

Gondwana RESOURCES LIMITED

ABN 72 008 915 311

ENTITLEMENT ISSUE PROSPECTUS

for a pro rata non-renounceable offer
of approximately 140,149,447 Shares
on the basis of
two (2) Shares for every five (5) Shares held by Shareholders
at an issue price of 1.5 cents per Share
(with one (1) free attaching New Option for every two (2) Shares
subscribed for and issued)
to raise up to approximately \$2,102,242

The Offer will be partly underwritten by an entity controlled by Warren Beckwith, a Director and an entity controlled by Steven Pynt, also a Director. Please refer to Section 4.5 of this Prospectus for further information.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES	2
2.	CORPORATE DIRECTORY.....	4
3.	CHAIRMAN'S LETTER.....	5
4.	DETAILS OF THE OFFER.....	6
5.	PURPOSE AND EFFECT OF THE OFFER.....	12
6.	RIGHTS AND LIABILITIES ATTACHING TO THE SECURITIES	15
7.	RISK FACTORS	19
8.	ADDITIONAL INFORMATION	23
9.	AUTHORITY OF DIRECTORS.....	32
10.	DEFINITIONS	33

1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with ASIC	19 April 2010
Lodgement of Prospectus and Appendix 3B with ASX	19 April 2010
Notice sent to Optionholders	19 April 2010
Notice sent to Shareholders	on or before 21 April 2010
Ex Date	22 April 2010
Record Date for determining Entitlements	5.00pm (WST) on 29 April 2010
Prospectus despatched to Shareholders	4 May 2010
Closing Date*	5.00pm (WST) on 25 May 2010
Securities quoted on a deferred settlement basis	26 May 2010
ASX notified of under subscriptions	on or before 28 May 2010
Despatch of holding statements	on or before 12.00pm (WST) on 2 June 2010
Quotation of Securities issued under the Offer*	3 June 2010

* The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 19 April 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of this Prospectus is 13 months after the date the Prospectus was lodged with the ASIC (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus.



In making representations in this Prospectus regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to Section 7 of this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.gondwanaresources.com>. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Mr Warren Beckwith (Executive Chairman)
Mr Paul Goodsall (Non-executive Director)
Mr Steven Pynt (Non-executive Director)

Share Registry*

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, WA 6000
Telephone: 1300 787 272

Company Secretary

Mr Paul Goodsall

Auditors*

KPMG
235 St Georges Terrace
PERTH WA 6000

Exploration Manager

Grant Donnes, BSc (Hons – Geophysics)

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

Registered Office

230 Rokeby Road
Subiaco, Western Australia 6008

Website

www.gondwanaresources.com

Principal Office

Suite 4, 16 Nicholson Road
Subiaco, Western Australia 6008

General Enquiries:

Telephone: (08) 9388 9697/9961
Facsimile: (08) 9381 1705
Email: info@gondwanaresources.com

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. CHAIRMAN'S LETTER

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a non-renounceable entitlement issue of Shares on a 2 for 5 basis at an issue price of 1.5 cents per Share, together with one free attaching New Option (exercisable at 1.5 cents on or before 30 June 2012) for every 2 Shares subscribed for and issued, to raise up to \$2,102,242 (before expenses).

Shareholders registered at the Record Date will be entitled to participate in the Offer.

Underwriting

The Offer is partly underwritten by two entities: one entity controlled by Warren Beckwith, a Director and another entity controlled by Steven Pynt, also a Director. Any Shares not taken up by Shareholders pursuant to the Offer will be allocated to the Underwriters (to a maximum of 40,000,000 Shares including the Entitlements of each of the Underwriters). A summary of the material terms of the Underwriting Agreements, which are on standard terms and conditions, is set out in Section 8.2 of this Prospectus.

Priority to Shareholders who apply for additional Securities

Shareholders who wish to increase their holdings (after taking up their Entitlement) are offered the opportunity to apply for up to 350,000 Shares (up to \$5,250 worth) in addition to their Entitlement. The additional Shares will be allocated out of the Shortfall, if any, after satisfaction of the commitments made pursuant to the Underwriting Agreements but in priority to all other investors and the general public. Refer to Section 4.4 of this Prospectus for further details of this Shortfall Offer.

Use of Funds

If successful, the Offer will provide the Company with a significant capital injection which will assist in funding, principally, the completion of the *Buffalo Gold Project* pre-feasibility study at Parker Range, further resource drilling at the historic workings nearby, the *Corunna Downs Iron Project* in the Pilbara, and three highly promising nickel and uranium prospects in Western Australia, including

- *Red Rock Bore Uranium Prospect* (Gascoyne region),
- *Cyclops Nickel Prospect* (Pilbara), and
- *Lindsay's Nickel Prospect* (Parker Range).

If the Buffalo pre-feasibility study is positive, the Board may be in a position to plan the commencement of gold production later this year, which would represent a historic milestone for the Company.

Directors' intentions

The Directors intend to take up their respective Entitlements in full and look forward to your support of the current Offer.

Yours sincerely



Warren Beckwith
Chairman

4. DETAILS OF THE OFFER

4.1 Offer

By this Prospectus, the Company offers for subscription approximately 140,149,447 Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of two (2) Shares for every five (5) shares held on the Record Date at an issue price of 1.5 cents per Share, together with one (1) free attaching New Option for every 2 Shares subscribed for and issued.

Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 140,149,447. The Offer will raise approximately \$2,102,242 before costs. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

All of the Shares issued under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 116,860,982 Options on issue, of which 115,660,982 are listed and 1,200,000 are unlisted. The listed Options and 600,000 of the unlisted Options may be exercised by the Option holders prior to the Record Date in order to participate in the Offer. The remaining unlisted Options do not vest until after the Record Date and as such are not capable of being exercised in time to participate in the Offer.

4.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. Applications for the Shortfall should be made on the Shortfall Application Form (refer to Section 4.4 below for further information on the Shortfall Offer).

You may participate in the Offer as follows:

- (a) *if you wish to accept your Entitlement in full:*
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form or pay via BPAY® by following the instructions set out on the Entitlement and Acceptance Form; or
- (b) *if you only wish to accept part of your Entitlement:*
 - (iii) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (iv) attach your cheque for the appropriate application monies (at 1.5 cents per Share) or pay via BPAY® by following the instructions set out on the Entitlement and Acceptance Form; or
- (c) *if you wish to apply for additional Securities out of the Shortfall, if any:*
 - (i) fill in the number of Shares you wish to apply for out of the Shortfall in the space provided on the Shortfall Application Form; and
 - (ii) attach your cheque for the appropriate application monies (at 1.5 cents per Share) or pay via BPAY® by following the instructions set out on the Shortfall Application Form; or
- (d) *if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.*

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **“Gondwana Resources Limited – Application Account” and crossed “Not Negotiable”**.

Your completed Entitlement and Acceptance Form, Shortfall Application Form and cheques must reach the Company or the Share Registry no later than the Closing Date.

Alternatively, Applicants may pay via BPAY® by following the instructions set out on the Entitlement and Acceptance Form or Shortfall Application Form (you should be sure to include your reference number if paying by BPAY®). Applicants should be aware that different financial institutions may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the Closing Date.

® Registered to BPAY Pty Ltd (ACN 079 137 518).

The Offer is non-renounceable. Accordingly, Shareholders may not sell or transfer all or part of their Entitlement.

4.3 Minimum Subscription

The minimum subscription in respect of the Offer and Shortfall Offer is \$600,000. If the minimum subscription is not reached within four (4) months of the date of this Prospectus, no Securities will be issued and all subscription monies will be returned within the time period prescribed under the Corporations Act.

4.4 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be 1.5 cents being the price at which Shares have been offered under the Offer. The New Options to be issued as free attaching to those Shares shall be issued in the same proportion as under the Offer.

The Shortfall will be applied firstly to satisfy the commitments under the Underwriting Agreements. Any remaining Shortfall will then be offered in priority to those Shareholders who have subscribed for their Entitlement in full.

Shareholders may apply for any number of Shortfall Shares on the Shortfall Application Form but priority will be given to Shareholders for up to 350,000 Shortfall Shares in addition to their Entitlement.

If you wish to apply for additional Shares (in excess of your Entitlement), you may do so, in accordance with Section 4.1(c) of this Prospectus.

There is no guarantee that your application will be successful as the number of Shortfall Securities which may be issued in priority to existing Shareholders is limited in aggregate to the number of Shortfall Securities available under the Shortfall (if any) after issuing Shortfall Securities to the Underwriters.

If the number of Shortfall Securities applied for exceeds the actual number of Shortfall Securities, applications will be scaled back on a pro-rata basis for those Shareholders receiving Shortfall Securities in priority and otherwise at the absolute discretion of the Directors.

An Applicant will not be entitled to any Shortfall Shares if the allotment and issue of those Shortfall Shares will result in their voting power in the Company exceeding 20%.

Subject to satisfaction of the Underwriting Agreements and the priority to be given to Shareholders, the Directors reserve the right to allot to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies for on their Shortfall Application Form, or to reject an application.

4.5 Underwriting

The Offer is partially underwritten to an aggregate amount of \$433,988.32 in accordance with the terms and conditions of the Underwriting Agreements. In addition each of the Underwriters has agreed to accept their Entitlement in full representing an additional aggregate amount of \$166,011.68. Combined this represents a commitment of \$600,000.

Bellatrix Pty Ltd (ACN 008 934 076), an entity controlled by Warren Beckwith, a Director, has committed to accepting its Entitlement in full (representing 5,875,886 Shares, 2,937,943 New Options and \$88,138.29) as well as underwriting an additional \$331,861.71 (representing approximately 22,124,114 Shares and 11,062,057 New Options). The combined commitment and underwriting represents 28,000,000 Shares, 14,000,000 New Options and \$420,000.

Beachtown Holdings Pty Ltd (ACN 073 834 983) ATF The SL Pynt Family Trust, an entity controlled by Steven Pynt, a Director, has committed to accepting its Entitlement in full (representing 5,191,559 Shares, 2,595,779 New Options and \$77,873.39) as well as underwriting an additional \$102,126.61 (representing approximately 6,808,441 Shares and 3,404,221 New Options). The combined commitment and underwriting represents 12,000,000 Shares, 6,000,000 New Options and \$180,000.

The Underwriters will be paid an aggregate underwriting fee of \$15,190 (being 3.5% of their respective amounts underwritten) by the Company. The

Underwriters will not receive a fee in respect of their Entitlement each has committed to accept.

The Underwriting Agreements are subject to standard terms and conditions. Please refer to Section 8.2 of this Prospectus for a summary of the material terms of the Underwriting Agreements. In addition, the effect the underwriting will have on the voting power of the underwriters is set out in Section 8.3 of this Prospectus.

4.6 ASX Listing

Application for Official Quotation by ASX of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 1 of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of this Prospectus, (or such period as modified by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.7 Allotment of Shares

Securities issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus and Securities issued pursuant to the Shortfall Offer will be allotted within three months of the Closing Date.

Where the number of Securities issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out in Section 1 of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.8 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

Accordingly, the Offer is not being extended to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consider the additional statements set out in Section 4.9 of this Prospectus and should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

4.9 Offer in New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As stated at Section 4.6 of this Prospectus, the Company will apply to ASX for quotation of the Options offered under this Prospectus. If quotation is granted the Options offered under this Prospectus will be able to be traded on ASX. If you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

4.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Shares and Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

4.12 Enquiries

Shareholders with queries in relation to the Offer may contact the Company on +61 8 9388 9961 or by email at info@gondwanaresources.com.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$2,102,242 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer¹	\$000
Exploration & evaluation of mineral projects	1,342
Corporate and administration	460
Repayment of short-term debt	85
Working Capital	120
Expenses of the Offer ²	95
Total	2,102

Notes:

1. In the event less than the full subscription is raised the proceeds of the Offer will be reduced firstly from working capital and then on a pro-rata basis from all other categories.
2. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Securities offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by approximately \$2,007,000 immediately after completion of the Offer after deducting the estimated expenses of the Offer;
- (b) increase the number of Shares on issue from 350,373,617 to approximately 490,523,064 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 116,860,982 to approximately 186,935,705 Options following completion of the Offer.

5.3 Pro-forma Balance Sheet

The audited Consolidated Balance Sheet as at 31 December 2009 and the unaudited Pro-Forma Balance Sheet as at 31 December 2009 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Securities pursuant to the Offer in this Prospectus are issued.

The Pro-Forma Balance Sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Audited 31 December 2009 \$	Pro Forma 31 December 2009 \$
Assets		
Property, plant and equipment	31,465	31,465
Exploration and evaluation expenditure	304,524	304,524
Total non-current assets	335,989	335,989
Cash and cash equivalents	149,030	2,156,030
Other receivables	221,066	221,066
Financial assets held for trading	485,535	485,535
Total current assets	855,631	2,862,631
Total assets	1,191,620	3,198,620
Equity		
Share Capital	28,452,637	30,459,637
Reserves	140,781	140,781
Accumulated losses	(27,848,204)	(27,848,204)
Total equity	745,214	2,675,214
Liabilities		
Trade and other payables	424,119	424,119
Interest bearing liabilities	-	-
Non-interest bearing liabilities	22,287	22,287
Total current liabilities	446,406	446,406
Total liabilities	446,406	446,406
Total equity and liabilities	1,191,620	3,198,620

5.4 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Securities offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares on issue at date of Prospectus*	350,373,617
Shares offered pursuant to the Offer	140,149,447
Total Shares on issue after completion of the Offer	490,523,064

* including 2,500,000 shares issued pursuant to the Gondwana Employee Share Plan

Options

	Number
Options on issue at date of Prospectus -	
Quoted exercisable at 12 cents on or before 30 June 2010 (ASX Code: GDAOC)	46,397,829
Quoted exercisable at 1 cent on or before 30 June 2011 (ASX Code: GDAO)	69,263,153
Unquoted exercisable at 20 cents between 1 January 2009 and 30 June 2010	600,000
Unquoted exercisable at 30 cents between 1 July 2010 and 31 December 2011	600,000
Subtotal	116,860,982
New Options offered pursuant to the Offer	70,074,723
Total Options on issue after completion of the Offer	186,935,705

6. RIGHTS AND LIABILITIES ATTACHING TO THE SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. A determination by the Directors as to the profits of the Company shall be conclusive.

The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

No dividends shall be payable except out of profits.

Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only

entitles the Shareholder to an apportioned amount of that dividend as from the date of payment).

No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

Future Increase in Capital

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class, or if authorised by an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

6.2 Options

The Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
 - (b) The Options will expire at 5.00pm (WST) on 30 June 2012 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be 1.5 cents (**Exercise Price**).
 - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (i) The Company will apply for quotation of the Options on ASX.
 - (j) The Company will also apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business

Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) 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.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors strongly recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Risks Specific to the Company

(a) Exploration Success

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that these cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(f) Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

7.3 General Risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and

general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) Taxation

The acquisition and disposal of Shares and Options will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares and Options from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(e) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(f) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(g) Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 31 December 2009 being the last financial report of the Company lodged with the ASIC before the issue of this Prospectus;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the date of lodgement of the Company's latest annual financial report:

Date	Description of Announcement
8 April 2010	Nickel Exploration Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.gondwanaresources.com>.

8.2 Underwriting Agreements

By separate agreements by the Company with each of the Underwriters, and as set out in Section 4.5 of this Prospectus, the Offer is partially underwritten to an aggregate amount of \$433,988.32. In addition each of the Underwriters has agreed to accept their Entitlement in full representing an additional aggregate amount of \$166,011.68. Combined this represents a commitment of \$600,000.

All definitions and clauses referred to in the below summary are as applied in the Underwriting Agreements.

The obligation of the Underwriters to underwrite the Offer for the amount specified in the respective Underwriting Agreements is subject to certain events of termination. The Underwriters may terminate their obligations under the respective Underwriting Agreements if:

(a) **(Prospectus):**

- (i) the Company does not despatch the Prospectus to shareholders in accordance with its timetable or the Prospectus or the Offer is withdrawn by the Company;
- (ii) the Underwriter becomes aware of any untrue, incorrect, misleading or deceptive information in or material omission from, the Prospectus which is likely to have a material adverse effect;

- (iii) a statement in the Prospectus is misleading or deceptive or a matter required by the Corporations Act to be included in the Prospectus has not been included;
- (b) **(Non-compliance with requirements)**: it transpires that the Prospectus does not contain all the information required by the Corporations Act;
- (c) **(Supplementary Prospectus)**: the Company is required to lodge a supplementary prospectus due to a misstatement in or omission from, the Prospectus, or, being required to lodge a supplementary prospectus, fails to do so;
- (d) **(Due diligence report)**: any information supplied by or on behalf of the Company to the Underwriter in relation to the Entitlement Issue as part of the due diligence process is misleading or deceptive;
- (e) **(Restriction on allotment)**: the Company is prevented from allotting the Entitlement Shares within the time required by this agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (f) **(ASIC application)**: an order is made under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus;
- (g) **(ASX approval)**: ASX has not granted or refuses to grant approval for official quotation of the Entitlement Issue Shares by the earlier of the Closing Date or the date being 3 months after the date of the Prospectus or, having been granted, approval is subsequently withdrawn;
- (h) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (i) **(Default)**: default or breach by the Company under this agreement of any terms, condition, covenant or undertaking;
- (j) **(Contravention of Constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (k) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
- (l) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (m) **(Market movement)**: the S&P/ASX All Ordinaries Index, S&P/ASX 200 Index

or the S&P/ASX Small Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement;

- (n) **(Officers and senior managers)**: an officer or senior manager of the Company or a subsidiary resigns or is removed from office, is charged with a criminal offence or becomes bankrupt;
- (o) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (p) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (q) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (r) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (s) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this agreement commenced against any Relevant Company;
- (t) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Issue, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (u) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the agreement lasting in excess of 7 days occurs;
- (v) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (w) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (x) **(Breach of Material Contracts)**: any of the material contracts to which the Company is a party is terminated or substantially modified; or
- (y) **(War)**: there is an outbreak of new hostilities or state of war after the date of the Underwriting Agreement involving Australia, Japan, any European Union member, the USA, Russia, Indonesia, People's Republic of China, New Zealand, Hong Kong, Taiwan, Singapore, Malaysia, India or Pakistan;
- (z) **(Repayment)**: any circumstance arises after the Prospectus lodgement date that results in the Company repaying application moneys received or offering Applicants the opportunity to withdraw their applications and be repaid their application moneys; or
- (aa) **(Timetable)**: the date for notification of the Shortfall to the Underwriter is delayed for more than 5 business days.

8.3 Effect to voting power of Underwriters

To comply with the requirement to fully disclose the Underwriters' potential voting power in the Company and the effect of the underwriting, the table below sets out various scenarios to indicate the effect on the Company's shareholding depending on the Shortfall (if any). The potential maximum increase in the voting power of the Underwriters is set out below (100% Shortfall other than the acceptance of Entitlements of the Underwriters) and will only occur if no Shareholders take up their Entitlement under the Offer.

As at the date of this Prospectus the Underwriters have a relevant interest in the Securities as set out in the table below. For the purposes of the figures in the table below it has been assumed that the Underwriters take up their full Entitlements and are issued the Shares pursuant to the terms of the Underwriting Agreements.

Assumption	Total Shares on issue	Bellatrix		Beachtown	
		Shares held	Voting power	Shares held	Voting power
Date of Prospectus	350,373,617	14,689,713	4.19%	12,978,899	3.70%
100% Shortfall (other than Entitlements of Underwriters)	390,373,617	42,689,713	10.9%	24,978,899	6.40%
75% Shortfall	414,343,534	42,689,713	10.3%	24,978,899	6.03%
50% Shortfall	449,380,896	42,689,713	9.50%	24,978,899	5.56%
25% Shortfall	484,418,258	42,689,713	8.81%	24,978,899	5.16%

The potential number of Shares held by the Underwriters and their respective voting powers in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up their Entitlement under this Offer. The voting power of the Underwriters will reduce for each Entitlement taken up by other Shareholders and any Shortfall subscribed for by Shareholders in addition to their Entitlement.

8.4 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement – Shares ¹	Entitlement – New Options ¹
Warren Beckwith ²	14,689,713	4,406,582	5,875,886	2,937,943
Paul Goodsall ³	256,750	424,600	102,700	51,350
Steven Pynt ⁴	12,978,899	5,831,437	5,191,559	2,595,779

Notes:

- Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer.
- Bellatrix Pty Ltd (ACN 008 934 076), an entity controlled by Warren Beckwith, will partly underwrite the Offer which may result in the issue of an additional 22,124,114 Shares and 11,062,057 New Options in which Warren Beckwith will have a relevant interest. 3,806,582 Options are exercisable at 12 cents each on or before 30 June 2010, 300,000 Options are exercisable at 20 cents each on or before 30 June 2010 and 300,000 Options are exercisable at 30 cents each on or before 31 December 2011.
- 124,600 Options are exercisable at 12 cents each on or before 30 June 2010, 150,000 Options are exercisable at 20 cents each on or before 30 June 2010 and 150,000 Options are exercisable at 30 cents each on or before 31 December 2011.
- Beachtown Holdings Pty Ltd ATF The SL Pynt Family Trust (ACN 073 834 983), an entity controlled by Steven Pynt, will partly underwrite the Offer which may result in the issue of an additional 6,808,441 Shares and 3,404,221 New Options in which Warren Beckwith will have a relevant interest. 471,804 Options are exercisable at 12 cents each on or before 30 June 2010, 5,059,633 Options are exercisable at 1 cent each on or before 30 June 2011, 150,000 Options are exercisable at 20 cents each on or before 30 June 2010 and 150,000 Options are exercisable at 30 cents each on or before 31 December 2011.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors' fees.

The Company paid to the Directors a total of \$335,631 for the year ended 31 December 2009. For the period from 1 January 2010 to the date of this Prospectus \$109,000 has been paid or is payable by the Company by way of approved remuneration for services provided by all Directors or former Directors (executive, non-executive and alternate), companies associated with those Director or their associates in their capacity as Directors, employees, consultants or advisers (and including superannuation payments).

8.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Steinepreis Paganin act as solicitors to the Company in respect of this Prospectus. Steinepreis Paganin will be paid approximately \$15,000 (excluding GST) for services in relation to this Prospectus. In the past two years, Steinepreis Paganin has been paid fees totalling \$101,643.50 (excluding GST) for legal services provided to the Company.

Bellatrix Pty Ltd act as Underwriter to the Offer in respect of this Prospectus. Bellatrix Pty Ltd will be paid approximately \$11,615 (excluding GST) for services in relation to this Prospectus. In the past two years, Bellatrix Pty Ltd has been paid fees totalling \$420,000 (excluding GST) for services provided to the Company.

Beachtown Pty Ltd act as Underwriter to the Offer in respect of this Prospectus. Beachtown Pty Ltd will be paid approximately \$3,575 (excluding GST) for services in relation to this Prospectus. In the past two years, Beachtown Pty Ltd has not been paid any fees by the Company.

8.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Bellatrix Pty Ltd has given its written consent to being named as Underwriter to the Offer in this Prospectus. Bellatrix Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Beachtown Pty Ltd has given its written consent to being named as Underwriter to the Offer in this Prospectus. Beachtown Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Legal Proceedings

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.8 Estimated Expenses of Offer

In the event that all Securities offered under the Prospectus are issued, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	9,049
Underwriting fees	15,190
Legal expenses	15,000
Printing and mailing	27,000
Other expenses	26,751
Total	95,000

8.9 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 3.6 cents on 20 January 2010

Lowest: 1.7 cents on 26 February & 2 March 2010

The latest available closing sale price of the Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 2.0 cents on 16 April 2010.

8.10 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

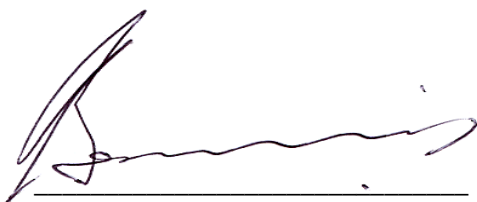
9. AUTHORITY OF DIRECTORS

9.1 Directors' Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each of the Directors of Gondwana Resources Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated: 19 April 2010

A handwritten signature in black ink, appearing to read 'Warren Beckwith', is written over a horizontal line.

Warren Beckwith
Director
For and on behalf of
GONDWANA RESOURCES LIMITED

10. DEFINITIONS

\$ means Australian dollars.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHES.

ASX means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires).

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out in Section 1 of this Prospectus (unless extended).

Company means Gondwana Resources Limited (ABN 72 008 915 311).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Offer means the non-renounceable entitlement offer pursuant to this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means date specified in the timetable set out in Section 1 of this Prospectus (unless extended).

Securities means Shares and/or Options.

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

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

Shortfall means those Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall at an issue price of 1.5 cents per Shortfall Share.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Shortfall Share means those Shares issued pursuant to the Shortfall.

Underwriters means Bellatrix Pty Ltd (ACN 008 934 076) and Beachtown Holdings Pty Ltd (ACN 073 834 983) as trustee for the SL Pynt Family Trust.

Underwriting Agreements means the separate agreements entered into between the Company and each of the Underwriters with respect to the partial underwriting of the Offer.

WST means Western Standard Time as observed in Perth, Western Australia.