



GUNSON RESOURCES LIMITED

ABN 32 090 603 642

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 10:00am (WST) Tuesday 5 November 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



Update your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

View the Annual Report:

www.gunson.com.au

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Gunson Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Gunson Resources Limited to be held at K&L Gates Lawyers, Level 32, 44 St Georges Terrace, Perth, Western Australia on Thursday, 7 November 2013 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr David Craig as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr William Bloking as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4a	Approval for Past Placement of Shares - February 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4b	Approval for Past Placement of Shares - March 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Issue Options to Mr William Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____



Notice of Annual General Meeting and Explanatory Memorandum

DATE: 7 November 2013

TIME: 10.00 a.m. **(WST)**

PLACE: K&L Gates Lawyers
Level 32, 44 St Georges Terrace
Perth, Western Australia

This is an important document. Please read it carefully and in its entirety.
If you do not understand it please consult with your professional advisers.
If you are unable to attend the AGM, please complete the Proxy Form enclosed and return it in accordance
with the instructions set out in that form.

The Annual Report is available online, visit: www.gunson.com.au

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The Annual General Meeting of Gunson Resources Limited (**Company**) will be held at K&L Gates Lawyers, Level 32, 44 St Georges Terrace, Perth WA 6000, on Thursday, 7 November 2013, at 10.00 a.m. (**WST**).

Terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the AGM.

AGENDA

1. Financial reports

To receive and consider the annual Financial Report, the Directors' Report and the Auditor's Report of Gunson Resources Limited for the financial year ended 30 June 2013 all of which are contained within the Annual Report.

2. Resolution 1 - Adoption of the Remuneration Report (non-binding resolution)

To consider and, if thought fit, to pass as an **ordinary resolution**:

'That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the Company (which is contained in the Directors' Report in the Annual Report) for the financial year ended 30 June 2013 be adopted.'

Note – the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of any member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or any Closely Related Party of such a member, unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

3. Resolution 2 – Re-election of Mr David Craig as a Director

To consider and, if thought fit, to pass as an **ordinary resolution**:

'That, for the purpose of clause 58.1 of the Constitution and for all other purposes, Mr David Craig, a Director who retires by rotation, and being eligible, is re-elected as a Director.'

4. Resolution 3 - Election of Mr William Bloking as a Director

To consider and, if thought fit, to pass as an **ordinary resolution**:

'That, for the purpose of clause 56.2 of the Constitution and for all other purposes, Mr William Bloking, a Director who was appointed on 1 August 2013, retires, and being eligible, is elected as a Director.'

5. Resolutions 4 – Approval for Past Placements of Shares

To consider and, if thought fit, to pass as **ordinary resolutions**:

4(a). *'That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 950,000 fully paid ordinary shares in the Company issued on 15 February 2013 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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4(b) *'That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 3,000,000 fully paid ordinary shares in the Company issued on 19 March 2013 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass as a **special resolution**:

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed, and any person associated with those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

7. Resolution 6 – Approval to Issue Options to Mr William Bloking

To consider and, if thought fit, to pass as an **ordinary resolution**:

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, 4,000,000 Options be issued to Mr William Bloking (or his nominee) subject to the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by Mr William Bloking and any of his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit. Further, a member of the Company's Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on this resolution if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

These notes form part of the Notice of Meeting.

1. Background information

To assist you in deciding how to vote on the Resolutions, background information to the resolutions is set out in the Explanatory Memorandum forming part of this Notice of Meeting.

2. Recommendation

The Board believes that Resolutions 1 to 6 are in the best interests of the Shareholders and (save where otherwise indicated in the Explanatory Memorandum) unanimously recommends that Shareholders vote in favour of each of them.

3. Voting entitlements

The Directors have determined that, for the purpose of voting at the AGM, Shareholders eligible to vote at the AGM are those persons who are the registered holders of Shares at 400 p.m. **(WST)** on 5 November 2013.

4. How to vote

You may vote by attending the AGM in person, by proxy, or by an authorised representative.

5. Voting in person

To vote in person, attend the AGM on the date and at the place set out above. Shareholders are asked to arrive at the venue by 9.45 a.m. so the Company may check their shareholding against the Company's share register and note attendances.

6. Voting by proxy

A Shareholder has the right to appoint a proxy, who need not be a Shareholder. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy must appoint a representative to exercise any of the powers the body corporate can exercise as a proxy at the AGM. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes he may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be received at the Share Registrar **no later than 10.00 a.m. (WST) on 5 November 2013** (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods:

By Post: Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne Victoria 3001
Australia

By Facsimile (inside Australia): 1800 783 447
By Facsimile (outside Australia): +61 3 9473 2555

For Intermediary Online subscribers only (custodians) please visit <http://www.intermediaryonline.com> to submit your voting intentions. Any proxy form received after 10.00 a.m. **(WST)** on 5 November 2013 will not be valid for the AGM.

7. Voting by corporate representatives

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act. A certificate of appointment of the corporate representative will be sufficient for these purposes and must be lodged with the Company and/or the Share Registrar before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available on request by contacting the Share Registrar on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

8. Questions from Shareholders

The Chairman of the AGM will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

notes

Mr Chris Burton of BDO Audit (WA) Pty Ltd, as the auditor responsible for preparing the Auditor's Report for the year ended 30 June 2013 (or his representative), will attend the AGM. The Chairman of the AGM will allow a reasonable opportunity for the Shareholders as a whole to ask the auditor questions at the Meeting about:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than 5.00 p.m. **(WST)** on 30 October 2013.

By Post: PO Box 1217
West Perth, Western Australia 6872

By Facsimile: (08) 9226 3136 (within Australia)

By Facsimile: +61 8 9226 3136 (outside Australia)

In person: Level 1, 985 Wellington Street,
West Perth, Western Australia 6005

As required under section 250PA of the Corporations Act, at the Meeting, the Company will make available those questions directed to the auditor received in writing at least five business days prior to the AGM, being questions which the auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the annual Financial Report for the year ended 30 June 2013. The Chairman of the AGM will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

9. Annual Report

The Company advises that a copy of its Annual Report for the year ended 30 June 2013 is available to download at the website address, <http://www.gunson.com.au>.

When you access the Company's Annual Report online, you can view it and print a copy.

Please note that if you have elected to continue to receive a hard copy of the Company's annual reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the AGM.

However, if you did not elect to continue to receive a hard copy of the Company's annual reports and now, or sometime in the future, wish to receive a hard copy of the Company's annual reports, please contact the Share Registrar on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

10. Enquiries

Shareholders are invited to contact the Company Secretary, Mr Ian Gregory on +61 8 9226 3130 if they have any queries in respect of the matters set out in these documents.

By order of the board

Date: 23 September 2013



Signed: _____

Name: **Ian Gregory**
Company Secretary

The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

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This Explanatory Memorandum and all attachments are important documents and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Meeting please contact the Company, your stockbroker or other professional adviser.

This Explanatory Memorandum has been prepared for Shareholders in connection with the AGM of the Company to be held on Thursday, 7 November 2013.

The purpose of this Explanatory Memorandum is to provide Shareholders with information the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting.

1. Financial Reports

The Corporations Act requires the annual Financial Report, Directors' Report, and the Auditor's Report to be received and considered at the AGM. Refer to section 9 of the Notes of the Notice of Meeting as to how to obtain a copy of the Annual Report.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report.

The Company's auditor, BDO Audit (WA) Pty Ltd, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the Company's accounting policies and the independence of the auditor in relation to the conduct of the audit.

2. Resolution 1 - Adoption of the Remuneration Report

The Annual Report for the year ended 30 June 2013 contains the Remuneration Report which:

- (a) sets out the remuneration policy for the Company;
- (b) discusses the relationship between the remuneration policy and the Company's performance; and
- (c) details the remuneration arrangements of Key Management Personnel, including the Managing Director, senior executives and non-executive Directors.

The Remuneration Report is contained within the Directors' Reports in the Company's Annual Report, which can be found in the annual report section of the website at <http://www.gunson.com.au>.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chairman of the AGM will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Although voting on the adoption of the Remuneration Report is for advisory purposes only, if there are two consecutive votes at Annual General Meetings of the Company against the Remuneration Report of 25% or more (each year's votes being considered a **Strike**), at the second consecutive Annual General Meeting at which a Strike occurs (**Second Strike**), a resolution must be put to Shareholders to hold another Meeting where each Director is nominated for re-election (**Spill Resolution**). If the Spill Resolution is passed, then the Company is required to hold an additional General Meeting (**Further Meeting**) within 90 days of the Spill Resolution. At the Further Meeting all Directors (excluding the Managing Director) must be nominated for re-election.

Section 250R(4) of the Corporations Act prohibits any votes on this Resolution being cast by Key Management Personnel (or their associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the Proxy Form that you do not wish to specify how the Chairman should vote on Resolution 1, the Chairman will cast your votes in favour of Resolution 1. **If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of Resolution 1, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 1 in the Proxy Form.**

3. Resolutions 2 and 3 – Election of Directors

Clause 58.1 of the Constitution requires that at each Annual General Meeting of the Company, one third of the Directors (to the nearest whole number), must retire from office. A retiring Director is eligible for

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re-election. Mr David Craig retires in accordance with clause 58.1 of the Constitution and, being eligible, has offered himself for re-election.

Mr William Bloking was appointed as a Director by the Board on 1 August 2013. In accordance with clause 56.2 of the Constitution, a Director appointed by the Board holds office until the next Annual General Meeting and is then eligible for election. Mr Bloking seeks election as a Director of the Company.

Subject to Resolutions 2 and 3 being passed, after the AGM the Board will comprise Mr David Craig, Mr Garret Dixon and Mr William Bloking.

Details on each Director's respective background including experience, knowledge and skills and their status as an independent or non-independent Director, are set out in the Annual Report.

The Board considers that the mix of executive and non-executive Directors collectively brings the range of skills, knowledge and experience necessary to direct the Company.

3.1 Election of Mr David Craig

Mr David Craig was appointed as Director of the Company on 8 March 2011, a position he continues to hold. With effect from the conclusion of this AGM, and subject to Resolution 2 being passed, Mr David Craig will remain a Director.

Mr David Craig retires in accordance with clause 58.1 of the Constitution and offers himself for re-election as a Director of the Company.

The Board (with the exception of Mr David Craig) recommends that Shareholders vote in favour of Resolution 2.

3.2 Election of Mr William Bloking

Mr Bloking was appointed as a Director by the Board on 1 August 2013 in accordance with clause 56.1 of the Constitution.

Mr Bloking retires in accordance with clause 56.2 of the Constitution and offers himself for election as a Director of the Company.

The Board (with the exception of Mr Bloking) recommends that Shareholders vote in favour of Resolution 3.

4. Resolutions 4(a) and (b) – Approval for Past Placements of Shares

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. In February and March 2013, the Company made placements of Shares as detailed below.

Resolutions 4(a) and 4(b) seek Shareholder approval under ASX Listing Rule 7.4 to ratify these past placements of Shares. The Company confirms that the issue of the Shares the subject of resolutions 4(a) and 4(b) did not breach ASX Listing Rule 7.1. None of the recipients of placement Shares was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the past placements of Shares will be that these Shares will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

ASX Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.4 and the following information is included in this Explanatory Memorandum for this purpose:

4.1 *the number, issue price, issue date and recipients of the Shares issued by the Company are as follows:*

- Resolution 4(a), 950,000 Shares at 6.5 cents per Share to Walker Crips Stockbrokers Ltd on 15 February 2013, announced to ASX on that date; and
- Resolution 4(b), 3,000,000 Shares at 6.5 cents per Share to Investors Mutual Ltd on 19 March 2013, announced to ASX on 14 March 2013;

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- 4.2 *the funds raised from the placements above have been used to fund completion of the Coburn Zircon Project Optimisation Study;*
- 4.3 *all of the Shares issued pursuant to the placements above were fully paid ordinary shares which ranked equally with all other existing Shares from their date of issue; and*
- 4.4 *a voting exclusion statement is included in the Notice.*

The Directors believe that resolutions 4(a) and 4(b) are in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of these resolutions.

5. Resolution 5 – Approval of 10% Placement Facility

5.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as at the time of this Notice of Meeting and expects to be so at the date of the Annual General Meeting.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) below).

The Company intends to use the consideration to facilitate a strategic partnership to assist the Company in the development of the Coburn Zircon Project and for general working capital.

The Board believes that the 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

5.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being Shares (ASX Code: GUN) and unlisted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;

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- (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (D) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 255,427,944 Shares. Subject to Shareholders approving Resolutions 4(a), 4(b) and 5, immediately following the AGM the Company will have the capacity to issue approximately:

- (i) 38,314,191 Equity Securities under Listing Rule 7.1; and
- (ii) 25,542,794 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

5.3 *Listing Rule 7.1A*

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

explanatory memorandum

5.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised) to the extent Shareholders do not receive any Shares under the issue. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the AGM; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- c) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' Meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		1.25 cents 50% decrease in Issue Price	2.5 cents Issue Price	5 cents 100% increase in Issue Price
Current Variable A 255,427,944 Shares	10% Voting Dilution	25,542,794 Shares	25,542,794 Shares	25,542,794 Shares
	Funds raised	\$319,284	\$638,569	\$1,277,139
50% increase in current Variable A 383,141,916 Shares	10% Voting Dilution	38,314,191 Shares	38,314,191 Shares	38,314,191 Shares
	Funds raised	\$478,927	\$957,854	\$1,915,709
100% increase in current Variable A 510,855,888 Shares	10% Voting Dilution	51,085,588 Shares	51,085,588 Shares	51,085,588 Shares
	Funds raised	\$638,569	\$1,277,139	\$2,554,279

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The Table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is 2.5 cents, being the closing price of the Shares on ASX on 20 September 2013.
- (d) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
 - (e) The Company may seek to issue the Equity Securities for cash or non-cash consideration, or a combination of both. In such circumstances, the Company intends to use the consideration to facilitate a strategic partnership to assist the Company in the development of the Coburn Zircon Project and for general working capital. In the event the Equity Securities are issued for non-cash consideration, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
 - (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
 - (g) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
 - (h) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
 - (i) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.
 - (j) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6. Resolution 6 – Approval to Issue Options to Mr William Bloking

The Board has determined that the grant of Options to Mr William Bloking is the most appropriate form of long term incentive for him in the Company's current circumstances. The Board considers that Mr Bloking, to whom it proposes to issue Options, is essential to the operation of Gunson's ongoing business.

explanatory memorandum

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to issue 4,000,000 Options to Mr William Bloking, Managing Director, (or his nominee).

The issue of Options to Mr Bloking is designed to incentivise Mr Bloking for future services and to tie his remuneration to the performance of the Company and align his interests with the interests of Shareholders. The Options to be issued are in addition to Mr Bloking's remuneration package payable by the Company.

Requirement for Shareholder approval

Pursuant to Chapter 2E of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Section 210 to 216 of the Corporations Act.

A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company, specified members of the director's family and an entity over which a director maintains control.

A "financial benefit" for the purposes of the Corporations Act is also defined widely. It includes a public company issuing securities or granting options to a related party.

The issue of the Options to Mr Bloking (or his nominee) constitutes the giving of a financial benefit to a related party of the Company, as Mr Bloking is a Director. Accordingly, approval is sought under Resolution 6 to issue the Options to Mr Bloking (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

In addition, Listing Rule 10.11 prohibits a company from issuing equity securities (including options) to a related party without shareholder approval. Accordingly, approval is sought under Resolution 6 to issue Options to Mr Bloking (or his nominee) which requires Shareholder approval for the purposes of Listing Rule 10.11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue Options to Mr Bloking (or his nominee) as approval is being obtained under Listing Rule 10.11. Under ASX Listing Rule 7.2 Exception 14, the issues of Options will not be included in calculating the Company's annual 15% placement capacity under Listing Rule 7.1.

Details of the proposed issue of Options

The Company proposes to issue 4,000,000 Options to Mr William Bloking, Managing Director (or his nominee) in three tranches as follows –

- (i) 1,500,000 Options – exercise price the greater of 5 cents and 145% of the market price of Gunson Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant, vesting 6 months after grant date, and expiring two years after grant date;
- (ii) 1,000,000 Options – exercise price the greater of 6 cents and 145% of the market price of Gunson Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant, vesting 12 months after grant date, and expiring two years after grant date; and
- (iii) 1,500,000 Options – exercise price the greater of 8 cents and 145% of the market price of Gunson Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant, vesting 18 months after grant date, and expiring two years after grant date.

The number and value of the Options were derived to provide an appropriate performance linked incentive component of the remuneration package in order to align the interests of Mr Bloking with the interests of Shareholders.

The Options will not have an issue price and no funds will be raised from their issue. Funds raised from the exercise of the Options will be used for general working capital purposes.

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The Options will be issued on the terms set out above and in Annexure A to this Explanatory Memorandum.

The issue of the Options to Mr Bloking (or his nominee) will be equal to approximately 1.53% of the Company's fully-diluted share capital, based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting. The Options will be issued as soon as possible after the Annual General Meeting and in any event no later than 1 month after the Meeting. The holdings of Shareholders in the capital of the Company will be diluted should the Options to be issued by Resolution 6 be subsequently exercised and shares issued.

The highest and lowest closing market sale prices of the Company's Shares on ASX during the 12 months immediately preceding the date of this Notice of Annual General Meeting and the respective dates of those sales were: 12.5 cents on 12 October 2012 and 1.8 cents on 25 June 2013 respectively.

The closing trading price of the shares 7 days prior to the lodgment of this Notice of Annual General Meeting with the Australian Securities and Investments Commission was 2.7 cents on 16 September 2013.

A valuation of the Options was determined using the Black-Scholes option pricing model with the following assumptions:

- (a) the market price of shares is 2.5 cents per share (as at 20 September 2013);
- (b) the Options will be exercisable at 5 cents*, 6 cents* and 8 cents* each;
- (c) the Options have a life of two years;
- (d) price volatility of the shares during the life of the Options is 120%;
- (e) the current two year risk free interest rate is 2.52%;
- (f) no discount has been allowed to reflect the unlisted status of the Options; and
- (g) no expectation of dividends.

The Black-Scholes model calculates a value of \$42,595 for the Options to be issued.

* If Shareholders approve the issue of Options to Mr Bloking, the actual exercise price of the Options will be the greater of those listed under the assumptions above, and 145% of the market price of Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant.

With respect to Mr Bloking the Directors provide the following information so that shareholders can consider Resolution 6:

Shares held (beneficially)	883,908
Options held	Nil
Annual base remuneration including superannuation *	\$300,000
Value of Options to be issued under Resolution 6 **	\$42,595

* As per the announcement to ASX on 2 August 2013.

** Applying a Black-Scholes option pricing model and based on the assumptions set out above.

The Company will not provide a loan to Mr Bloking for the purposes of enabling him to exercise the Options.

If the Options the subject of Resolution 6 were issued to Mr Bloking (or his nominee) and were exercised, a total of 4,000,000 Shares would be issued. This will increase the number of Shares on issue from 255,427,944 to 259,427,944 (based on the number of Shares on issue at the date of this Notice of Meeting and assuming that no other Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by 1.57%.

The Board is not aware of any information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to Resolution 6.

Directors' Recommendation

Except for Mr William Bloking who declines to make a recommendation in relation to Resolution 6, each of the other Directors recommends that Shareholders approve the issue of Options under Resolution 6 as the issue of Options is a fundamental factor in the Board's policy to retain and incentivise Mr Bloking and to align the interests of Mr Bloking with the interests of Shareholders.

glossary

In this document:

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AGM means the Annual General Meeting of the Company to be held on 7 November 2013, or any adjournment or postponement of the Annual General Meeting.

Annual Report means the Company's Annual Report for the year ended 30 June 2013 containing the Financial Report, the Directors' Report and the Auditor's Report.

Associate has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited (ACN 000 943 377) or the Australian Securities Exchange, as appropriate.

ASX Listing Rules means the Listing Rules of the ASX.

Auditor's Report means the Auditor's Report on the Financial Report.

Board means the Company's Board of Directors.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Gunson Resources Limited (ACN 090 603 642).

Constitution means the Company's Constitution, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the Directors of the Company.

Directors' Report means the annual Directors' Report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting.

Financial Report means the annual Financial Report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the Listing Rules of the ASX.

Notice or **Notice of Meeting** means this notice of Annual General Meeting.

Option means an option to subscribe for and be issued a Share in the Company.

Proxy Form means the proxy form attached to the Notice of Meeting.

Remuneration Report means the Remuneration Report which is contained in the Directors' Report.

Resolution means a resolution referred to in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Share Registrar means Computershare Investor Services Pty Ltd (ACN 000 937 879).

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

WST means Australian Western Standard Time.

annexure A

Summary of the terms of the Options to be issued to Mr William Bloking (or his nominee)

The following is a summary of the terms of the Options to be issued to Mr William Bloking (or his nominee):

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- (a) The Options will be issued for no consideration and may be transferred with the written consent of the Board.
- (b) The exercise price of the Options will be –
 - (i) 1,500,000 Options – exercise price the greater of 5 cents and 145% of the market price of Gunson Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant;
 - (ii) 1,000,000 Options – exercise price the greater of 6 cents and 145% of the market price of Gunson Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant; and
 - (iii) 1,500,000 Options – exercise price the greater of 8 cents and 145% of the market price of Gunson Shares determined at the time of issue as the 5 business days volume weighted average of the Company's Share price up to and including the date of grant.
- (c) The Options will vest as follows:
 - (i) 1,500,000 Options – 6 months after grant date, and expiring two years after grant date;
 - (ii) 1,000,000 Options – 12 months after grant date, and expiring two years after grant date; and
 - (iii) 1,500,000 Options – 18 months after grant date, and expiring two years after grant date.each a **Vesting Period**
- (d) An Option may be exercised by notice in writing to the Company. The exercise notice must be accompanied by the Option certificate and payment of the full amount of the exercise price.
- (e) Not more than 10 business days after the exercise of an Option becomes effective, the Company must issue the Shares the subject of the Option to Mr Bloking.
- (f) All Shares issued on exercise of the Options are subject to the Constitution of the Company and rank equally in every way with the Company's then issued fully paid Shares. The Company must apply to ASX for, and will use its best efforts to obtain, quotation for the shares to be issued to Mr Bloking on exercise of the Options. Quotation of Options on ASX will not be sought.
- (g) An Option will lapse unless otherwise determined by the Board if:
 - (i) Mr Bloking's Consultancy Agreement (**Agreement**) is terminated for any reason prior to the first day in the Vesting Period for that Option;
 - (ii) Mr Bloking ceases to be contracted pursuant to the Agreement for any reason after the first day in the Vesting Period for that Option and before the last date in the Vesting Period for that Option, in which case any such Option shall lapse on the day which is 30 business days after the day on which Mr Bloking ceases to be contracted pursuant to the Agreement;
 - (iii) the Board becomes aware of circumstances which, in their reasonable opinion, indicate that Mr Bloking has acted fraudulently, dishonestly or in a manner which is in breach of his obligations to the Company or any associated Company and the Board (in its absolute discretion) determines that the Options shall lapse; or
 - (iv) the Company commences to be wound up.
- (h) Where Mr Bloking ceases to be contracted pursuant to the Agreement whilst any Options are exercisable, the Board may in its absolute discretion (on any conditions it thinks fit) decide that the Options do not lapse as outlined in paragraph (g)(i) and (g)(ii) above, but lapse instead at the time and on the conditions specified in the notice to Mr Bloking. In making a decision, the Board may consider any relevant matter (for example, whether Mr Bloking ceased to be contracted by reason of retirement, ill health, accident or redundancy).
- (i) If a takeover bid is made to acquire some or all of the Shares, or the court sanctions a compromise or arrangement under part 5.1 of the Corporations Act in connection with a scheme for the reconstruction of the Company or its amalgamation with any other body corporate which results in one person becoming, directly or indirectly, legally entitled to 30% or more of the Shares, the Board may give written notice to Mr Bloking and all Options become immediately exercisable and if not exercised, will lapse within 30 business days of the date of such notice.

- (j) If the Company makes a pro rata offer of Shares, the Company must give Mr Bloking at least nine (9) business days' notice before the record date for determining entitlements to receive that offer, to enable Mr Bloking to exercise the Options and receive that offer in respect of the Shares issued on exercise of the Options.
- (k) If there is an issue of new Shares following a pro rata offer made to existing shareholders and Mr Bloking does not exercise his Options as contemplated by paragraph (j) above, the exercise price of an Option after the issue of those Shares is adjusted in accordance with the following formula:

$$O^1 = O - E \times \frac{[P - (S + D)]}{N + 1}$$

Where:

- O¹** = The new exercise price of an Option.
- O** = The old exercise price of an Option.
- E** = The number of Shares into which an Option is exercisable.
- P** = The average closing price (excluding special crossings, overnight sales and exchange traded option exercises) on the Stock Exchange Automated Trading System provided for the trading of securities on ASX of Shares (weighed by reference to volume) during the five (5) trading days before the ex rights date or ex entitlements date.
- S** = The subscription price for one Share under the renounceable rights issue or entitlements issue.
- D** = The dividend due but not yet paid on existing Shares (except those to be issued under the renounceable rights or entitlements issue).
- N** = Number of Shares with rights or entitlements required to be held to receive a right to one new security.

However, if O¹ under this formula is less than the amount prescribed by the ASX Listing Rules as the minimum exercise price for Options, the new exercise price of the Option is to be equal to that minimum price.

- (l) If the Company makes a pro rata bonus issue to Shareholders and an Option is not exercised before the record date to determine entitlements to that bonus issue, the number of Shares to be issued on exercise of the Option is the number of Shares before that bonus issue plus the number of Shares which would have been issued to Mr Bloking if the Option had been exercised before that record date.
- (m) If the Company subdivides or consolidates its Shares, the Options must be subdivided or consolidated (as the case may be) in the same ratio as the Shares, and the exercise price must be amended in inverse proportion to that ratio.
- (n) If the Company makes a return of capital, the number of Options remains the same and the exercise price of each Option is reduced by the same amount as the amount returned in relation to each Share (or in relation to a number of Shares equal to the number of Shares to be issued on exercise of the Option if that number is not 1).
- (o) If the Company makes a cancellation of any paid up share capital that is lost or not represented by available assets, the number of Options and the exercise price of each Option is unaltered.
- (p) If the Company reduces its issued share capital on a pro rata basis, the number of Options must be reduced by the same ratio as the Shares and the exercise price of each Option must be amended in inverse proportion to that ratio.
- (q) If the Company reorganises its issued share capital in any other way not contemplated above, the number of Options and exercise price, or both, must be reorganised so that Mr Bloking will not receive a benefit that holders of Shares do not receive.



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