

**POSCO TO INVEST IN THE  
COBURN ZIRCON PROJECT**

The Directors of Gunson Resources Limited ("Gunson") are pleased to advise that the Board of major Korean steel producer POSCO has approved an investment in Gunson's Coburn Zircon Project (the "Project").

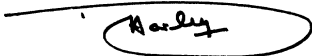
POSCO's investment in the Project will be within an unincorporated joint venture structure, through a special purpose investment vehicle (the "POSCO SPV"), majority owned by POSCO, with a minority interest held by a Korean based resource investment fund. The POSCO SPV will have a 40% interest in the Project, contributing its proportionate share of mine development expenditure and ongoing operating costs. It will earn its 40% interest by making a \$7 million initial payment to Gunson and then contributing the first \$21 million of Gunson's share of mine development expenditure. Each joint venture party will be entitled to its proportional share of the proposed production from the Project, being zircon (estimated 65% of revenue), chloride ilmenite (20%) and HiTi90, a mixture of rutile and leucoxene, (15%).

A joint venture document outlining the financial and operational aspects of the Gunson-POSCO agreement is close to finalisation and execution of this document is expected during the current quarter. Gunson is to be the Project manager, with the POSCO SPV, represented by POSCO, to have equal representation on the Joint Venture Management Committee. Whilst Gunson will have a higher percentage voting interest, all material decisions of the Joint Venture Management Committee will require unanimous approval.

The POSCO SPV's investment in the Project is contingent upon Gunson raising its 60% equity share of the mine development costs, less the \$28 million earn-in expenditure by the POSCO SPV, by the end of 2012. The most recent estimate of capital costs was \$180 million, as itemised on page 9 of Gunson's 2011 Annual Report. It is also subject to the Korean fund's formal approval, although its technical due diligence has been completed, with favourable results. Final approval from the Korean fund is expected in the coming weeks, prior to execution of the Gunson-POSCO Joint Venture Agreement.

A FEED/Value Engineering study by Gunson's engineers, Sedgman Metals Engineering, focused on providing more definitive capital costs and construction schedule, is on track for completion in mid-September 2012.

Once Sedgman Metals Engineering has finished its FEED/Value Engineering study, Gunson will move to complete its debt and equity financing package for the Project by the end of 2012, which has been the subject of discussions with various parties over the past year.



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