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**GONDWANA RESOURCES LIMITED**

**ACN 008 915 311**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10:30am (WST)

**DATE:** 11 August 2014

**PLACE:** The Celtic Club, 48 Ord Street, West Perth WA 6005

*This Notice of Annual General Meeting replaces the Notice of Annual General Meeting dated 13 June 2014. It should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company on +61 8 9364 7414.*

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## IMPORTANT INFORMATION

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### Time and place of Annual General Meeting

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Notice is given that the Annual General Meeting will be held at 10:30am (WST) on Monday, 11 August 2014 at The Celtic Club, 48 Ord Street, West Perth WA 6005.

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 10.30am (WST) on 9 August 2014.

### Voting in person

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

### Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

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

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

### ***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

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## BUSINESS OF THE ANNUAL GENERAL MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2013 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2013.”*

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

**Voting Prohibition Statement:**

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

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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

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

*“That, for the purposes of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Paul Goodsall, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – RATIFICATION OF PRIOR PLACEMENT OF SHARES

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,500,000 Shares on the terms and conditions set out in the Explanatory Statement."*

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

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#### 5. RESOLUTION 4 – PLACEMENT OF NEW OPTIONS

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Options on the terms and conditions set out in the Explanatory Statement."*

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

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#### 6. RESOLUTION 5 – FURTHER PLACEMENT – SHARES AND OPTIONS

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares, together with 15,000,000 free attaching Further Placement Options, on the terms and conditions set out in the Explanatory Statement."*

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

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#### 7. RESOLUTION 6 – ADOPTION OF EMPLOYEE SHARE PLAN

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Plan and for the issue of securities*

*under that Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY**


To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

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

**Dated: 8 July 2014**

**By order of the Board**



**Warren Beckwith**  
**Chairman**

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## EXPLANATORY STATEMENT

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

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2013 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

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

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

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

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy:***

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

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

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) At the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.
- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.
- (d) In determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/or
  - (ii) a Managing Director,



each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 4 Directors, 1 of whom is a Managing Director, accordingly 1 must retire.

Paul Goodsall, the Director longest in office since his last election, retires by rotation and seeks re-election.

The Company notes that on 12 June 2014, Ochre Group Holdings Ltd (**OGH**) a shareholder holding more than 5% of the voting power in the Company served a notice on the Company pursuant to section 249D of the Corporations Act (**Requisition Notice**). The Requisition Notice has required the Company to call an extraordinary general meeting of its Shareholders to vote on resolutions which, if passed, would have the effect of removing all of the Company's existing Board and replacing them with individuals nominated by OGH.

The Company despatched its notice of extraordinary general meeting on 3 July 2014 and the meeting will be held on 11 August 2014, immediately following the conclusion of the Annual General Meeting.

Notwithstanding the fact that Shareholders will be asked to vote to remove Mr Goodsall at the extraordinary general meeting, ASX Listing Rule 14.4 and clause 13.2 of the Constitution requires that Resolution 2 to re-elect Mr Goodsall be put at this Meeting.

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#### **4. RESOLUTION 3 – RATIFICATION OF PRIOR PLACEMENT OF SHARES**

##### **4.1 Background**

On 31 March 2014, the Company announced the placement of 2,500,000 Shares at a price of \$0.032 per Share and, subject to Shareholder approval, 1,250,000 free attaching New Options to sophisticated and professional investors (as those terms are defined in the Corporations Act) (**Placement**).

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

The New Options are to be issued on the basis of one Option exercisable at a price of \$0.05 each on or before 31 December 2015 and otherwise on the terms and conditions set out in Schedule 1 for every 2 Shares subscribed for and issued.

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

##### **4.2 ASX Listing Rule 7.1**

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

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

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

#### **4.3 Information required by ASX Listing Rule 7.5**

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

- (a) 2,500,000 Shares were issued;
- (b) the Shares were issued at a price of \$0.032 per Share;
- (c) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (d) the Shares have been issued to sophisticated and professional investors and none of the recipients are related parties of the Company; and
- (e) the funds raised from the Placement will be used by the Company for working capital, assisting the funding of the Company's gold and mineral exploration programmes at Parker Range, Pilbara and elsewhere.

#### **4.4 Directors' recommendation**

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

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### **5. RESOLUTION 4 – PLACEMENT OF NEW OPTIONS**

#### **5.1 General**

Resolution 4 seeks Shareholder approval for the issue of up to 1,250,000 Options for nil cash consideration to subscribers in the Placement on the basis of 1 Option for every 2 Shares subscribed for and issued.

As referred to above, the Company announced the Placement on 31 March 2014. The principal purpose of the Placement is for working capital and gold and other minerals exploration at the Company's projects.

Approval is being sought from Shareholders at the Meeting under ASX Listing Rule 7.1 (so that the issue of 1,250,000 Options will not count for the purposes of the restriction on issuing more than 15% of the Company's issued capital in any 12 month period).

#### **5.2 ASX Listing Rule 7.1**

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

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

#### **5.3 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Options to be issued under the Placement:

- (a) the maximum number of New Options to be issued is 1,250,000;
- (b) the New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX

- waiver or modification of the ASX Listing Rules) and it is intended that issue will occur on the same date;
- (c) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Placement on a 1 for 2 basis;
  - (d) the New Options will be issued to the subscribers in the Placement the subject of Resolution 3 on the basis of 1 New Option for every 2 Shares subscribed for and issued;
  - (e) the New Options are exercisable at any time on or before 31 December 2015 at an exercise price of \$0.05 per New Option and otherwise on the terms and conditions set out in Schedule 1; and
  - (f) no funds will be raised from the issue of the New Options pursuant to the Placement as the New Options are being issued for nil cash consideration.

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## 6. RESOLUTION 5 – FURTHER PLACEMENT – SHARES AND OPTIONS

### 6.1 General

On 15 April 2014, the Company announced a 1 for 1 (with a free option for every 2 shares subscribed for and issued) non-renounceable entitlement issue (**Rights Issue**).

On 10 June 2014, the Company withdrew the Rights Issue. The reason for the withdrawal of the Rights Issue was that, in the improved market conditions, the Company could potentially undertake a new capital raising on improved terms.

On 11 June 2014, the Company announced that it was in active discussions with third parties in relation to alternative capital raising options to meet the Company's short and medium term commitments and working capital requirements.

On 18 June 2014, the Company released a new notice of Annual General Meeting. The new notice of Annual General Meeting was later withdrawn, as announced to the ASX on 27 June 2014, and is replaced by this Notice.

Resolution 5 seeks Shareholder approval for the issue of up to 15,000,000 Shares, together with 15,000,000 free attaching Further Placement Options (**Further Placement**).

Approval for the Further Placement is being sought from Shareholders at the Meeting under:

- ASX Listing Rule 7.1; and
- the Takeovers Panel's 'frustrating action' policy (which may restrict action taken by a target company during a takeover bid without shareholder approval when the action would trigger a condition of the bid).

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

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

The issue price of the Shares to be issued under the Further Placement will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed. The reason for the proposed discounted issue price is to attract investors and ensure the success of the capital raising.

The purpose of the Further Placement is to raise additional funds for the Company. Based on the most recent closing market price for Shares on 30 April 2014 of \$0.055, the lowest issue price (ie maximum discount) under the Further Placement (of not less than 80% of this market price) would be \$0.044 per Share. Therefore, assuming an issue price of \$0.044 per Share and assuming all Shares are issued under the Further Placement, the Company would raise \$660,000. This amount is for illustrative purposes only – the market price of Shares (upon which the issue price of the Shares will be based) may be different at the date of the Further Placement meaning a lesser or greater amount will be raised.

The Directors will determine to whom the Shares and Further Placement Options will be issued under the Further Placement but these persons will not be Directors or related parties of the Company. The allocation policy adopted by the Directors will be as follows: placees will preferably be sophisticated, professional or otherwise exempt investors under section 708 of the Corporations Act and parties that, in the estimation of the Directors, will be likely to support the Company's published objectives and policies (preferably long-term holders). Placees will preferably be issued a parcel of Shares worth \$20,000 or more. Subject to these criteria, the Shares to be placed will be offered to either existing Shareholders or other investors (including the general public). As at the date of this Notice, the identity of potential placees is not known and no shareholders or other investors have been approached by or on behalf of the Company in respect of the possible Further Placement.

The reason the Company is seeking Shareholder approval for the Further Placement is that, unless alternative sources of funding are found in the meantime, the Company is likely to require additional funds to assist in meeting its forecast cash expenditures for the period ending 31 March 2015. If approved, the Directors are likely, depending on market conditions, to undertake the Further Placement within the next one to two months, but not later than three months after the date of the Meeting. Further, the Company is currently engaged in active discussions in relation to more immediate capital raising options to meet the Company's short and medium term commitments and working capital requirements. Once the Company has finalised its preferred fund raising plans it will immediately update Shareholders.

The Company has considered options for raising capital other than the Further Placement including non-dilutionary forms of capital raising such as the sale of assets and debt finance. Debt finance is not considered a viable option as the Company has no revenue from which to service or repay debt. The possible sale of assets continues to be explored (see below), in keeping with the Company's previously announced strategy, but there is no guarantee that such sales will raise sufficient funds.

If the Company is able to undertake a rights issue prior to proceeding with the Further Placement, and if Resolutions 3 and 7 are passed (meaning that the directors would have the ability to utilize the 15% placing capacity together with the additional 10% placing capacity, as described elsewhere in this Explanatory Memorandum) the Company may not consider it necessary to proceed with the Further Placement.

After due consideration of the advantages and disadvantages of each option, the Directors have decided that the most prudent and effective course of action would be to seek approval for the Further Placement so that this option for raising additional capital is available to the Company, if required. This is in keeping with the practice of almost all junior exploration companies in Australia who generally find equity capital markets their chief source of funds for exploration.

## 6.2 The Ochre Offer

Ochre Industries Pty Ltd (**Ochre**), a wholly owned subsidiary of OGH has made an off-market takeover offer (**Ochre Offer**) to acquire all of the Shares in the Company. The Ochre Offer is set out in its Bidder's Statement lodged with ASIC and released to the ASX on 19 June 2014, as supplemented on 2 July 2014 (**Bidder's Statement**). The Ochre Offer is a conditional offer of \$0.082 cash per Share. The Ochre Offer period commenced on 3 July 2014 and closes at 5:00pm (WST) on 4 August 2014, unless extended or withdrawn (**Offer Period**).

In response to the Bidder's Statement, the Board announced to the ASX on 20 June 2014 that the Board would review the Bidder's Statement and provide a recommendation in relation to the Ochre Offer in a Target's Statement to be released in July.

As at the date of this Notice, the Company has not lodged a Target's Statement and Shareholders have previously been advised to take no action until the Board has had an opportunity to consider the Ochre Offer and make a recommendation.

The Ochre Offer is subject to a number of important conditions. Those conditions are set out in full in section 11.28 of the Bidder's Statement. The Ochre Offer includes a condition that no prescribed occurrence occurs in relation to the Company or any of its subsidiaries. A prescribed occurrence includes, among other things, the Company issuing Shares or granting Options over its Shares or agreeing to make such an issue or grant such an Option between the time of the announcement of the Ochre Offer and the end of the Offer Period. This means that if the Offer Period (which currently ends on 4 August 2014) is extended and the Further Placement occurs before the Offer Period ends, unless Ochre decides to waive that condition, Ochre would be entitled to rely on this defeating condition, in which case the Ochre Offer would lapse. In such circumstances, all contracts resulting from acceptance of the Ochre Offer are void.

As discussed above, the purpose of the Further Placement is to enable the Company to raise additional funds. If Resolution 5 is not passed, then the Further Placement will not occur during the Offer Period and the 'no prescribed occurrence' defeating condition of the Ochre Offer would not be triggered. However, if the Further Placement is not approved, depending on whether alternative sources of funds can be found, the Company may have insufficient funds to meet its commitments and/or planned exploration and administration expenditure.

Having regard to the potential impact the Further Placement would have on the Ochre Offer, the Board believes that Shareholders should be given the opportunity to decide whether the Company should have the power to proceed with the Further Placement. However, given that the Company may require funding for the reasons referred to above, the Board recommends that you vote in favour of Resolution 5.

Further, the Company announced to the market on 1 July 2014 that it has entered into an agreement with Atlas Operations Pty Ltd, a subsidiary of Atlas Iron Limited, to sell the whole of its 90% interest in exploration licence E45/4110 (referred to as the Panorama Prospect) for \$200,000. Entry into the agreement triggers a defeating condition under the Ochre Offer. On 2 July 2014, Ochre lodged its First Supplementary Bidder's Statement in relation to the Ochre Offer. The First Supplementary Bidder's Statement notes that Ochre reserves the right to rely on or waive this defeating condition as it sees fit. Please refer to the ASX announcement released to the market on 1 July 2014 for further information with respect to the agreement to sell the Panorama Prospect.

The Company notes that as the record date of the Ochre Offer is 5.00pm (WST) on 26 June 2014, the Ochre Offer will not extend to any Shares issued to placees under the Further Placement unless Ochre obtains relief from ASIC to extend the Ochre Offer to such Shares.

### **6.3 Technical information required by ASX Listing Rule 7.1**

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

- (a) the maximum number of Shares to be issued is 15,000,000 and the maximum number of Further Placement Options to be issued is also 15,000,000;
- (b) the Shares and Further Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Further Placement Options will occur progressively;
- (c) the issue price of the Shares will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the issue price of the Further Placement Options will be nil as they will be issued free attaching with the Shares on a 1 for 1 basis;
- (e) the Directors will determine to whom the Shares and Further Placement Options will be issued but these persons will not be Directors or related parties of the Company;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Further Placement Options will be issued on the terms and conditions set out in Schedule 2; and
- (h) the Company intends to use the funds raised from the Further Placement for assisting the funding of the Company's gold and mineral exploration programmes at Parker Range, Pilbara and Gascoyne and administration costs (as to 90% of the funds raised) and toward working capital (as to 10% of the funds raised). This is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### **6.4 Frustrating action**

As referred to above, the Further Placement will trigger a defeating condition in the Ochre Offer if it occurs before the end of the Offer Period under the Ochre Offer. In accordance with Takeovers Panel policy, an action by a target company that is the subject of a takeover bid that triggers a condition in the takeover bid is a frustrating action and it may be open for the Takeovers Panel to declare unacceptable circumstances in relation to that action.

However, if Shareholder approval is sought for the frustrating action (such that Shareholders are effectively given the choice as to whether the target undertakes the frustrating action) and that approval is given, the frustrating action being undertaken subsequent to that approval will not necessarily give rise to unacceptable circumstances (see Takeovers Panel Guidance Note 12).

## 6.5 Dilution

Assuming no Options are exercised or other Shares issued and the maximum of 15,000,000 Shares is issued under the Further Placement, the number of Shares on issue would increase from 24,433,440 (being the number of Shares on issue as at the date of this Notice) to 39,433,440 and the shareholding of existing Shareholders would be diluted by 38.04%. Further, assuming the Further Placement Options which are free attaching to the maximum number of Shares are exercised, an additional 15,000,000 Shares would be issued and the number of Shares would further increase from 39,433,440 to 54,433,440 and the shareholding of existing Shareholders would be diluted by an additional 27.56%.

Lastly, assuming the maximum of 15,000,000 Shares is issued under the Further Placement and also assuming the Further Placement Options which are free attaching to the maximum number of Shares are exercised simultaneously, the number of Shares, in effect, would increase from 24,433,440 (being the number of Shares on issue as at the date of this Notice) to 54,433,440 and the shareholding of existing Shareholders would be diluted by 55.11%.

Assuming Shareholders approve Resolution 5, the dilutionary effect Resolution 5 would have on the Company's current capital structure is as follows:

	Number	Dilution (%)
<b>Shares on issue as at the date of this Notice</b>	24,433,440	-
<b>Shares issued pursuant to Resolution 5*</b>	15,000,000	38.04
<b>Options exercised pursuant to Resolution 5**</b>	15,000,000	27.56
<b>Shares issued and options exercised pursuant to Resolution 5 ***</b>	30,000,000	55.11
<b>Total Shares on issue</b>	54,433,440	55.11

\* Assuming the maximum of 15,000,000 Shares are issued under the Further Placement.

\*\* Assuming 15,000,000 free attaching Further Placement Options are exercised under the Further Placement.

\*\*\* Assuming the maximum of 15,000,000 Shares are issued and 15,000,000 free attaching Further Placement Options are exercised under the Further Placement.

For example, if Resolution 5 is passed and the maximum of 15,000,000 Shares are issued and the 15,000,000 free attaching Further Placement Options are exercised under the Further Placement, OGH's shareholding of 3,891,856 Shares, which represents 15.93% of the current issued capital of the Company, could be diluted to 7.15% (assuming no further on-market purchases of Shares are made by OGH).

The Company has also sought Shareholder approval to issue 1,250,000 New Options (pursuant to Resolution 4), replenish its 15% placement capacity (pursuant to Resolution 3) together with a further 10% placement capacity (pursuant to Resolution 7). If these Resolutions are approved, further Shares could be issued which may have the effect of further diluting the shareholding of existing Shareholders.

In addition, the Company has also sought Shareholder approval for an Employee Share Plan under which further Shares could be issued if approved.

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## 7. RESOLUTION 6 – APPROVAL OF EMPLOYEE SHARE PLAN

Resolution 6 seeks Shareholders approval for the adoption of the employee incentive scheme titled Employee Share Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

Approval for the adoption of the Plan is being sought from Shareholders at the Meeting under:

- ASX Listing Rule 7.2 (Exception 9(b));
- the Takeovers Panel's 'frustrating action' policy.

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

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total Ordinary Securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the re-adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. This means that the Company will be unable to issue Shares to Directors under the Plan without first obtaining Shareholder approval.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary.

The Company last obtained Shareholder approval for the adoption of the Plan and for the issue of Shares under it as an exception to ASX Listing Rule 7.1 on 26 May 2010. As such approval only lasts for a period of three years, the Company must re-seek Shareholder approval pursuant to ASX Listing Rule 7.2 (Exception 9) in order to continue to issue Shares pursuant to the Plan as an exception to ASX Listing Rule 7.1.

Shareholders should note that a total of 25,000 Shares have been issued under the Plan since the date of last approval. There is no current intention to issue further Shares under the Plan at this time.

## **7.1 Frustrating action**

An issue of Shares under the Plan will trigger a condition in the Ochre Offer if it occurs before the end of the Offer Period under the Ochre Offer. In accordance with Takeovers Panel policy, an action by a target company that is the subject of a takeover bid that triggers a condition in the takeover bid is a frustrating action and it may be open for the Takeovers Panel to declare unacceptable circumstances in relation to that action.

However, if Shareholder approval is sought for the frustrating action and that approval is given, the frustrating action being undertaken subsequent to that approval will not necessarily give rise to unacceptable circumstances (see Takeovers Panel Guidance Note 12).



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## 8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

### 8.1 General

Approval for the additional 10% placement capacity is being sought from Shareholders at the Meeting under ASX Listing Rule 7.1A.

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 7, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 8.2 below).

The effect of Resolution 7 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid Ordinary Securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

### 8.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$1,212,939.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Security on issue, being the Shares (ASX Code: GDA).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$
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where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and

7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 8.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

(a) **Minimum price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 8.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0275 50% decrease in Issue Price	\$0.055 Issue Price	\$0.11 100% increase in Issue Price
<b>39,433,440</b> (Current Variable A)	Shares issued - 10% voting dilution	3,943,344 Shares	3,943,344 Shares	3,943,344 Shares
	Funds raised	\$108,442	\$216,884	\$433,768
<b>59,150,160</b> (50% increase in Variable A)	Shares issued - 10% voting dilution	5,915,016 Shares	5,915,016 Shares	5,915,016 Shares
	Funds raised	\$162,663	\$325,326	\$650,652
<b>78,866,880</b> (100% increase in Variable A)	Shares issued - 10% voting dilution	7,886,688 Shares	7,886,688 Shares	7,886,688 Shares
	Funds raised	\$216,884	\$433,768	\$867,536

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

**The table above uses the following assumptions:**

- There are currently 39,433,440 Shares on issue comprising:
  - 24,433,440 existing Shares as at the date of this Notice of Meeting; and
  - 15,000,000 Shares which may potentially be issued if Resolution 5 is passed at this Meeting.
- The issue price set out above is the closing price of the Shares on the ASX on 30 April 2014.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- as cash consideration in which case the Company intends to use funds raised for continued exploration on the Company's gold and mineral exploration programmes at Parker Range, Pilbara and Gascoyne (funds would then be used for project, feasibility studies and ongoing project administration), the acquisition of new resources, assets and investments (including

expenses associated with such acquisitions) and general working capital; or

- (ii) as non-cash consideration for the acquisition of new resources, assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

## **8.4 Voting exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 8.1 of the Explanatory Statement.

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

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

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

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

**Chair** means the chair of the Meeting.

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

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

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

**Constitution** means the Company's constitution.

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

**Director** or **Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the replacement explanatory statement accompanying the Notice.

**Further Placement Option** means an Option issued with the terms and conditions set out in Schedule 2.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**New Option** means an Option issued with the terms and conditions set out in Schedule 1.

**Notice** or **Notice of Meeting** means this replacement notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

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

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 31 December 2013.

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

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the calculation in Section 8.2 of the Explanatory Statement.

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

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## SCHEDULE 1 – TERMS OF NEW OPTIONS

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- (a) Each New Option gives the Optionholder the right to acquire one Share.
  - (b) Each New Option will expire at 5:00pm (WST) on 31 December 2015 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) Subject to paragraph (l), the amount payable upon exercise of each New Option will be 5 cents (**Exercise Price**).
  - (d) The New Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of New Options specifying the number of New Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
  - (h) Unless otherwise required by the ASX Listing Rules, the Corporations Act or the Constitution the New Options shall be freely transferable.
  - (i) All Shares issued upon the exercise of New Options will upon issue rank pari passu in all respects with other Shares.
  - (j) The Company will apply for quotation on ASX of all Shares issued pursuant to the exercise of New Options at their respective times of issue.
  - (k) There are no participating rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options.
  - (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (m) Subject to paragraph (l), a New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

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## SCHEDULE 2 – TERMS OF FURTHER PLACEMENT OPTIONS

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- (a) Each Further Placement Option gives the Optionholder the right to acquire one Share.
  - (b) Each Further Placement Option will expire at 5:00pm (WST) on 31 December 2016 (**Expiry Date**). Any Further Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) Subject to paragraph (l), the amount payable upon exercise of each Further Placement Option will be the higher of 5 cents and 80% of the average market price for Shares calculated over the 5 days on which sales in Shares are recorded before the day on which the Further Placement is made, or if there is a prospectus, over the last 5 days on which sales in Shares are recorded before the date the prospectus is signed (**Exercise Price**). The Company will advise potential subscribers of the final Exercise Price at the time of making the offer.
  - (d) The Further Placement Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Further Placement Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Further Placement Options specifying the number of Further Placement Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Further Placement Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Further Placement Options specified in the Exercise Notice.
  - (h) Unless otherwise required by the ASX Listing Rules, the Corporations Act or the Constitution the Further Placement Options shall be freely transferable.
  - (i) All Shares issued upon the exercise of Further Placement Options will upon issue rank pari passu in all respects with other Shares.
  - (j) The Company will apply for quotation on ASX of all Shares issued pursuant to the exercise of Further Placement Options at their respective times of issue.
  - (k) There are no participating rights or entitlements inherent in the Further Placement Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Further Placement Options.
  - (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (m) Subject to paragraph (l), a Further Placement Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Further Placement Option can be exercised.



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## SCHEDULE 3 – SUMMARY OF EMPLOYEE SHARE PLAN

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(a) **Introduction**

The Plan is designed to provide employees, consultants and Directors of the Company or any of its subsidiaries (**Eligible Employees**) with a motivation to meet agreed targets, provide continuity of service to the Company, and/or increase profitability and returns to Shareholders. The Plan also offers financial support for employees of the Company to acquire the Shares pursuant to the Plan.

(b) **Acquisition of Shares**

The Directors may invite Eligible Employees to acquire Shares under the Plan at their discretion. The Shares issued under the Plan (**Plan Shares**) will be fully paid ordinary shares in the capital of the Company, and will rank equally with the Company's other issued Shares. Plan Shares will be the subject of applications for quotation on ASX as soon as practicable after the Plan Shares are issued.

An offer of Plan Shares may be accepted by the Eligible Employee or:

- (i) the trustee of a trust under which the Eligible Employee or a relative of the Eligible Employee is a beneficiary;
- (ii) a spouse, parent, sibling or child of an Eligible Employee; or
- (iii) any body corporate in which a controlling interest is held by the Eligible Employee,

(each a **Participant**).

(c) **Issue price of Plan Shares**

The issue price of each Plan Share will be determined by the Directors at or before the time of the invitation to acquire Plan Shares under the Share Plan, provided that the issue price is not less than the market price of Shares, being the weighted average sale price of the Shares sold on ASX on the 5 trading days prior to the date of the offer.

(d) **Loan of issue price**

Upon receipt by the Company of an application for Plan Shares, the Company must determine to make an interest free loan to the Participant of the whole of the issue price, and apply the loan amount to the payment of the issue price of the Plan Shares, at which time a loan agreement shall arise between the Company and the Participant without the need for further action by either party.

(e) **Restriction on transfer of Plan Shares**

A Participant may only transfer or dispose of Plan Shares as set out in the following table or as otherwise determined by the Directors at the time of issue:

<b>Time Frame</b>	<b>Percentage of Plan Shares that may be transferred or disposed of</b>
With one year of issue date	33.3%
Within 2 years of issue date	66.6%
After 2 years of issue date	100%

However, if the relevant Eligible Employee is made redundant by the Company, or there is a change of control of the Board of the Company, the Participant may dispose of the Plan Shares.

Until the loan referred to in paragraph (d) is repaid, the Company has a right of first refusal over the Participant's Plan Shares the subject of the loan.

(f) **Limit on Plan Shares**

No Plan Shares may be issued by the Company under the Plan when the aggregate of:

- (i) the number of Plan Shares; and
- (ii) the number of other Shares (including unissued Shares the subject of Options) issued under any other employee incentive scheme of the Company in the past 3 years,

exceeds 5% of the total number of issued Shares in the capital of the Company.

(g) **Powers of the Board of Directors**

The Plan is administered by the Directors of the Company, who have the power to:

- (i) determine procedures for the administration of the Plan;
- (ii) amend or waive the terms and conditions of the Plan; and
- (iii) suspend or terminate the Plan.

(h) **Structure of the loan**

During the term of any such loan, dividends paid in respect of the Plan Shares in relation to which the Company made the loan will be retained by the Company and applied towards repayment of the loan.

The Participant may repay the outstanding loan balance at any time, unless the Eligible Employee to whom the original offer of Plan Shares was made ceases employment with the Company, in which case the loan must be repaid by the Participant within 30 days of termination of employment.

If a Participant is required to sell their Plan Shares and settle the loan, and the proceeds of the sale of the Plan Shares do not cover the outstanding loan balance, the Company will meet the loss on the loan. This means that the loan will effectively be linked to the value of the Plan Shares.

## PROXY FORM

GONDWANA RESOURCES LIMITED  
ACN 008 915 311

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:30am (WST), on Monday, 11 August 2014 at The Celtic Club, 48 Ord Street, West Perth WA, and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Paul Goodsall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Placement of New Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Further Placement – Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

#### Important for Resolutions 1 and 6

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1 and 6 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐ I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1 and 6 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolution 6 and that votes cast by the Chair for Resolution 6, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 6.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

E-mail address:

Contact ph (daytime):

Consent for contact by e-mail  
in relation to this Proxy Form:

YES ☐ NO ☐

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Gondwana Resources Limited, PO Box 1819, Applecross, Western Australia 6953; or
  - (b) facsimile to the Company on facsimile number +61 8 9346 9101;

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**