Gondwana

RESOURCES LIMITED

ACN 008 915 311

Annual Report

Year ended 31 December 2014

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Year Ended 31 December 2014

CONTENTS

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REVIEW OF OPERATIONS

PARKER RANGE PROJECT

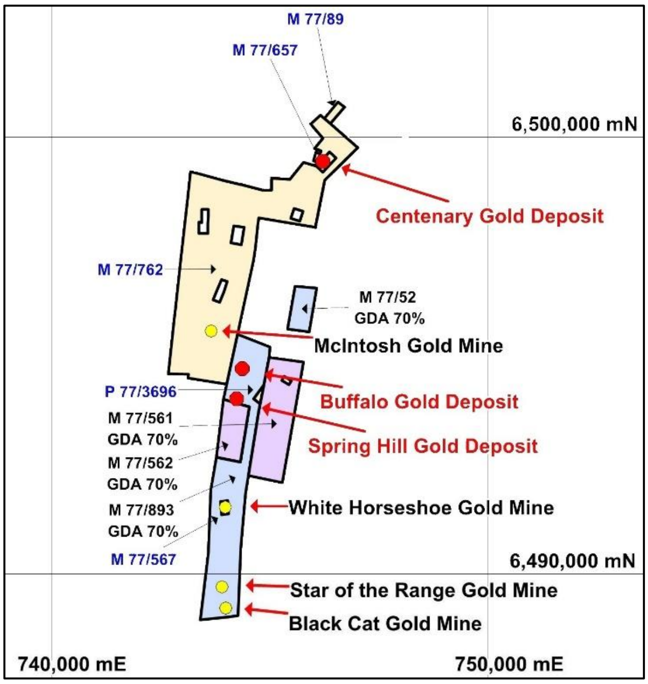

Figure 1: Location of the Parker Range Project

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.

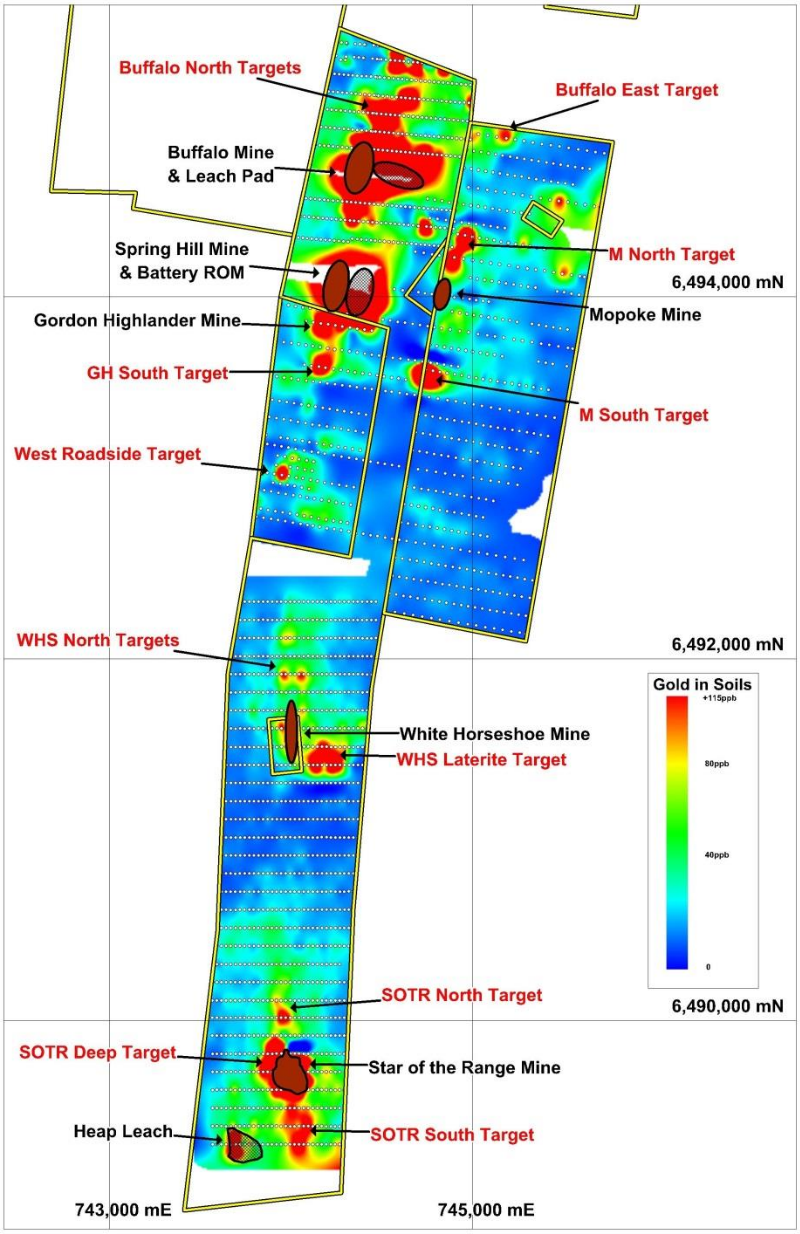

Figure 2: Gold in soils grid from shallow auger digitized from A39388 and A50319

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.

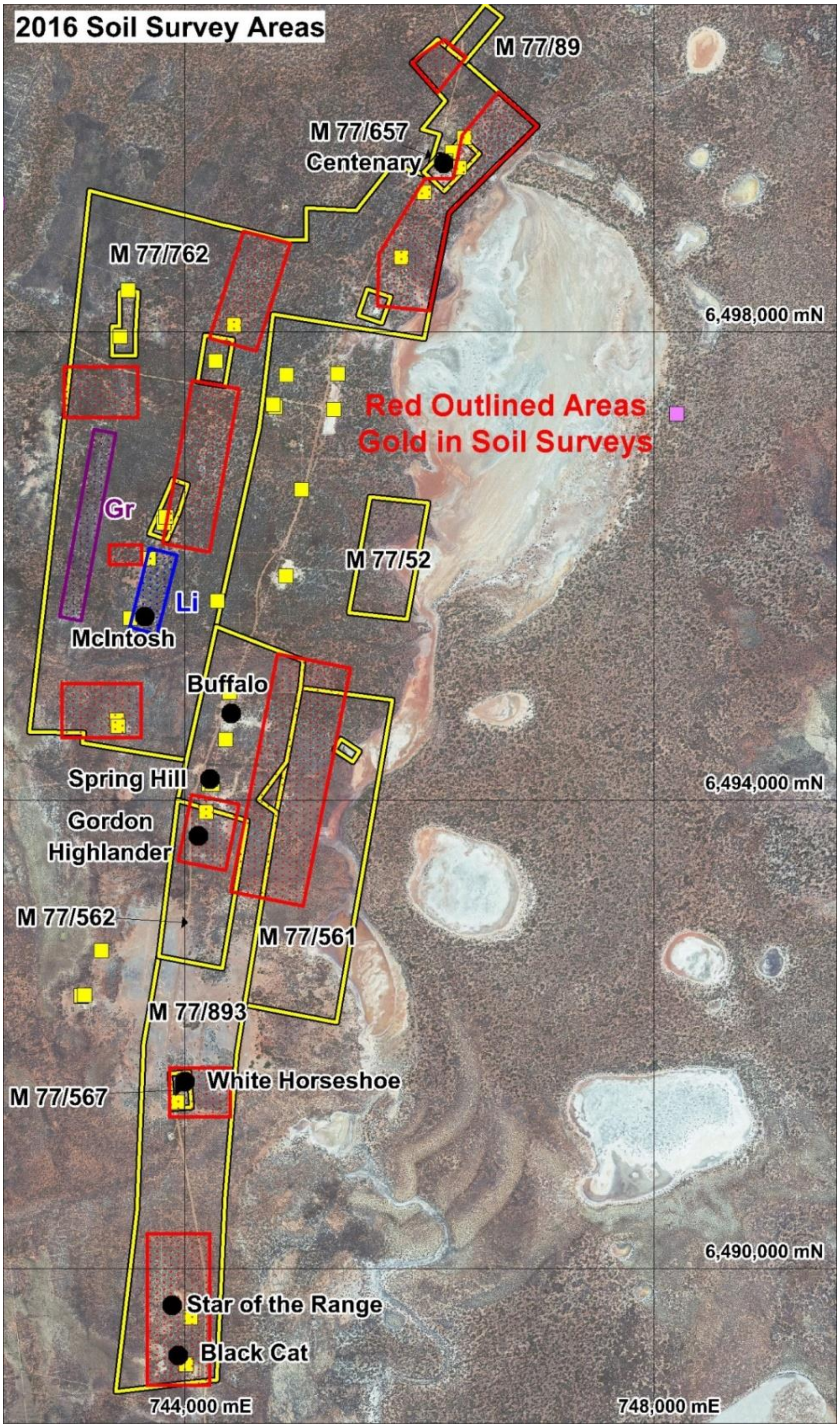

Figure 3: Soil Geochemical survey areas 2016

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.

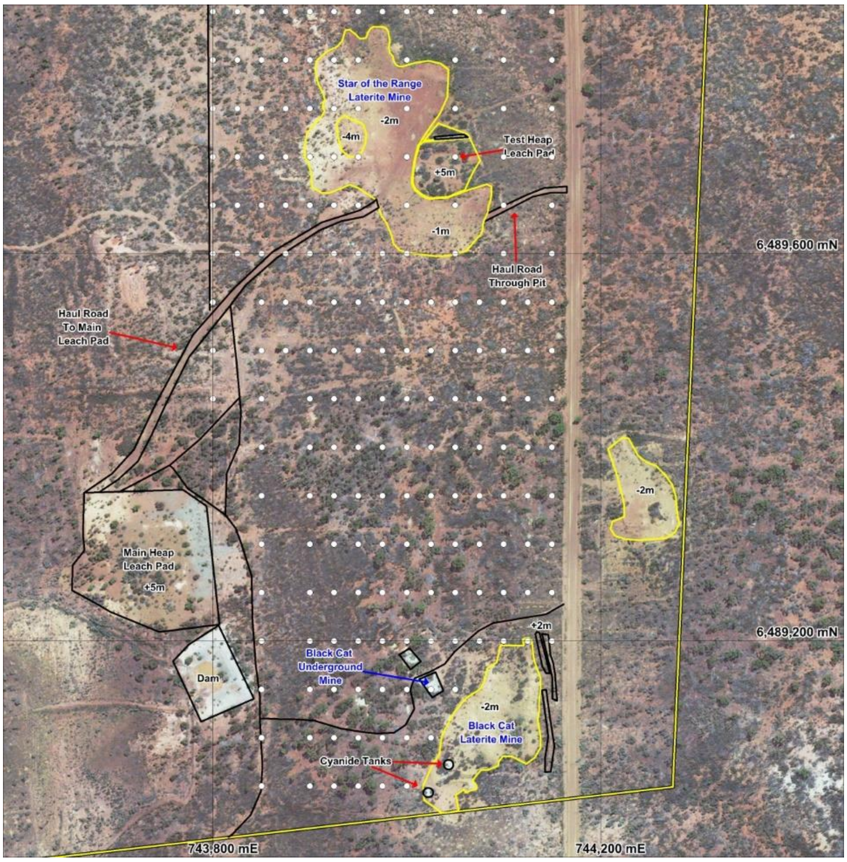

Figure 4: Gold sample location Black Cat to Star of the Range on satellite with topographic features

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.

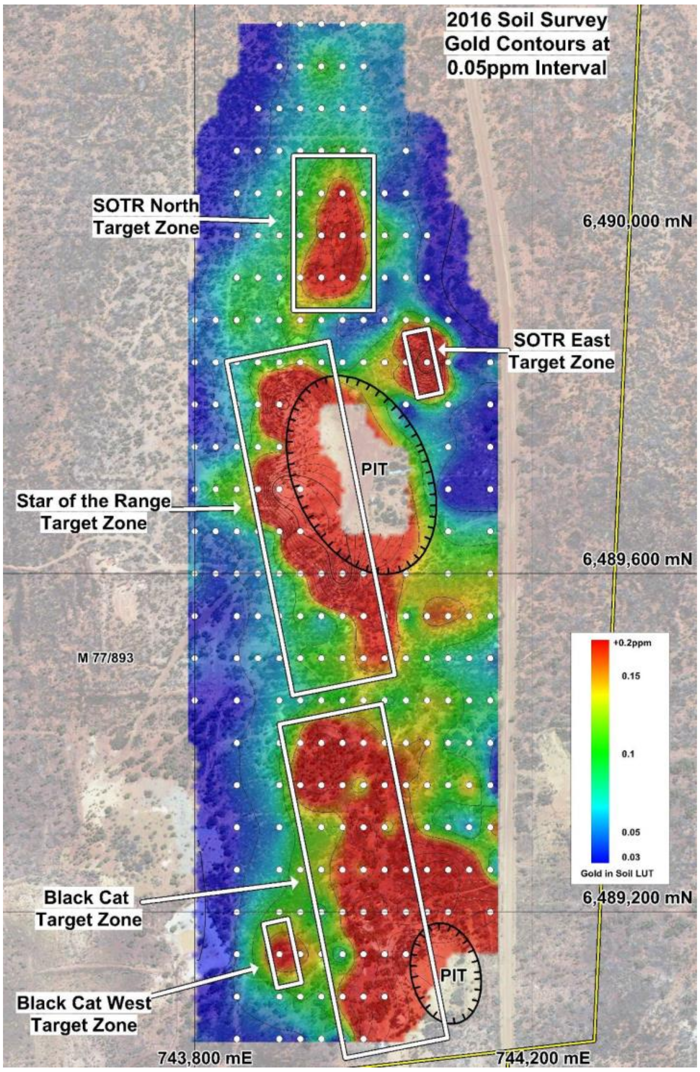

Figure 5: Black Cat Gold Target Zone is 400m long and Star of the Range Gold Target Zone is 400m

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.

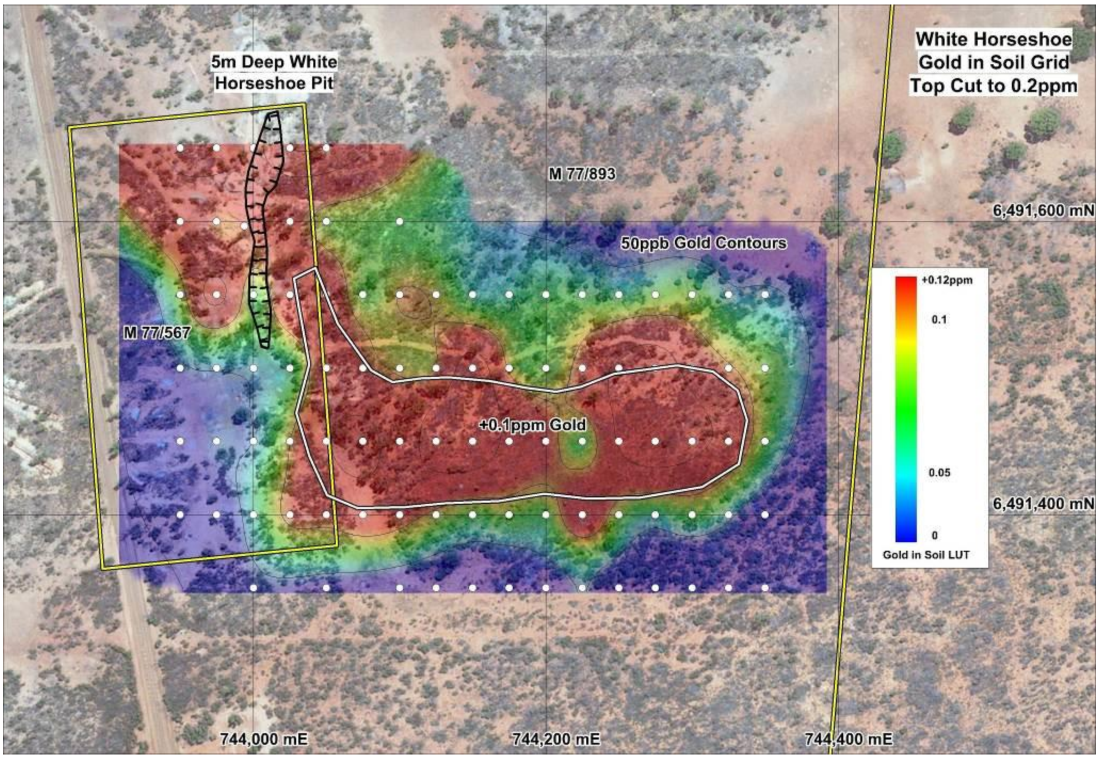

Figure 6: The White Horseshoe mine laterite gold target is only weakly anomalous +0.1g/t

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.

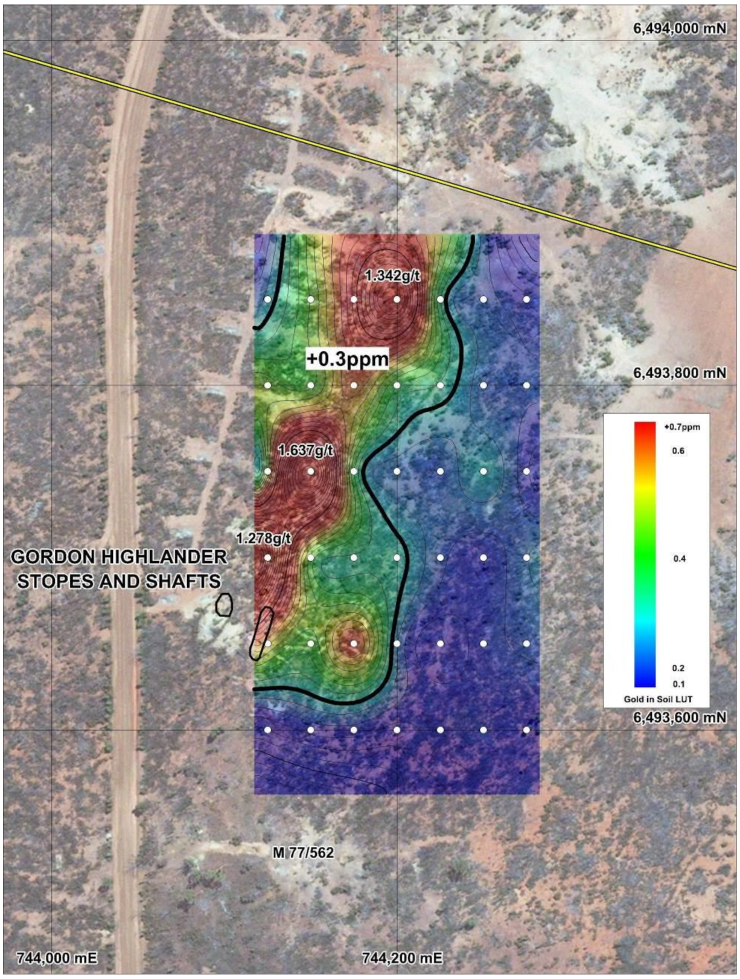

Figure 7: Gordon Highlander mine has multiple high grade soil assays within +0.3g/t areas

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.

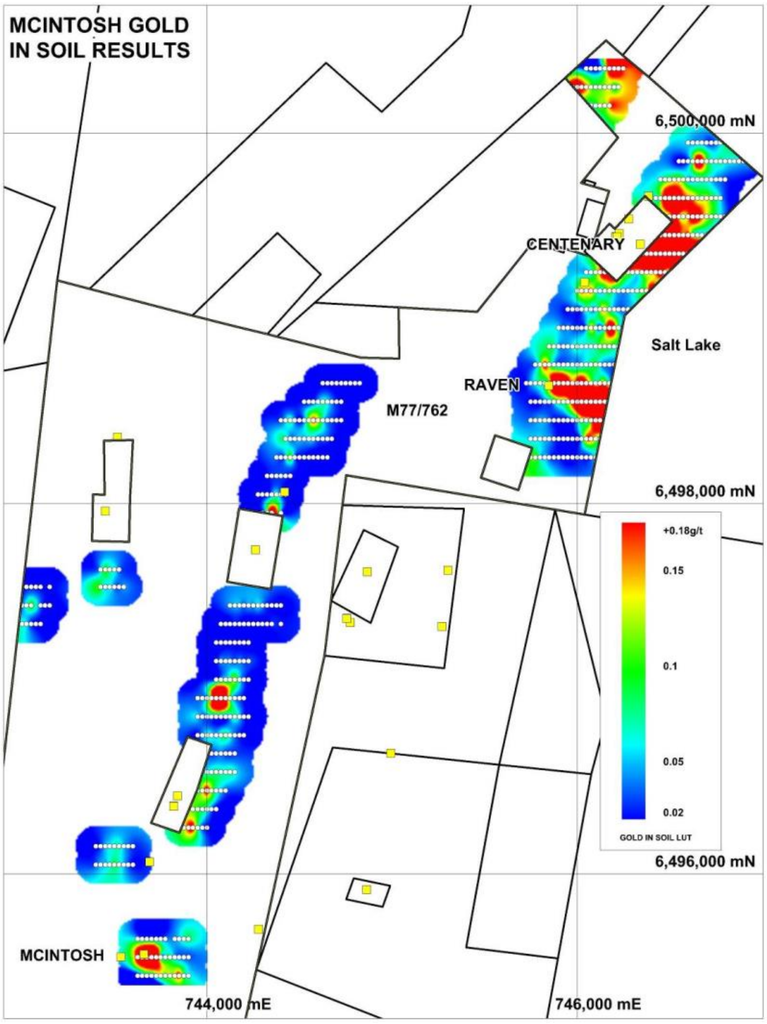

Figure 8: Centenary to McIntosh infill soils - target east of Raven is continuous to lake

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.

[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: -

a. 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.
b. 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%.
c. 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.
d. 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.
e. 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 11 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 11 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.

Criteria	JORC Code explanation	Commentary
		• 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 <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.*	• Reserves are classified according to Resource classification • They reflect the Competent Person’s view

Criteria	JORC Code explanation	Commentary
	• *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).*	• 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

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.*	• 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

Criteria	JORC Code explanation	Commentary
	• *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.*	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.*	• 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.*	• No NPV applied • Project is relatively short life at <6 months • Sensitivity analyses have been completed

Criteria	JORC Code explanation	Commentary
	• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	
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*	• 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.

Criteria	JORC Code explanation	Commentary
	viable, and that material Modifying Factors have been considered.	
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 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 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

Criteria	JORC Code explanation	Commentary
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
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*

DIRECTORS' REPORT

The directors present their report together with the financial report of Gondwana Resources Limited ("Gondwana" or "the Company") for the year ended 31 December 2014 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company during the year and at the date of this report are:

Warren Talbot Beckwith - Chairman and Managing Director
Appointed 3 April 1998
Warren Beckwith 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 and is currently an independent non-executive director of China Properties Group Limited (Hong Kong-listed) and Utopa Limited.

Steven Leigh Pynt - Non-Executive Director and 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 has completed a Bachelor of Business majoring in Accounting, an MBA and a Master of Taxation Studies. Steven has had long experience as company director and is Chairman of Global Health Limited and Ephraim Resources Limited (both ASX-listed).

Paul Millington Goodsall - Non-Executive Director
Appointed director 8 October 1999, company secretary 29 October 1999, resigned 9 February 2015
Paul Goodsall passed away on 12 March 2015. Paul 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 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 that specialised in the mining and telecommunications industries.

All related party transactions have been disclosed in Note 20 of the financial statements.

1. COMPANY SECRETARY

Mr Steven Leigh Pynt, was appointed to the position of company secretary on 9 February 2015. Mr Paul Millington Goodsall held the position of company secretary up until 9 February 2015.

2. DIRECTORS' MEETINGS

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings	
Director	**Entitled to Attend**	**Attended**
Warren Beckwith	27	27
Paul Goodsall	27	22
Steven Pynt	27	27
Jolyon Sinclair	27	26

3. PRINCIPAL ACTIVITIES

The Company's principal activity during the year was mineral exploration. There has been no change in this activity since the previous year.

DIRECTORS' REPORT (continued)

4. OPERATING AND FINANCIAL REVIEW

Review of operations

The review of operations is included at pages 3 to 20.

Review and results of operations

The loss of the Company for the financial year after income tax was $2,091,443 (2013: Loss $358,189).

Shareholder returns

In considering the Company's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and previous financial years.

	2014	2013	2012	2011	2010
Net loss attributable to the equity holders of the company	(2,091,443)	(358,189)	(325,686)	(1,766,138)	(2,380,855)
Loss per share	($0.096)	($0.02)	($0.03)	($0.26)	($0.60)
Dividends paid	-	--	-	-	-
Share price at 31 December^	$0.10	$0.07	$0.05	$0.30	$1.20
Change in share price^	$0.03	$0.02	($0.25)	($0.90)	($2)

^ *last price prior to suspension of trading on 15 September 2014*

The Company operates principally as a mineral explorer and, to date, none of its projects have reached the stage of production. Accordingly, net profit/(loss) is not at present considered as one of the financial performance targets in setting the Directors' remuneration, which is instead set after consideration of market and competitive factors. Net profit/(loss) amounts for 2010 to 2014 have been calculated in accordance with Australian Accounting Standards (AASBs).

5. DIVIDENDS

No dividends have been paid since the end of the previous year and no dividends are recommended for the current year.

6. STATE OF AFFAIRS

During the year, the Company raised $80,000 from the issue of 2,500,000 ordinary fully paid shares, and a total of $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 was 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. 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:

DIRECTORS' REPORT (continued)

- on 30 June 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.

7. LIKELY DEVELOPMENTS

The Company intends to continue its exploration activities and pursue new investment opportunities during the forthcoming year as discussed in the Review of Operations. Disclosure of further information on likely developments in operations and expected results has not been included as, in the opinion of the directors; it would be likely to result in unreasonable prejudice to the entity.

8. 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 Ochre and its associated company, Joffrey Pty Limited, in Gondwana (Ochre Shares); 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.

DIRECTORS' REPORT (continued)

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, matter or circumstances have arisen since the end of the financial 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 in subsequent years.

9. ENVIRONMENTAL REGULATION

The Company's operations are subject to environmental regulation under both Commonwealth and State legislation in relation to mining and exploration activities. The Company is committed to achieving a high standard of environmental performance.

The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

As part of this process the Board is responsible for:

- implementing environmental management plans in operating areas which may have a significant environmental impact or where required by legislation;
- identifying where remedial actions are required and implementing actions plans;
- regular monitoring of tenement licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis; and
- providing bonds where required by the relevant State government department.

Based on the results of enquiries made, the Board is not aware of any significant breaches during the period covered by this report.

10. REMUNERATION REPORT (AUDITED)

Principles of compensation

Remuneration is also referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company and other executives.

Key management personnel during the year comprised the directors of the Company. Compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced directors. Given the size of the operation, there is no separate Remuneration Committee, though the Board evaluates the appropriateness of compensation packages given trends in comparative companies and the objectives of the Company's compensation strategy. In addition to their salaries, the Company provides non-cash benefits to its key management personnel, and contributes to a post-employment defined contribution superannuation plan on their behalf.

Due to the size and nature of the operations, the remuneration structure is not directly linked to shareholder wealth.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Performance linked compensation

Performance linked compensation may include long-term incentives. The long-term incentive (LTI) is provided as unlisted shares of the Company under the rules of the Gondwana Employee Share Plan and options (see note 17 to financial statements). There were no bonuses or long-term incentives granted to key management personnel during the year, and there are no unvested or unexercised long-term incentives outstanding at the end of the year.

DIRECTORS' REPORT (continued)

Consequences of performance on shareholder returns

In considering the Company's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and previous financial years:

	2014	2013	2012	2011	2010
Net loss attributable to the equity holders of the company	(2,091,443)	(358,189)	(325,686)	(1,766,138)	(2,380,855)
Loss per share	($0.096)	($0.02)	($0.03)	($0.26)	($0.60)
Dividends paid	-	--	-	-	-
Share price at 31 December^	$0.10	$0.07	$0.05	$0.30	$1.20
Change in share price^	$0.03	$0.02	($0.25)	($0.90)	($2)

^ *last price prior to suspension of trading on 15 September 2014*

The Company operates principally as a mineral explorer and, to date, none of its projects have reached the stage of production. Accordingly, net profit/(loss) is not at present considered as one of the financial performance targets in setting the Directors' remuneration, which is instead set after consideration of market and competitive factors. Net profit/(loss) amounts for 2010 to 2014 have been calculated in accordance with Australian Accounting Standards (AASBs).

Service contracts

There is a consultancy agreement between Bellatrix Pty Ltd, Warren Beckwith and the Company to provide the services of Mr Beckwith to act in the role of Managing Director at a monthly fee of $15,000 (except for monthly fee of $18,000 from 1 July 2016 to 31 January 2017) together with the provision of a motor vehicle, with expenses to be paid or reimbursed. The terms of the agreement do not provide for any termination payment but, if the agreement is terminated before its expiry date, the remainder of the agreement must be paid out. The agreement expires in 30 June, 2019.

A consultancy agreement between Engove Pty Ltd atf Dansar Trust, Daniel Hewitt and the Company to provide the services of Mr Hewitt as a Consultant at a rate of $900 per day with expenses to be paid or reimbursed was terminated in 2014.

Non-executive directors

Total compensation for all non-executive directors, as per the Company's Constitution, is not to exceed $150,000 per annum and is set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Paul Goodsall resigned as non-executive director on 9 February 2015.

DIRECTORS' REPORT (continued)

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and key management personnel are:

		Short-term				*Post-employ-ment*	*Share-based payments*			*Total*	*Value of share-based payments as proportion of remuneration*	*Portion of remuneration performance related*
		Salary & fees	*Consulting fees*	*Non-monetary benefit*	*Total*	*Super-annuation benefits*	*Options (A)*	*Unlisted shares (B)*	*Total*			
		$	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*%*	
Directors												
Non-executive directors												
P M Goodsall	2014	22,500	7,749	-	30,249	2,813	-	-	-	33,062	-	-
	2013	30,000	1,207	-	31,207	2,738	-	-	-	33,945	-	-
S Pynt	2014	22,500	-	-	22,500	2,813				25,313	-	-
	2013	30,000	-	-	30,000	2,738	-	-	-	32,738	-	-
J Sinclair	2014	22,500	-	-	22,500	2,813	-	-	-	25,313	-	-
	2013	15,000	-	-	15,000	1,913	-	-	-	16,913	-	-
Executive directors												-
W T Beckwith (Chairman)	2014	18,000	180,000	23,954	221,954	3,375	-	-	-	225,329	-	-
	2013	36,000	180,000	26,893	242,893	3,285	-	-	-	246,178	-	-
Total directors' remuneration	2014	85,500	187,749	23,954	297,203	11,814	-	-	-	309,017	-	-
	2013	111,000	181,207	26,893	319,100	10,674	-	-	-	329,774	-	-
Executives												
D Hewitt - CEO	2014	60,400	-	-	60,400	-	-	-	-	60,400	-	-
	2013	203,985	-	-	203,985	-	-	-	-	203,985	-	-
Total executive remuneration 2014	2014	60,400	-	-	60,400	-	-	-	-	60,400	-	-
	2013	203,985	-	-	203,985	-	-	-	-	203,985	-	-
Total directors' and executives remuneration	2014	145,900	187,749	23,954	357,603	11,814	-	-	-	369,417	-	-
	2013	314,985	181,207	26,893	523,085	10,674	-	-	-	533,759	-	-

DIRECTORS' REPORT (continued)

Options and rights over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as compensation to each director during the reporting period, and details on options that were vested during the reporting period are as follows:

There were no options granted as remuneration to the directors in the Company during or subsequent to the end of the reporting period.

Exercise of options granted as compensation

During the reporting period no shares were issued to directors on the exercise of options previously granted as compensation in the Company.

Key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Other key management personnel transactions

During the year, the Company reimbursed Westralian Group Pty Ltd, a company of which W T Beckwith controls as a director, $198,796 (2013: $160,508) for the cost of office facilities, personnel and administrative services. The Company also paid P M Goodsall $7,749 (2013: $1,207) for the provision of secretarial services. The Company has an interest free loan owing to Warren Beckwith and Bellarix Pty Ltd (controlled by Warren Beckwith) of $202,571 ($180,114).

Movements in shares and options

The movement during the reporting period in the number of ordinary shares and options of the Company held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

Specified key management	Year	Shares held at 1 January	Purchases	Disposals	Granted as compen-sation	Received on exercise of options	Shares held at 31 December
WT Beckwith	2014	2,268,793	70,750	-	-	850,000	3,189,543
SL Pynt	2014	125,931	1,350	(70,750)		600,000	656,531
PM Goodsall	2014	554,949	-	-	-	300,000	854,949
J Sinclair	2014	-	1,461	-	-	-	1,461
D Hewitt	2014	-	-	-	-	-	-

Specified key management	Year	Options held at 1 January	Purchases	Disposals / Expired	Granted as compen-sation	Exercise of options	Options held at 31 December
WT Beckwith	2014	1,850,000	-	-	-	(850,000)	1,000,000
SL Pynt	2014	600,000	-	-	-	(600,000)	-
PM Goodsall	2014	500,000	-	-	-	(300,000)	200,000
J Sinclair	2014	-	-	-	-	-	-
D Hewitt	2014	-	-	-	-	-	-

[End of audited remuneration report]

DIRECTORS' REPORT (continued)

11. DIRECTORS' INTERESTS AND BENEFITS

The relevant direct and indirect interest of each director in the shares and options issued by the Company as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares
W T Beckwith	3,189,543	-
P M Goodsall	854,949	-
S L Pynt	656,531	-
J J Sinclair	1,461	-

12. UNISSUED SHARES UNDER OPTION

At the date of this report, there were no unissued ordinary shares of the Company under option.

No options have been granted since the end of the financial year.

13. SHARES ISSUED ON EXERCISE OF OPTIONS

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

Shares issued during the year	Shares issued since year end	Total number of shares issued	Amount paid on each share
4,680,000	-	4,680,000	$0.10

14. INDEMNIFICATION AND INSURANCE

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance Premiums

Since the end of the previous financial year the Company has not paid insurance premiums in respect of Directors' and Officers' liability insurance.

15. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with director resolution, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporation Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board of Directors to ensure they do not impact the integrity and objectivity of the auditor, and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

DIRECTORS' REPORT (continued)

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit services provided during the year are set out below.

	2014	2013
	$	$
Audit services:		
Auditor of the Company-KPMG:		
Audit and review of financial reports	84,600	62,764
Service other than statutory audit-KPMG:		
Other services:		
Taxation compliance services	10,500	-

16. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 33 and forms part of the directors' report for the year ended 31 December 2014.

Dated at Perth this 31st day of July 2017.

Signed in accordance with a resolution of directors

Steven Pynt
Director

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices that were in place throughout the financial year, which comply with the ASX corporate governance council recommendations, unless otherwise stated.

Composition of the Board

The Board of Directors presently consists of an executive chairman and two non-executive directors. The directors consider the size of the Board is consistent with the size of the Company and is adequate to ensure significant issues are dealt with at Board level. The composition of the Board is monitored to ensure it has the appropriate mix of expertise and experience.

Responsibilities of the Board

The Board of Directors is responsible for the direction and oversight of the Company's business on behalf of the shareholders. The Board's most important functions include:

- setting goals, strategies and plans for the Company's business;
- adopting an annual budget and monitoring the Company's financial performance;
- ensuring adequate internal controls exist;
- ensuring significant business risks are identified and appropriately managed; and
- appointing and reviewing the performance of senior management and/or parties contracted to provide management services.

Significant Business Risks

The Company is committed to the management of risks throughout its operations to protect its employees, the environment, assets and reputation. The Board maintains an ongoing review of areas of significant risk and implements appropriate policies to reduce and minimise risks. Such policies include insurance to reduce the financial impact of adverse events.

Remuneration

The role of the Board includes determining remuneration packages and policies applicable to senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

Independent Professional Advice

Each director has the right to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which is not unreasonably withheld.

External Audit

The Company's external auditor is KPMG. KPMG were appointed through resolution of shareholders in the annual general meeting of 1998. The lead audit partner is required to rotate after the December 2014 audit.

Audit Committee

The Company does not have a formally constituted Audit Committee. All matters that are capable of delegation to such a committee are dealt with by the full Board. The Board is responsible for reviewing the adequacy of the scope and quality of the annual statutory audit and half-year review. The Board is responsible for the nomination of external auditors.

Ethical Standards

All directors and executives are expected to act with the utmost integrity and objectivity in the performance of their duties, striving at all times to enhance the reputation and performance of the Company.

Nomination committee

The Company does not have a formally constituted Nomination Committee. The full Board oversees the appointment and induction process for directors, and the selection, appointment and succession planning.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board reviews the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary. The Board identifies potential candidates with advice from an external consultant. The Board then appoints the most suitable candidate. New Board appointees must stand for election at the next general meeting of shareholders.

Diversity

The Board has not yet established a formal diversity policy to be made publicly available, and containing measureable objectives for achieving gender diversity. The Company is currently considered to be of insufficient size to warrant it.

The Company has 4 directors, including an Executive Chairman, all of whom are male. In addition, the Company currently employs (including on a consulting basis) 3 people, 2 females and 1 male; none of whom are in senior executive positions.

Risk Management

Oversight and management of material business risks

The Company has a management policy in place for the identification and effective management of risk. The policy provides for the management of risk by the Board and executive reports to the Board, being principally the risks involved in the Company's main business enterprise, namely developing its gold and minerals exploration interests.

Design and implementation of systems to manage material business risks

Management has established a register of business risks and identified the material business risks affecting the Company. To the extent possible in a Company with a very small number of staff, internal controls are in place to mitigate against any material business risks. Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, resourcing, and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board.

Potential operational risks involved in running the Company are managed by the Board. Due to the size of the Company, the Board does not consider it practical to establish a separate committee to focus on these issues.

The Company Secretary and the Executive Chairman, who have overall responsibility for the implementation of the policy, report to the Board on the effective management of risk.

Compliance with Corporations Act Section 295A

The Board receives a declaration from the Executive Chairman and the Company Secretary covering the matters set out in section 295A of the Corporations Act 2001 and in accordance with the terms stipulated in Recommendation

Communication with shareholders

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

- The Board interprets the Company's policy. The Executive Chairman is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered. The Board follows a regular Continuous Disclosure review process, which involves monitoring all areas of the Company's internal and external environment. Once the Board is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, the Company immediately tells ASX that information.
- The full annual report is provided via the Company's website to all shareholders (unless a shareholder has specifically requested to receive a physical copy), including relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments.
- The half-yearly report contains summarised financial information and a review of the operations of the Company during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it.

CORPORATE GOVERNANCE STATEMENT (continued)

- Proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders as required by the Company's Constitution and the ASX Listing Rules.
- All announcements made to the market and related information (including information provided to analysts or the media during briefings) are placed on the Company's website after they are released to the ASX.
- The full texts of notices of meetings and associated explanatory material are announced to the ASX and placed on the Company's website.
- The external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous 3 years, is made available on the Company's website as soon as possible after public release.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as separate resolutions. The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the Remuneration report and changes to the Constitution. A copy of the Constitution is available to any shareholder who requests it.

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 audit of Gondwana Resources Limited for the year ended 31 December 2014 there have been:

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

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

KPMG

KPMG

Grant Robinson

Grant Robinson

Partner

Perth

31 July 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		$	$
Other income	6	200,406	1,468,026
Employee expenses		(106,669)	(84,176)
Office and corporate expenses		(636,684)	(460,815)
Capital raising costs		(132,660)	-
Legal and professional fee expenses		(831,855)	(12,522)
Depreciation expenses		(867)	(3,183)
Provision for diminution – loan receivable		(10,000)	(300,000)
Exploration expenditure		(568,642)	(945,953)
Results from operating activities		(2,086,971)	(338,623)
Finance income		5,026	25,396
Finance expenses	5	(9,498)	(44,962)
Net finance expenses		(4,472)	(19,566)
Loss before income tax		(2,091,443)	(358,189)
Income tax expense	8	-	-
Loss for the period		(2,091,443)	(358,189)
Other comprehensive income		-	-
Total comprehensive loss for the period		(2,091,443)	(358,189)
Loss attributable to owners of the company		(2,091,443)	(358,189)
Total comprehensive loss for the period attributable to the owners of the company		(2,091,443)	(358,189)
Earnings per share:			
Basic loss per share	9	($0.096)	($0.02)
Diluted loss per share	9	($0.096)	($0.02)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out pages 38 to 55.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	2014	2013
		$	$
Assets			
Property, plant and equipment	13	1,520	520
Capitalised Exploration and evaluation expenditure	14	100,300	100,400
Total non-current assets		101,820	100,920
Cash and cash equivalents	10	14,081	222,655
Other receivables	11	67,463	132,751
Loan receivable	12	-	-
Total current assets		81,544	355,406
Total assets		183,364	456,326
Liabilities			
Trade and other payables	15	1,587,373	339,349
Interest bearing liabilities	16	202,571	180,114
Total current liabilities		1,789,944	519,463
Total liabilities		1,789,944	519,463
Net assets deficiency		(1,606,580)	(63,137)
Equity			
Share Capital	17	33,023,154	32,475,154
Reserves		140,781	140,781
Accumulated losses		(34,770,515)	(32,679,072)
Total equity		(1,606,580)	(63,137)

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 38 to 55.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital	Accumulated Losses	Share based payment Reserve	Total Equity
	$	$	$	$
Balance at 1 January 2013	32,474,840	(32,320,883)	140,781	294,738
Total comprehensive income for the period;				
Profit or (loss)	-	(358,189)	-	(358,189)
Total comprehensive income for the period;	-	(358,189)	-	(358,189)
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners				
Share options exercised	314	-	-	314
Share issue costs	-	-	-	-
Total contributions by and distributions by owners	314	-	-	314
Balance at 31 December 2013	32,475,154	(32,679,072)	140,781	(63,137)
Balance at 1 January 2014	32,475,154	(32,679,072)	140,781	(63,137)
Total comprehensive income for the period				
Profit or (loss)	-	(2,091,443)	-	(2,091,443)
Total comprehensive income for the period;	-	(2,091,443)	-	(2,091,443)
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 31 December 2014	33,023,154	(34,770,515)	140,781	(1,606,580)

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 38 to 55.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		$	$
Cash flows from operating activities			
Cash receipts in the course of operations		506	274,175
Cash payments in the course of operations		(351,876)	(710,009)
Interest received		5,026	25,396
Exploration and evaluation expenditure		(518,363)	(1,017,219)
Net cash used in operating activities	18(ii)	(864,707)	(1,427,657)
Cash flows from investing activities			
Payments for plant and equipment		(1,867)	-
Proceeds from sales of tenements		200,000	1,400,100
Loans to a third party	12	(10,000)	(300,000)
Net cash from investing activities		188,133	1,100,100
Cash flows from financing activities			
Proceeds from issue of shares and exercise of options (net of costs)	18 (iii)	473,000	314
rrowings		105,000	-
Repayment of borrowings		(110,000)	(189,148)
Net cash from/(used in) financing activities		468,000	(188,834)
Net decrease in cash held		(208,574)	(516,391)
Cash at the beginning of the financial period		222,655	739,046
Cash at the end of the financial period	18(i)	14,081	222,655

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 38 to 55.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. REPORTING ENTITY

Gondwana Resources Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 47 Ord Street, West Perth, Western Australia.

The Company is a for-profit entity and primarily is involved in the exploration and evaluation of mineral deposits.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statement is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards ("AASBs")(including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001. The financial statements of the Company, comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was approved for issue by the Board of Directors on 31 July 2017.

(b) Basis of measurement

The financial report is presented in Australian dollars, which is the Company's functional currency.

The financial statements have been prepared on the historical cost basis except for share based payments, investments which are recorded at fair value through profit and loss and loans and receivable. Share based payments are valued at grant date using the Black-Scholes option pricing formula. Investments are valued based on the quoted closing price of that security at balance date.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies have been included in the notes and accounting policies section for the following:

- Accounting for exploration and evaluation assets (Note 3(k))
- Impairment (Note 3(l))
- Share based transactions (Note 3(d))
- Going concern (Note 2(d))

(d) 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 assets 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 recorded in these accounts and incurred subsequently have been repaid, principally from the sale of non-core assets which raised approximately $2,000,000 as disclosed in Note 24.

The Company made a loss during the year ended 31 December 2014 of $2,091,443 (2013: loss $358,189) with cash outflows from operations of $864,707 (2013 $ 1,427,657). Current liabilities exceeded current assets by $1,708,400 at 31 December 2014 (31 December 2013 $164,057), and the Company has a net assets deficiency of $1,606,580 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 December 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 24). 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) Revenue

Revenue is measured at the fair value of consideration received or receivable, net of the amount of goods and services tax (GST).

Other income
Sales of non-current assets are recognised at the date control of the assets passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

or as part of an item of the expense.

Receivables and payable are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities are recoverable from, or payable to, the ATO are classified as operating cash flows.

(c) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Employee benefits

Wages, salaries, annual leave and sick leave
The provisions for employee benefits including wages, salaries, annual leave and sick leave represent present obligations resulting from employee's services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

Share-based payment transactions
The share option programme allows the Company's employees and key consultants to acquire shares of the Company through exercising options granted. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees or consultants become unconditionally entitled to the options. The fair value of the options granted is measured based on the Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. In addition, a probability factor of vesting is taken into account when calculating their theoretical fair value using the Black-Scholes option pricing model.

The fair value of employee stock and options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk free interest rate (based on Government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Superannuation plan
The Company contributes to several defined contribution superannuation plans. Contributions are recognised as an employee expense in profit or loss in the periods during which the services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(e) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(f) Provisions

A provision is recognised in the statement of comprehensive income when the Company has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(g) Loan and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 3(l)). Loans and receivables comprise cash and cash equivalents and loan receivables.

(h) Other trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 3(l)).

(i) Acquisition of assets

All assets acquired including property, plant and equipment, tenements acquired and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity to the extent of proceeds received, otherwise expensed.

(j) Property plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy 3(l)).

(ii) Depreciation
Assets are depreciated or amortised from the date of acquisition. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed. The depreciation/amortisation rates used for each class of asset for 2014 and 2013 are as follows:

	2014	**2013**
Office equipment	25% to 40%	25% to 40%
Computer equipment	25% to 40%	25% to 40%
Computer software	25% to 40%	25% to 40%
Field equipment	25% to 40%	25% to 40%

(k) Exploration and evaluation expenditure

Other than tenement acquisition costs, which are capitalised, exploration and evaluation expenditure is expensed as incurred. Tenement acquisition costs are only carried forward as an asset where rights to tenure are current and the costs:

- relate to acquisitions and activities that have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to the area of interest are continuing; or
- are expected to be recouped through successful development and exploitation of the area of interest or by its sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Expenditure on exploration and evaluation activities other than acquisition costs in relation to areas of interest which have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves are expensed as incurred. Identifiable exploration assets acquired are accounted for in accordance with the company's policy on acquisition of assets.

Where an area of interest has been relinquished, abandoned or sold or the Directors decide that it is not commercial, all carrying costs in respect of that project area are recorded in profit or loss in the year the decision is made. Exploration and evaluation assets will be assessed annually for impairment in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* and the Company's policy in relation to impairment in accounting policy 3(l).

(l) Impairment

Non-financial assets

The carrying amounts of the Company's assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash flow from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill (if any) allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Calculation of recoverable amount

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternately, sale, of the underlying mineral exploration properties.

The Company undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these exploration assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review include: (i) recent drilling results and resource estimates (ii) environmental issues that may impact the underlying tenements (iii) the estimated market value of assets at the review date (iv) independent valuations of underlying assets that may be available (v) fundamental economic factors such as commodity prices, exchange rates and current and anticipated operating costs in the industry (vi) the Company's market capitalisation compared to its net assets.

Reversal of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-derivative financial assets

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(m) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing profit or loss attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus shares issued during the year, or since year end.

Diluted earnings per share
The calculation of diluted earnings per share is based on profit or loss attributable to the ordinary shareholders and a weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(n) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(o) Share Capital

Ordinary shares:
Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Share based payment reserve*:*
The fair value of options and equity share based payments granted by the Board has been expensed with a corresponding increase in share based payment reserve.

(p) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available for sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign exchange gains and losses are reported on a net basis.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(r) Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Company's chief operating decision maker. Internally the Company's information is attributed wholly to the mining industry within Western Australia as this is the only segment in which the Company is engaged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(s) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 December 2014 but have not been applied in preparing this financial report.

AASB 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The standard may have an impact on the calculation of impairment provisions, but that the Company has not yet quantified the impact. The Company does not plan to adopt until the year ending 31 December 2018.

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company has not yet determined the extent of the impact of this standard.

AASB 16 removes the classification of leases as either operating or financing leases – for the lessee – effectively treating all leases as financial leases. Short term leases (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. Furthermore, there are changes in accounting over the life of the lease as a front-loaded pattern of expense will be recognised for most leases, even when a constant annual rental is paid. Lessor accounting remains similar to current practice. AASB 16 is effective for periods commencing 1 January 2019, with early adoption permitted. The Company has not yet determined the extent of the impact of this standard.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Loan and other receivables:
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities:
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. FINANCIAL EXPENSE

	2014 $	2013 $
Interest and borrowing expense:		
Third parties	41	22,859
Related parties	9,457	22,103
	9,498	44,962

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	$	$

6. OTHER INCOME

Profit on sale of tenements (net of costs)	199,900	1,193,851
Other	506	-
R & D rebate	-	274,175
	200,406	1,468,026

On 30 June 2014, Atlas Operations Pty Ltd (a subsidiary of Atlas Iron Limited) purchased the Panorama tenement for $200,000. On 26 April 2013, Atlas Iron Limited exercised its option to purchase the Company's interest in the Corunna Downs tenements for $1,400,000.

7. AUDITOR'S REMUNERATION

Audit Services-KPMG		
- audit and review of the financial reports	84,600	62,764
Other Services-KPMG		
- tax compliance services	10,500	41,950
	95,100	62,764

8. TAXATION

Recognised in profit or loss:		
Current tax expense / (benefit)		
Current tax expense / (benefit)	(661,264)	(58,491)
Adjustments for prior years	-	-
	(661,264)	(58,491)
Deferred tax expense / (benefit)		
Tax losses not recognised	661,264	58,491
Total income tax expense in profit or loss	-	-
Numerical reconciliation between tax expense and pre-tax net profit		
Net loss before tax	(2,091,443)	(358,189)
Prima facie income tax (benefit) / expense using the domestic corporation tax rate of 30% (2013: 30%)	(627,433)	(107,457)
Decrease/(increase) in income tax benefit due to:		
Entertainment expense	43	247
Impairment loss not recognised for tax purposes	3,000	90,000
Other	(36,874)	(41,281)
	(661,264)	(58,491)
Tax losses not recognised	661,264	58,491
Income tax expense	-	-
Unutilised Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	29,820,720	26,955,243
Potential tax benefit at 30%	8,747,837	8,086,573

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**	**$**	**$**
Exploration, evaluation & development expenditure	-	-	(30,090)	(30,120)	(30,090)	(30,120)
Accruals	48,750	12,600	-	-	48,750	12,600
Unrecognised deferred tax assets	(18,660)	-	-	-	(18,660)	-
Tax losses recognised	-	17,520	-	-	-	17,520
Total assets /(liabilities)	30,090	30,120	(30,090)	(30,120)	-	-
Set off of tax	(30,090)	(30,120)	30,090	30,120	-	-
Net tax assets /(liabilities)	-	-	-	-	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits from.

9. EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share

	2014	2013
	$	$
Loss attributable to ordinary shareholders at 31 December	(2,091,443)	(358,189)
	2014	**2013**
	#	**#**
Issued ordinary shares at 1 January	17,228,440	17,228,425
Effect of share options exercised	2,761,425	298
Effect of ordinary shares issued	1,892,038	-
Weighted average number of shares	21,881,903	17,228,423

At balance date potential ordinary shares in the form of options not yet exercised (post-consolidation) were:

Expiry Date	Exercise Price	Number of Options
30 June 2015	$0.10	4,100,000

Potential ordinary shares are not considered dilutive as the conversion of these securities would result in a decrease in the net loss per share.

10. CASH AND CASH EQUIVALENT ASSETS

	2014	2013
	$	$
Cash at bank and on hand	13,835	222,409
Application monies received	246	246
	14,081	222,655

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed on note 22.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	$	$
11. OTHER RECEIVABLES		
GST receivable	38,096	38,951
Deposit for tenements	29,054	27,837
Amounts due from related parties	-	58,334
Other receivables	313	7,629
	67,463	132,751
12. LOAN RECEIVABLE		
Loan receivable	710,000	700,000
Less: Provision for diminution	(710,000)	(700,000)
	-	-

The loan receivable is an unsecured converting 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 in an IPO or otherwise. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computer equipment	Computer software	Field equipment	Total
	$	$	$	$	$
Cost					
Balance at 1 January 2013	21,833	20,214	61,355	1,273	104,675
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 December 2013	21,833	20,214	61,355	1,273	104,675
Balance at 1 January 2014	21,833	20,214	61,355	1,273	104,675
Additions	-	1,867	-	-	1,867
Disposals	-	-	-	-	-
Balance at 31 December 2014	21,833	22,081	61,355	1,273	106,542
Depreciation and impairment losses					
Balance at 1 January 2013	21,833	16,510	61,355	1,273	100,971
Depreciation for the year	-	3,183	-	-	3,183
Disposals	-	-	-	-	-
Balance at 31 December 2013	21,833	19,694	61,355	1,273	104,155
Balance at 1 January 2014	21,833	19,694	61,355	1,273	104,155
Depreciation for the year	-	867	-	-	867
Disposals	-	-	-	-	-
Balance at 31 December 2014	21,833	20,561	61,355	1,273	105,022
Carrying amounts					
at 1 January 2013	-	3,704	-	-	3,704
at 31 December 2013	-	520	-	-	520
at 1 January 2014	-	520	-	-	520
at 31 December 2014	-	1,520	-	-	1,520

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $

14. EXPLORATION AND EVALUATION EXPENDITURE

	2014 $	2013 $
Capitalised exploration and evaluation expenditure		
Cost		
Balance at 1 January	260.400	466,649
Exploration tenement interests acquired	-	-
Disposal	(100)	(206,249)
Balance at 31 December	260,300	260,400
Impairment		
Balance at 1 January	160,000	160,000
Write off	-	-
Balance at 31 December	160,000	160,000
Carrying Value		
at 1 January	100,400	306,649
at 31 December	100,300	100,400

The ultimate recoupment of costs carried forward in exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. This is assessed on an annual basis.

15. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	1,307,204	191,802
Other payables and accruals	243,101	57,407
Trade payables due to related entities (note 20)	37,068	90,140
	1,587,373	339,349

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are non-interest bearing normally settled on 30 day terms.

16. INTEREST BEARING LIABILITIES

	2014 $	2013 $
Current liabilities		
Related party loans (note 20)	202,571	180,114
	202,571	180,114

The above interest bearing liabilities are repayable on demand. Interest is payable on related party loans at 10% per annum from the date of advance to the date of repayment. These borrowings are unsecured.

17. CONTRIBUTED EQUITY

(a) Share capital

	2014 $	2013 $
Issued and paid-up share capital (listed*) 24,408,440 (2013: 17,228,440) ordinary fully paid shares	33,023,154	32,475,154

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014		2013	
Movement in Shares on Issue	**$**	**#***	**$**	**#***
Balance at beginning of year	32,475,154	17,228,440	32,474,840	17,228,125
Options exercised	468,000	4,680,000	314	315
Share placements	80,000	2,500,000	-	-
Balance at end of year	33,023,154	24,408,440	32,475,154	17,228,440

* The number of shares excludes 25,000 (2013:25,000) unlisted shares pursuant to the share plan.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(b) Options on issue

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

Issue Date	Expiry Date	Exercise Price	Options on Issue at Year End	
			2014	**2013**
28/11/2012	30 June 2014	$0.10	-	4,200,000
27/12/2012	30 June 2015	$0.10	4,100,000	5,000,000
			4,100,000	9,200,000

18. NOTES TO STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and deposits per note 3(q) maturing within the year. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2014 $	2013 $
Cash at bank and on hand	13,835	222,409
Application monies	246	246
	14,081	222,655
(ii) Reconciliation of cash flows from operating activities		
Profit/(Loss) for the period after income tax	(2,091,443)	(358,189)
Adjustments for:		
Depreciation	867	3,183
Profit on sale of tenements	(199,900)	(1,193,851)
Provision for diminution loan receivable	10,000	300,000
Directors' fees	85,500	-
Financial costs	9,498	44,962
Net cash used in operating activities before change in assets and liabilities	(2,185,478)	(1,203,895)
Change in assets and liabilities during the financial year		
(Increase)/decrease in other receivables	65,288	25,748
Increase/(decrease) in other payables	1,255,483	(249,510)
Net cash from operating activities	(864,707)	(1,427,657)
(iii) Non-cash investing and financing activities		
Settling of loans and payables through share placement	75,000	-
	75,000	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

19. SEGMENT REPORTING

For management purposes, the company is organised into one operating segment domiciled in the same country, which involves the exploration 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 statement of comprehensive income. The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of these financial statements.

20. RELATED PARTIES

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:

	2014	**2013**
	$	**$**
Base emoluments	145,900	314,985
Consulting fees	187,749	181,207
Non-monetary benefits	23,954	26,893
Superannuation contribution	11,814	10,674
	369,417	533,759

Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instrument disclosures is permitted by Corporations Regulations 2M.3.03 and is provided in the Remuneration Report section of the Directors' Report.

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

	Balance at 31 December 2014	Balance at 31 December 2013	Interest paid/payable 2014 year	Highest balance in 2014
	$	$	$	$
Paul Goodsall	29,999	35,825	-	52,250
Steven Pynt	2,250	30,825	-	47,250
Jolyon Sinclair	2,119	22,500	-	39,616
Warren Beckwith	205,271	181,104	9,457	269,200
Total loans received from key management personnel	239,639	270,254	9,457	408,319
Comprising:				
Payables	37,068	90,140	-	-
Interest bearing liabilities	202,571	180,114	--	-
Balance of (assets) / liabilities held with respect to key management personnel and their related parties	239,639	270,254	--	--

The payables balances are unpaid director fees, superannuation and reimbursement of expenses. The above interest bearing liabilities are unsecured and are repayable at call. Related party of Warren Beckwith included above is Bellatrix Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Other key management personnel transactions

During the year, the Company reimbursed Westralian Group Pty Ltd, a company of which W T Beckwith is a director, $198,796 (2013: $160,508) for the cost of office facilities, personnel and administrative services. The Company also paid P M Goodsall $7,749 (2013: $1,207) for the provision of secretarial services.

21. 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 decisions of the Department of Mining and Petroleum (DMP), the Company's exploration program and priorities, exemptions, reversions, tenement relinquishments and the performance of obligations on the Company's behalf by joint venture partners. At balance date, the total annual Department of Mines and Petroleum (DMP) exploration expenditure commitments for the next financial year in respect of the Company's current tenement holdings which have not been provided for in the financial statements are $997,280 (2013:$ 1,053,280). Expenditure commitments for subsequent years are contingent upon future exploration results. Obligations are subject to change upon expiry of the exploration leases or when application for a mining licence is made and have not been provided for in the financial statements.

22. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is responsible for developing and monitoring risk management policies. Risk management policies are established to identify and analyse the risks faced by the Company and, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables and deposits with parties.

Exposure to credit risk

Cash and cash equivalents and other receivables:
The carrying value of the Company's financial assets represents the maximum credit exposure.
The Company's maximum exposure to credit risk at reporting date was:

	Note	Carrying amount	
		2014	2013
		$	$
Cash and cash equivalents	10	14,081	222,655
Other receivables	11	67,463	132,751
Loan receivable	12	-	-
		81,544	355,406

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

As the Company operates in the mining exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Impairment losses

As disclosed in Note 12, a provision for diminution of $710,000 has been provided for loan receivables.

Investments:

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Refer to note 2(d).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities

2014	**Carrying amount**	**Contractual cash flows**	**6 months or less**
	$	**$**	**$**
Trade and other payables	1,587,373	(1,587,373)	(1,587,373)
Interest bearing liabilities	202,571	(202,571)	(202,571)
	1,789,944	(1,789,944)	(1,789,944)

2013	**Carrying amount**	**Contractual cash flows**	**6 months or less**
	$	**$**	**$**
Trade and other payables	339,349	(339,349)	(339,349)
Interest bearing liabilities	180,114	(180,114)	(180,114)
	519,463	(519,463)	(519,463)

At balance date or during the financial year, the Company has had no derivative financial liabilities.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is not exposed to currency risk as at the reporting date as the Company holds no financial assets or liabilities denominated in foreign currency. The Company's exposure to currency risk at balance date was nil (2013: $ nil).

Interest rate risk

The Company is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Company does not use derivatives to mitigate these exposures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Profile
At balance date the interest rate profile of the Company's interest-bearing financial instruments was:

	2014	2013
	$	$
Variable rate instrument		
Cash and cash equivalents	14,081	222,655
Fixed rate instruments		
Financial liabilities	202,571	180,114

Fair value sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial liabilities at fair value through profit or loss and the Company has no derivatives.

A change in interest rates at reporting date of 100 basis points would have increased/decreased profit or loss by $140 (2013:$ 2,227).

Capital Management
As disclosed in note 2 (d), the Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide a return to shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As the Company incurs net cash out flows from operations and has large accumulated losses, the primary method used to adjust its capital structure is the issue of new shares. The Company has determined that where possible it will issue ordinary shares, rather than issue hybrid forms of securities, so as to avoid any restrictions on its use of capital or commit to interest payments.

There are no externally imposed capital requirements.

23. EMPLOYEE BENEFITS

Superannuation plans
The Company contributes to defined contribution employee superannuation plans. The Company has a legally enforceable obligation to contribute to the plans. The amount recognised as an expense for the year ended 31 December 2014 was $15,907(2013: $17,133).

24. EVENTS SUBSEQUENT TO BALANCE 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"

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

- 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.

The agreement was 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, matter or circumstances have arisen since the end of the financial 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 in subsequent years.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Gondwana Resources Limited ("the Company"):

   a) the financial statements and notes and remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the Company as at 31 December 2014 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

   b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a);

   c) remuneration disclosures contained in the Remuneration Report in the Directors' Report comply with the Corporations Act 2001 and the Corporations Regulations 2001; and

   d) as set out in note 2(d) there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities as and when they become due and payable.

2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the executive chairman for the financial year ended 31 December 2014.

Dated at Perth this 31st day of July 2017

Signed in accordance with a resolution of the directors:

Steven Pynt
Director

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

Report on the financial report

We have audited the accompanying financial report of Gondwana Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Gondwana Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note in 2(a).

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to note 2(d) to the financial report which indicates that for the year ended 31 December 2014 the Company's current liabilities exceeded its current assets by $1,708,400 and had a net asset deficiency of $1,606,580 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 2(d), 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.

Report on the remuneration report

We have audited the Remuneration Report included in page 24 to 27 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Gondwana Resources Limited for the year ended 31 December 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Grant Robinson

Grant Robinson

Partner

Perth

31 July 2017

SHAREHOLDER INFORMATION AS AT 22 JUNE 2017

(a) Voting Rights and Classes of Equity Securities

The Company has issued equity securities comprising:

- 29,626,667 listed fully paid ordinary shares; each fully paid share carrying on a poll, one vote.

(b) Distribution of fully paid ordinary shares and options

Size of holding	Shareholders
1 - 1,000	2,097
1,001 - 5,000	291
5,001 - 10,000	95
10,001 - 100,000	101
100,001 & over	26
Total	2,610

(c) Substantial Shareholders

An extract of the Company's register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Ochre Group Holdings Limited	22.33% of Issued Capital
Duncan Merrin	11.77% of Issued Capital
BC Capital Limited	11.90% of Issued Capital
Bellatrix Pty Ltd	10.77% of Issued Capital
Dimitrios Hilaris	6.94% of Issued Capital

(d) Twenty Largest Shareholders

The twenty largest shareholders hold 80.02% of the total ordinary shares issued. The names of the 20 largest holders of shares as at 22 June 2017 are listed below.

Rank	Name	Units	%
1.	B C CAPITAL LIMITED	3,398,571	11.47
2.	BELLATRIX PTY LTD	2,855,331	9.64
3.	OCHRE INDUSTRIES PTY LIMITED	2,783,994	9.40
4.	INTERNATIONAL BUSINESS SERVICES LIMITED	2,509,577	8.47
5.	OCHRE INDUSTRIES PTY LIMITED	2,260,606	7.63
6.	MR DIMITRIOS HILARIS	1,107,400	3.74
7.	MR DIMITRIOS HILARIS	949,656	3.21
8.	FERN VALLEY LIMITED	926,439	3.13
9.	MR DARRYL JOHN PEASNELL	909,286	3.07
10.	JOFFREY PTY LTD	850,000	2.87
11.	JOYMILL PTY LTD <PM & DJ GOODSALL S/F A/C>	848,560	2.86
12.	OCHRE INDUSTRIES PTY LTD	814,272	2.75
13.	HANCOCK CORPORATE INVESTMENTS PTY LTD	735,000	2.48
14.	MRS MIRIAM ROSE PYNT	600,000	2.03
15.	MR RODNEY SHANE CORKER	520,000	1.76
16.	HELDON PTY LTD	422,000	1.42
17.	PEASNELL INVESTMENTS PTY LTD <DARRYL PEASNELL S/F A/C>	365,714	1.23
18.	MR PETER JOHN SOWRY	301,000	1.02
19.	MR GRANT EDWARD DONNES	300,000	1.01
20.	BECKWITH & COMPANY PTY LTD <BECKWITH SUPER FUND A/C>	248,450	0.84
	Total:	**23,705,856**	**80.02**

(e) Unquoted equity securities

The Company has issued unquoted equity securities comprising:

- 300,000 unquoted shares issued pursuant to the Gondwana Employee Share Plan

(f) On market buy-back

There is no current on market buy-back.