

ASX RELEASE
11 January 2011

**NEW PRICE FORECASTS ENHANCE
 COBURN ZIRCON PROJECT RETURNS**

Gunson Resources Limited (the "Company") is pleased to report that further evidence of tightening in the zircon and titanium minerals markets has led to significant upward revisions to price forecasts by market analysts. The latest price forecasts recently provided by respected global mineral sands marketing consultancy TZMI have further enhanced the attractiveness of the Company's Coburn Zircon Project, despite the higher current Australian to US dollar exchange rate than those assumed in previous project financial analyses released by the Company.

The new analysis is expected to increase the already high level of interest from potential investors in the Project, including those with which the Company is currently engaged in discussions.

Using the new price forecasts and an Australian to US dollar exchange rate at parity, the pre tax internal rate of return (IRR) of the Project has increased to 21.2% and the net present value (NPV) to ~~A~~\$216 million. A comparative table between the October 2010 and January 2011 financial analyses of the Project Definitive Feasibility Study (DFS) is shown below, in millions of real 2009 Australian dollars, showing a 29% increase in the IRR and 53% increase in the NPV:

	DFS January 2011	DFS October 2010*
Total Revenue	2,249	2,086
Total Operating Costs	1,291	1,288
Net Operating Margin	958	798
Capital Cost	169	169
IRR before tax/financing	21.2%	16.4%
NPV (8%)	216	141
Exchange Rate (\$US to \$A)	1.00	0.85

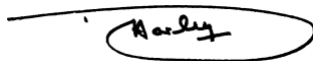
The above analysis assumes a 2.5% royalty rate compared to the 5% rate currently prevailing in Western Australia. As previously reported, discussions between the Company and the Western Australian Department of Mines and Petroleum regarding a reduction in the royalty rate are continuing.

* from the Company's 2010 Annual Report, page 11.

The Company believes there is a strong case for royalty reduction in view of the following facts:

- The new Iluka Resources Eucla Basin mineral sands mine in South Australia is only paying a 1.5% gross royalty for the first five years;
- the current Western Australian state royalty regime provides no incentive for heavy mineral sand producers to refine their concentrates to final mineral product, as the royalty for both is the same, at 5%. This is in contrast to the lower 2.5% incentive rate provided to base metal concentrate producers to produce a final metal product; and
- there has been a steep decline in the size of the mineral sand industry in Western Australia over the past several years.

Using the current 5% gross state royalty, the January 2011 NPV and IRR would be A\$191 million and 19.7% respectively.

A handwritten signature in black ink, appearing to read "Harley", is enclosed within a hand-drawn oval. A horizontal line extends from the left side of the oval.

D H HARLEY
MANAGING DIRECTOR

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