

GUNSON RESOURCES LIMITED

**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING**

**Perth
Tuesday, 30 November, 2010**

Good Morning Shareholders,

Welcome to the eleventh Annual General meeting of our company. In the Annual Report, I dwelt on the past twelve months, including our efforts to bring the Coburn Zircon Project to the development stage and to achieve break-through at the Mt Gunson Copper Project. In grass-roots exploration, great patience is required, as it can take many years to move from first discovery to commercial realisation. Therefore, I am not going to further try your patience today, but move straight into discussion about our future activities and prospects.

As you are aware, our share price has improved significantly in the past few months, from a low of 6 cents mid year to the current 18 cents. This improvement is due to a dramatic change in the zircon market since April 2010, and thus much improved prospects for development of our Coburn Zircon Project in Western Australia.

Respected global mineral sands marketing consultant TZMI has noted that the demand for mineral sand products has rebounded faster than any industry analyst and even many industry participants had predicted. The impact of the surge in demand, accompanied by restricted supply, has been substantial, with consumers accepting higher prices to ensure they have adequate supply.

The largest movement has been in zircon prices, with both TZMI and the world's largest zircon producer Iluka Resources Limited, reporting a 30% increase in the price from the end of 2009 to the fourth quarter of 2010. Market expectations are for another significant price increase in the first quarter of 2011, and with no significant new supply sources expected to relieve the shortage until at least 2013, zircon consumers are keen to secure supply even if this means higher prices.

Zircon has been a lead indicator for titanium dioxide mineral sand prices and TZMI is currently revising its price forecasts upwards, predicting that some new contract pricing could be up to 50% higher in 2011 than in 2010.

The improved market outlook has led to increased interest from potential investors in the Coburn Zircon Project, with all recognising that Coburn is only one of two material greenfields zircon development projects in the world with a completed definitive feasibility study and fully permitted for construction. Our definitive feasibility study was announced to the market in January, which showed attractive financial returns with the TZMI price forecasts from December 2009. Since then, the US to Australian dollar

exchange rate has increased substantially but as noted above, so have zircon prices. A new set of financial return figures based on a higher exchange rate and updated zircon prices was released in the 2010 Annual Report, showing little difference to the January figures. However, with TZMI currently revising its titanium dioxide mineral price forecasts and further zircon price increases likely, the financial returns of the Coburn Project are likely to improve further.

At present, there are seven potential strategic investors reviewing the Coburn opportunity, with the major attraction being access to zircon offtake. We are very optimistic that, in the current market environment, an investment deal can be done and that construction of the Project can commence early next year. With an 85 week construction period estimated by our engineers, Sedgman Metals, it's possible that commissioning could commence in late 2012.

Progress on the Mount Gunson Project has been less pronounced on both the Noranda Pacific (Noranda) farm-in and on the MG14 – Windabout deposits excised from the Noranda agreement. Noranda earned its initial 51% interest in the farm-in tenements in March 2010 and has the right to increase its interest to 75% by spending a cumulative \$10 million by mid June 2013. At the end of October, Noranda had spent just over \$4 million and is currently reviewing the results of recently completed airborne magnetic and ground magneto-telluric geophysical surveys to select drilling targets for 2011.

Work on the MG14 and Windabout copper deposits has been dominated by metallurgical test work on bulk samples collected earlier this year. Similar copper recoveries and grades on the MG14 sample as those achieved in the prefeasibility study last year have resulted from the new test work, with much higher cobalt recoveries than for copper. As it now appears that smelters are unwilling to pay for the significant cobalt content in the Mount Gunson copper concentrates, work has started on developing a flow sheet to extract cobalt from the concentrate prior to its sale to copper smelters.

Drilling on our two grass roots exploration projects at Tennant Creek in the Northern Territory and Fowlers Bay in South Australia is scheduled for the first half of next year. We are quietly optimistic about both projects, which have the potential to follow Coburn and Mount Gunson into the pre development stage.

Fellow shareholders, by rotation, I stand for re-election today. However, assuming you re-elect me, this will be my last Annual General meeting as Chairman. I intend to step down from the Board at a time I consider appropriate to the Company, during this financial year. I have had the honour of serving you for almost eleven years, am now in my seventy third year, but more importantly the Company is on the threshold of major developments and changes, which when they occur will be better served with some new talent on the Board. To that end, we have appointed an executive search group to seek appropriate candidates. My aim is to hand over a company in good order, with long-held goals clearly in reach.

It remains for me to thank all our shareholders for their patience and loyal support. For Coburn, our day is arriving. For Mount Gunson and our other exploration ventures, further patience is required. May we all receive our just rewards in the fullness of time!

To my fellow directors, David and Peter Harley, to our Company Secretary Ian Gregory, and to the staff, Alan Luscombe, Todd Colton, and Karen Trapnell, thank you for all for your excellent contributions.

When David approached me to chair Gunson almost eleven years ago, I unhesitatingly accepted, for two good reasons; I knew David from our Western Mining days as a talented geologist, and above all as a man of the highest integrity – and that has never changed.

Bill Cunningham
Chairman