

ASX ANNOUNCEMENT

9 October 2014



GUNSON RESOURCES LIMITED

ABN 32 090 603 642

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 while progressing other key assets.

Key Projects:

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

Corporate Structure

Shares on issue	293.6m
Unlisted Options	9.6m
52 week high	A\$0.029
52 week low	A\$0.012

Company Directors

David Craig
Non-Executive Chairman

Bill Bloking
Managing Director

Garret Dixon
Non-Executive Director

Investor Enquiries

Warrick Hazeldine
Cannings Purple
E: whazeldine@canningspurple.com.au
T: +61 (0) 417 944 616

WESTERN AREAS FARMS-IN TO FOWLERS BAY NICKEL PROJECT

Highlights

- Western Areas agrees to farm-in to Gunson's Fowlers Bay Nickel Project
- Project lies in similar geological setting to Sirius Resources' Nova Project
- Western Areas can earn a 75% interest by spending \$800k over 2.5 years
- Option to earn a further 15% by spending an additional \$400k over the subsequent 18 month period
- Gunson will be free-carried during earn-in periods, with the option to pay pro-rata share of costs, dilute, or convert to a royalty thereafter

Gunson Resources Limited (ASX: GUN) ("**Gunson**" or the "**Company**") is pleased to advise that it has entered into a Farm-in Agreement with leading nickel explorer Western Areas Ltd ("**Western Areas**") in respect of the Fowlers Bay Nickel Project. Under the Farm-In Agreement, Western Areas will become operator of the Project and earn a participating interest of up to 90% in two stages by sole funding a \$1.2 million exploration program over four years.

The key terms of the Farm-in Agreement are:

- Western Areas will be Project Operator.
- Western Areas will spend \$800k on agreed exploration activities over 2.5 years (Term 1) to earn a 75% participating interest in the Project.
- Following Term 1, Western Areas can declare a 75%/25% Joint Venture (**JV**) or elect to earn a further 15% interest by spending another \$400k in the subsequent 18 month period (Term 2).
- Following Term 2, a 90% Western Areas/10% Gunson JV will be formed.
- Gunson will be "free-carried" until a JV is declared, following which it can pay its pro-rata share of JV costs, dilute its interest, or convert it into a 1% gross royalty.

The Farm-In Agreement is subject to government approvals.

Commenting on the agreement, Gunson's Managing Director, Bill Bloking, said, "This is another very exciting development for the Company. We are delighted to be partnering with a significant base metals company of Western Areas' stature whom have an exceptional record of discovery and production success. We believe their willingness to carry Gunson through this exploration program validates our own view about the prospectivity of our acreage. We are really looking forward to working with Western Areas and producing some great results for our shareholders."

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The Fowlers Bay Nickel Project comprises a 700 square kilometre exploration licence located about 150 kilometres west of Ceduna in South Australia. The exploration target is craton margin Proterozoic nickel sulphide deposits within a northerly trending belt of magnetic anomalies near the western margin of the Gawler Craton, a geological setting similar to that of Sirius Resources' Nova-Bollinger nickel sulphide discoveries in the Frazier Range belt of SE Western Australia.

The magnetic anomalies are interpreted to be Proterozoic mafic and ultramafic rocks prospective for nickel sulphides. Evidence for this comes from widely scattered drill holes completed by previous explorers which penetrated to basement through the Eucla Basin cover.

A gravity geophysical survey was completed in November 2013 over a rectangular target area approximately 9 kilometres long by 3.5 kilometres wide, elongated in a northerly direction. The results showed good correlation with a north-south trending magnetic zone defined by an earlier aeromagnetic survey. The new gravity data suggests that the magnetic zone is comprised of mafic and possibly ultramafic rocks that may contain nickel sulphides.

The Company was advised on the transaction by Miro Advisors.

About Western Areas Limited

Western Areas is an ASX 200 listed Company and Australia's second largest nickel sulphide producer, with high grade nickel production assets in Australia and base metals exploration projects across Australia, Canada and Finland. Western Areas was built upon the successful discovery of two of the highest grade nickel ore bodies in the world located at Forrestania, Western Australia. The Company has a committed strategy to growth which includes both significant re-investment in exploration at Forrestania and also continued regional exploration programs outside Forrestania and pre-development projects in the base metals space in stable jurisdictions.



Figure 1. Fowlers Bay Project Location Plan

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For further enquiries, please contact:

William Bloking

Managing Director
Gunson Resources Limited
T: +61 8 9226 3130
E: enquiries@gunson.com.au
Website: www.gunson.com.au

Media: Warrick Hazeldine/Michael Vaughan

Cannings Purple Strategic Communications
T: + 61 (0) 417 944 616/+ 61 (0) 8 6314 6351
E: whazeldine@canningspurple.com.au

ATTRIBUTION

COMPETENT PERSON STATEMENT

The technical information in this release that relates to exploration results and mineral resources is based on data compiled by Mr DN Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Harley consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.