

Gondwana RESOURCES LIMITED

ABN 72 008 915 311

Dear Option Holder

PRO RATA NON-RENOUNCEABLE ENTITLEMENT OFFER

On 19 April 2010, Gondwana Resources Limited (**Company**) lodged a prospectus (**Prospectus**) with the Australian Securities & Investments Commission (**ASIC**) in relation to a pro rata non-renounceable entitlement issue (**Offer**) of approximately 140,149,447 Shares on the basis of two (2) Shares for every five (5) Shares held by Shareholders at the Record Date (as set out in the timetable below) (**Eligible Shareholders**).

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

The issue price is 1.5 cents per Share with one (1) free attaching option (**New Option**) for every two (2) Shares subscribed. If fully subscribed, the issue will raise up to approximately \$2,102,242 (before costs).

The Offer is partly underwritten up to \$600,000 on the terms set out in the Prospectus.

There are no participating rights or entitlements inherent in the Options on issue as at the date of the Prospectus and you, as a holder of such Options, will not be entitled to participate in the Offer without first exercising your Options prior the Record Date. It is your responsibility to ensure the exercise form and relevant payment are received by the Company in reasonable time to ensure these funds clear and the Option conversion process is completed on or before the Record Date.

Before deciding whether to exercise any Options and participate in the Offer you should consider the terms of the Offer carefully and read the Prospectus in its entirety and if in doubt you should consult your stockbroker, accountant or other professional adviser.

All of the Shares offered under the Prospectus will rank equally with the Shares on issue at the date of the Prospectus. All of the New Options offered under the Prospectus are exercisable at 1.5 cents each on or before 30 June 2012. The Prospectus contains further information regarding the rights and liabilities attaching to the Shares and the full terms of issue of the New Options.

The 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 the 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 Shares and New Options these Shareholders would be offered and the cost of complying with regulatory requirements in relevant jurisdictions. 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 disclosures specific to them set out in the Prospectus and should consult their professional advisors as to whether any other formalities need to be observed to enable them to exercise their entitlements under the Offer.

Availability of Prospectus

The Prospectus together with a personalised entitlement and acceptance form will be sent to Eligible Shareholders on the date set out in the timetable below. If you have not exercised your Options at this time and are not otherwise a Shareholder you will not receive a copy of the Prospectus. You may however obtain a copy of the Prospectus from the ASX website at www.asx.com.au and on the Company's website at www.gondwanaresources.com.

Use of Funds

The funds raised by the Offer will be used to fund exploration programmes at the Company's mineral exploration projects, evaluation and acquisition of new projects and investments, retirement of short-term debt, general working capital and to meet the anticipated expenses of the Offer.

Timetable

The timetable in respect of the Offer is set out below:

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 Shares and New Options 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 Shares and New Options are expected to commence trading on ASX may vary.

Enquiries

If you have any questions about applying for securities under the Prospectus, please contact Stella Familton at the Company on (08) 9388 9961 or email info@gondwanaresources.com, or telephone Computershare Investor Services Pty Ltd on 1300 557 010.

Yours sincerely



Warren Beckwith
Director
Gondwana Resources Limited

19 April 2010