

ACTIVITIES REPORT - DECEMBER QUARTER 2015

PARKER RANGE PROJECT

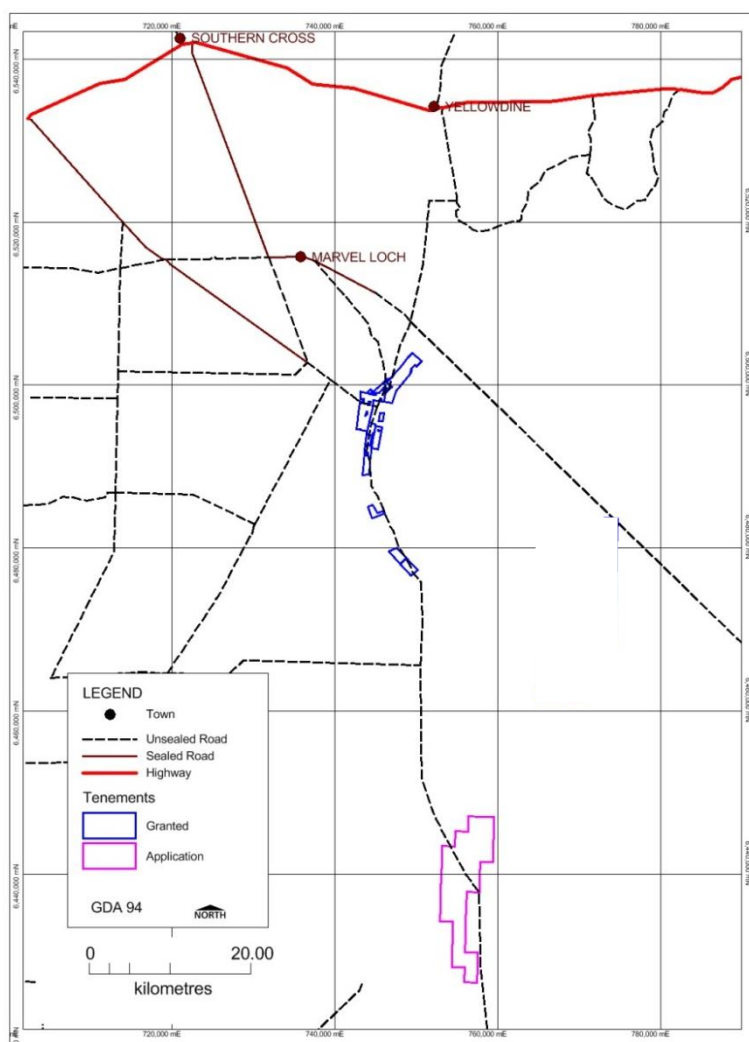


Figure 1: Location of the Parker Range Project

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 Mineral Resource of 101,350oz Au (see table below).

Gold Mining Project – Mining Studies

The Company has been conducting mining studies for the Parker Range Gold Project with a view to establishing production on a toll treatment or similar 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 treatment at one of several nearby plants. Metallurgical tests conducted by the Company have established that the ore is also amenable to heap leach treatment.

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-recognised 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 to explore nearby historic gold prospects with the aim of increasing total resources.

In mid-2010, Gondwana was successful in discovering 40,300oz

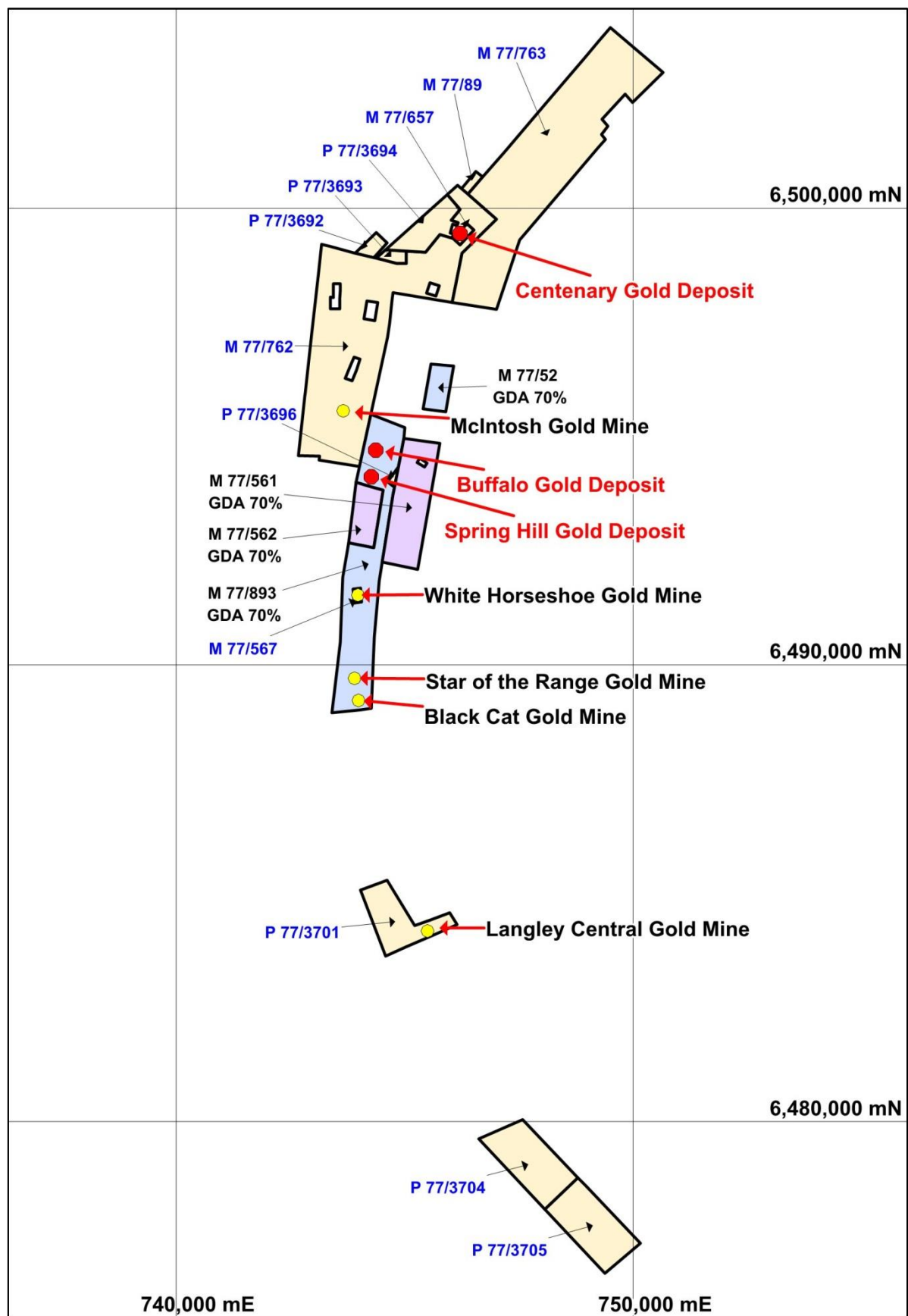


Figure 2: Parker Range Tenements

Discussions with potential joint venture partners and experienced miners who specialize in mining small deposits in the Western Australian goldfields continued during the December quarter with a view to commencing production at the Centenary and Buffalo deposits, which contain a total of 75,600 ounces of the total Mineral Resource referred to above.

If suitable arrangements can be finalised with a joint venture party, discussions will be re-opened with the Department of Mines and Petroleum with respect to the remaining issues requiring resolution in order to obtain mining approval for the Centenary and Buffalo pits.

In Q4 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 quoted costs obtained from independent mining contractors, cartage contractors and suppliers. CMC's report 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 the following opportunities to improve or provide upside for the project exist:

- With further drilling, the Inferred Resources may be converted to Indicated category and add to the life and/or production rate of the project. The ore shoots do not appear to be closed at depth or down plunge.
- Further exploration of nearby tenements may add to the inventory.
- Although the resource grades are not generally supportive of underground mining, the historical mining at Centenary recovered average grades of 16 g/t which may suggest a high grade core.

Gold Mining Project - Mineral Resources

A review of the previously reported Parker Range Gold Project Resource Estimate (as reported in the June 2012 Quarterly Report) has revealed a material error relating to drill hole composite data used in the Buffalo Mineral Resource Estimate. The error resulted in some waste intersections being included in the estimation and some ore intersections being omitted. The drill data have been corrected, the Buffalo Mineral Resource Estimate has subsequently been re-estimated, and Mineral Resource Estimates for all three Parker Range deposits are reported below in accordance with JORC 2012.

Table 1 – Parker Range Gold Project Mineral Resource Estimate

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*

Note on Mineral Resource Estimate

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Hollingsworth, a consultant of the company. Mr Hollingsworth 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. 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.

Malcolm Castle has reviewed this information in his capacity of Independent Geologist and has satisfied himself that the estimates quoted are reasonable and accurately reflect the geological controls and distribution of the mineralisation.

The Company confirms that:

- (a) the form and context in which Mr Hollingsworth's findings are presented have not been materially modified; and
- (b) it is not aware of any new information or data that materially affects the information included in the Company's Resource Estimate and that all the material assumptions and technical parameters underpinning the estimate in the Information Memorandum continue to apply and have not materially changed;

The Competent Person is not aware of any new information or data that materially affects the information included in the Company's Resource Estimate and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context in which the findings of Mr Castle (Competent Person) are presented have not been materially modified.

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves 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 2004 and 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.

Gold exploration prospects*McIntosh, Whitehorse, Mopoke and adjacent prospects*

The Company's Parker Range tenements surrounding the Centenary and Buffalo deposits are considered highly prospective for gold.

Over the last two quarters, the Company's extensive database for these prospects has been updated and reviewed as part of preparations for drilling programs planned for 2016.

During the quarter, these prospects were covered by an extensive infill soil sampling program, the results of which will also be important in designing the drill programs.

The soils were hand augured and collected over 65 lines on 100m line spacing, with 25m between samples to infill the company's previous MMI soil survey. The infill soil samples are approximately 1kg and around 0.5m in depth.

The soil sample analyses are currently being reviewed by the Company's geologists and significant assay results will be released during the next quarter.

An extensive aerial survey has also been carried out during the quarter, covering virtually all of the

Company's Parker Range tenements. The latest drone technology has been utilised to capture high resolution aerial photography and high resolution digital elevation model (DEM) data for exploration purposes and final mine planning. Once processed the high resolution images will be overlain on previous aerial survey images to develop drill targets for the program planned for Q2 2016.

The aerial survey has been commissioned by the company particularly to include near-mine exploration ground and will assist compliance with future ground disturbance monitoring.

Once processed, the 0.1m resolution aerial photo mosaic combined with a 0.25m resolution elevation model will enable the company to accurately measure environmental impacts of gold mining at Buffalo and Centenary. This data will be used for final mine infrastructure planning, road re-alignment and final pit design. A follow-up drone survey is planned to be conducted at the end of gold mining, after site rehabilitation has occurred.

Dulcie Group

The Dulcie tenements contain shallow gold mineralisation at Langley Central under an old laterite gold mine. Drilling has intersected up to 11g/t Au, with mineralisation open. The Langley central gold project operated in the mid-1980s and mining ceased in 1988. Thames Mining mined the laterite from 2m to 5m depth, and their historic reports outline further mineralisation. The mined area was a surface expression of quartz veined shears within a BIF or iron rich amphibolite unit¹.

Gondwana has identified significant undrilled potential in this tenement group along the magnetic BIF unit, which also hosts the gold at Dulcie and Cheritons gold mines. A drill program is planned to test the BIF for gold mineralisation during 2016.

Forrestania

The Forrestania prospect (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/t².

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.

EAST PILBARA PROJECTS

Royalty - Corunna Downs

During 2013, the Company finalised the sale of the Corunna Downs and adjacent tenements to Atlas Iron Limited (**Atlas**) (**ASX:AGO**). Under the terms of the sale agreement, the Company retained a \$1.13/tonne royalty on the production and sale of iron ore and a 1.5% royalty on the gross proceeds of the sale of other minerals.

In July 2014, the Company sold to Atlas Operations Pty Ltd, a subsidiary of Atlas Iron Limited, of the whole of its 90% interest in exploration licence E45/4110 (**Panorama**). The Company has retained a royalty of 1% of gross revenue from iron ore and other minerals produced from E45/4110.

¹ WAMEX report A37134: Langley Central - Parker Range Progress Report 1989; Authors P Mather/M Kellow for Gwalia Minerals NL and Kia Ora Gold Corp Ltd

² WAMEX report A24752: Blue Turtle – Annual report on Mt Holland E77/23 1988; Author Metals Exploration Limited

Termination of part of Corunna Downs Royalty

On 22 October 2015, Gondwana announced that it had entered into an agreement with Atlas to terminate Atlas' obligation to make a \$1.13/tonne royalty payment to Gondwana in respect of the first 30M tonnes produced from Atlas' Corunna Downs Iron Project. Tonnes beyond the first 30M of production remain the subject of the \$1.13/tonne royalty to which Gondwana is entitled.

The consideration paid or payable to Gondwana by Atlas under this agreement is:

- \$500,000 already paid
- \$500,000 payable within 180 days
- \$250,000 payable within 30 days of first iron ore exports from Corunna
- \$1,000,000 in Atlas shares, to be issued the earlier of Atlas issuing shares under a prospectus or 1 August 2016. The issue price of these shares will either be the price prescribed by the prospectus or if no prospectus is issued before 1 August 2016, the 5-day volume-weighted average price on 28 July 2016. The Atlas shares will be freely tradeable.

The termination becomes effective upon the payment of the consideration in full.

Royalty rights retained

Following the termination of part of the Corunna Downs royalty rights the Company's remaining royalty interests in projects owned and operated by Atlas are as follows:

Corunna Downs – iron ore

1.13% on tonnes beyond the first 30M of production (equal to approximately 54% of the published Mineral Resource (see below)

Corunna Downs - other minerals

1.5% of gross proceeds of sale

Panorama – iron ore and other minerals

1% of gross proceeds of sale

Refer to the Atlas announcements on the ASX website, including:

- On 28 May 2015, Atlas announced: "*The updated Indicated and Inferred Mineral Resource inventory for the 5 deposits at the Corunna Downs Project is approximately 65M tonnes grading 57.3% Fe using a 50% Fe cut-off grade*", having previously, on 9 May 2014, announced an exploration target of 100-150M tonnes grading 55-58%Fe.
- On 23 December 2015, Atlas announced the results of a pre-feasibility study for Corunna Downs, stating that the project has the potential to deliver 4Mtpa of Lump and Fines Direct Shipping Ore from resources above the water table for an initial mine life of 5-6 years.

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.

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 Prospecting Pty Ltd (APPL) 10%. Platypus then 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%.

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. 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.

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 reported that Gobbo's may be part of a large porphyry mineralised system, based on historical drill intersections and Platypus' recent successful surface sampling program.

Refer to Platypus' recent ASX releases on the ASX website to obtain full details of recent exploration work and plans for his prospect.

Other Pilbara tenements

The Company has retained a 90% interest in exploration licence applications, E45/3956 and E46/1026, which are considered prospective for gold, copper and other minerals.

COMPETENT PERSON STATEMENT

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.

See also the Competent Person Statement on Buffalo, Spring Hill and Centenary Mineral Resource Estimates on Page 4 of this Report.

CONTACT

For further information please contact the Company on (08) 9364 7414, email info@gondwanaresources.com or visit the website at www.gondwanaresources.com.



Warren Beckwith
Director
29 January 2016

APPENDIX

TENEMENT LISTING

List of tenements, their location, and relevant third party beneficial interests held at the end of the quarter in accordance with listing rule 5.3.3.

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 Pty Ltd 10%* Platypus Minerals Ltd earning a 75% interest pursuant to Farm In Agreement
Comet East & Nullagine Projects				
E45/3956	18/08/2011		Pending	
E46/1026	26/05/2014		Pending	
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	Texrise Pty Ltd 30%*
M77/52	26/06/1984	27/06/1984	Granted	Texrise Pty Ltd 30%*
M77/762-I	23/04/1996	25/01/2007	Granted	
M77/763-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%*
P77/3692	19/01/2007	13/08/2008	Granted	
P77/3693	19/01/2007	13/08/2008	Granted	
P77/3694	19/01/2007	13/08/2008	Granted	
P77/3696	19/01/2007	13/08/2008	Granted	
L77/0264	5/09/2013	7/01/2014	Granted	Miscellaneous licence
Dulcie Group				
P77/3701-I	19/01/2007	13/08/2008	Granted	Kagara Nickel Rights
P77/3704-I	19/01/2007	13/08/2008	Granted	Kagara Nickel Rights
P77/3705-I	19/0/2007	13/08/2008	Granted	Kagara Nickel Rights
Forrestania Project				
E77/2143	12/08/2013		Pending	

* Free carried to feasibility study

TENEMENT CHANGES

Changes to tenement holdings and relevant third party beneficial interests during the quarter in accordance with listing rule 5.3.3:

Tenement Acquisitions or Disposals

E08/1969 Surrendered P77/3475 Expired
E08/2410 Surrendered

Third Party Interests Acquired or Disposed

Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Gondwana Resources Limited

ABN

72 008 915 311

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(255) (236)	(369) (340)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	4
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid		
1.7 Other (R & D Rebate)		
Net Operating Cash Flows	(491)	(707)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	550	572
1.10 Loans to other entities		
1.11 Loans repaid by other entities	-	64
1.12 Other (provide details if material) - Tenement Bond repaid	 -	 25
Net investing cash flows	-	661
1.13 Total operating and investing cash flows (carried forward)	59	(46)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	59	(46)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	55
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	5	84
1.17	Repayment of borrowings	-	(38)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	5	101
	Net increase (decrease) in cash held	64	55
1.20	Cash at beginning of quarter/year to date	4	13
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	68	68

- (a) Item 1.9(a) includes the first instalment of \$550,000 (incl. GST) received during the quarter of the agreed consideration for the termination of part of the Corunna Downs royalty, as announced to ASX on 22 October 2015.
- (b) The proceeds of the Corunna Downs transaction and other non-core asset sales will continue to be received during the next eight months, ensuring the Company has sufficient funds to meet operating costs, exploration programs and commitments and therefore a pro rata entitlement issue to shareholders, previously planned, has been deferred.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2*	33,000
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

*Includes amounts previously deferred

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	45
4.2 Development	
4.3 Production	
4.4 Administration	25
Total	70

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	68	-
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	68	-

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E08/1969 E08/2410 P77/3475	Surrendered Surrendered Expired	100% 100% 100%	Nil Nil Nil
6.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities				
	25,808,440	25,508,440		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 +Convertible debt securities (description)	nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	1,100,000	-	Exercise price 10 ¢	Expiry date 30/6/17
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures (totals only)	nil	-		
7.12 Unsecured notes (totals only)	nil	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 29 January 2016
(Director)

Print name: Warren Beckwith

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.