the Company by Mr Grant Donnes, a competent person who is a Member of the Australian Institute of Geoscientists. Mr Donnes has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Donnes consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

COMPETENT PERSON STATEMENT – MINERAL RESOURCES

The information in the Independent Geological Report that relates to Exploration Targets, Exploration Results or Mineral Resources is based on information compiled by the Company and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Malcolm Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Malcolm Castle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Malcolm Castle's review is based on information compiled by Mr David Hollingsworth, a consultant of the Company, who has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity to undertake the resource estimates and Mr Hollingsworth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

COMPETENT PERSON STATEMENT – ORE RESERVES

The Information in this Report that relates to Ore Reserves is based on information compiled by Mr Gary McCrae, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr McCrae is a full-time employee of Minecomp Pty Ltd. Mr McCrae has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McCrae consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

MINERAL RESOURCE ESTIMATES

Malcolm Castle of Agricola Mining Consultants Pty Ltd was commissioned by the Company to provide an updated Independent Review of the Resource Estimation for the Parker Range Gold Project in Western Australia, and he submitted his Report in October 2015. The Mineral Resource Estimates are set out below.

Refer to the Competent Person Statement on Page 12 of this Report.

Resource Category	**Tonnes**	**Grade (g/t)**	**Cut ounces* (Au)**
Buffalo			
Indicated	346,400	2.7	29,700
Inferred	79,300	2.2	5,600
Spring Hill			
Indicated	226,400	2.0	14,250
Inferred	180,300	2.0	11,500
Centenary			
Indicated	391,000	2.4	30,400
Inferred	166,000	1.8	9,900
Total Project			
Indicated	**963,800**	**2.4**	**74,350**
Inferred	**425,600**	**2.0**	**27,000**

**Average grades are reported at 0.5g/t cutoff*

PARKER RANGE ORE RESERVE STATEMENT

Minecomp Pty Ltd (Minecomp) was commissioned by the Company to produce an updated, December 2016 Reserve Statement for the Parker Range Gold Project in Western Australia.

The statements and opinion in this Report are given in good faith and this Report is based upon information provided by the Company, along with technical reports prepared by consultants and other relevant published and unpublished data for the area. Refer to the Competent Person Statement on Page 12 of this Report.

The Ore Reserves for Parker Range are estimated, using a gold price of Au$1,550/oz, to be:-

Ore Reserve Category	**Tonnes**	**Au (g/t)**	**Au (oz)**
Buffalo			
Proved			
Probable	213,000	2.9	19,500
Centenary			
Proved			
Probable	110,000	3.0	10,600
Spring Hill			
Proved			
Probable	110,000	2.1	7,300
Project total			
Proved			
Probable	**433,000**	**2.7**	**37,400**

Note: - Rounding errors may occur

The Ore Reserve is based only on toll treatment of the Parker Range ore and contract open pit mining and ore haulage. For the purpose of the Ore Reserve Estimate, marginal cut-off grades of 1.3g/t for oxide and 1.4g/t for transitional and fresh material were calculated based upon an assumed gold price of Au$1,550/oz and applicable ore/waste differential, processing, haulage and administration costs.

The classification of the Parker Range Gold Project has been carried out in accordance with the recommendations of the JORC Code 2012. It is based on the density of drilling, estimation methodology and the mining method to be employed.

All Probable Ore Reserves have been derived from Indicated Mineral Resources.

BUFFALO - JORC Table Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• *The Mineral Resource for the Buffalo Deposit was estimated in October, 2015. The Ore Reserve has been determined using this model.* • The Mineral Resource is inclusive of the Ore Reserves
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• A site visit was not undertaken by the Competent Person as a site visit would not materially affect the determination of the Reserve
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A pre-feasibility study has been carried out appropriate to the deposit type, mining method and scale. The study was carried out internally and externally using consultants where appropriate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cut-off is calculated as part of the mine optimisation analysis and is 1.3 g/t gold for oxide and 1.4g/t for transitional and fresh
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• The Mineral Resource model was factored to generate diluted Ore Reserves during optimisation and evaluation processes. • Mining method is conventional open-pit with drill and blast, excavate, load and haul. • An external geotechnical report provided pit slopes and recommended inputs for optimisation • Additional mining dilution of 10% was applied • Mining recovery of 95% was applied • Minimum width reflected by lode interpretation 3 to 5m plus dilution • Inferred Resources were not used or included in optimisation analysis • Infrastructure required is small and of a temporary nature, i.e. workshop, offices, fuel tank, generator, magazine and water transfer dam
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Processing will take place by third party toll treatment using conventional CIL methods. • Well-tested existing metallurgical technology • One metallurgical test work program was completed by IMO on composite and variability samples representative of the ore zones. • Test work indicates recoveries for oxide and transitional ore types will be between 90 and 96% dependent on grade while primary ore recoveries are estimated to be between 95 and 96%. 94% was applied for all ore types. • Metallurgy testwork programs have included gravity concentration, cyanide leach and grind establishment • No deleterious elements are present. However note is made of DMP comments to hose down sulphide dust. • No bulk sample testwork has been carried out
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details*	• A Clearing Permit, Mining Proposal and Closure plan has previously been approved by

Criteria	JORC Code explanation	Commentary
	of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	the DMP, however these have since expired • Waste rock is typically non-acid forming. Ore-hosted rock types are likely to be acid forming. Any potential acid forming rock types not processed will be encapsulated within the waste dump. • No tailings will be stored on site.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Infrastructure at site is minimal and consists of access roads and tracks. • Accommodation will use established facilities in Marvel Loch. • The project has low infrastructure requirements of a temporary nature.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Capital costs based on contractor quotes for similar mining operations • Operating costs based on contractor quoted costs for similar mining operations for load and haul and drill and blast and other mining costs. • No deleterious elements present • Cost models use Australian dollars • Ore haulage rates based on contractor quoted costs for similar haulage profiles and distances. • Toll Treatment costs based on known current milling costs. No penalties or specifications • State royalty of 2.5% used.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Using a below December 2016 average gold price of Au$1,550/oz
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Gold doré will be sold at the Perth Mint as it is produced. • Market window unlikely to change • Price is likely to go up, down or remain same • Not industrial mineral
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• No NPV applied • Project is relatively short life at <12 months • Sensitivity analyses have been completed
Social	• *The status of agreements with key stakeholders and matters leading to social license to operate.*	• No Native Title Claimants on DIA over this mining lease
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• A risk review has been completed. No material risks are identified. • A Project Management Plan (PMP) had previously been submitted and approved. This has now expired. • A miscellaneous license (L77/264) is held for the portion of the Marvel Loch-Forrestania Road which requires realignment.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that*	• Reserves are classified according to Resource classification • They reflect the Competent Person's view • No Measured Resource exists. All Reserve is Probable category and based on Indicated Resource

Criteria	JORC Code explanation	Commentary
	have been derived from Measured Mineral Resources (if any).	
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• No audits carried out
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Confidence is in line with gold industry standards and the companies aim to provide effective prediction for current and future mining projects. • No statistical quantification of confidence limits has been applied • Estimates are global • The Reserve is most sensitive to; a) resource grade accuracy, b) gold price c)metallurgical recovery d) ore haulage and milling costs e) mining load and haul and drill and blast costs f) pit wall stability • Reserve confidence is reflected by the Probable category applied, which in turn reflects the confidence of the Mineral Resource. • No modern production data is available for comparison

CENTENARY - JORC Table Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Mineral Resource for the Centenary Deposit was estimated in October, 2015. The Ore Reserve has been determined using this model. • The Mineral Resource is inclusive of the Ore Reserves
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• A site visit was not undertaken by the Competent Person as a site visit would not materially affect the determination of the Reserve
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A pre-feasibility study has been carried out appropriate to the deposit type, mining method and scale. The study was carried out internally and externally using consultants where appropriate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cutoff is calculated as part of the mine optimisation analysis and is 1.3 g/t gold for oxide and 1.4g/t for transitional and fresh
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining*	• The Mineral Resource model was factored to generate diluted Ore Reserves during optimisation and evaluation processes. • Mining method is conventional open-pit with drill and blast, excavate, load and haul. • An external geotechnical report for the nearby, similarly hosted Buffalo deposit provided pit slopes and recommended inputs for the optimisation • Additional mining dilution of 10% was applied • Mining recovery of 95% was applied • Minimum width reflected by lode interpretation 3 to 5m plus dilution • Inferred Resources were not used or included in optimisation analysis • Infrastructure required is small and of a temporary nature, i.e. workshop, offices, fuel tank, generator, magazine and water transfer dam

Criteria	JORC Code explanation	Commentary
	methods.	
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Processing will take place by third party toll treatment using conventional CIL methods. • Well-tested existing metallurgical technology. • One metallurgical test work program was completed by IMO on composite and variability samples representative of the ore zones. • Test work indicates recoveries for oxide and transitional ore types will be between 90 and 96% dependent on grade while primary ore recoveries are estimated to be between 95 and 96%. 94% was applied for all ore types. • Metallurgy testwork programs have included gravity concentration, cyanide leach and grind establishment. • No deleterious elements are present. However note is made of DMP comments to hose down sulphide dust. • No bulk sample testwork has been carried out.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• A Clearing Permit, Mining Proposal and Closure plan has previously been approved by the DMP, however these have since expired • Waste rock is typically non-acid forming. Ore-hosted rock types are likely to be acid forming. Any potential acid forming rock types not processed will be encapsulated within the waste dump. • No tailings will be stored on site.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Infrastructure at site is minimal and consists of access roads and tracks. • Accommodation will use established facilities in Marvel Loch. • The project has low infrastructure requirements of a temporary nature.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Capital costs based on contractor quotes for similar mining operations • Operating costs based on contractor quoted costs for similar mining operations for load and haul and drill and blast and other mining costs. • No deleterious elements present • Cost models use Australian dollars • Ore haulage rates based on contractor quoted costs for similar haulage profiles and distances. • Toll Treatment costs based on known current milling costs. No penalties or specifications • State royalty of 2.5% used
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Using a below December 2016 average gold price of Au$1,550/oz
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Gold doré will be sold at the Perth Mint as it is produced. • Market window unlikely to change • Price is likely to go up, down or remain same • Not industrial mineral
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• No NPV applied • Project is relatively short life at <6 months • Sensitivity analyses have been completed

Criteria	JORC Code explanation	Commentary
Social	• *The status of agreements with key stakeholders and matters leading to social license to operate.*	• No Native Title Claimants on DIA over this mining lease
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• A risk review has been completed. No material risks are identified. • A Project Management Plan (PMP) had previously been submitted and approved. This has now expired.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Reserves are classified according to Resource classification • They reflect the Competent Person's view • No Measured Resource exists. All Reserve is Probable category and based on Indicated Resource
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• No audits carried out
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Confidence is in line with gold industry standards and the companies aim to provide effective prediction for current and future mining projects. • No statistical quantification of confidence limits has been applied • Estimates are global • The Reserve is most sensitive to; a) resource grade accuracy, b) gold price c)metallurgical recovery d) ore haulage and milling costs e) mining load and haul and drill and blast costs f) pit wall stability • Reserve confidence is reflected by the Probable category applied, which in turn reflects the confidence of the Mineral Resource. • No modern production data is available for comparison

SPRING HILL - JORC Table Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Mineral Resource for the Spring Hill Deposit was estimated in October, 2015. The Ore Reserve has been determined using this model. • The Mineral Resource is inclusive of the Ore Reserves
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• A site visit was not undertaken by the Competent Person as a site visit would not materially affect the determination of the Reserve
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A pre-feasibility study has been carried out appropriate to the deposit type, mining method and scale. The study was carried out internally and externally using consultants where appropriate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Cutoff is calculated as part of the mine optimisation analysis and is 1.3 g/t gold for oxide and 1.4g/t for transitional and fresh
Mining factors	• *The method and assumptions used as reported in the*	• The Mineral Resource model was

Criteria	JORC Code explanation	Commentary
or assumptions	*Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	factored to generate diluted Ore Reserves during optimisation and evaluation processes. • Mining method is conventional open-pit with drill and blast, excavate, load and haul. • An external geotechnical report for the nearby, similarly hosted Buffalo deposit provided pit slopes and recommended inputs for the optimisation • Additional mining dilution of 10% was applied • Mining recovery of 95% was applied • Minimum width reflected by lode interpretation 3 to 5m plus dilution • Inferred Resources were not used or included in optimisation analysis • Infrastructure required is small and of a temporary nature, i.e. workshop, offices, fuel tank, generator, magazine and water transfer dam
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Processing will take place by third party toll treatment using conventional CIL methods. • Well-tested existing metallurgical technology • One metallurgical test work program was completed by IMO on composite and variability samples representative of the ore zones. • Test work indicates recoveries for oxide and transitional ore types will be between 90 and 96% dependent on grade while primary ore recoveries are estimated to be between 95 and 96%. 94% was applied for all ore types... • Metallurgy testwork programs have included gravity concentration, cyanide leach and grind establishment • No deleterious elements are present. However note is made of DMP comments to hose down sulphide dust. • No bulk sample testwork has been carried out
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• No applications for Clearing Permit, Mining Proposal and Closure plan have been submitted to the DMP • Waste rock is typically non-acid forming. Ore-hosted rock types are likely to be acid forming. Any potential acid forming rock types not processed will be encapsulated within the waste dump. • No tailings will be stored on site.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Infrastructure at site is minimal and consists of access roads and tracks. • Accommodation will use established facilities in Marvel Loch. • The project has low infrastructure requirements of a temporary nature.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Capital costs based on contractor quotes for similar mining operations • Operating costs based on contractor quoted costs for similar mining operations for load and haul and drill and blast and other mining costs. • No deleterious elements present • Cost models use Australian dollars • Ore haulage rates based on contractor quoted costs for similar haulage profiles and distances. • Toll Treatment costs based on known current milling costs. No penalties or specifications • State royalty of 2.5% used
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment*	• Using a below December 2016 average gold price of Au$1,550/oz

Criteria	JORC Code explanation	Commentary
	charges, penalties, net smelter returns, etc. • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Gold doré will be sold at the Perth Mint as it is produced. • Market window unlikely to change • Price is likely to go up, down or remain same • Not industrial mineral
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• No NPV applied • Project is relatively short life at <6 months • Sensitivity analyses have been completed
Social	• *The status of agreements with key stakeholders and matters leading to social license to operate.*	• No Native Title Claimants on DIA over this mining lease
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• A risk review has been completed. No material risks are identified.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Reserves are classified according to Resource classification • They reflect the Competent Person's view • No Measured Resource exists. All Reserve is Probable category and based on Indicated Resource
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• No audits carried out
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Confidence is in line with gold industry standards and the companies aim to provide effective prediction for current and future mining projects. • No statistical quantification of confidence limits has been applied • Estimates are global • The Reserve is most sensitive to; a) resource grade accuracy, b) gold price c)metallurgical recovery d) ore haulage and milling costs e) mining load and haul and drill and blast costs f) pit wall stability • Reserve confidence is reflected by the Probable category applied, which in turn reflects the confidence of the Mineral Resource. • No modern production data is available for comparison

APPENDIX 2

TENEMENT LISTING

Tenement	Application	Granted	Status	Third Party Interest
East Pilbara Projects, WA				
Gobbos and Cyclops Projects				
E45/3326	10/10/2008	21/01/2011	Granted	Adelaide Prospecting 10%* Platypus Minerals earning 75% pursuant to farm-in agreement
Comet East & Nullagine Projects				
E45/3956	18/08/2011		Pending	
E46/1026	26/05/2014	10/05/2016	Granted	
Parker Range Projects, Southern Cross WA				
Parker Range Gold Project				
M77/657-I	25/05/1994	3/02/1995	Granted	
M77/893	10/12/1997	3/01/2001	Granted	Cerro Resources NL 30%*
M77/52	26/06/1984	27/06/1984	Granted	Cerro Resources NL 30%*
M77/762-I	23/04/1996	25/01/2007	Granted	
M77/562	9/07/1992	23/10/1992	Granted	Barclay Holdings 30%*
M77/567-I	13/08/1992	5/01/1993	Granted	
M77/89	18/11/1985	26/03/1986	Granted	
M77/561	9/07/1992	23/10/1992	Granted	Barclay Holdings 30%*
L77/0264	5/09/2013	7/01/2014	Granted	Miscellaneous licence for road realignment
Forrestania/Mt Holland Project				
E77/2143	12/08/2013		Pending	
E77/2390	22/08/2016		Pending	
P77/4360	30/03/2016		Pending	
P77/4361	30/03/2016		Pending	
P77/4362	30/03/2016		Pending	
P77/4363	30/03/2016		Pending	

** Free carried to feasibility study*

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Gondwana Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Grant Robinson

Grant Robinson

Partner

Perth

31 July 2017

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	Half-Year 30 June 2014 $	Half-Year 30 June 2013 $
Other income	8	200,406	1,332,501
Employee expenses		(85,579)	(43,214)
Office and corporate expenses		(325,752)	(243,707)
Capital raising costs		(148,053)	(3,463)
Legal and professional expenses		(133,653)	(11,332)
Depreciation expenses		(413)	(2,495)
Provision for diminution – loan receivable		(10,000)	(130,000)
Exploration expenditure		(309,771)	(452,233)
Results from operating activities		(812,815)	446,057
Finance income		571	13,268
Finance costs		(9,457)	(17,275)
Net finance costs		(8,886)	(4,007)
(Loss)/Profit before income tax		(821,701)	442,050
Income tax expense		-	-
Profit/(loss) for the period		(821,701)	442,050
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period		(821,701)	442,050
(Loss)/Profit attributable to Owners of the Company		(821,701)	442,050
Total comprehensive (loss)/profit for the period attributable to the Owners of the Company		(821,701)	442,050
Earnings per share:			
Basic (loss)/profit per share		(4.50) cents	2.57 cents
Diluted (loss)/profit per share		(4.50) cents	2.57 cents

The condensed interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the condensed interim financial statements set out on pages 27 to 31.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	30 June 2014	31 December 2013
		$	$
Assets			
Property, plant and equipment		1,974	520
Exploration and evaluation expenditure		100,300	100,400
Total non-current assets		102,274	100,920
Cash and cash equivalents		235,993	222,655
Trade & other receivables		300,394	132,751
Loan receivable	9	-	-
Total current assets		536,387	355,406
Total assets		638,661	456,326
Liabilities			
Trade and other payables		717,928	339,349
Interest bearing liabilities		257,571	180,114
Total current liabilities		975,499	519,463
Total liabilities		975,499	519,463
Net asset deficiency		(336,838)	(63,137)
Equity			
Share Capital	10	33,023,154	32,475,154
Reserves		140,781	140,781
Accumulated losses		(33,500,773)	(32,679,072)
Total equity		(336,838)	(63,137)

The condensed interim statement of financial position is to be read in conjunction with the notes to the condensed interim financial statements set out on pages 27 to 31.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Ordinary Shares	Accumulated Losses	Share based payment Reserve	Total
	$	$	$	$
Balance at 1 January 2013	32,474,840	(32,320,883)	140,781	294,738
Total comprehensive income for the period				
Profit or (loss)	-	442,050	-	442,050
Total comprehensive income for the period	-	442,050	-	442,050
Transactions with owners recorded directly in equity Contributions by and distributions to owners				
Issue of shares	-	-	-	-
Share options exercised	814	-	-	814
Total contributions by and distributions by owners	814	-	-	814
Balance at 30 June 2013	32,475,654	(31,878,833)	140,781	737,602
Balance at 1 January 2014	32,475,154	(32,679,072)	140,781	(63,137)
Total comprehensive income for the period				
Profit or (loss)	-	(821,701)	-	(821,701)
Total comprehensive income for the period	-	(821,701)	-	(821,701)
Transactions with owners recorded directly in equity Contributions by and distributions to owners				
Issue of shares	80,000	-	-	80,000
Share options exercised	468,000	-	-	468,000
Total contributions by and distributions by owners	548,000	-	-	548,000
Balance at 30 June 2014	33,023,154	(33,500,773)	140,781	(336,838)

The condensed interim statement of changes in equity is to be read in conjunction with the notes to the condensed interim financial statements set out on pages 27 to 31.

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Half-Year 30 June 2014 $	Half-Year 30 June 2013 $
Cash flows from operating activities		
Cash receipts in the course of operations	506	138,750
Cash payments in the course of operations	(247,361)	(215,507)
Interest received	571	13,268
Exploration and evaluation expenditure	(251,511)	(464,188)
Net cash from/(used in) operating activities	(497,795)	(527,677)
Cash flows from investing activities		
Proceeds from sale of tenements	-	1,400,000
Loan to third party	(10,000)	(130,000)
Payments for plant & equipment	(1,867)	-
Net cash (used in)/from investing activities	(11,867)	1,270,000
Cash flows from financing activities		
Proceeds from share issue	473,000	814
Proceeds from borrowings from director	50,000	-
Net cash provided by financing activities	523,000	814
Net increase/(decrease) in cash held and cash equivalents	13,338	743,137
Cash and cash equivalents at 1 January	222,655	739,046
Cash and cash equivalents at 30 June	235,993	1,482,183
Non-cash investing and financing activities		
Settling of loans and payables through share placement	75,000	-

The condensed interim statement of cash flows is to be read in conjunction with the notes to the condensed interim financial statements set out on pages 27 to 31.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2014

1. Reporting entity

Gondwana Resources Limited (the "Company") is a company domiciled in Australia. The condensed interim financial report for the Company relates to the six months ended 30 June 2014. The annual financial report of the company as at and for the year ended 31 December 2013 is available upon request from the Company's registered office at 47 Ord Street, West Perth, Western Australia 6005.

The condensed interim financial report was authorised for issuance on 31 July 2017.

2. Statement of compliance

This general purpose financial report for the half year reporting period ended 30 June 2014 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

This condensed interim financial report does not include all the information normally included in a full annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

3. Significant accounting policies

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 31 December 2013.

4. Estimates

The preparation of a condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 31 December 2013.

5. Going concern

On 12 May 2014, Ochre Industries Pty Limited (Ochre), a wholly owned subsidiary of Ochre Group Holdings Limited, announced a conditional and unsolicited off-market takeover for Gondwana (Offer). Ochre's offer was set out in its bidder's statement lodged with the ASIC and released to the ASX on 19 June 2014, as supplemented by Ochre's first supplementary bidder's statement dated 2 July 2014. The Company issued its Target's Statement on 18 July 2014 wherein the directors unanimously recommended that shareholders reject the Offer. Ochre announced a revised offer on both 18 and 19 August 2014. The Company issued its First Supplementary Target's Statement on 10 September 2014, with the Directors recommending the Revised Offer be rejected. The Revised Offer expired on 7 November 2014 and was not extended.

During the takeover bid, the Company incurred substantial legal and other professional costs as well as on-going operating costs. One of the adverse effects of the takeover bid was to prevent the Company proceeding with its then proposed underwritten rights issues (for which, in April 2014 and again in May 2014, a Prospectus was issued and on both occasions it was required to be withdrawn). As a result, the Company was only able to pay these substantial costs from the proceeds of sale of non-core asset and was also unable to finalise the completion and lodgement of its 30 June 2014 half yearly financial statements and subsequent half yearly and annual statutory financial statements with ASX Limited (ASX). As a consequence the company's securities were suspended from trading by ASX on 15 September 2014. As of the date of this report all material external debts accumulated since mid-2014 have since been repaid, principally from the sale of non-core assets which raised approximately $2,000,000 as disclosed in Note 12.

The Company made a loss during the half year ended 30 June 2014 of $821,701 (2013: Profit of $442,050) with cash outflows from operations of $497,795 (2013 $ 527,677). Current liabilities exceeded current assets by $439,112 at 30 June 2014 (31 December 2013: $164,057), and the Company has a net asset deficiency of $336,838 at 31 December 2014 (31 December 2013: $63,137). As at 30 June 2017 the net asset deficiency has reduced to $502,320 principally as a result of the settlement of the above referred to liabilities through the funds raised from the sale of non-core assets. The cash balance at 19 July 2017 was $324,665 and the current trade creditors' balance as at 30 June 2017 was approximately $107,000. At 30 June 2017, the net asset deficiency now primarily comprises amounts payable to related parties.

The Company's financial statements have been prepared on a going concern basis on the grounds that, in the opinion of the Directors, the Company will be in a position to continue to meet its budgeted operating costs and exploration expenditures (which subsequent to 30 June 2014 have been significantly reduced) for the twelve month period from the date of this report from one or a combination of further anticipated capital raisings, potential gold mining income and sale of assets. Related parties and directors have also agreed not to recall their loans to the detriment of the Company.

The Company intends to undertake a placement of new securities to raise approximately $500,000 following its Annual General Meeting planned to be held in September 2017, and a pro rata Entitlement Issue to raise approximately $1,000,000 early in 2018 to further fund exploration and mining activities, should the Company be successful in obtaining approval from the Department of Mining and Petroleum (DMP) for the Company's updated mining proposals. Before suspension from the ASX in 2014, the Company had been successful in capital raisings during prior periods and has demonstrated an ongoing ability to raise additional funds through share placements, rights issues, borrowings and the sale of assets (see note 12). It is unknown if there will be any specific conditions attached to the Company's request to have the present suspension of its securities from the ASX lifted that will be particularly onerous or problematic to comply with which could adversely impact on its going concern.

Should the Company not be successful in its relisting on the ASX, and/or raising additional funds through future capital raisings or its gold mining venture, it may be necessary to sell some of its assets, farm-out exploration projects, further reduce or defer exploration expenditure and/or reduce operating overheads. Although the directors are confident that they will be successful in one or more of these measures, if they are not, there is a material uncertainty which casts significant doubt as to whether the Company will be able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

6. Financial risk management

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial report as at and for the year ended 31 December 2013.

7. Segment reporting

For management purposes, the company is organised into one operating segment, which involves the exploration, production and development of Nickel, Gold and Iron Ore in Australia. All of the company's activities are interrelated, and discrete financial information is reported to the Managing Director (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the entity as one segment. The financial results from this segment are equivalent to the financial statements of the company as a whole. The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of these financial statements.

8. Other income

	Half Year 30 June 2014 $	Half Year 30 June 2013 $
Profit on sale of tenements	199,900	1,193,851
Insurance proceeds	506	-
R & D rebate	-	138,650
	200,406	1,332,501

On 30 June 2014, Atlas Operations Pty Ltd (a subsidiary of Atlas Iron Limited) purchased the Panorama tenement for $200,000. In April 2013, Atlas Iron Limited exercised its option to purchase the Company's interest in the Corunna Downs Iron Prospect tenements for a consideration of $1,400,000.

9. Loan receivable

	30 June 2014 $	31 December 2013 $
Loan receivable	710,000	700,000
Less: provision for diminution	(710,000)	(700,000)
	-	-

The loan receivable is an unsecured convertible loan to Amazon Resources Limited (ARL) with a limit of $750,000 of which $710,000 had been drawn down at balance date (December 2013:$700,000). The loan is convertible at the election of the Company into shares in ARL at 10 cents per share or, if lower, the issue price of any new ARL shares issued. Under a letter agreement dated 7 January 2015, the termination date for the loan has been extended to 31 December 2018. No interest or fees are payable unless the loan is not repaid or converted by the termination date.

The Board believes it is appropriate to make full provision against the recoverability of the loan at this time given current financial position of ARL. However, the Board will use its best endeavours to recover the loan from ARL, if not converted.

10. Share capital

(a) Shares

Issued and Paid-up Share Capital 24,408,440 (December 2013:17,228,440) ordinary fully paid shares	33,023,154	32,475,154

Movements in ordinary shares (listed):

Date	Details	Number of Shares	Issue Price	$
1 January 13	Opening Balance	17,228,126		32,475,840
10 January 13	Exercise of options	163	$1.00	163
29 January 13	Exercise of options	150	$1.00	150
30 June 13	Exercise of options	501	$1.00	501
30 June 13	Closing balance	17,228,940		32,475,654
1 January 2014	Opening Balance	17,228,440		32,475,154
28 March 2014	Share placements	1,031,250	$0.032	33,000
31 March 2014	Share placements	1,468,750	$0.032	47,000
30 April 2014	Exercise of options	1,800,000	$0.10	180,000
6 May 2014	Exercise of options	500,000	$0.10	50,000
26 June 2014	Exercise of options	1,180,000	$0.10	118,000
27 June 2014	Exercise of options	1,200,000	$0.10	120,000
30 June 2014	Closing balance	24,408,440		33,023,154

Movements in ordinary shares (unlisted):

Date	Details	Number of Shares	Issue Price	$
1 January 2014	Balance	25,000	$1.00	25,000
30 June 2014	Balance	25,000	$1.00	25,000

(b) Options

Unissued ordinary shares of the Company under option at period end are:

Issue Date	Expiry Date	Exercise Price	Options on issue at 30 June	
			2014	**2015**
28 November 2012	30 June 2014	$0.10	-	4,200,000
27 December 012	30 June 2015	$0.10	4,100,000	5,000,000

11. Related parties

Other than noted below, existing arrangements with related parties continue in place. For details of these existing arrangements, refer to the 31 December 2013 annual financial report.

The following were key management personnel of the Company during the reporting period.

WT Beckwith	Managing director
PM Goodsall	Non-executive director
SL Pynt	Non-executive director
J J Sinclair	Non-executive director
D Hewitt	Chief Executive Officer

The key management personnel compensation included in the Statement of Comprehensive Income is as follows:

	Half Year 30 June 2014 $	Half Year 30 June 2013 $
Base emoluments	63,000	63,000
Consulting fees	90,000	90,000
Non-monetary benefits	11,088	12,782
Superannuation contribution	5,827	5,670
	169,915	171,452

Loans from and amounts payable to key management personnel and their related parties

	Balance at 30 June 2014 $	Balance at 31 December 2013 $	Interest paid/payable half year 2014 $	Highest balance in half year 2014 $
Paul Goodsall	20,825	35,825	-	50,825
Steven Pynt	-	30,825	-	45,825
Jolyon Sinclair	-	22,500	-	37,500
Warren Beckwith	258,561	181,104	9,456	258,561
Total loans received from key management personnel	279,386	270,254	9,456	392,711
Comprising:				
Payables	21,815	90,140	-	-
Interest bearing liabilities	257,571	180,114	-	-
Balance of (assets) / liabilities held with respect to key management personnel and their related parties	279,386	270,254	-	

The payables balances are unpaid director fees, superannuation and reimbursement of expenses. The interest bearing liabilities incur interest at 10% per annum, are unsecured and are repayable on demand if the funds are not applied to subscriptions in the planned entitlement offer or placement referred to in Note 5. The related party of Warren Beckwith included above is Bellatrix Pty Ltd, which Bellatrix Pty Ltd has provided an unsecured loan facility to the Company of up to $300,000 for working capital purposes of which $257,571 was drawn as of the date of this report.

Other key management personnel transactions

During the half year, the Company reimbursed Westralian Group Pty Ltd, a company of which W T Beckwith is a director, $119,907 (2013: $96,116) for the cost of office facilities, personnel and administrative services.

12. Events subsequent to reporting date

On 31 July 2015, the Company raised $55,000 from the placement of 1,100,000 new shares issued at a price of 5 cents each together with 1,100,000 free attached options exercisable at 10 cents on or before 30 June 2017.

On 22 October 2015, the Company entered into an agreement to terminate Atlas' obligation to make a $1.13/tonne royalty payment to Gondwana on the first 30M tonnes produced from Atlas' Corunna Downs Iron Project. The consideration was $500,000 payable within 7 days, $500,000 payable within 180 days, and $1,000,000 in Atlas shares on 1 August 2016. The proceeds in cash and shares have since been received. A further $250,000 is payable to Gondwana within 30 days of first iron ore exports from Corunna.

Gondwana retained the $1.13/tonne royalty on tonnes beyond the first 30M of production at Corunna Downs and a royalty of 1% of gross revenue from iron ore and other minerals mined and sold from Panorama (Remaining Royalty Interests).

On 11 November 2016, the Company announced an agreement to sell Gondwana's Remaining Royalty Interests to Ochre. Having entered into an agreement to sell back to Atlas Iron Limited (Atlas) the royalties on the first 30 million tonnes of production from Atlas' Corunna Downs iron project, Gondwana remained entitled to royalties from any production beyond 30Mt at Corunna Downs and any future production from Atlas' Panorama tenement, together referred to as the "Remaining Royalty Interests" (refer to the Company's previous ASX releases, also Atlas releases (ASX:AGO) for details).

The consideration payable to Gondwana by Ochre under the agreement for the sale of the Remaining Royalty Interests comprises:

- the buy back and cancellation of all shares held by OGH and its associated company, Joffrey Pty Limited, in Gondwana; and
- cash of $100,000.

The agreement is subject to receipt of the deposit and the consent of Atlas, both of which have been received, and the approval of Gondwana pursuant to the requirements for a selective share buy-back under Division 2 of Part 2J.1 of the Corporations Act and the requirements for the disposal of a substantial asset to a substantial holder under Listing Rule 10.1. Shareholder approval will be sought at the Company's forthcoming annual general meeting.

On 12 June 2017, the Company raised $133,638 from the placement of 3,818,227 new shares issued at a price of 3.5 cents each.

Other than as disclosed above, no events, matters or circumstances have arisen since the end of the half-year which, in the opinion of the directors, are likely to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

13. Commitments

Exploration Expenditure Commitments

The Company has certain obligations to perform minimum exploration work on tenements held. These obligations may vary over time, depending on the Company's exploration program and priorities, and are also subject to variations by negotiation, joint venturing or relinquishing some of the tenements.

At balance date, total exploration expenditure commitments of the Company which have not been provided for in the financial statements are estimated at $1,066,280 (30 June 2013: $1,065,480) for the next 12 months.

DIRECTORS' DECLARATION

In the opinion of the directors of Gondwana Resources Limited:

1. The financial statements and notes set out on pages 23 to 31 are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the financial position of the Company as at 30 June 2014 and of its performance, for the half year ended on that date; and

   (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

2. for the reasons set out in Note 5 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 31st day of July 2017 and signed in accordance with a resolution of the directors:

Steven Pynt
Director

KPMG

Independent auditor's review report to the members of Gondwana Resources Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Gondwana Resources Limited, which comprises the condensed interim statement of financial position as at 30 June 2014, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the half-year ended on that date, notes 1 to 13, comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Gondwana Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gondwana Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the half-year period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 5 to the financial report which indicates that for the half-year ended 30 June 2014 the Company's current liabilities exceed its current assets by $439,112 and had a net asset deficiency of $336,838 at that date, and that the ability of the Company to continue as a going concern is dependent upon one or a combination of its successful relisting on the ASX Limited, further anticipated capital raisings, potential gold mining income and sale of assets.

This condition, along with other matters as set forth in Note 5, indicate the existence of a material uncertainty which may cast significant doubt regarding the ability of the company to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

Grant Robinson

Grant Robinson

Partner

Perth

31 July 2017