

# Gondwana

## RESOURCES LIMITED

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**GONDWANA RESOURCES LIMITED**

**ACN 008 915 311**

**NOTICE OF GENERAL MEETING**

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**TIME:** 11.00 am

**DATE:** Friday 20 March 2009

**PLACE:** The Celtic Club, 48 Ord Street, West Perth, Western Australia

*This Notice of Meeting 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 Meeting please do not hesitate to contact the Company on +61 8 9388 9961 or [info@gondwanaresources.com](mailto:info@gondwanaresources.com).*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Celtic Club  
48 Ord Street  
West Perth, Western Australia

**DATE & TIME**

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11.00am on 20 March 2009

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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To vote in person, attend the General Meeting on the date and at the 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 by:

- (a) post to Gondwana Resources Limited PO Box 2000, Subiaco 6904; or
- (b) facsimile to the Company on facsimile number 61 8 9381 1705,

so that it is received not later than 11.00 am WDST on 18 March 2009.

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

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## NOTICE OF GENERAL MEETING

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Notice is given that a General Meeting of Shareholders of Gondwana Resources Limited will be held at 11.00am W DST on 20 March 2009 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

The attached Explanatory Statement, which forms part of this Notice of Meeting, provides additional information on matters to be considered at the meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm on 18 March 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 6,030,000 Shares at an issue price of 1 cent each together with 6,030,000 May 2009 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 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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### 2. RESOLUTION 2 – RATIFICATION OF SECOND PRIOR ISSUE OF SECURITIES

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 10,000,000 Shares at an issue price of 1 cent each 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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### 3. RESOLUTION 3 – PLACEMENT

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

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue:*

- (a) 26,500,000 Shares at an issue price of 1 cent each; together with*
- (b) 26,500,000 free attaching options on the basis of 1 option for every Share issued pursuant to part (a) of this resolution,*

*by means of a placement or placements and otherwise, on the terms 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 may obtain a benefit, except a benefit solely in the capacity of a security holder, 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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#### 4. RESOLUTION 4 – PARTICIPATION IN PLACEMENT BY DIRECTORS

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

*“That, subject to the passing of Resolution 3, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Company approves the following persons, or their respective nominees, participating in the placement the subject of Resolution 3 up to the number of Shares described opposite their names below together with 1 free attaching option for every Share subscribed and paid for by them:*

Name	Position	Maximum number of shares & options
Warren Beckwith	Managing Director	8,000,000
Paul Goodsall	Company Secretary & Director	6,000,000
Steven Pynt	Non Executive Director	1,000,000

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors 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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#### 5. RESOLUTION 5 – FURTHER PLACEMENT

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue:*

- (a) up to 50,000,000 Shares at an issue price of not less than 80% of the average market price for Shares each, calculated over the last 5 trading days prior to issue or, if there is a prospectus relating to the issue, calculated over the last 5 days on which sales in the Shares were recorded before the date the prospectus was signed; together with*
- (b) up to 25,000,000 free attaching options on the basis of 1 option for every 2 shares issued pursuant to part (a) of this resolution,*

*by means of a placement or placements and otherwise, on the terms 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 may obtain a benefit, except a benefit solely in the capacity of a security holder, 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 6 – PARTICIPATION IN FURTHER PLACEMENT BY DIRECTORS**

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

*“That, subject to the passing of Resolution 5, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Company approves the following persons, or their respective nominees, participating in the placement the subject of Resolution 5 up to the number of Shares described opposite their names below together with 1 free attaching option for every Share subscribed and paid for by them:*

<b>Name</b>	<b>Position</b>	<b>Maximum number of shares</b>	<b>Maximum number of options</b>
Warren Beckwith	Managing Director	12,000,000	6,000,000
Paul Goodsall	Company Secretary & Director	4,000,000	2,000,000
Steven Pynt	Non Executive Director	4,000,000	2,000,000

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the Directors 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 7 – ADOPTION OF NEW CONSTITUTION**

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

*“That the new Constitution contained in the document submitted to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the Constitution of the Company in substitution for and to the exclusion of the existing Constitution of the Company, with effect from the close of the meeting.”*

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**Date: 16 February 2009**

**By order of the Board**



**GONDWANA RESOURCES LIMITED  
WARREN BECKWITH  
DIRECTOR**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at 11.00am (WDST) on 20 March 2009 at The Celtic Club, 48 Ord Street, West Perth, WA.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

#### 1.1 General

In January 2009, the Company issued 6,030,000 Shares at an issue price of 1 cent per share together with 6,030,000 free attaching May 2009 Options to the allottees listed below. None of the allottees is a related party of the Company. Resolution 1 seeks shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares and Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class 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% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

#### 1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 6,030,000 Shares were allotted and issued at 1 cent each to the parties set out below:

<b>Allottee</b>	<b>Number of Shares</b>	<b>Number of Options</b>
Michael Lee Sanos	2,000,000	2,000,000
David Berkeley Fithardinge<The Dingo Superfund A/C>	2,000,000	2,000,000
William Geoffrey Kroon	1,500,000	1,500,000
Fern Valley Limited	530,000	530,000
	<b>6,030,000</b>	<b>6,030,000</b>

- (b) the Shares issued were all fully paid ordinary shares in the capital of the Company;
- (c) the May 2009 Options are issued on the terms and conditions set out in Schedule 1. Upon the valid exercise of a May 2009 Option, in addition to being issued a Share, the holder will be issued with one "Piggy Back Option" exercisable at 1 cent each on or before 30 June 2011 and on the terms and conditions set out in Schedule 2. The Piggy Back Options will not be issued until such time as the Company has prepared a disclosure document to comply with the technical requirements of the Corporations Act; and
- (d) the funds raised from the issue were for general working capital.

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## **2. RESOLUTION 2 – RATIFICATION OF SECOND PRIOR ISSUE OF SECURITIES**

### **2.1 General**

In December 2008, the Company issued 10,000,000 Shares at an issue price of 1 cent per share to Rockdale Capital Pty Ltd as consideration for the acquisition of rights to certain tenement applications in the East Pilbara. Rockdale is not a related party of the Company. Resolution 2 seeks shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in Section 1.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

### **2.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 10,000,000 Shares were allotted and issued to Rockdale Capital Pty Ltd at a deemed price of 1 cent each; as noted above, the Shares were issued in consideration for the acquisition of rights to certain tenement applications in accordance with the terms of an agreement entered into with Rockdale dated 10 October 2008;
- (b) the Shares were allotted and issued on 15 December 2008;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company; and
- (d) no funds were raised by the issue of the Shares the subject of Resolution 2 as the Shares were issued in consideration for the acquisition of rights to certain tenement applications in accordance with the terms of an agreement entered into with Rockdale dated 10 October 2008.

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## **3. RESOLUTION 3 – PLACEMENT**

### **3.1 General**

Resolution 3 seeks Shareholder approval for the allotment and issue of up to 26,500,000 Shares at an issue price of 1 cent per Share, together with up to 26,500,000 free attaching May 2009 Options. One May 2009 Options will be issued free for every Share taken up in the placement (**Placement**). The full terms and conditions of the May 2009 Options are set out in Schedule 1 of this Explanatory Memorandum.

Optionholders who exercise their May 2009 Options by the expiry date will be entitled (in addition to one Share) one further Option (**Piggy Back Option**) for every May 2009 Option exercised. The Company shall only issue the Piggy Back Options once the Company has issued a disclosure document in respect of the Piggy Back Options. The Piggy Back Options will be exercisable at 1 cent each on or before 30 June 2011 on the terms and conditions set out in Schedule 2.

After payment of the costs of the Placement, the funds will be used to fund exploration programmes at the Company's mineral exploration projects, evaluation of new projects, corporate and administration expenses, retirement of short-term debt and general working capital.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1.

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

### **3.2 Technical Information Required by ASX Listing Rule 7.3**

The following information is provided in relation to the Placement pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of Shares to be issued is 26,500,000 and the maximum number of May 2009 Options to be issued is 26,500,000 (on the basis that one May 2009 Option will be issued for every Share issued);
- (b) the Shares will each be issued at a price of 1 cent each; the attaching May 2009 Options will be issued free;
- (c) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (d) the Shares and May 2009 Options will be issued no later than three (3) months after the date of the General 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 allotment will occur on the same date;
- (e) the Directors will determine to whom the Securities will be issued but these persons will not be related parties of the Company except to the extent approved pursuant to Resolution 4;
- (f) the May 2009 Options to be issued pursuant to Resolution 3 will be exercisable at any time on or before 31 May 2009 and the exercise price will be 1 cent each. The May 2009 Options will be otherwise exercisable on the terms and conditions set out in Schedule 1;
- (g) the terms and conditions of Piggy Back Options are set out in Schedule 2; and
- (h) the Company intends to use the funds raised from the Placement for the purposes of funding exploration programmes at the Company's mineral exploration projects, evaluation of new projects, corporate and administration expenses, retirement of short-term debt and provision of general working capital.

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### **4. RESOLUTION 4 – PARTICIPATION IN PLACEMENT BY DIRECTORS**

It is possible that the Directors of the Company may participate in the placement the subject of Resolution 3. As the Directors are related parties of the Company by virtue of their position as Directors, ASX Listing Rule 10.11 requires the Company to obtain shareholder approval for them to participate in the placement. Resolution 4 seeks that approval. Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue Securities under the placement to the Directors as approval is being obtained under ASX Listing Rule 10.11

Each of the Directors has indicated the maximum number of Securities they may be interested in subscribing under the Placement and those numbers are set out in Resolution 4 against each Director's name. The Directors may participate in the Placement to the maximum extent set out in Resolution 4 and on exactly the same terms as each other investor, namely the issue price of the Shares will be 1 cent each and the number of May 2009 Options that may be issued to the Directors will be determined on the basis of one May 2009 Option for each Share subscribed.

The Securities will be issued and allotted no later than one (1) month after the date of the General Meeting (or such later date permitted by any ASX waiver or modification of the ASX Listing Rules).

All other information relating to the Placement is set out above in Section 3 of this Explanatory Statement.

Resolution 4 is an ordinary resolution requiring it to be passed by a simple majority of votes cast by the shareholders entitled to vote on it. The Directors decline to make a recommendation in respect of voting on Resolution 4, given their interests set out in this Explanatory Statement.

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## 5. RESOLUTION 5 – FURTHER PLACEMENT

### 5.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 50,000,000 Shares at an issue price of not less than 80% of the average market price for Shares, calculated on the basis of the 5 trading days prior to issue or, if there is a prospectus relating to the issue, calculated over the last 5 days on which sales in the Shares were recorded before the date the prospectus was signed, together with up to 25,000,000 Options (**Placement Options**) on the basis of 1 free attaching Placement Option for every 2 Shares issued (**Further Placement**).

Depending on the Directors' assessment of market conditions at the time of the Further Placement, no free Placement Options may be attached to the Shares offered but, in any event, the maximum number of Placement Options that may be issued in the Further Placement is 25,000,000.

After payment of the costs of the Further Placement, the funds will be used for exploration and development of the Company's existing projects, evaluation and acquisition of new projects, investment, debt repayment and provision of general working capital.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1.

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

It is intended that part of, or the entire Further Placement will be made pursuant to a prospectus or an offer information statement and offered to investors (including the general public) and shareholders. In this case, shareholders will be given a priority invitation to subscribe for shares in the placement or part placement.

### 5.2 Technical Information Required by ASX Listing Rule 7.3

The following information is provided in relation to the Further Placement pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of Shares to be issued is 50,000,000 and the maximum number of Placement Options to be issued is 25,000,000; (on the basis that 1 Placement Option will be issued for every 2 Shares issued;
- (b) the Shares will each be issued at not less than 80% of the average market price for Shares calculated for the 5 trading days prior to the issue or, if there is a prospectus relating to the issue, calculated over the last 5 days on which sales in the Shares were recorded before the date the prospectus was signed;
- (c) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (d) the Shares and Placement Options will be issued no later than three (3) months after the date of the General 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 allotment will occur on the same date;
- (e) the Directors will determine to whom the Shares (and attaching Placement Options) will be issued but these persons will not be related parties of the Company except to the extent approved pursuant to Resolution 6;
- (f) the Placement Options to be issued pursuant to Resolution 5 will be exercisable at any time on or before a date to be determined at the time of issuing the options and the exercise price for each Placement Option will be not less than 80% of the average market price for Shares calculated for the 5 trading days prior to the issue or, if there is a prospectus relating to the issue, calculated over the last 5 days on which sales in the Shares were

recorded before the date the prospectus was signed. The Placement Options will be otherwise exercisable on the terms and conditions set out in Schedule 3; and

- (g) the Company intends to use the funds raised from the Further Placement for the purpose of exploration and development of the Company's existing projects, evaluation and acquisition of new projects, investment, debt repayment, provision of general working capital and the costs of the issue.

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## **6. RESOLUTION 6 – PARTICIPATION IN FURTHER PLACEMENT BY DIRECTORS**

It is possible that the Directors of the Company may participate in the placement the subject of Resolution 5. As the Directors are related parties of the Company by virtue of their position as Directors, ASX Listing Rule 10.11 requires the Company to obtain shareholder approval for them to participate in the placement. Resolution 6 seeks that approval. Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue Securities under the placement to the Directors as approval is being obtained under ASX Listing Rule 10.11.

Each of the Directors has indicated the maximum number of Securities they may be interested in subscribing under the placement, and those numbers are set out in Resolution 6 against each Director's name. The Directors may participate in the Placement to the maximum extent set out in Resolution 6 and on exactly the same terms as each other investor, namely the issue price of the Shares will be 1 cent each and the number of May 2009 Options that may be issued to the Directors will be determined on the basis of one May 2009 Option for each Share subscribed.

The Securities will be issued and allotted no later than one (1) month after the date of the General Meeting (or such later date permitted by any ASX waiver or modification of the ASX Listing Rules).

All other information relating to the Further Placement is set out above in Section 5 of this Explanatory Statement.

Resolution 6 is an ordinary resolution requiring it to be passed by a simple majority of votes cast by the shareholders entitled to vote on it. The Directors decline to make a recommendation in respect of voting on Resolution 6, given their interests set out in this Explanatory Statement.

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## **7. RESOLUTION 7 – ADOPTION OF NEW CONSTITUTION**

### **7.1 Background**

The Company's current Constitution has not been altered since May 2000 when the Company converted from a no liability company to a company limited by shares.

Since that time, there have been a number of changes to the Corporations Act which affect constitutions of publicly listed companies generally, as well as significant developments in corporate governance principles and general corporate and commercial practice for ASX listed companies.

The Board recommends the adoption of a new Constitution which is up-to-date with current laws, and is drafted in a modern, clear style.

### **7.2 Summary of principal changes**

Many of the proposed changes are administrative or relatively minor in nature. The principal differences between the current Constitution and the new Constitution are outlined below:

- (a) **Definitions and interpretations:** The new Constitution updates the definitions used to reflect current terminology and where possible relies upon terms defined in the Corporations Act, the ASX Listing Rules and the ASTC Settlement Rules.

- (b) **Share capital:** The new Constitution includes a number of changes relating to the Company's powers in respect to its share capital that are either not included in the Company's current Constitution, or clarify the Company's ability to exercise those powers, including:
  - (i) provisions relating to the Company's ability to issue preference shares and the rights of preference shareholders (including the right to receive a dividend, the limitations on voting rights, and the right to priority over ordinary shareholders in the event of winding up); and
  - (ii) the ability of the Company to pay brokerage or a commission to persons who subscribe, or agree to subscribe, or procure or agree to procure subscriptions for the Company's shares.
- (c) **Unmarketable parcels:** The new Constitution adopts provisions which are consistent with the ASX Listing Rules in respect to the Company's ability to sell any unmarketable parcels of shares on issue from time to time.
- (d) **Proportional takeover bid approval rule:** The new Constitution includes a proportional takeover approval rule. Further details in respect to the effect of the proportional takeover approval rule, including the key advantages and disadvantages of its adoption, are set out below.
- (e) **Related Party Approvals:** The new Constitution includes specific provision that the Company shall not give a financial benefit to a related party of the Company except in accordance with Chapter 2E of the Corporations Act;
- (f) **General meeting:** The new Constitution adopts meeting provisions which are consistent with current corporate practice, and which are designed to assist with the orderly conduct of general meetings of the Company, including provisions which:
  - (i) provides the Company with the ability to provide notices by any electronic means permitted by the Corporations Act;
  - (ii) provides the chairperson of such meetings with greater flexibility to impose time limits on persons seeking to speak to motions or other items of business, and to terminate such debate, so as to allow the chairperson to ensure orderly and timely conduct at meetings; and
  - (iii) remove the ability of members to demand a poll on a resolution for adjournment of a meeting of members.

### 7.3 The proportional takeover rule

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

The Company's current Constitution does not provide for a proportional takeover approval. The Directors consider that it is appropriate to include provision in the Constitution to not permit a proportional takeover bid unless Shareholders in general meeting approve the offer.

A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest and without Shareholders having the opportunity to dispose of all their Shares, with the attending risk of Shareholders being left as part of a minority interest. The proposed proportional takeover approval rule lessens this risk because it will allow members to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

The Directors consider that it is in the interests of Shareholders for the Company to have a proportional takeover rule and so a partial takeover approval rule has been included in the new Constitution.

#### **7.4 Effect of the Proposed Proportional Takeover Approval Rule**

The proposed proportional takeover approval rule:

- (a) requires that if a proportional takeover bid is received, the Directors are to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover offer. The meeting must be held, and the resolution voted upon, at least 14 days before the last day of the bid period;
- (b) provides that for the necessary resolution to be approved it must be passed by a majority of votes at the meeting, excluding votes by the bidder and its associates. If no resolution to approve the proportional bid has been voted on by the requisite deadline, a resolution approving the proportional bid will be deemed to have been passed. If a resolution is rejected, the registration of any transfer of shares resulting from the proportional bid will be prohibited and all offers under the bid deemed withdrawn. If approved, the relevant transfers of shares will be registered, provided they comply with the other provisions of the Company's Constitution;
- (c) ceases to apply 3 years after the adoption of the proposed Constitution unless renewed by Shareholders.

The proportional takeover approval rule does not apply to full takeover offers.

#### **7.5 Advantages and disadvantages of a proportional takeover approval rule**

As there is no proportional takeover approval rule in the Company's current Constitution, and there have been no takeover bids for the Company, either proportional or otherwise there are no actual examples against which to review the advantages and disadvantages of the existing proportional takeover provision for the directors and members of the Company.

The Directors consider that there are no advantages or disadvantages for the Directors in the proposed partial takeover approval rule being adopted, as they retain the ability to make a recommendation on whether a proportional takeover offer should be rejected.

The reasons for, and potential advantages of, the proposed proportional takeover approval rule include:

- (a) Shareholders have the right to decide by majority vote whether to allow a proportional takeover bid to proceed;
- (b) it may help Shareholders to avoid being locked in as a minority and avoid the bidder acquiring control of the Company without paying an adequate control premium (that is, not being required to pay for all of the shares on issue);
- (c) it increases Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of shareholders may help each individual shareholder to form an opinion on whether to accept or reject an offer under a bid.

The potential disadvantages of the proposed proportional takeover approval rule include:

- (a) proportional takeover bids for shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium; and
- (c) the likelihood of a proportional takeover succeeding may be reduced.

However, the Directors believe that the requirement that the views of Shareholders be obtained should not adversely affect any offer which is attractive to the majority of Shareholders.

Taking these factors into account, Directors consider that the benefits of including the rule in the proposed Constitution far outweigh the disadvantages.

## **7.6 Present Acquisition Proposals**

As at the date of this Explanatory Statement, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

The Corporations Act does not allow bidders to impose maximum acceptance conditions in respect of any offers made under a takeover offer. One way which potential bidders can seek to cap the maximum percentage of ownership acquired under a takeover bid is to make a proportional takeover bid.

The Directors recommend the adoption of the new Constitution.

A copy of the Constitution is available from the Company by calling the Company Secretary on +618 9388 9961.

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## GLOSSARY

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means Australian Securities Exchange Limited.

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

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

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

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

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

**Directors** mean the current directors of the Company.

**Explanatory Statement** means this explanatory statement which forms part of the Notice.

**May 2009 Option** means an option to acquire a Share on the terms and conditions set out in Schedule 1 of the Explanatory Statement.

**Notice** means the notice of meeting of which this Explanatory Statement forms part.

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

**Piggy Back Option** means an option to acquire a Share on the terms and conditions set out in Schedule 2 of the Explanatory Statement.

**Placement Option** means an option to acquire a Share on the terms and conditions set out in Schedule 3 of the Explanatory Statement.

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

**Securities** means Shares and Options.

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

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

**WDST** means Western Daylight Saving Time, Perth, Western Australia.

**WST** means Western Standard Time, Perth, Western Australia.

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**SCHEDULE 1**

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**TERMS AND CONDITIONS OF MAY 2009 OPTIONS**

Each May 2009 Option entitles the option holder to acquire one Share and one Piggy Back Option on the following terms and conditions:

1. The Options shall expire on 31 May 2009 ("Expiry Date"). Any Option not exercised before the expiry date will automatically lapse.
2. The Options may be exercised by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque or electronic funds transfer for the exercise price for the number of Options being exercised. An exercise is only effective when the Company has received the full amount of the exercise price in cleared funds.
3. The Options may be exercised in whole or in part.
4. The exercise price for each Option shall be 1 cent.
5. The Options may be transferred at any time in whole or part.
6. A holding statement will be issued for the Options. On the reverse side of the holding statement there will be endorsed a statement of rights of the option holder and a notice of exercise of an option that is to be completed when exercising the Options. If prior to the expiry date those Options are exercised in part the Company will issue another holding statement for the balance of the Options held and not yet exercised.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the option holder will be treated in the manner prescribed by the Corporations Act and ASX Listing Rules applying to reconstructions at that time.
8. The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
9. The Options will not give the option holder the right to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure for the purpose of determining entitlements to any such issue, the record date (as that term is defined in the ASX Listing Rules) will be at least 6 business days after the issue is announced. This will give the option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
10. An Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised.
11. Application will be made to ASX for official quotation of the Options and all Shares and Piggy Back Options issued upon the exercise of any Options. However, application to ASX for official quotation of the Piggy Back Options will not be made until such time as all May 2009 Options have either been exercised or expired.
12. All shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

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**SCHEDULE 2**

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**TERMS AND CONDITIONS OF PIGGY BACK OPTIONS**

Each Piggy Back Option entitles the option holder to acquire one Share on the following terms and conditions:

1. The Piggy Back Options shall expire on 30 June 2011 ("Expiry Date"). Any Piggy Back Option not exercised before the Expiry Date will automatically lapse.
2. The Piggy Back Options may be exercised by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque or electronic funds transfer for the exercise price for the number of options being exercised. An exercise is only effective when the Company has received the full amount of the exercise price in cleared funds.
3. The Piggy Back Options may be exercised in whole or in part.
4. The exercise price for each Piggy Back Option shall be 1 cent.
5. The Piggy Back Options may be transferred at any time in whole or part.
6. A holding statement will be issued for the Piggy Back Options. On the reverse side of the holding statement there will be endorsed a statement of rights of the option holder and a notice of exercise of an option that is to be completed when exercising the options. If prior to the Expiry Date those options are exercised in part the Company will issue another holding statement for the balance of the options held and not yet exercised.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the option holder will be treated in the manner prescribed by the Corporations Act and ASX Listing Rules applying to reconstructions at that time.
8. The Piggy Back Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant options.
9. The Piggy Back Options will not give the option holder the right to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure for the purpose of determining entitlements to any such issue, the record date (as that term is defined in the ASX Listing Rules), will be at least 6 Business Days after the issue is announced. This will give the option holder the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
10. A Piggy Back Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Piggy Back Option can be exercised.
11. Subject to the requirements of the ASX Listing Rules, application will be made to ASX for official quotation of the Piggy Back Options after all May 2009 Options have either been exercised or expired. In addition, application will be made to ASX for official quotation of all Shares issued upon the exercise of any Piggy Back Options.
12. All Shares allotted upon the exercise of Piggy Back Options will upon allotment rank pari passu in all respects with other Shares.

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**SCHEDULE 3**

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**TERMS AND CONDITIONS OF PLACEMENT OPTIONS**

Each Placement Option entitles the option holder to acquire one Share on the following terms and conditions:

1. The Options shall expire on the date determined and announced at the time of issue of the Options ("Expiry Date"). Any Option not exercised by the Expiry Date will automatically lapse.
2. The Options may be exercised by notice in writing to the Company received at any time on or before the Expiry Date together with a cheque or electronic funds transfer for the exercise price for the number of Options being exercised. An exercise is only effective when the Company has received the full amount of the exercise price in cleared funds.
3. The Options may be exercised in whole or in part.
4. The exercise price for each Option is as set out on Section 5 of the Explanatory Statement accompanying the Notice of General Meeting to be held on 20 March 2009.
5. The Options may be transferred at any time in whole or part.
6. A holding statement will be issued for the Options. On the reverse side of the holding statement there will be endorsed a statement of rights of the option holder and a notice of exercise of an Option that is to be completed when exercising the Options. If prior to the Expiry Date those Options are exercised in part the Company will issue another holding statement for the balance of the Options held and not yet exercised.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the option holder will be treated in the manner prescribed by the Corporations Act and ASX Listing Rules applying to reconstructions at that time.
8. The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
9. The Options will not give the option holder the right to participate in new issues of Securities offered to Shareholders during the currency of the Options. However, the Company will ensure for the purpose of determining entitlements to any such issue, the record date (as that term is defined in the ASX Listing Rules), ) will be at least 6 Business Days after the issue is announced. This will give the option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
10. An Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised.
11. Subject to the requirements of the ASX Listing Rules, application will be made to ASX for official quotation of the Options. In addition, application will be made to ASX for official quotation of all Shares issued upon the exercise of any of the Options.
12. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

## PROXY FORM

### APPOINTMENT OF PROXY GONDWANA RESOURCES LIMITED ACN 008 915 311

I/We   
being a Member of Gondwana Resources Limited entitled to attend and  
vote at the Meeting, hereby  
appoint   
(Name of proxy)

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at 11.00am on 20 March 2009 at the Celtic Club, 48 Ord Street, West Perth, WA and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote in respect of Resolution 4 and 6, please place a mark in this box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even though he may have an interest in the outcome of Resolutions 4 and 6 and that votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on Resolutions 4 and 6 if a poll is called on Resolutions 4 and 6.

#### Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Participation in Placement by Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Participation in Placement by Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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 to be counted in computing the required majority on a poll.

Signed this                      day of                      2009 by:

#### Individuals and joint holders

Signature

Signature

Signature

#### Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

**GONDWANA RESOURCES LIMITED**  
**ACN 008 915 311**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. 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 member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members 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 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.
4. 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.
6. To vote by proxy, please complete and sign the proxy form enclosed, and deliver it:
  - (a) by post to Gondwana Resources Limited, PO Box 2000, Subiaco, Western Australia 6904; or
  - (b) by hand to Suite 4, 16 Nicholson Road, Subiaco, WA
  - (c) by facsimile to the Company on facsimile number 61 8 9381 1705,so that it is received not later than 11.00am WDST on 18 March 2009.

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