

Gondwana

RESOURCES LIMITED

ABN 72 008 915 311

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ASX Market Announcements
ASX Limited
www.asxonline.com

Dear Sirs

Corunna Downs Iron Project - termination of part of Royalty Rights

Gondwana Resources Limited (**Gondwana** or **the Company**) is pleased to advise that it has reached agreement with Atlas Iron Limited (**Atlas**) (**ASX:AGO**) to terminate Atlas' obligation to make a \$1.13/tonne royalty payment to Gondwana on the first 30M tonnes produced from Atlas' Corunna Downs Iron Project. Tonnes beyond the first 30M of production remain the subject of the \$1.13/tonne royalty*.

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

- \$500,000 payable within 7 days
- \$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.

*It should be noted that the agreement relates to less than half of the current published Mineral Resource at Corunna Downs. Refer to the section below.

Background to Royalty

During 2013, the Company announced the finalisation of the sale of the Corunna Downs tenements to Atlas. 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.

Since then, on 28 May 2015, Atlas has announced a Mineral Resource of 65M tonnes at Corunna Downs as follows:

"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"¹.

Previously, on 9 May 2014, Atlas announced an exploration target of 100-150M tonnes grading 55-58%Fe².

Refer to the announcements on the ASX website (ASX:AGO).

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:

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|-----|--|--|
| (1) | Corunna Downs – iron ore | 1.13% on tonnes beyond the first 30M of production, equal to 54% of the published Mineral Resource ¹ or 70-80% of the published Exploration Target ² . |
| (2) | Corunna Downs - other minerals | 1.5% of gross proceeds of sale |
| (3) | Panorama – iron ore and other minerals | 1% of gross proceeds of sale |

Application of funds

The termination of part of the Company's Corunna Downs royalty rights is part of the Company's published, ongoing sale of non-core assets and tenements to enable the Company to reduce its current liabilities, complete and file outstanding audited annual and half yearly reports and, most importantly, focus the Company's resources on its principal project, the Parker Range Gold Project.

Parker Range Gold Project

Proceeds received from the royalty transaction will fund the finalisation of mining studies on the Company's flagship project, the Parker Range Gold Project. This project comprises the Centenary (100% Gondwana), Buffalo and Spring Hill (70% Gondwana) deposits, located close to Hanking's Marvel Loch gold operations.

The Company announced an upgrade to its Mineral Resource inventory in its last quarterly report³.

Since the Company's last quarterly report, mining studies have almost been completed (in respect of the Centenary and Buffalo deposits only) and discussions have been ongoing, firstly with experienced mining groups aimed at establishing a mining joint venture and, secondly, with regional mills considered suitable for the toll treatment of Parker Range ores.

¹ Atlas (ASX:AGO) release to ASX dated 28 May 2015.

² Atlas (ASX:AGO) release to ASX dated 9 May 2014.

³ Gondwana release to ASX dated 31 July 2015

Once these studies and discussions have been finalised, if positive, the Company aims to be in a position to commence production at Parker Range on a toll treatment basis.

Further details will be announced as they become available.

Gobbo's/Cyclops Joint Venture

Platypus Minerals Limited (**Platypus**) announced on 14 October 2015 that a further fieldwork program is to commence shortly on the Gobbo's Cu-Mo-W project and the Cyclops nickel sulphide prospect on E45/3326 in the Pilbara, WA (Pearl Bar Project).

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 program⁴.

Gondwana presently holds a 90% interest in E45/3326. Platypus is earning a 51% interest in the joint venture by the expenditure of \$500,000 on exploration, increasing to 75% upon the expenditure of a further \$500,000 and, at that point, Gondwana's interest would reduce to 15%.

Contact

In the event of any queries, or for a copy of the ASX releases referred to above, please contact Steven Pynt on telephone 0411 708 591, Warren Beckwith on 0419 838 839 or email info@gondwanaresources.com

Yours faithfully



Steven Pynt
Director and Company Secretary
Gondwana Resources Limited

⁴ Platypus (ASX:PLP) release to ASX dated 14 October 2015.