ASX ANNOUNCEMENT

29 October 2014

GUNSON RESOURCES LIMITED

ABN 32 090 603 642

Company Facts

Gunson Resources (ASX: GUN) Exposure to major 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia and emerging country-wide exploration play in Tanzania, within a major mineral sands producing corridor

Key projects:

- Coburn Heavy Mineral Sands Project, WA (100%)
- Tanzanian Heavy Mineral Sands Exploration Projects (100%)
- Mt Gunson Copper Exploration Project, SA (100%)
- Mt Gunson MG14/Windabout Copper-Cobalt-Silver Development Project, SA (100%)
- Fowlers Bay Nickel Project, SA (100%) – Western Areas JV

Corporate Structure

Shares on issue	606.9m
Unlisted Options	9.6m
52 week high	2.9 cps
52 week low	1.2 cps

Company Directors

Michael Folwell
Non-Executive Chairman

Richard Hill
Managing Director

Bill Bloking
Non-Executive Director

Didier Murcia
Non-Executive Director

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GUNSON TO LAUNCH EXPLORATION CAMPAIGN IN WORLD-CLASS MINERAL SANDS CORRIDOR

Highlights

- **Gunson to launch 6 week reconnaissance and auger drilling campaign across its highly ranked mineral sands targets in Tanzania within coming days**
- **Gunson now controls a dominant (2000km²) mineral sands exploration position along the coast of Tanzania, surrounded by major world-class mineral sands mines**
- **Work to be carried out by Strandline's specialist mineral sands and in-country team following on from the successful first phase sampling and auger drilling campaigns**
- **Priority targets include the following projects:**
    - **Kitambula – 12 km extensions to previously drilled mineralisation across +35km strike**
    - **Madimba - Auger testing of 6000m long x 300m to 800m wide high grade surface anomaly previously untested by drilling**
- **All targets are within 20kms of the coast - close to ports and other key infrastructure**
- **Also, additional recently acquired project areas to be assessed and drill tested for the first time**

Gunson Resources Limited (ASX: GUN) (the "**Company**") is pleased to announce that it will commence a 6 week reconnaissance and auger drilling campaign across its 100% owned Tanzanian Heavy Mineral Sands Exploration Projects within the coming days.

Initial focus will be on known areas of mineralisation with a view to extending existing mineralisation and testing high priority zones of surface anomalism that have never been drill tested.

Key target areas for this phase of exploration will include the previously drilled Kitambula Project in the north of Tanzania, and the high ranked and recently acquired southern targets including the Madimba Project (see Figures 2 to 4).

Gunson's dominant (2000km²) exploration position along the coast of Tanzania is the result of careful targeting over a 3 year period by recently acquired private group, Strandline Resources Pty Ltd (**Strandline**). These projects are located along the coast of Tanzania and surrounded by some of the world's major world-class mineral sands mines, located in neighbouring Kenya, Mozambique, Madagascar and South Africa (Fig.1).

The specialist mineral sands and in-country Strandline team (Team) will follow this 6 week reconnaissance and auger drilling with an intensive 6-12 month campaign (including high-impact drilling) on priority targets, with a view to delineating at least one significant resource area near key infrastructure. The Team will also continue to press its strategic advantage in the region through application of its exclusive country-wide heavy minerals geochemical database.

Prospective areas held by Gunson include five projects along the coast where tenure contiguously covers +35-50km of coastline exposure, cumulatively ~ 200 km strike, (Figure 2). Given the extent and location of these target areas and the strong historical evidence, Gunson is targeting scalable, high grade, high quality, high value mineral assemblages (Ilmenite, Rutile, Zircon) close to infrastructure that have potential to be rapidly brought into production.

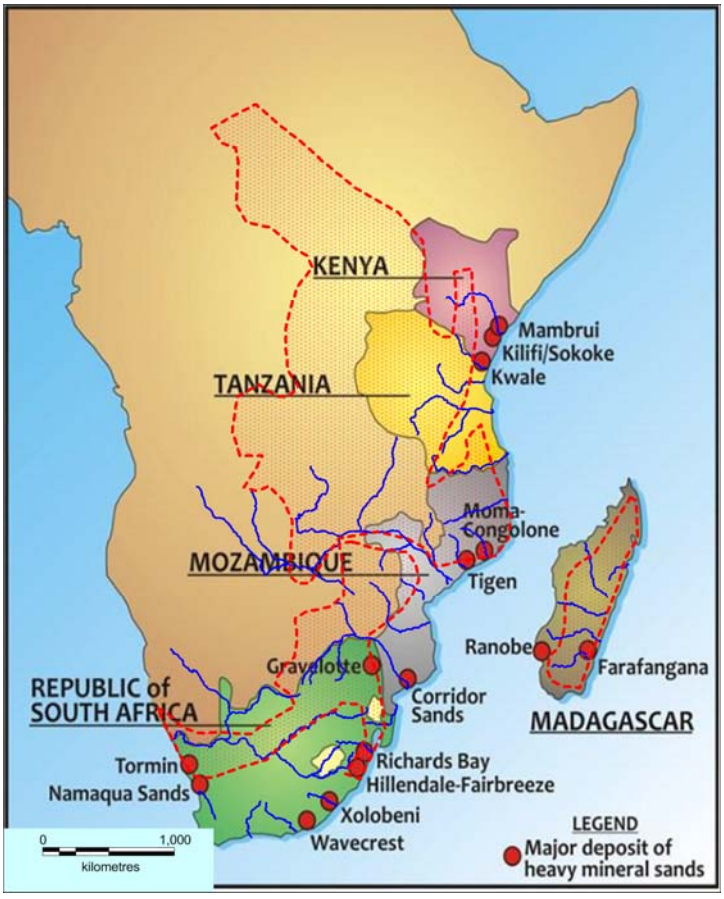

Figure 1. SE Africa - World Class Mineral Sands Region

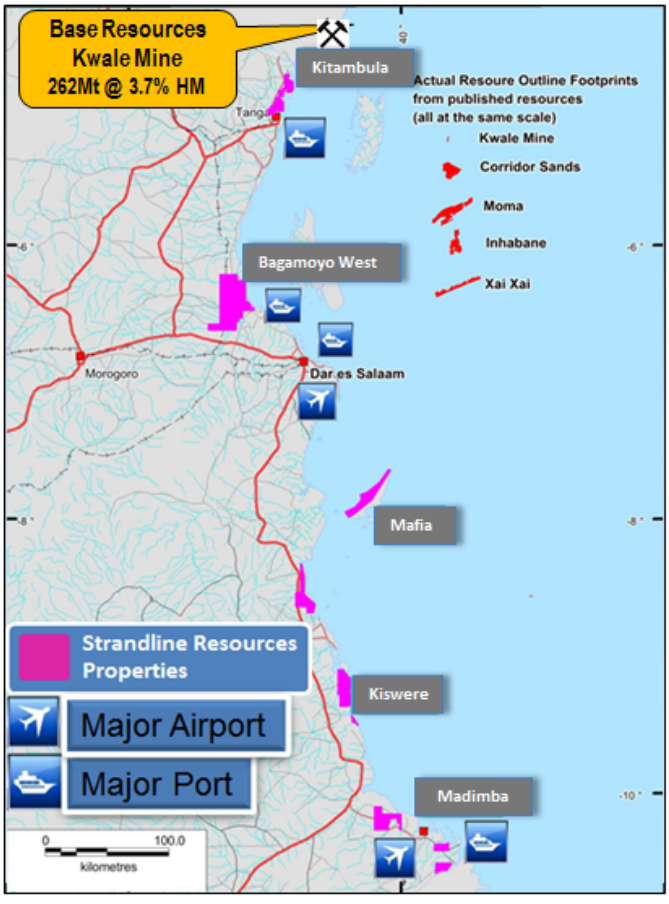

Figure 2. Tanzania Showing Key Projects and Infrastructure

Kitambula Project

Kitambula is located just 50km south of the operating **Kwale Mine** (262 Mt @ 3.7% HM**)** and is close to the port town of Tanga. The Company will be seeking extensions to heavy mineral mineralisation already defined by drilling across the project which has potential to extend across its +35km contiguously held tenement package.

Strong evidence of the regions prospectivity was identified by historic aircore drilling completed by Tanganyika in 2000 including the following significant intersects:

- TGAC006: 22m @ 2.43% HMS from surface, including 4m @ 5.2 % HMS from 6m
- TGAC011: 6m @ 6% HMS from 35m
- TGAC012: 3m @ 5.7% HMS from 36m
- TGAC013: 7m @ 4.15% HMS from 4m
- TGAC014: 2m @ 4.8%m HMS from 21m

Recent auger sampling by the Team has been successful in identifying areas of heavy mineral mineralisation including:

- AR024: 9m @ 2.36% HMS from 0m until EOH
- AR032: 2.9m @ 3.38% HMS from 0m until EOH
- AR053: 10.5m @ 1.95% HMS from 0m until EOH, including 4.5m @ 2.74% HMS

Initial mineral assemblage studies on selected composite auger samples show excellent indications of valuable heavy mineral assemblages with up to 74.4% VHM (comprising 63.9% Ilmenite, 6.2% rutile and 4.1% Zircon).

The Team recently secured additional tenure to the south west of Kitambula where there remains an additional 12km of potential strike to be auger tested. This tenure covers a topographic feature that appears to be associated with surficial heavy mineral sand “slicks” concentrated from rain events and is a high priority target.

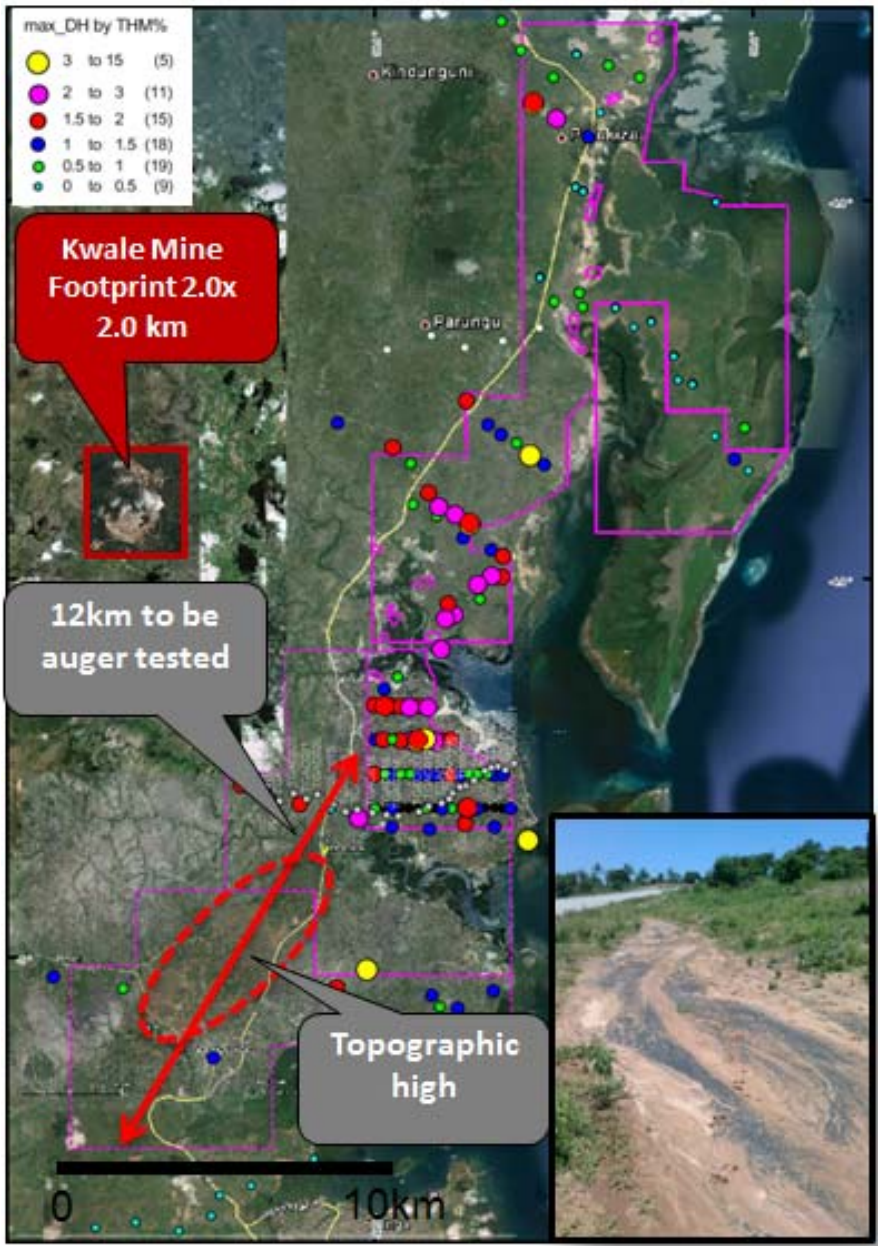

Figure 3. Tanga region showing tenure, results and target areas to the south west

Madimba Project

An exciting mineral sand target has been generated from the Company's exclusive database in southern Tanzania close to the port town of Mtwara at the Madimba project. Previous surface sampling by Tanganyika delineated a 6000m long x 300 to 800m wide heavy mineral sands anomaly with peak values of up to 3% HM. Significantly the anomaly is located at the base of a topographic high and may represent a potential paleo-strandline. In addition the anomaly is located adjacent to the major Rovuma River which has transported mineral sands hundreds of kilometres from the interior of the Africa. The database shows previous regional samples at Mtwara contained up to 4.35% HMS with elevated rutile and zircon with a combined total of 8%. Average TiO2 ilmenite microprobe analysis based on 19 samples from this region is 55.7% TiO2. This is a high priority auger drilling target.

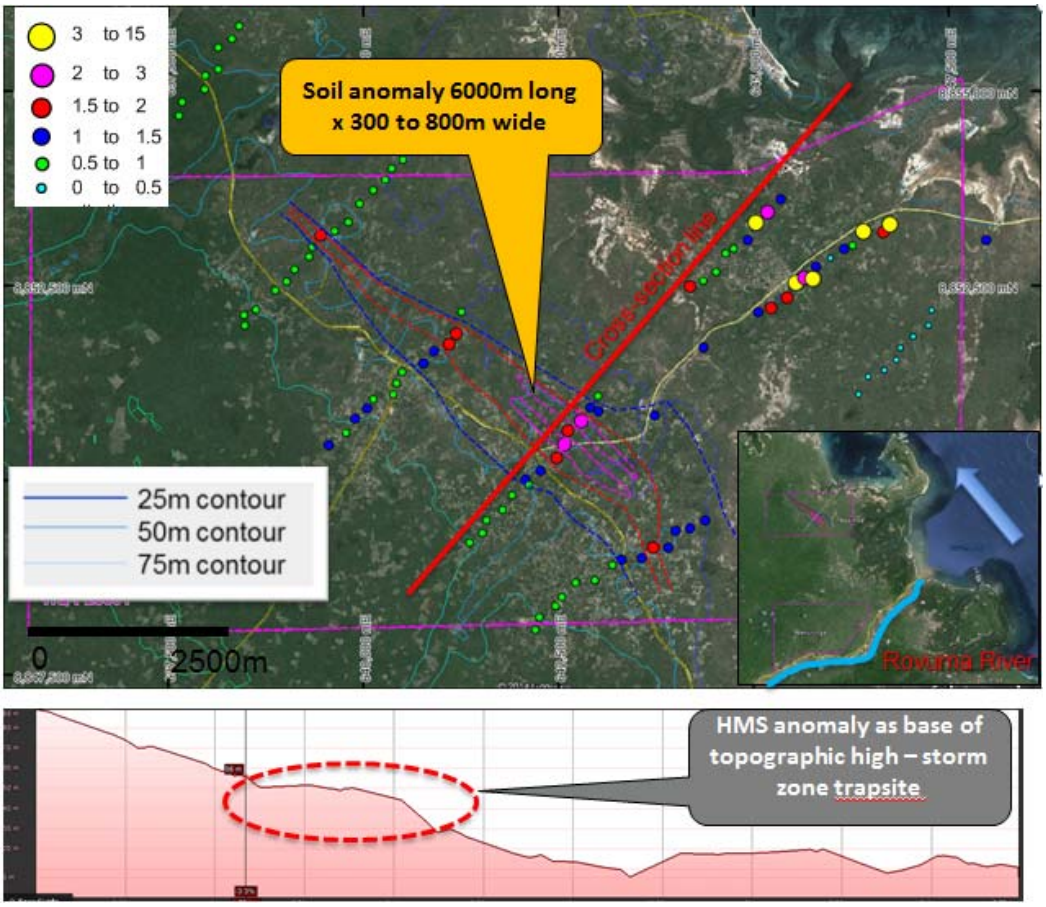

Figure 4. Madimba anomaly - a 6km long zone or heavy mineral sand anomalism

Forward Exploration Programme

Once this 6 week reconnaissance and auger drilling campaign has been completed and results received, the Company intends to rank the targets and project areas and undertake an intensive campaign on priority targets for 6-12 months to test the depth extents of mineralisation, in order to potentially delineate at least one significant resource area near key infrastructure.

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COMPETENT PERSON STATEMENT

The details contained in the document that pertains to exploration results, ore and mineralisation is based upon information compiled by Mr Brendan Cummins, a consultant to Gunson. Mr Cummins is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cummins consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

Appendix 4

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The samples were retrieved in 1.5m intervals for logging and sampling • The samples were representative of what was logged
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Manual Auger drilling techniques were used obtain the samples • The drill rods were 1.0m in length, with 50mm T-bar for a total of 1.5m • The drill bit has a diameter of 50mm
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Drill recoveries were acceptable with no significant loss of auger sample noted during the program. • The process is manually intensive so a significant portion or time is spent ensuring the auger spoil is recovered • No sample bias was encountered
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• The samples were wet panned to obtain an estimate of the HM content and slimes

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The 1.5m intervals were logged transcribing the logging onto paper field sheets prior to updating an excel spreadsheet. • The auger samples were logged for lithology, colour, grainsize, rounding, sorting and any relevant comments - hardness
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The drill spoil were quarter coned onsite and then split with a single layer riffle splitter to reduce sample size • A total of 200 to 400g was deposited into geochem bags and sent to the laboratory for analysis • Field duplicates of the samples were completed at a rate of 5% • The sample sizes were deemed suitable based on industry experience of the geologists involved
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The individual 1.5m auger samples were assayed by BUREAU VERITAS in Johannesburg, South Africa • The auger samples were analysed for Total Heavy Mineral (-1mm to +45micron), Slimes (-45micron), oversize (+1mm), Float (-1mm to +45micron) and a mass balance check • The laboratory used TBE – density range between 2.81 and 2.89 g/ml as the density medium • This is an industry standard technique • Field duplicates of the samples were completed at a rate of 5% • BUREAU VERITAS completed its own internal QA/QC checks that included bulked standards and duplicates very 20 twentieth sample prior to the results being released • The density medium was checked every morning and then after every 20 samples by volumetric flask • The adopted QA/QC protocols are acceptable for this early stage exploratory testwork. • No external laboratory testwork has been undertaken • The 10 composite sample data was analysed by Diamantina Laboratories in Perth, Western Australia with the following procedure • Weigh sample or the composite

Criteria	JORC Code explanation	Commentary
		• The THM concentrate samples were split it had more than 100 grams, weighing both fractions and magnetically separating the composite into four 4-fractions, HS magnetite, magnetic1or Mag1, magnetic 2 or Mag2, nom magnetic or NM. Plus T.B.E separation of the non-magnetic to remove any quartz present. • Preparation of the polished section for the Mag1, Mag2 and NM • Point counting of the three fractions • Calculations of the weight percentage of each mineral in each fraction to give the head
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The data has been manually updated into a master spreadsheet which is appropriate for this early stage in the exploration program
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• A handheld GPS was used to identify the positions of the auger drill holes in the field • The handheld GPS has an accuracy of +/- 5m • The datum is used is WGS84 zone 37 • The accuracy of the locations is sufficient for this early stage exploration
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Various grid spacing was used the Auger program ranging from 100 x 1000m regular grids for the closer space drill testing and up to 2500 x 5000m triangular grids for the more regional spaced sampling programs • These data has not been used for resource estimation
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Due to the early stage nature and broad scale sampling of the exploration program the relationship to any geologic structures or lithological controls is not know
Sample security	• *The measures taken to ensure sample security.*	• The samples remained in the custody of Company representatives until they were transported to Dar Es Salaam for final packaging and securing. • The samples were then sent using DHL to Johannesburg and

Criteria	JORC Code explanation	Commentary
		delivered directly to the Laboratory • The laboratory inspected the packages and did not report tampering of the samples. • The THM concentrates were sent by DHL to Perth Australia and were received by Company representatives and no tampering was evident in the packaging apart from inspections carried out by Quarantine •
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been undertaken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The exploration work was completed on tenements that are 100%owned by the Company in Tanzania • The tenements include: PL7588/2012, PL9332/2013, PL9427/2013, PL8134/2012, PL8196/2012 and PL8185/2012 • The tenements were all granted in 2012 or 2013 and have a four year term • Traditional landowners and Chiefs of the affected villages were supportive of the completed sampling program.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historic exploration work was completed by Tanganyika Gold in 1998 and 1999 • The Company has obtained the hardcopy reports and maps in relation to this information • The historic data comprises surface sampling, limited AC drilling and mapping • The historic results are not reportable under JORC 2012
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Two types of heavy mineral sand style are possible in Tanzania 1. Thin but high grade strandlines related to paleao shorelines 2. Large but lower grade dunal deposits related to windblown sands • The coastline of Tanzania is not well known for massive dunal systems such as those developed in Mozambique however some

Criteria	JORC Code explanation	Commentary
		dunes are known to occur and cannot be discounted as an exploration model. Palaeo strandlines are more likely and will be related to ancient shorelines or terraces. In Tanzania three terraces have been documented and include the Mtoni terrace (1-5m ASL), Tanga (20-40m ASL) and Sakura Terrace (40 to 60m ASL). Strandline mineral sand accumulations related to massives storm events are thought to be preserved at these terraces above the current sea level.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All results released 11/09/2014
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data aggregation methods have been applied out on the auger sampling data.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Due to the early stage nature, shallow drilling and broad scale sampling of the exploration program the relationship to any mineralization widths and intercepts is not known. • More detailed drilling is required to understand mineralization widths

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figures are displayed in the main text
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results released 11/09/2014.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The concentrate THM samples have undergone full Modal analysis to gain an understanding of the valuable heavy mineral (VHM) • 10 Composite samples were identified for the VHM analysis using a range of grades and geographic spread • All results released 11/09/2014
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work will include additional auger sampling, infill aguer sampling • Should sufficient targets be generated an AC drill program is planned • Additional modal analysis will also be undertaken on suitable composite HM samples to determine VHM • As the project advances TiO2 and contaminant test work will also be undertaken • Satellite image acquisition and LIDAR radar imaging is also being considered