

# ASX ANNOUNCEMENT

12 August 2014



GUNSON RESOURCES LIMITED

ABN 32 090 603 642

## Company Facts

Gunson Resources (ASX: GUN) is focused on bringing the technically robust, 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia into development with a credible strategic partner while progressing other key assets.

## Key projects:

- Coburn Heavy Mineral Sands Project (100%)
- Mt Gunson Copper Exploration Project (49%)
- Mt Gunson Copper – MG14 & Windabout Excised Area (100%)
- Fowlers Bay Nickel Project (100%)
- Tennant Creek Gold- Copper Project (100%)

## Corporate Structure

Shares on issue	291.6m
Unlisted Options	9.6m
52 week high	A\$0.029
52 week low	A\$0.012

## Company Directors

### David Craig

Non-Executive Chairman

### Bill Bloking

Managing Director

### Garret Dixon

Non-Executive Director

## Investor Enquiries

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## MT GUNSON MG 14/WINDABOUT COPPER PROJECT SCOPING STUDY COMPLETE

### Highlights

- MG14/Windabout Scoping Study completed by Torrens Mining.
  - Copper recoveries of 80 to 85% achieved with cyanide leaching, with upside to 90+%.
  - Sodium cyanide regeneration greater than 80%.
- Gunson test work in 2010 demonstrated 90+% cobalt recovery using sulphide flotation.
- Torrens now progressing into the project pre-feasibility phase.

Gunson Resources Limited (ASX:GUN) is pleased to advise that farm-in partner, Torrens Mining Limited (Torrens), has completed its initial Scoping Study into the commercial production of copper, cobalt, and silver from the MG14 and Windabout deposits at Mount Gunson, South Australia.

As part of the Scoping Study, Torrens conducted a series of metallurgical tests designed to confirm the viability of using a sodium cyanide leaching process, developed by American Cyanamid in the 1960s, to economically extract copper from these shale-hosted deposits and to recycle the majority of the sodium cyanide. These bench top laboratory tests successfully demonstrated:

- copper recoveries of 80 to 85%, with upside potential of 90+% based on the cyanide-soluble copper remaining in the leach residue; and
- sodium cyanide regeneration in excess of 80%.

These results are in contrast to those achieved during a test program conducted in 2010 using conventional sulphide flotation, in which copper recoveries ranged between 54% and 68%.

Although still subject to completion of further studies, these "proof of concept" results are critically important because they suggest that copper can be economically leached from the MG14 and Windabout deposits.

In 2010, Gunson carried out test work which confirmed that the cobalt-bearing mineral, carrollite, floats efficiently, with cobalt recoveries of more

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than 90% into concentrate being recorded. It is expected that hydro-classification will assist in the beneficiation of the cobalt.

Metallurgical evidence suggests that the silver in the deposits occurs locked in sulphide mineral lattices and may be recoverable in commercial quantities along with the cobalt in sulphide concentrate.

## **NEXT STEPS**

Following on from this very encouraging "Proof of Concept" work, Torrens has committed to further metallurgical test work which will lead to a pre-feasibility report of sufficient standard to allow process design to be completed and the capital and operating costs to be estimated with an accuracy of plus or minus 20%.

The pre-feasibility work will involve refining the leaching process to maximize copper recovery, including a closer examination of the effects of temperature and grind size on recoveries, as well as optimizing the cyanide recovery system and examining the flotation of the cobalt and silver components. This phase of the work is expected to take about 3 months to complete.

Gunson Resources' Managing Director, Bill Bloking, said, "Although it's still early days, we are very encouraged by the results of the test program, which has demonstrated copper recoveries and cyanide regeneration levels consistent with Torrens' pre-test objectives. We now look forward to working with Torrens to deliver a positive Pre-Feasibility Study and to grow shareholder value."

## **ABOUT THE MG14/WINDABOUT PROJECT (Figure 1)**

MG14 has a JORC 2012-classified indicated resource of 1.62 million tonnes averaging 1.4% copper, 397 ppm cobalt and 14 g/t silver at 0.5% copper cut off. The larger Windabout deposit has a pre-2000 JORC indicated resource of 18.7 million tonnes averaging 1% copper, 500 ppm cobalt and 10 g/t silver at 0.5% copper cut off (see page 16 of the Company's 2013 Annual Report).

Torrens has the right to earn a 51% interest in the Mount Gunson MG14/Windabout Project by completing, at its sole cost, all tests and studies deemed necessary to determine the viability of a process to economically extract copper, cobalt, and silver from the MG14 and Windabout deposits, and delivering a Bankable Feasibility Study. All activities, costs, and risks -- through and including the Bankable Feasibility Study and up to the point of a decision to mine -- will be for the sole account of Torrens, subject to a maximum cumulative expenditure of \$2.5 million.

As announced separately, the Company's interest in the Mount Gunson Project outside of the MG14/Windabout Excised Area will soon increase from 49% to 100% following the withdrawal of Noranda Pacific Pty Ltd. Gunson is currently in discussion with Torrens about the possibility of adding this acreage into the MG14/Windabout Project so as to provide further exploration upside.

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## ATTRIBUTION

### COMPETENT PERSON STATEMENT

The technical information in this release that relates to exploration results and mineral resources is based on data compiled by Mr DN Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Harley consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The metallurgical information in this release was compiled by Mining & Process Solutions Pty Ltd (MPS) for Torrens Mining ("the client"). The work is of a preliminary "sighter" nature based on limited tests and samples provided. As such, MPS consents to the inclusion in this release of the matters based on their information in the form and context in which it appears but does not represent, warrant or guarantee the test work as being sufficiently comprehensive to make major decisions on the viability of the project.

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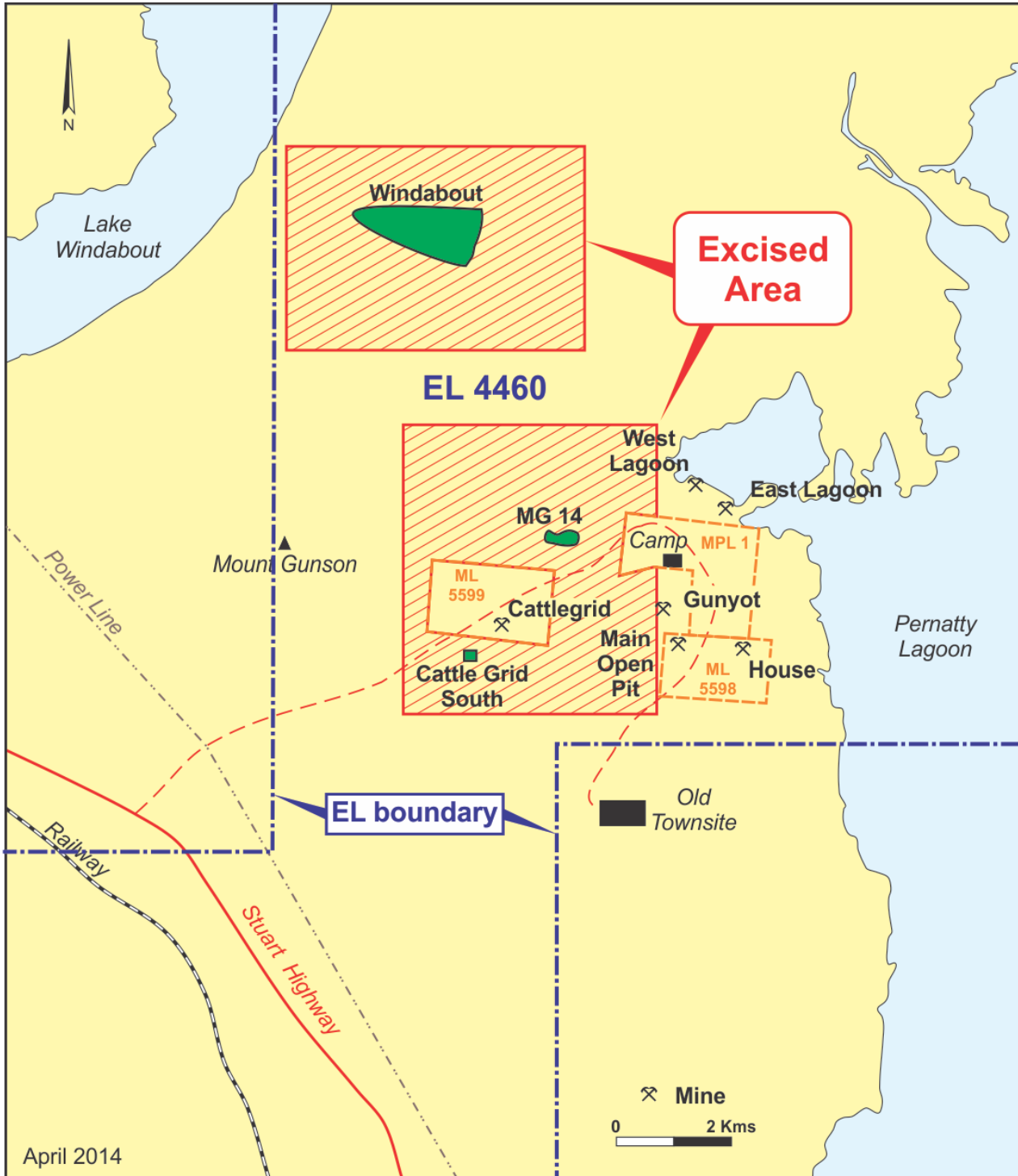


Figure 1. MG14/Windabout Project