



HALF-YEAR REPORT TO 30 JUNE 2007

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DIRECTORS' REPORT

The directors present their report together with the financial report of Gondwana Resources Limited for the half-year ended 30 June 2007 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half year are:

Warren Talbot Beckwith **Executive Chairman**

Warren Beckwith is a Chartered Accountant with many years' experience as a partner in international firms within Australia and overseas. He has held directorships in Australian mining and other public listed companies in Australia and Hong Kong for more than 20 years. He is an independent non-executive director of China Properties Group, which is listed in Hong Kong.

Steven Leigh Pynt **Director**

Steven Pynt is a Director of Perth legal firm McDonald Pynt, with his main area of practice being in Commercial Law including Corporations Law and Contracts. In addition to completing his law degree in 1980 he has completed a Bachelor of Business majoring in Accounting, an MBA and a Master of Taxation Studies. Steven is a member of the Racing Penalties Appeals Tribunal and Chairman of Working Systems Solutions Ltd, Richfield International Limited and Richfield Group Ltd.

Paul Millington Goodsall **Director & Company Secretary**

Paul Goodsall is a Chartered Accountant with over 20 years experience in merchant banking specialising in commercial and resource based project financing. During this period he has been responsible for the appraisal and development of numerous mineral developments in both Australia and overseas. In recent years he has held the position of Commercial Manager, director or company secretary of several public companies.

PRINCIPAL ACTIVITIES

The Company's principal activity during the half-year was mineral exploration.

REVIEW OF OPERATIONS

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. 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 half year. 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.

Mt Caudan Iron Ore

During the half year, 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 Mt Caudan area lies approximately 60 kilometres south of the Perth-Kalgoorlie rail, and potential exists for the delineation of an iron mineral resource. The Company has applied for the right to explore for iron ore within the tenements.

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.¹

REVIEW OF OPERATIONS (continued)

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.

¹ *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.*

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

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 half year, 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. However, in view of the material changes flowing

REVIEW OF OPERATIONS (continued)

from the Polaris withdrawal, it is proposed to delay the issue of the Prospectus while plans for the Regatta IPO are reviewed. Further information will be made available as soon as possible.

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 half year, 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.

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 Malcolm Castle who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle 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 Castle 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 Castle is a self-employed consultant to the Company.

AFTER BALANCE DATE EVENTS

Since 30 June 2007, the Company has made a placement of 8,000,000 fully paid ordinary shares at a price of 2.5 cents per share pursuant to the Mt Caudan Farm-in Agreement; a placement of 50,000,000 fully paid ordinary shares at a price of 1.0 cents and 25,000,000 options exercisable by 30 June 2010 at 1.2 cents each, principally to continue the Company's current exploration programs and investments, evaluation of new prospects and for working capital purposes; and has issued 5,984,167 fully paid ordinary shares for the exercise of options.

Other than as disclosed in this report, no events, matter or circumstances have arisen since the end of the half-year which in the opinion of the directors are likely to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

Dated at Perth this 13th day of September 2007 and signed in accordance with a resolution of the directors.



Warren Beckwith
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Gondwana Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPML

KPMG

R + Steedman

B P Steedman
Partner

Perth

Dated: *13 September 2007*

GONDWANA RESOURCES LIMITED
HALF YEAR REPORT

CONDENSED INTERIM INCOME STATEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2007

	Notes	Half-Year 30 June 2007	Half-Year 30 June 2006
		\$	\$
Other income		-	62,940
Employee expenses		(119,548)	(61,234)
Administration/office expenses		(239,603)	(99,931)
Depreciation expenses	3	(2,092)	(7,287)
Impairment loss on receivables		(91,000)	(36,319)
Consulting fees		(30,000)	(30,275)
Exploration		(325,269)	(427,280)
Write-down of investments		(68,750)	(50,000)
Other expenses from ordinary activities		(95,058)	(76,147)
Results from operating activities		(971,320)	(725,533)
Financial income		7,331	10,236
Financial expense		(38,056)	(35,008)
Net financing costs		(30,725)	(24,772)
Loss before income tax		(1,002,045)	(750,305)
Income tax expense		-	-
Loss for the period		(1,002,045)	(750,305)
Net loss attributable to members of the company		(1,002,045)	(750,305)
Basic loss per share		(\$0.005)	(\$0.016)
Diluted loss per share		(\$0.005)	(\$0.016)

The income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 11.

GONDWANA RESOURCES LIMITED
HALF YEAR REPORT

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2007

	Notes	30 June 2007	31 December 2006
		\$	\$
Current Assets			
Cash and cash equivalents		251,939	827,820
Other receivables		155,075	83,853
TOTAL CURRENT ASSETS		407,014	911,673
Non-Current Assets			
Property, plant and equipment		13,706	2,453
Exploration and evaluation expenditure		158,750	177,500
TOTAL NON-CURRENT ASSETS		172,456	179,953
TOTAL ASSETS		579,470	1,091,626
Current Liabilities			
Trade other payables		190,791	171,931
Interest bearing liabilities		128,153	609,162
Non-interest bearing liabilities		-	678,797
TOTAL CURRENT LIABILITIES		318,944	1,459,890
TOTAL LIABILITIES		318,944	1,459,890
NET ASSETS/(LIABILITIES)		260,526	(368,264)
Equity			
Share Capital	4	21,628,780	19,997,945
Accumulated losses		(21,368,254)	(20,366,209)
TOTAL EQUITY		260,526	(368,264)

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 9 to 11.

GONDWANA RESOURCES LIMITED
HALF YEAR REPORT

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2007

	Ordinary Shares	Accumulated Losses	Total
Balance at 1 January 2006	18,807,698	(18,365,414)	442,284
Issue of shares	500,001	-	500,001
Share issue costs	(56,183)	-	(56,183)
Loss for the period	-	(750,305)	(750,305)
Balance at 30 June 2006	<u>19,251,516</u>	<u>(19,115,719)</u>	<u>(135,797)</u>
Balance at 1 January 2007	19,997,945	(20,366,209)	(368,264)
Issue of shares	1,727,435	-	1,727,435
Share issue costs	(96,600)	-	(96,600)
Loss for the period	-	(1,002,045)	(1,002,045)
Balance at 30 June 2007	<u>21,628,780</u>	<u>(21,368,254)</u>	<u>260,526</u>

The statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 11.

GONDWANA RESOURCES LIMITED
HALF YEAR REPORT

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2007

	Half-Year 30 June 2007	Half-Year 30 June 2006
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(530,126)	(185,942)
Interest received	7,331	236
Interest paid	(38,056)	
Exploration and evaluation expenditure	(325,269)	(426,853)
Net cash used in operating activities	<u>(886,120)</u>	<u>(612,559)</u>
Cash flows from investing activities		
Acquisition of property, plant & equipment	(13,345)	-
Payments to related entities	(91,000)	
Proceeds for sale of tenements	-	10,000
Acquisition of other investments	(50,000)	(50,000)
Net cash used in investing activities	<u>(154,345)</u>	<u>(40,000)</u>
Cash flows from financing activities		
Proceeds from share issue	1,727,260	443,818
Payment of share issue costs	(96,600)	
Proceeds from borrowings	-	127,894
Repayment of borrowings	(487,279)	-
Net cash provided by financing activities	<u>1,143,381</u>	<u>571,712</u>
Net (decrease)/increase in cash held and cash equivalents	102,916	(80,847)
Cash and cash equivalents at 1 January	<u>149,023</u>	<u>89,747</u>
Cash and cash equivalents at 30 June	<u><u>251,939</u></u>	<u><u>8,900</u></u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 11.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007

1 Reporting entity

Gondwana Resources Limited (the "Company") is a company domiciled in Australia. The condensed interim financial report for the Company relates to the six months ended 30 June 2007. The annual financial report of the company as at and for the year ended 31 December 2006 is available upon request from the Company's registered office at 230 Rokeby Road, Subiaco, Western Australia 6008.

The condensed interim financial report was authorised for issuance on 13 September, 2007.

2 Statement of compliance

This general purpose financial report for the half year reporting period ended 30 June 2007 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*.

This condensed interim financial report does not include all the information normally included in a full annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2006 and any public announcements made by Gondwana Resources Limited during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

3 Significant accounting policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 31 December 2006.

4 Estimates

The preparation of an interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 31 December 2006.

5 Going concern

The Company has incurred a loss during half year of \$1,002,045 and current assets exceeded current liabilities by \$88,070 at 30 June 2007. The Company's financial statements have been prepared on a going concern basis on the grounds that, in the opinion of the Directors, the Company will be in a position to continue to meet its budgeted operating costs and minimum exploration expenditures for the twelve month period from the date of this report from current cash resources augmented by further limited capital raising during the period. The Company has been successful in capital raisings during the year and has demonstrated an ongoing ability to raise additional funds through share placements and capital raisings.

Since 30 June 2007 the company has raised approximately \$760,710 through capital raising and the exercise of options. Refer to note 10.

Should the Company not be successful in its future capital raisings, it may be necessary to sell some of its assets, farm-out exploration projects, reduce exploration expenditure by various methods including surrendering less prospective tenements and reduce operating overheads. Although the directors are confident that they will be successful in these measures, if they are not there is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

6 Financial risk management

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial report as at and for the year ended 31 December 2006

GONDWANA RESOURCES LIMITED
HALF YEAR REPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007 (continued)

7 Segment reporting

Industry segment

The Company operates in the mining exploration industry.

Geographical segment

The Company operates predominantly in Australia. All revenue, operating loss and segment assets relate to operations in Australia.

	30 June 2007 \$	31 December 2006 \$
8 Share capital		
Issued and Paid-up Share Capital		
254,814,116 (December 2006 92,588,994) ordinary fully paid shares	21,628,780	19,997,945

Movements in Ordinary Share Capital

Date	Details	Notes	Number of Shares	Issue Price	\$
1 January 06	Opening Balance		1,065,071,791	-	18,807,698
16 February 06	Capital Consolidation		(1,022,468,797)		-
8 May 06	Placement		10,000,000	\$0.050	500,001
8 May 06	Costs of issue		-	-	(56,183)
30 June 06	Balance		<u>52,602,994</u>		<u>19,251,516</u>

Date	Details	Notes	Number of Shares	Issue Price	\$
1 January 07	Opening Balance		92,588,994	-	19,997,945
9 January 07	Rights issue	(i)	92,588,994	\$0.010	925,890
15 February 07	Exercise of options		627,040	\$0.010	6,270
28 February 07	Placement	(ii)	32,909,088	\$0.011	362,000
2 March 07	Exercise of options		50,000	\$0.010	500
16 April 07	Placement	(iii)	35,000,000	\$0.012	420,000
2 May 07	Exercise of options		17,500	\$0.010	175
8 June 07	Exercise of options		1,050,000	\$0.012	12,600
	Costs of issues		-	-	(96,600)
30 June 07	Balance		<u>254,831,676</u>		<u>21,628,780</u>

(i) On 9 January 2007 the Company made a 1:1 rights issue of 92,588,994 fully paid ordinary shares and 46,294,497 attached options (on the basis of one option for every two shares subscribed for) at a price of 1 cent per share to raise \$925,890 before the costs of the issue. The options are exercisable at 1 cent each on or before 30 June 2009.

(ii) On 28 February 2007 the Company made a placement of 32,909,808 fully paid ordinary shares and 16,454,544 attached options (on the basis of one option for every two shares subscribed for) at a price of 1.1 cents per share to raise \$362,000 before the costs of the issue. The options are exercisable at 1.2 cents each on or before 30 June 2010.

(iii) On 19 April 2007 the Company made a placement of 35,000,000 fully paid ordinary shares and 17,500,000 attached options (on the basis of one option for every two shares subscribed for) at a price of 1.2 cents per share to raise \$420,000 before the costs of the issue. The options are exercisable at 1.2 cents each on or before 30 June 2010.

(iv) On 20 February 2007 the Company issued an additional 5,000,000 options exercisable at 5 cents each on or before 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007 (continued)

9 Related parties

Arrangements with related parties continue in place. For details of these arrangements, refer to the 31 December 2006 annual financial report.

10 Events Subsequent To Reporting Date

Since 30 June 2007, the Company has made a placement of 8,000,000 fully paid ordinary shares at a price of 2.5 cents per share to raise \$200,000 pursuant to the Mt Caudan Farm-in Agreement; a placement of 50,000,000 fully paid ordinary shares at a price of 1.0 cents per share and 25,000,000 options exercisable by 30 June 2010 at 1.2 cents each to raise \$500,000 (before costs of the issue), principally to continue the Company's current exploration programs and investments, evaluation of new prospects and for working capital purposes; and has issued 5,984,167 fully paid ordinary shares for the exercise of options for consideration of \$60,710.

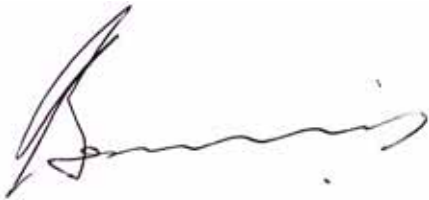
Other than disclosed above, no events, matters or circumstances have arisen since the end of the half-year which, in the opinion of the directors, are likely to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Gondwana Resources Limited:

1. The financial statements and notes set out on pages 5 to 11 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. for the reasons set out in Note 5 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 13th day of September 2007 and signed in accordance with a resolution of the directors:



Warren Beckwith
Director



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

Report on the financial report

We have reviewed the accompanying half-year financial report of Gondwana Resources Limited, which comprises the interim condensed balance sheet as at 30 June 2007, condensed income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 10 and the directors' declaration set out on page 12.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Gondwana Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gondwana Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the half-year ended on that date; and



- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Emphasis on matter

Inherent uncertainty regarding continuation as a going concern.

Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described in Note 5, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in black ink, appearing to read 'K P M G'.

KPMG

A handwritten signature in black ink, appearing to read 'B P Steedman'.

B P Steedman
Partner

Perth

Dated: 13 SEPTEMBER 2007