

QUARTERLY REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2013



HIGHLIGHTS

- *New Managing Director appointed 1 August 2013.*
- *Activities focused on securing a strategic partner for timely development of the Coburn Mineral Sands Project.*
- *Minimizing cash expenditure in other areas.*
- *Commenced activities to farm-out or divest exploration assets.*
- *Cash balance of \$1.1 million, including \$0.77 million refundable R&D tax offset received in September 2013.*

1 NEW MANAGING DIRECTOR APPOINTED

The Company announced the appointment of Mr. William (Bill) Bloking as Managing Director effective 1 August 2013, replacing founding Managing Director, David Harley, who had previously announced his intention to retire effective the same day. Bill Bloking has nearly forty years of experience in the oil and gas industry, primarily with ExxonMobil and BHP Billiton Petroleum up to 2007, but more recently in public companies as Chief Executive Officer, Non-Executive Chairman, and Non-Executive Director. His recent experience has involved company restructures and takeovers.

2 COBURN MINERAL SANDS DEVELOPMENT PROJECT (100%), Western Australia

2.1 Project Funding

Discussions aimed at securing a strategic partner to cover a significant portion of development costs and other project risks are continuing, with improving conditions in the zircon market seemingly stimulating interest in the Project. The Company has identified a number of value enhancement initiatives and potential areas for reducing capital costs, but these will not be pursued until Project partnering and/or funding discussions mature further.

2.2 Permitting

The Company has submitted Mining Proposal and Works Approval documents to the relevant State Government regulators for final approval. Once these documents are approved, all permits necessary to commence mining operations will have been received.

The WA Department of Parks and Wildlife (DPaW) has approved the Company's Management Plan for the Hamelin Skink, a threatened species. The next step, likely to be undertaken during the next appropriate weather window in April or May 2014, is to conduct a baseline survey of the Hamelin Skink habitat adjacent to the mine access road and to assess the distribution of Hamelin Skinks on Coburn and Hamelin Stations, the degree of connectivity between known communities and the abundance of individuals.

3 MT GUNSON COPPER EXPLORATION PROJECT (49%), South Australia

The Joint Venture Participants have commenced preliminary farm-out discussions. The Company also intends to assess divestment options.

4 MT GUNSON COPPER – MG14 & WINDABOUT EXCISED AREAS (100%), South Australia

As announced previously, additional work is being carried out to develop a mining and mineral processing flow sheet to recover metallic copper, cobalt, and silver from the MG 14 and Windabout deposits. Production of saleable cobalt metal at the mine site would address the longstanding problem around realising commercial value for cobalt contained in copper concentrates – an issue which is particularly acute at Windabout given that the cobalt value exceeds the value of copper in the concentrate.

A metallurgical research group at the Mawson Institute, University of South Australia, has prepared a work program and budget for a test program to acid leach sulphide from flotation concentrates and concentrates from gravity separation of fine grained tailings. Copper, cobalt, and silver metal would then be recovered by solvent extraction-electrowinning (SX-EW) from the enriched leach solution.

Discussions are underway with interested parties about funding or co-funding the test program.

MG14 has a JORC 2012-classified indicated resource of 1.62 million tonnes averaging 1.4% copper, 397 ppm cobalt and 14 g/t silver at 0.5% copper cut off. The larger Windabout deposit has a pre-2000 JORC indicated resource of 18.7 million tonnes averaging 1% copper, 500 ppm cobalt and 10 g/t silver at 0.5% copper cut off.

5 FOWLERS BAY NICKEL PROJECT (100%), South Australia

The gravity geophysical survey over one of the four exploration targets – noted in the previous quarterly report – has been rescheduled to November 2013 due to the longer than anticipated time required for land access approvals. Results are expected during the fourth quarter of 2013.

6 TENNANT CREEK GOLD-COPPER PROJECT (100%), Northern Territory

The two tenements on Aboriginal freehold land noted in the previous Quarterly Report were granted by the Northern Territory Government in August 2013.

7 FINANCIAL

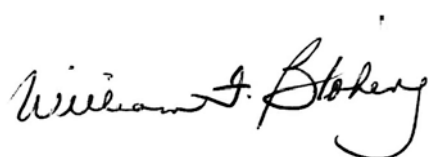
At the end of the quarter, the Company had \$1.1 million in cash and short term deposits. The Company's 2013 income tax return was lodged on 19 July 2013 and included a claim for a refundable research and development tax offset of \$771,386. This tax offset was received in September 2013.

The Company has embarked on a major initiative to reduce Corporate costs. Project expenditure is being limited to those things necessary to advance the development of the Coburn Mineral Sands Project, or work programs that have potential to add value to other assets in the near term. Staffing, travel, and other overhead costs are being minimized.

Assets that do not have significant potential to add near term value to the Company will be candidates for divestment.

8 CORPORATE

The Company has appointed Miro Advisors Pty Ltd to assist with the search for a strategic partner for the Coburn Mineral Sands Project and to assist with the farm-out and/or divestment of other assets.



**WILLIAM F BLOKING FAICD
MANAGING DIRECTOR**

28 October 2013

Attachment

Appendix 5B

Further enquiries, please contact:

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Managing Director

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ATTRIBUTION

COMPLIANCE STATEMENT – MOUNT GUNSON COPPER – MG 14 EXCISED AREA

The information in this report relating to the Mount Gunson Copper – MG 14 & Windabout Excised Area is from the Company's ASX announcement of 11 June 2013 entitled "Amended 2012 JORC Report to Accompany 6 June 2013 Company Update" which is available to view on www.gunson.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Gunson Resources Limited

ABN

32 090 603 642

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(225)	(225)
(b) development	-	-
(c) production	-	-
(d) administration	(441)	(441)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	22
1.5 Interest and other costs of finance paid (Mr David Harley Loan, see 1.24a below)	(46)	(46)
1.6 Income taxes paid	-	-
1.7 Other (R&D Tax Incentive for 2013)	771	771
Net Operating Cash Flows	81	81
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Refund of Coburn Performance Bonds)	1,214	1,214
Net investing cash flows	1,214	1,214
1.13 Total operating and investing cash flows (carried forward)	1,295	1,295

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	1,295	1,295
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings (Mr David Harley Loan, see 1.24a below)	(475)	(475)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(475)	(475)
	Net increase (decrease) in cash held	820	820
1.20	Cash at beginning of quarter/year to date	279	279
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,099	1,099

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	119
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.24a	Aggregate amount of other payments included in items 1.5 and 1.17	521
1.25	Explanation necessary for an understanding of the transactions	
<p>1.23 - Payment of directors' fees, salaries and superannuation during the quarter of \$118,516. Payments had been suspended from 1 May 2013, but were repaid during the quarter.</p> <p>1.24a - Repayment of Mr David Harley loan and interest of \$520,836. The loan related to his unpaid remuneration during the years ended 2009, 2010 and 2011.</p>		

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A – Xstrata Copper, through its subsidiary Noranda Pacific Pty Limited, had the opportunity to increase its Joint Venture working interest to 75% by spending a cumulative total of \$10 million by June 2013, but confirmed in a Farm-in Cessation Notice in July 2013 that it had not earned this additional 24% interest.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	230
4.2 Development	-
4.3 Production	-
4.4 Administration	330
Total	560

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	599	279
5.2 Deposits at call	500	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,099	279

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL 23946	0%	100%
		EL 23949	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

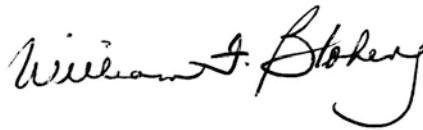
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	255,427,944	255,427,944		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	250,000 4,000,000 1,600,000		<i>Exercise price</i> 12 cents 27 cents 29 cents	<i>Expiry date</i> 23/12/2013 30/11/2014 22/06/2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



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(Managing Director)

Date: 28 October 2013

Print name: Bill Bloking

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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