

ASX ANNOUNCEMENT

17 FEBRUARY 2014



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 Area (100%)
- Fowlers Bay Nickel Project (100%)
- Tennant Creek Gold-Copper Project (100%)

Corporate Structure

Shares on issue	255.4m
Unlisted Options	9.6m
52 week high	A\$0.073
52 week low	A\$0.018

Company Directors

David Craig
Non-Executive Chairman

Bill Bloking
Managing Director

Garret Dixon
Non-Executive Director

Investor Enquiries

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CPs TO MOUNT GUNSON EXCISED AREA FARM-IN AGREEMENT SATISFIED

Highlights

- Conditions Precedent to the farm-in agreement with Terrace Mining on the 100% owned MG14/Windabout Copper-Cobalt-Silver deposits at Mount Gunson in South Australia have been fully satisfied
- Gunson has granted Terrace a 12 month option period 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 in the project by completing a Bankable Feasibility Study and/or incurring project expenditure of \$2.5 million

Further to the Company's announcement on 11 December 2013, Gunson Resources Limited (ASX:GUN) ("Gunson" or "the Company") is pleased to advise that Terrace Mining Pty Ltd ("Terrace") has successfully completed its due diligence in respect of its farm-in to Gunson's 100%-owned MG14 and Windabout Copper-Cobalt-Silver deposits at Mount Gunson ("Excised Area") in South Australia.

The Company is also pleased to advise that Glencore subsidiary, Noranda Pacific Pty Ltd, has formally waived its pre-emptive rights over the Excised Area.

All Conditions Precedent to the Farm-in Agreement between Terrace and Gunson have now been satisfied. Accordingly, Gunson has granted Terrace a 12 month option period to complete a Metallurgical Test Study and any other studies deemed necessary by Terrace to establish the feasibility of a process to economically extract copper, cobalt and silver metal from the host mineralization. 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 MG14 and Windabout by delivering a Bankable Feasibility Study within 18 months of the end of the option period and/or incurring project expenditure of \$2.5 million.

Gunson will receive a free carry from Terrace through the Bankable Feasibility Study and up to the point of a "Decision to Mine", subject to a maximum expenditure limit of \$2.5 million.

Commenting on developments, Mr. Bill Bloking, Managing Director, said:
"We are delighted with the progress made on the project to date and we note the encouraging, albeit preliminary, test results obtained by Terrace in which 90% of the copper in the ore samples was shown to be cyanide-soluble. There is still a long way to go but we are looking forward to working with Terrace on this exciting project."

For further enquiries, please contact:

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About Terrace Mining Pty Ltd

Terrace Mining Pty Ltd 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.

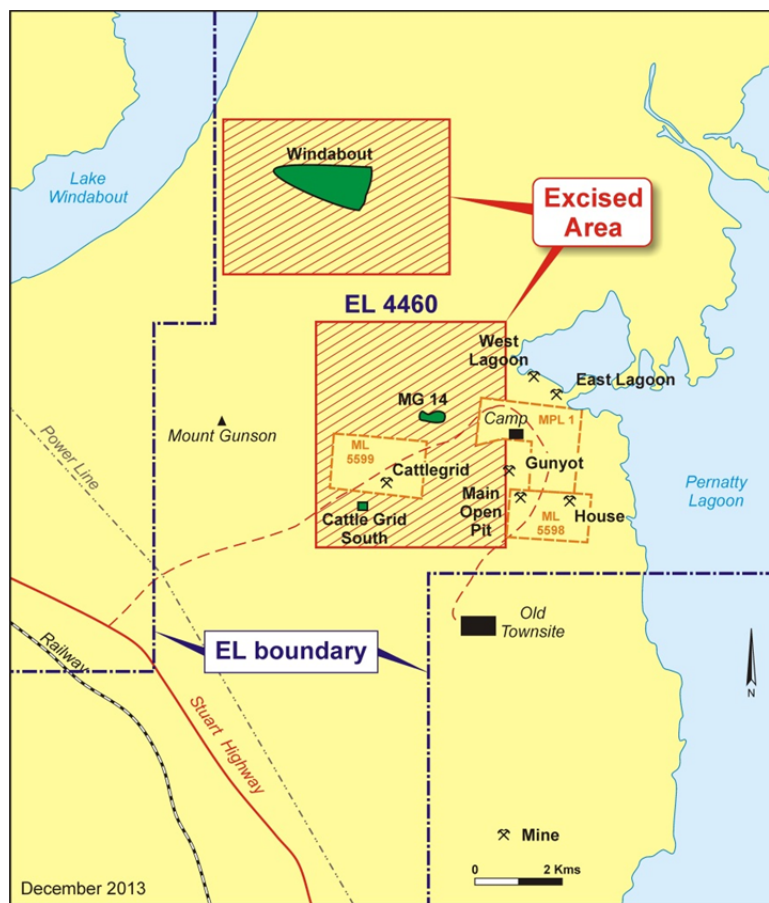


Figure 1. Mt Gunson Excised Area, in relation to nearby infrastructure, including the Stuart Highway, Port Augusta to Olympic Dam power line and Trans Australia Railway. Solid green areas are the areal extent of the MG14 and Windabout mineral deposits. The small tenements bordered by orange dashed lines,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