

ASX ANNOUNCEMENT

11 DECEMBER 2013



Company Facts

Gunson Resources (ASX: GUN) is focused on bringing the technically robust, 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia into development with a credible strategic partner.

Key projects:

- Coburn Heavy Mineral Sands Project (100%)
- Mt Gunson Copper Exploration Project (49%)
- Mt Gunson Copper – MG14 & Windabout Excised Areas (100%)
- Fowlers Bay Nickel Project (100%)
- Tennant Creek Gold-Copper Project (100%)

Corporate Structure

Shares on issue	255.4m
Unlisted Options	5.3m
52 week high	A\$0.105
52 week low	A\$0.017

Company Directors

David Craig
Non-Executive Chairman

Bill Bloking
Managing Director

Garret Dixon
Non-Executive Director

Investor Enquiries

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FARM-IN AGREEMENT ON EXCISED AREA OF MT GUNSON COPPER PROJECT

Highlights

- Farm-in agreement with Terrace Mining on the 100% owned MG14 and Windabout Copper-Cobalt-Silver deposits at Mount Gunson in South Australia
- Gunson to grant Terrace an option period of up to 12 months to complete studies required to establish viability of Cu-Co-Ag extraction process
- Terrace will then have the right to earn a 51% participating interest by completing a Bankable Feasibility Study and/or incurring project expenditure of \$2.5 million

Gunson Resources Limited (ASX:GUN) ("Gunson" or "the Company") is pleased to announce that it has entered into a farm-in agreement with unlisted public company Terrace Mining Pty Ltd ("Terrace") in respect of Gunson's MG14 and Windabout Copper-Cobalt-Silver deposits at Mount Gunson in South Australia.

These deposits were excised from the Mount Gunson Farm-in and Joint Venture Agreement with Xstrata subsidiary, Noranda Pacific Pty Ltd, in June 2009 (the "Excised Area") and are currently 100% owned by Gunson.

Commenting on the transaction, Mr. Bill Bloking, Managing Director, said:

"We are delighted to have entered into this agreement with the very experienced team at Terrace Mining. It is entirely consistent with our stated strategy of using farm-outs to share risks, complement our internal skills, and accelerate development of our resources. The proposed metallurgical test program has the potential to create significant shareholder value if it is able to establish the viability of extracting the copper, cobalt and silver metal from the host mineralisation."

The key terms of the agreement are:

- Terrace has been granted a 45-day Due Diligence period.
- Upon notification of satisfactory completion of due diligence within the prescribed period, Gunson will grant Terrace an option period of up to 12 months, during which Terrace will conduct a Metallurgical Test Study and any other tests or studies they deem necessary to determine the viability of a process to economically extract copper, cobalt, and silver metal from the MG14 and Windabout deposits.

- Upon successful completion of the activities to be carried out during the option period, Terrace will have the right to earn a 51% participating interest in the Excised Area by delivering a Bankable Feasibility Study within 18 months of the end of the option period.
- All activities, costs, and risks – through and including the Bankable Feasibility Study and up to the point of a “Decision to Mine” – will be for the sole account of Terrace, subject to a maximum expenditure limit of \$2.5 million.
- Terrace will earn its 51% participating interest upon delivery of the Bankable Feasibility Study or the cumulative expenditure of \$2.5 million, whichever occurs first.
- In the event that Terrace’s total expenditure is less than \$2.5 million at the time of earning its 51% participating interest, Terrace will continue to carry all project development expenditure until Terrace has expended \$2.5 million. From that point forward, project costs will be met by each party in accordance with its respective participating interest (51% Terrace: 49% Gunson).
- Terrace can terminate the agreement with 30 days’ notice at any time up to the point of the “Decision to Mine”, provided that it has first completed the Metallurgical Test Study and has delivered a final written report to Gunson in respect of all activities undertaken to date.
- Upon earning its participating interest, Terrace will have the right, but not the obligation, to become project manager.
- The agreement is conditional upon Gunson obtaining a waiver of Noranda Pacific’s pre-emptive rights over the Excised Area within 30 days.
- Gunson has given representations and warrants to Terrace that are usual and customary for this type of transaction.

For further enquiries, please contact:

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About Terrace Mining Pty Ltd

Terrace Mining is a private mining company established by Perth-based mining professionals Mike Collings, Steve Shedden and Peter Wright. The founders have extensive mining industry experience, at all levels. Mike Collings is a Registered Mine Manager and graduate of the Royal School of Mines, London. Steve Shedden is a geologist with broad corporate and exploration experience, including as founding MD of Gindalbie Metals Limited. Peter Wright, a mechanical engineer, was recently Project Manager for Silverlake Resources Limited’s Murchison Treatment Plant Project. The Company’s objective is to acquire and develop mining projects.

MOUNT GUNSON EXCISED AREA

The Excised Area overlaps and lies just north of the old Mt Gunson mining centre (Figure 1), close to key infrastructure including the following distances from the MG 14 deposit:

- Port Augusta to Olympic Dam power line - 7km
- Stuart Highway - 9km
- Trans Australia Railway - 12km

The regional centre of Port Augusta lies some 135km south-east along the Stuart Highway and the Woomera township is 40km to the north. The Woomera to Port Augusta water pipeline runs along the western side of the Stuart Highway and is a potential source of potable water.

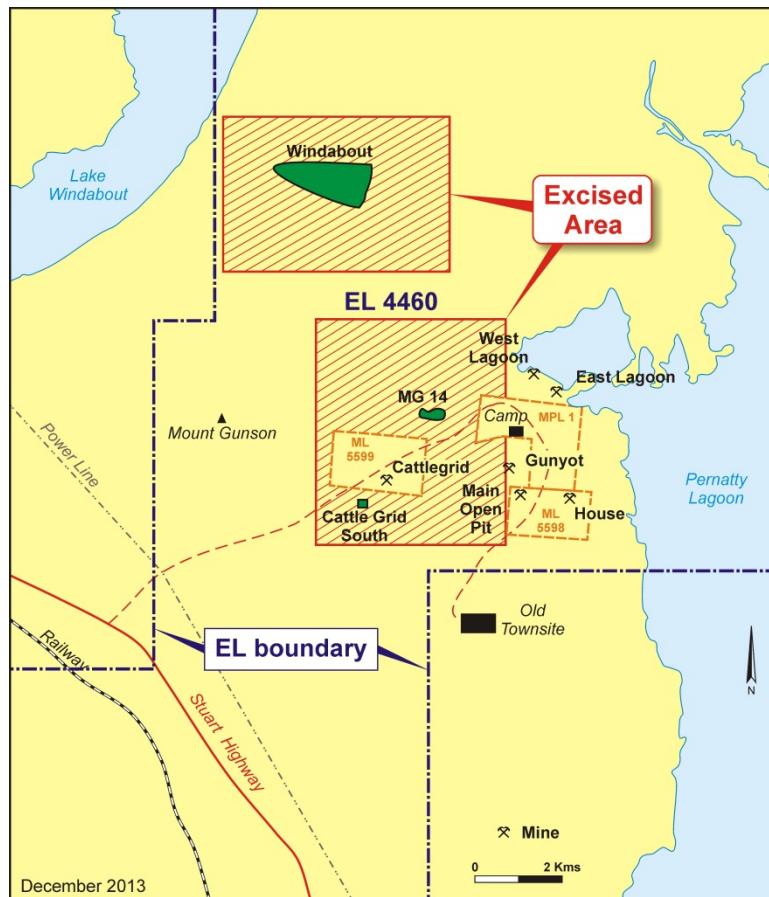


Figure 1. Mt Gunson Excised Area, in relation to nearby infrastructure, including the Stuart Highway, Port Augusta to Olympic Dam power line and Trans Australia Railway. Solid green areas are the areal extent of the MG14 and Windabout mineral deposits. The small tenements bordered by orange dashed lines, such as ML5599, are held by other parties and therefore not subject to this Farm-In Agreement.