

**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING
Perth
Thursday, 26 November, 2009**

Good Morning Shareholders,

The Global Financial Crisis has been well documented and has impacted all of us in varying degrees, so I will not dwell on it today. Suffice to say we at Gunson Resources correctly predicted its impact, and during the past twelve months have taken all necessary precautions to cut our administrative costs and exercise financial restraint wherever possible. However, we have also pressed on with our exploration expenditure, availing ourselves of the more competitive consulting and contracting rates available during the downturn.

The one scenario we did not expect was the rapid decline in the \$US exchange rate that has taken place since our last AGM. There has been a 50% fall in the \$US against the \$A in the past 12 months. This can have a negative psychological impact on the short term view of any future project, although the long term view is basically unaffected. What we now have is the reverse of a year ago, with higher \$US commodity prices, but a stronger \$A. Put into context, the rate was \$US0.62/\$A1 in November last year, and \$US0.92/\$A1 this November, against a long term average \$US0.72/\$A1. It is instructive to realise that when the financial crisis struck last year, the first major trend was a move to the \$US as the global reserve currency. There will continue to be currency volatility, but strategic project investors will be mindful of long term average currency exchange rates.

The world economy is showing clear signs of recovery, thanks to China with an amazing 8% growth rate that has carried us through the worst global economic downturn since the Great Depression. Whilst the global recovery will be uneven, it is firmly in place.

The near-complete Coburn Zircon Project definitive feasibility study is now focused on construction of a fully integrated plant at the mine site. Sedgman Metals was appointed preferred engineering contractor, after a tendering process, and has since then been conducting an exhaustive design definition study of all facets of the Project, which will result in capital and operating cost savings. The study was due for completion late in October, but unexpected delays from service providers have pushed this back to December, at which time we can then resume negotiations with our potential offtake and investment partners in the United Arab Emirates. After nine years and the expenditure of over \$18 million of shareholder funds, we will have a fully permitted, designed and costed long term project in a new mineral sands province, ready to commence construction. Such projects are rare indeed in the mineral sands industry, after many years of poor returns to the producers. Iluka is commencing production at its new Eucla Basin project in South Australia, but there are only two other greenfields development projects of any size remaining in the world, one of these being Coburn and the other the Mineral Deposits

Grande Cote Project in Senegal. As you know all too well, these projects take years to develop and we can therefore expect a zircon supply shortage will develop when global demand fully recovers. Coburn Zircon Project is uniquely positioned.

Metal market analysts see copper as the preferred base metal, forecasting strong future demand. Our MG 14 preliminary feasibility study indicated a favourable return, with the metallurgical test work having yielded a much higher grade copper concentrate than achieved previously. This has justified our proceeding to a 15 month bankable feasibility study (BFS) for the sequential development of the MG 14 deposit as an open cut mine and the nearby Windabout deposit as a shallow underground operation at 70 metres average depth. Indicated resources are 18,700 tonnes and 187,000 tonnes of contained copper respectively. This project has been excised from the Xstrata Copper Farm-in Agreement, to a depth of 250 metres, as Xstrata's focus is on the deep iron oxide associated copper-gold targets in basement rocks. The BFS on potential shallow copper mines in the excised area is being fully funded for the time being by Gunson and we hold high hopes for an early mine development.

Xstrata Copper, through its wholly owned subsidiary Noranda, who still have about \$0.6 million to spend by June 2010 in order to earn a 51% interest in the Mount Gunson Copper Project, is encouraged by the results of two holes drilled at Emmie Bluff. Surface and down hole TEM geophysical surveys around these two holes have defined a conductive zone over a kilometre long in the basement to the north east of MGD 55, which is scheduled for drilling in January 2009. Emmie Bluff is the most promising prospect I have seen in the ten years in which we have been searching for "the big elephant" at Mount Gunson.

Tennant Creek Gold-Copper Project at last has aboriginal heritage clearance for our two granted tenements, and we hope to be drilling the promising Gosse 5 gravity anomaly in December. It has been a long wait to proceed to exploration drilling. The Tennant Creek district has been in the news recently, with several explorers announcing significant new discoveries.

Fowler's Bay Nickel Project has a walk-up drill target, but awaits approval of our application to enter the Reserve.

Capital raised to date during this difficult year was \$2.1 million, and expenditure on exploration was \$1.7 million. This may give you some idea of the high utilisation rate of funds on exploration. Gunson now has 149.3 million issued shares.

I urge shareholders to avail themselves of the opportunity to top up their holdings through the recently announced Share Purchase Plan. Funds from this Plan will help finance the Mount Gunson Copper Project BFS, and first pass exploration drilling programs at the Tennant Creek Copper-Gold and Fowlers Bay Nickel Projects.

David Harley has led by example in this very difficult and testing year. He has made significant self-sacrifice, and remained focused and resolute in his goals. The fact he has been able to maintain the same competent and loyal team all year speaks volumes for the high calibre of this little group. I acknowledge the fine contributions of Alan Luscombe (metallurgy), Todd Colton (mining), Yehuda Cohen (finance) and Karen Trapnell (administration).

My personal thanks to our Company Secretary, Ian Gregory, for his ever-reliant behind the scenes guidance, and to my fellow non-executive Director, Peter Harley, who brings both wisdom and broad experience to the Board table.

A handwritten signature in black ink, appearing to be 'Bill Cunningham', written over a faint, dotted horizontal line.

Bill Cunningham
Chairman

