

## ACTIVITIES REPORT FOR THE JUNE QUARTER 2007

### Review of Operations

#### 1. Moodong Well Uranium

The recently granted Moodong Well tenement is located 40km SSE of Nanutarra in the Ashburton Mineral Field. The prospect is contained within exploration licence E08/1577 which was granted during the March Quarter.

The Exploration Licence adjoins E08/1410 held by Vital Metals Limited to the north-west and E08/1561 held by Globe Uranium Limited to the south and is considered prospective for uranium and copper.

A reconnaissance and sampling field trip was conducted during the quarter on the Moodong Well prospect.

A series of rock chip samples, 60 sample points, were collected and assayed for Ba, U, Th, K, Cu, Pb & Zn. No significant anomalous results were returned from outcrop sampling. Geological mapping indicates that the tenement displays significant areas of colluvial cover. Southern Geoscience Consultants have been commissioned to source, process and re-interpret available aeromagnetic and radiometric images to gain a better understanding of the subsurface geology and structural regime.

It is expected that the aeromagnetic and radiometric images and re-interpretation will be available during August.

#### 2. Mt Caudan Iron Ore

During the quarter, the Company concluded an iron ore farm-in agreement with Cazaly Iron Pty Ltd, a subsidiary of Cazaly Resources Limited, covering the Company's tenements at Mt Caudan and certain other tenements within the Parker Range Gold Project.

The Company has previously reported that a review of historic data shows that the Mt Caudan area in the western part of the Parker Range project is host to goethitic/magnetite iron deposits. Investigations between 1965 and 1969 suggested Iron content and exploration targets ranging between 5 Mt and 30 Mt.<sup>1</sup>

The Mt Caudan area lies approximately 60 kilometres south of the Perth-Kalgoorlie rail, and potential exists for the delineation of an iron mineral resource.

Cazaly Iron may earn an 80% interest in iron ore on the tenements by spending \$1 million on exploration for iron ore within three years. The Company will retain a 20% interest in the iron ore rights, free carried to the completion of a bankable feasibility study.

The Company's ongoing exploration programme for gold and other minerals will not be affected by the iron ore farm-in agreement with Cazaly Iron.

The agreement is subject to certain conditions, including the placement to Cazaly Resources Limited of 8,000,000 ordinary fully paid shares in the Company at a price of 2.5 cents per share, which has since taken place, and the consent of other stakeholders in the subject tenements by not later than 30th September 2007.

It is anticipated that initial work under the Farm-in will be commenced during the current quarter.

<sup>1</sup> The exploration target at Mt Caudan is conceptual in nature. It should not be construed as an estimate of Mineral Resources or Ore Reserves. The tonnage range for the exploration prospect at Mt Caudan is based on estimations completed by previous operators between 1965 and 1969 and reported to the Department of Industry & Resources.

### **3. Parker Range Gold Project**

#### ***Background***

Gondwana has consolidated a portfolio of gold prospective tenements located in the Parker Range region of the southern portion of the Southern Cross Greenstone Belt. The Company's tenement portfolio is extensive, and south of Marvel Loch the land holdings extend over prospective greenstones, which reveal numerous historic workings, for approximately 40km of strike.

#### ***Mt Caudan Drilling***

An RC drill programme, for an advance of 1,100m, has been designed for Mt Caudan. The programme will test a defined gold-in-soil anomaly, 700mx200m displaying (+40ppb) gold anomalism on two drill sections.

A number of Declared Rare Flora and Priority flora species have been identified in the Parker Range area and could potentially exist within the proposed area of disturbance. Golder Associates have been commissioned to conduct a targeted flora survey of the proposed drill sites and access tracks. It is envisaged that following the submission of the botanical survey to DEC the programme can advance and approval to conduct the drilling will be granted.

#### ***Auger Sampling at Burbidge***

An auger soil geochemical programme covering the western Mt Caudan sulphide unit and the adjoining mafic-ultramafic contact is proposed over the Burbidge West area. Approximately 250 spot samples will be auger sampled to a depth of 1m based on a 200mx40m grid pattern. The sample zone is positioned along strike from the Mt Caudan drill target and again a botanical survey is required as a pre-ground disturbance condition. The targeted floral survey will also be conducted by Golder Associates in conjunction with the Mt Caudan survey.

#### ***Centenary Drilling***

An RC drill programme for an advance of 400m is proposed at Centenary. The programme is designed to follow up a mineralised quartz veined ore shoot with associated Banded Iron Formation that has been defined in previous drilling. Initially, four RC drill holes will test the projected down dip extensions of the high grade shoot below the known depth. The drill holes are designed to follow up previously reported intersections that returned narrow but highly significant gold intercepts.

- CGRC002 3m @ 173.6g/t Au from 39m & 2m @ 32.8g/t from 47m
- CGRC003 1m @ 38.6g/t Au from 99m
- CGRC008 1m @ 24.9g/t Au from 108m and
- CGRC005 1m @ 133.7g/t Au from 54m

It is proposed to conduct the programme in conjunction with the Mt Caudan drilling following the submission of the targeted flora survey and approval of the work programme; no formal floral survey is required at Centenary.

#### ***Buffalo and Spring Hill***

Work has commenced in-house to validate data outlining gold mineralisation at Buffalo and Spring Hill. Geological cross sections have now been reinterpreted to obtain a more robust geological model. The identified lodes at Buffalo, in some cross sections, are extended to reflect the strike continuity of gold mineralisation identified in the adjoining sections.

This geological interpretation has resulted in a more realistic analysis of the spatial distribution of mineralisation in a three dimensional context.

Micromine software will be utilised to finalise the optimal geological interpretation and to calculate an initial inferred resource at both Buffalo and Spring Hill.

The identified mineralisation remains open at depth and additional drilling will be carried out following the preliminary pit optimization.

#### **Regatta Resources Limited (“Regatta”)**

During the quarter, the Company advised the withdrawal of Polaris Metals NL from the planned merger of tenement interests in the Parker Range area south of Southern Cross, WA.

The Company remains committed to the spin-off of its tenement interests in the Parker Range area, and has been successful in acquiring (subject to the completion of the Regatta IPO) the minority interests in Spring Hill, Buffalo and the Dulcie Joint Venture, as well as the Parker Range tenement interests of several other vendors. However, in view of the material changes flowing from the Polaris withdrawal, it is proposed to delay the issue of the Prospectus while plans for the Regatta IPO are reviewed. The board anticipates that its review will result in an improved outcome for both the Company and its shareholders. It is envisaged Gondwana shareholders will retain a priority right to subscribe for shares in Regatta.

Further information will be made available as soon as possible.

#### **4. New projects**

The Company’s application for an exploration licence at Mt Harris has temporarily been held up while a miscellaneous licence providing power line access to a neighbouring tenement holder is dealt with, but the application is expected to proceed to grant in the normal course. The Mt Harris Prospect is located near Kathleen Valley in the East Murchison Mineral Field, WA, approximately 40 km north of Leinster, and adjoins prospects held by Jubilee Mines and Giralia Resources. The Company considers the area prospective for gold, nickel and base metals.

During the quarter application was also made for an exploration licence at Galbraigh Bore in the North Coolgardie region, WA. The Galbraigh Bore Prospect is considered prospective for uranium.

The Company is continuing to investigate appropriate resources opportunities in Australia and various parts of the world and considerable work has been undertaken in this regard during the quarter. The Company has mandated a Hong-based consultancy to conduct a search for suitable operating mines or exploration projects in China.

#### **5. Competent Person Statement**

The information in this Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Paul Maher who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Maher has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Maher consents to the inclusion in this Quarterly Report of the matters based on his information in the form and context in which it appears. Mr Maher is a self-employed consultant to the Company.

*For further information phone Warren Beckwith on (08) 9388 9697 / 9388 9961 or email [info@gondwanaresources.com](mailto:info@gondwanaresources.com).*



Warren Beckwith  
Director

31 July 2007

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GONDWANA RESOURCES LIMITED

ABN

72 008 915 311

Quarter ended ("current quarter")

30 June 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(139)	(316)
(b) development	-	-
(c) production	-	-
(d) administration	(149)	(392)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	7
1.5 Interest and other costs of finance paid	(26)	(38)
1.6 Income taxes paid	-	-
1.7 Other - Sundry income	-	-
<b>Net Operating Cash Flows</b>	<b>(310)</b>	<b>(739)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(50)	(50)
(c) other fixed assets	(13)	(13)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(149)	(241)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	(5)	(5)
<b>Net investing cash flows</b>	<b>(217)</b>	<b>(309)</b>
1.13 Total operating and investing cash flows (carried forward)	(527)	(1,048)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(527)	(1,048)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	439	1,728
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	92	92
1.17	Repayment of borrowings	-	(573)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Capital raising costs	(21)	(96)
	<b>Net financing cash flows</b>	510	1,151
	<b>Net increase (decrease) in cash held</b>	(17)	103
1.20	Cash at beginning of quarter/year to date	269	149
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	252	252

**Payments to directors of the entity and associates of the directors**  
**Payments to 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	45
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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**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

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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

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**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	-	-

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	200
4.2	Development	-
<b>Total</b>		200

**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	252	269
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		252	269

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	E29/671 M77/1018 E77/1118	Application Application granted Application granted	Nil 100% 100%	100% 100% 100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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	<b>Preference +securities</b>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	253,764,116	253,764,116		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	35,000,000	35,000,000		Fully paid
7.5	<b>+Convertible debt securities</b>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b>	5,649,937 23,993,000 45,617,457 33,954,544	5,649,937 23,993,000 45,617,457	Exercise price 18.75¢ Exercise price 5¢ Exercise price 1¢ Exercise price 1.2¢	Expiry 31/12/07 Expiry 30/6/08 Expiry 30/6/09 Expiry 30/6/10
7.8	Issued during quarter	17,500,000		Exercise price 1.2¢	Expiry 30/6/10
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures (totals only)</b>				
7.12	<b>Unsecured notes (totals only)</b>				

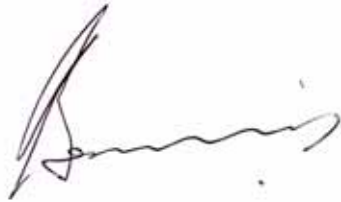
**Note:** Since the end of the quarter, 13,567,500 fully paid ordinary (quoted) have been issued:

Placement at 2.5 cents per share	8,000,000
Exercise of Options	5,567,500

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....Date 31 July 2007

(Director)

Print name: Warren T 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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