

Drilling Starts on Gold Projects

HIGHLIGHTS

- Gold resource upgrade drilling commences today at *Centenary, Spring Hill and White Horseshoe* historic gold mines
- Exploration drilling to follow immediately at the new *Zorro, Southern Star Extension* and *Zeus* gold prospects

PARKER RANGE GOLD PROJECT

Gondwana Resources Limited is pleased to announce that a 2,400m RC drilling program will commence today at the Company's Parker Range Gold Project south of Marvel Loch. The aim of the drilling is, firstly, to upgrade gold resources within the Company's three historic workings near the proposed *Buffalo* processing facility and, secondly, to test several priority exploration targets, including two along strike from the Southern Star gold mine.

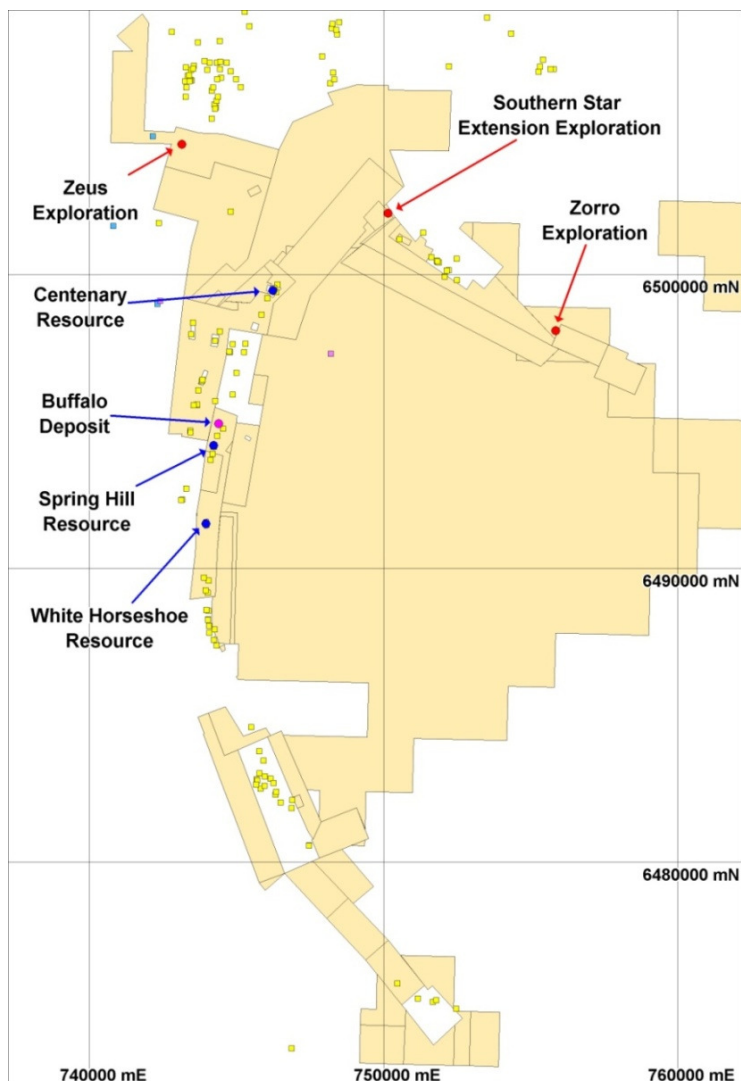


Figure 1: Parker Range resource upgrade & exploration drilling locations

RESOURCE UPGRADE DRILLING

Additional drilling will determine whether three historic underground mine sites have economic gold mineralisation that can be brought into production at the same time as the Buffalo mine. The aim of the drilling program is to confirm current models of the mineralisation at each of the three sites, upgrade the grade confidence and establish a JORC-compliant resource.

Centenary – 6km North of Buffalo

(Gondwana 100%)

Gondwana's previous drilling at Centenary has identified high-grade gold mineralisation in narrow quartz veins at the base of a BIF unit, including 3m @ 167.26g/t Au from 40m and 4m @ 34.28g/t Au from 51m. The high grade mineralisation remains open along strike and at depth.

The 3D wire frame model of the mineralised zones has been completed. Additional shallow RC drilling is now required to ascertain if the high grade deposit is an economic mining proposition. A resource estimate for Centenary will be released after the results from this drilling program have been incorporated into the existing wireframe model.



Figure 2: The Centenary deposit is to have additional drilling to establish a JORC-compliant resource

Spring Hill – 600m South of Buffalo

(Gondwana 70%)

The Spring Hill mine consists of a 200m long open cut pit between 5m and 10m in depth. Off the base of the pit are a number of underlay stopes which are connected to the surface by two vertical shafts.

Recent field work on the mineralised area noted that the GPS location of the drill holes differ from the GPS location stored in the digital database inherited from Sons of Gwalia (SOG). A DGPS survey of the area has now restored drill collars with accurate ground positioning for use in the wire frame model.

Previous owners, SOG, positioned drill hole PDC1575 down dip from the historic workings and intersected 6m @ 2.86 g/t Au from 75m. When the historic collar locations are moved to their correct location (50m to the south east), an area of mineralisation potential exists from the base of the old stopes and will be tested with 3 RC drill holes.

Shallow RC drilling will be undertaken to finalise a new resource wire frame model and in-fill gaps in the drilling density. In addition, twinning of historic high-grade intersects will confirm historical assaying quality. A resource estimate for Spring Hill will be released after the results from this drilling program have been incorporated into the existing wireframe model.

White Horseshoe – 4km South of Buffalo

(Gondwana 100%)

The White Horseshoe deposit consists of a modern head frame and two vertical dewatering bores which were utilised in the last underground operation in 1984. Underground mine plans show the underground was stoped to approximately 35m depth and is shallowly plunging to the south west. The underground mine digitisation and preliminary wire frame model of the mineralisation have now been completed.

SOG reports show the main ore zone was drilled through in the late 1990's; with the best intersect WHRC008 – 3m @ 3.27 g/t ending in a stope. Gondwana's in-fill resource drilling program is aimed to locate remnant ore beyond 35m depth and to test for a second plunging mineralised shoot off the base of the northern open cut pit. These areas will be tested with shallow RC drill holes which will be used to create a new wire frame model of the mineralisation.

EXPLORATION DRILLING

Zorro Prospect

Gondwana 100%

Zorro is an inflection in the interpreted banded iron formation (BIF) horizon, 5km south east of *Southern Star* gold mine. This is a greenfields project as it has not been previously drilled. At some point between the Southern Star gold mine and Gondwana's *Omega* prospect (drilled in May 2009), the BIF has been eroded away. Drill testing through cover at Zorro will aim to first confirm the presence of the BIF at Zorro and, secondly, track the BIF horizon north-west towards Southern Star and south-east towards Omega.

This area has the potential to host another Southern Star deposit, should the gold bearing shear structures and subsequent quartz veining be located along the interpreted BIF unit. Recent field work has located the southern outcrop of the BIF near *McGowan's Find*, 1.5km south east of Zorro.

Southern Star Extension Prospect

Gondwana 100%

The Southern Star Extension Prospect has the same interpreted BIF as hosts the Southern Star open cut gold mine. This area has been previously drilled; however interpretation of historic drill holes data shows this area has not been effectively tested.

As with Zorro, shear zones and quartz veining along the base of the BIF is the target. This prospect will be tested with deeper RC holes.

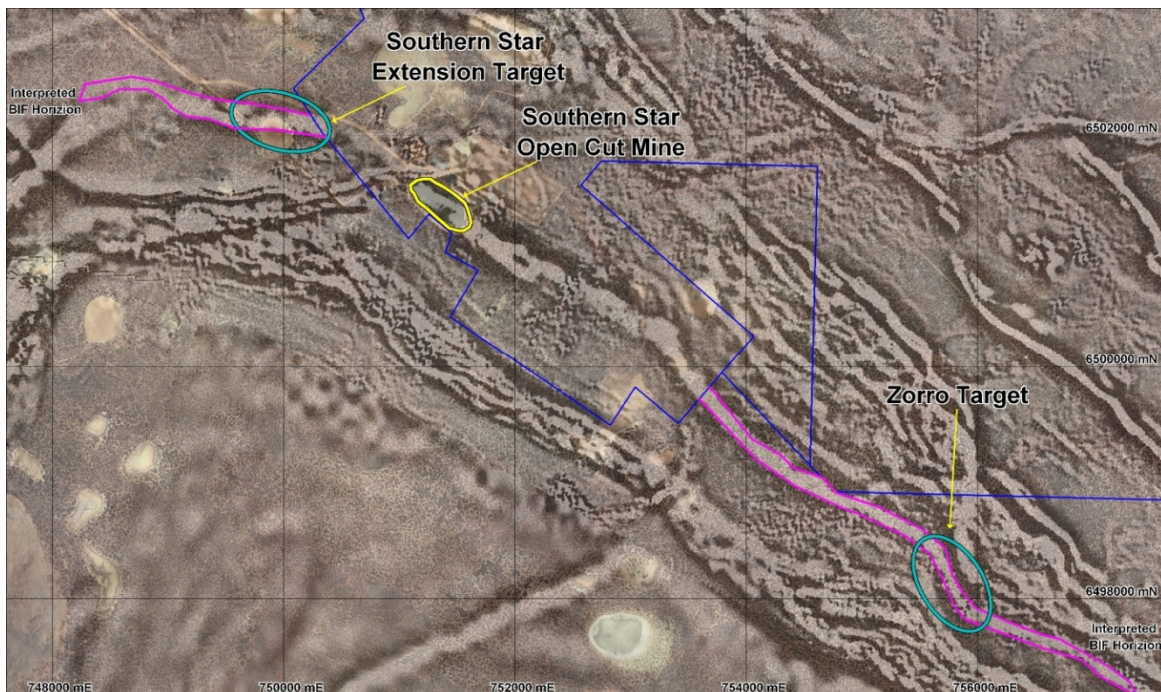


Figure 3: Aeromagnetic 2VD image fused with aerial photography showing targets

Background

The Company's immediate priority for the Parker Range Gold Project is to re-evaluate the gold mineralisation at the *Buffalo*, *Spring Hill*, *Centenary* and *White Horseshoe* prospects and to complete the current pre-feasibility study. At the same time, the Company will continue to actively explore and appraise other gold targets in the area for potential additional resources.

Metallurgical Tests

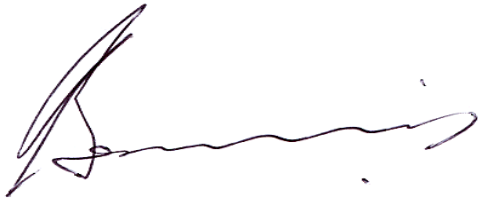
As previously reported, Petrographic and bottle roll tests have been completed by Micron Research. The results of the bottle roll tests were outstanding, indicating that an average of 80% of the gold was recovered over a 72 hour period. The test work also indicated that although there was a significant increase in sulphide in the composite from the fresh rock, there was no decrease in gold recovery. The inference that can be made from these results is that there is no evidence of gold being metallurgically “locked-up” within the sulphides.

Pit shell optimisation

Runge Australia will shortly complete a pit shell optimisation study for the Buffalo pit, following which pit design work will be commenced.

CONTACT

For further information, please contact Warren Beckwith or Grant Donnes on phone (08) 9388 9697 or (08) 9388 9961 or send an email to info@gondwanaresources.com .



Warren Beckwith
Director

Competent Person Statement

The technical information in this report that relates to Exploration Results is based on information compiled by Mr. Grant Donnes who is a Member of the Australian Institute of Geoscientists. Mr. Donnes 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. Donnes consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears. Mr Donnes is engaged as a consultant to the Company.