

**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING**

Monday, 24 November, 2008.

Dear Shareholders,

In view of the dramatic loss of confidence throughout the global economy over the past few months, I would like to make a few general comments about the current financial situation affecting us all, before moving on to discuss the Company's progress since our previous Annual General Meeting.

The past few months have seen great international financial turmoil, with large investment banks disappearing, and bank liquidity drying up. The resultant crisis of confidence has seen a massive slowdown in business activity, bringing with it a reduction in the value of assets in almost all forms. Australia has not been immune from these events.

The Australian share market has halved in value from its peak a year ago and commodity prices in US currency terms have fallen dramatically as demand for most metals and minerals has evaporated.

The storm will pass as inventories are run down, demand gradually recovers, and confidence is restored. However, I believe the recovery will be a slow process, as employment levels in the global economy will be under stress for some time.

The Gunson Resources share price has suffered along with the general market, as you are all too painfully aware.

However, with disadvantage comes advantage, and with problems come opportunities. The Australian mining industry has several significant advantages running for it at present. Firstly, there is the proximity to and deep association with the Chinese economy, which we can expect to grow at a minimum of 6% per annum, even in the worst of circumstances. Secondly, with the weakening of the Australian currency against the US dollar, the fact that commodities are priced in US dollars is cushioning Australian mining projects from the full brunt of the fall in commodity prices. Also we can expect lower capital costs for new projects stemming from reduced engineering construction order books and lower material costs.

I will now make some general observations about the Company's activities, ahead of our Managing Director David Harley's presentation on our operations.

The Coburn Zircon Project was once again our primary focus, and an enormous amount of time was devoted to efforts to implement our business plan to bring on board a Chinese joint venture partner, whom we believed had the capacity to finance and build the plant both in Australia and China, and consume about half the final zircon product.

The results of infill drilling in mid-2007 increased the total ore reserve from 124 Mt at 1.3% heavy mineral to 306 Mt at 1.2%. This increased the demonstrated mine life, at a production rate of 17.5 Mt per annum, from 7 to 17.5 years, with substantial scope for a further increase. Our metallurgical test work led to a much cleaner heavy mineral concentrate being produced at Coburn, in the Ilmenite Plant. Optimisation test work on the flow sheet at the proposed Mineral Separation Plant in China resulted in major improvement to end-product quality.

The project is fully permitted, ready to sign supply contracts, finalise financing, and get on with construction.

In view of the improved recovery of valuable heavy minerals indicated in recent metallurgical test work, the significant recent fall in the Australian to US dollar exchange rate and equally significant increase in the US dollar price of zircon for 2009, the projected financial returns of the Coburn Project have more than doubled over the past few months. This has led to a timely increase in the level of interest from potential investors and offtake parties in China. David has just returned from China two days ago, and I will leave him to elaborate, but in summary China Triumph International Engineering Company (CTIEC) will no longer be the general construction contractor, and the construction work is to be re-tendered, with a mid-March 2009 closing date. Subject to completion of financing, we would then expect the 58 week construction phase to commence in the second quarter of 2009. Discussions with a short list of potential candidates for minority equity in the project are in progress, facilitated by Gunson's Chinese advisors, The Balloch Group.

At the Mount Gunson Copper Project, during 2007/08 Noranda expended a further \$1.1M to fund a number of geophysical surveys designed to optimise follow-up drilling. Three diamond drill holes followed, but the end-result was a downgrading of Chianti and Emmie East prospects. Noranda hold this project in high regard as a prime area in Australia to explore for large copper deposits, and intend to continue funding further exploration managed by Gunson.

During the second half of 2007/08, together with unlisted Mines Trust, we embarked on our own feasibility study at Mount Gunson, on shallow sediment-hosted deposits, focussed initially on the MG14 deposit, with a view to eventually incorporating the much larger nearby Windabout deposit. This study is due for completion in mid 2009.

No work was conducted on the Tennant Creek Gold Copper Project during the year, whilst airborne surveys at both Fowler's Bay and Burkin Nickel Projects gave rise to interest in future follow up work. The Fowler's Bay Project has two outstanding bedrock TEM anomalies which have been selected for ground follow up. Permission to access the conservation park in which these anomalies lie has been received and a ground follow up TEM survey is scheduled for January 2009.

Capital raised during the past 12 months was \$1.7M, with total shares on issue now 119.7M. The exploration and development expenditure was almost half that of the previous year, as Coburn moved out of the exploration phase, and less was committed to other projects than originally intended. In the current market climate, we are husbanding cash resources with great care.

I have great admiration for the way David Harley and his dedicated and competent team worked tirelessly throughout the year on the proposed Coburn development, whilst also introducing the MG 14 feasibility study. Alan Luscombe (metallurgy), Todd Colton (mining) and Yehuda Cohen (finance) provided the technical backbone, along with Paul Leandri (geology) who departed after the Coburn resource upgrade was completed. Thank you David and team.

I also wish to thank our Company Secretary, Ian Gregory, and my fellow non-executive Director, Peter Harley, for their wise counsel and constant support.

A handwritten signature in black ink, appearing to be 'Bill Cunningham', with a long, sweeping horizontal line extending to the right.

Bill Cunningham
Chairman

