

**ASX RELEASE**

**15<sup>th</sup> May 2006**

**EXERCISE OF OPTIONS AND SHARE PLACEMENT**

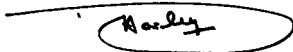
The Directors of Gunson Resources Limited (“**Gunson**”) are pleased to announce the exercise of 1 million options to purchase fully paid ordinary shares in Gunson at 20 cents each, raising \$200,000 and a placement of 4,599,153 shares at 35 cents per share to raise \$1,609,704 (“**Placement**”).

Funds raised under the Placement will be applied to further advance the Coburn Mineral Sand Project, including some long lead engineering items for the proposed mine development and for general working capital purposes.

The Placement shares will rank pari passu in all respects with the existing ordinary shares of the Company from the date of allotment. Taking into account the exercise of the above options and after completion of the Placement, the Company’s issued share capital will have increased to 89,289,786 fully paid ordinary shares.

The shares are being placed with sophisticated investor clients of ABN AMRO Morgans Limited.

An Appendix 3B New Issue Announcement for the options and 1,820 shares omitted from the July 2005 placement is attached. A New Issue Announcement and Section 708A Notice will be released shortly for the Placement shares, along with the application for quotation of the new Placement shares.



**D N HARLEY**  
**MANAGING DIRECTOR**

**Investor Enquiries:**

**Telephone:** 08 9226 3130  
**Facsimile:** 08 9226 3136  
**Email:** [enquiries@gunson.com.au](mailto:enquiries@gunson.com.au)  
**Website:** [www.gunson.com.au](http://www.gunson.com.au)  
**Address:** PO Box 1217,  
West Perth, Western Australia, 6872

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

GUNSON RESOURCES LIMITED

ABN

32 090 603 642

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |                                     |
|---|--|-------------------------------------|
| 1 | +Class of +securities issued or to be issued   | Ordinary Fully Paid Shares (quoted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 1,001,820 Ordinary F/P Shares       |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) |                                     |

---

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>(i) \$200,000 from the exercise of 1,000,000 Options at 20 cents each. (ii) \$400 for the placement of 1,820 shares at 22 cents each on 27 July 2005.</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(i) As a result of the exercise of options. (ii) Proceeds used to further advance the Coburn Mineral Sand Project.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>15 May 2006</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="716 1423 997 1457">Number</th> <th data-bbox="997 1423 1268 1457">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 1457 997 1661">84,690,633</td> <td data-bbox="997 1457 1268 1661">Ordinary F/P</td> </tr> </tbody> </table>	Number	+Class	84,690,633	Ordinary F/P
Number	+Class				
84,690,633	Ordinary F/P				

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	
	100,000	Unlisted options exercisable on or before 16/12/07 at 20 cents per share.
	1,800,000	Unlisted options exercisable on or before 30/11/10 at 30 cents per share.
	1,800,000	Unlisted options exercisable on or before 30/11/10 at 35 cents per share.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Participation available from date of issue.

**Part 2 - Bonus issue or pro rata issue                      N/A**

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	

+ See chapter 19 for defined terms.

- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
- Note: Security holders must be told how their entitlements are to be dealt with.
- Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?

---

+ See chapter 19 for defined terms.

- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(*tick one*)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over
- 37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought

+ See chapter 19 for defined terms.

39 Class of +securities for which quotation is sought

--

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

--

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

--

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

---

+ See chapter 19 for defined terms.

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Managing Director

Date: 15 May 2006

Print name:

DAVID HARLEY

== == == == ==

---

+ See chapter 19 for defined terms.