



ABN 32 090 603 642

Notice of General Meeting and Explanatory Statement

Notice is given that a General Meeting of
Gunson Resources Limited (the **Company**) will be held at:

DATE: Friday, 24 May 2013

TIME: 10.00 a.m. (WST)

PLACE: K&L Gates Lawyers
Level 32, 44 St Georges Terrace
Perth WA 6000

This meeting has been convened pursuant to a requisition given to the Company in accordance with section 249D of the Corporations Act. **The Resolution to be put to Shareholders at the meeting does not have the support of the Company's Board and the Board strongly recommends that you vote AGAINST it.**

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice of Meeting should be considered prior to Shareholders voting on the Resolution to be considered at the Meeting.

Resolution - Removal of Director – Mr David Harley

To consider and, if thought fit, to pass as an ordinary resolution:

"That for the purposes of section 203D of the Corporations Act and for all other purposes Mr David Harley be removed as a director of Gunson Resources Limited effective immediately on the passing of this Resolution."

By order of the Board on 19 April 2013

Ian Gregory
Company Secretary

This Notice of Meeting and Explanatory Statement, and the Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

If you are unable to attend the General Meeting, please complete the Proxy Form enclosed and return it before the deadline in accordance with the instructions set out in that form.

BACKGROUND INFORMATION

To assist you in deciding how to vote on the above Resolution, further details as background information to the Resolution are set out in the Explanatory Statement forming part of this Notice of Meeting.

GLOSSARY

Words defined in the Explanatory Statement have the same meaning when used in this Notice of Meeting unless the context requires otherwise. For assistance in considering the Notice of Meeting, the following words are defined here:

Board means all or some of the Directors acting as the Board of Directors of the Company.

Company means Gunson Resources Limited ACN 090 603 642.

Corporations Act means the Corporations Act 2001 (Cwlth).

Directors means directors of the Company.

Explanatory Statement means the explanatory statement which accompanies this Notice of Meeting.

Meeting means the General Meeting of the Company called by this Notice of Meeting.

Resolution means the sole resolution set out on page one of this Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time, Perth, Western Australia.

RECOMMENDATION

The Board does not support the Resolution. Each of the Directors intends to vote his Shares (or Shares over which he has control) **AGAINST** the Resolution to be put to Shareholders at the Meeting.

ENTITLEMENT TO ATTEND AND VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that the shareholding of each person for the purpose of determining entitlements to attend and vote at the Meeting will be the entitlement of that person set out in the Company's share register as at 5.00 p.m. (WST) on Wednesday, 22 May 2013. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

HOW TO VOTE

Voting in person

A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the enclosed proxy form to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the Meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry or at www.computershare.com.

Voting by proxy

A Shareholder has the right to appoint a proxy, who need not be a Shareholder. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy must appoint a representative to exercise any of the powers the body corporate can exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes he or she may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To vote by proxy, the Proxy Form, together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed, must be received at the Share Registrar no later than 10.00 a.m. (WST) on 22 May 2013, being 48 hours prior to the commencement of the Meeting. Proxy Forms received after that time will be invalid and Forms must be received before that time via any of the following methods:

By Post: Computershare Investor Services Pty Ltd
 GPO Box 242
 Melbourne Victoria 3001
 Australia

By Facsimile (inside Australia): 1800 783 447

By Facsimile (outside Australia): +61 3 9473 2555

For Intermediary Online subscribers only (custodians), please visit <http://www.intermediaryonline.com> to submit your proxy voting intentions.

Any proxy form received after 10.00 a.m. (WST) on 22 May 2013 will not be valid for the Meeting.

Enquiries

Shareholders are invited to contact the Company Secretary, Mr Ian Gregory, on +61 8 9226 3130 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

1. Introduction

This Explanatory Statement is intended to provide Shareholders with key information needed to vote on the only Resolution to be put to the Meeting. The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolution.

This Meeting has been convened pursuant to a requisition given to the Company in accordance with section 249D of the Corporations Act. **As stated above, the Board DOES NOT support the Resolution.**

The Resolution concerns the removal of Mr David Harley as a director of the Company. After due consideration, the Directors have formed the view that it is not in the best interests of the Company for Mr Harley to be removed and their response to the Statement in support of the Resolution prepared by the Shareholders who requisitioned the Meeting (see section 2 below) appears as section 3 below.

Shareholders should note that if the Resolution is passed, Mr Harley's employment by the Company as Managing Director will automatically cease and the Company will be obliged, under the terms of Mr Harley's employment contract, to make a termination payment to him equivalent to six months' salary (\$158,812) superannuation (\$14,293) and as estimated at 24 May 2013, accrued annual and long service leave of \$80,538.

Further, an outstanding loan exists from Mr Harley as a result of unpaid remuneration to him during the financial years ended 30 June 2009, 2010 and 2011. Interest has only been accrued on this loan from 1 July 2011. The loan is unsecured and repayable on demand. The estimated loan at 24 May 2013, including interest is \$515,352.

In accordance with the Corporations Act, the Shareholders who requisitioned the Meeting have the right to require the Company to distribute to Shareholders information supporting the proposed Resolution, and their Statement in support of the Resolution appears in section 2 below. Mr Harley, as the Director who is proposed to be removed by the Resolution also has the right to provide a Statement to Shareholders in relation to the Resolution but has declined to do so.

2. Requisitioning Shareholders' Statement

John Bevan Tilbrook
42 Landsdale Road
LANDSDALE WA 6065

Statement to Accompany Notice of General Meeting

10 April 2013

Dear Fellow Gunson Shareholder

I have requested the Board to convene a meeting of shareholders to consider a resolution for the removal of Gunson's Managing Director, Mr David Harley.

I strongly encourage you to vote "FOR" the Resolution to stop the continued destruction of shareholder value.

I and my associated companies, Grey Willow Pty Ltd and Sunzone Pty Ltd, collectively hold 19.36% of the shares in Gunson, a position we have built up over time as long term investors in Gunson. Collectively, we are the largest shareholders of Gunson.

On 28 March 2013, Gunson announced that POSCO had ended negotiations on the Coburn Zircon Project and the Gunson's share price collapsed. Investors in the ill-conceived recent share offer at 6.5 cents have lost over 50% of their investment in a matter of weeks.

In our view, Gunson has failed to achieve a credible outcome following 18 months of protracted negotiations with POSCO.

It is obvious that Gunson must change its direction to preserve and build upon the remaining value in the company. This can only be achieved with new management. As Mr Harley has refused to resign, we see little alternative but to seek his removal as a director.

We consider Mr Harley's position is untenable and that the market value of Gunson shares reflects negative perceptions of his leadership. We see little hope for an improvement in shareholder value whilst Mr Harley remains as managing director.

We have no current intention of seeking any other changes to the Board, as we are generally passive investors. It is the Board's role to put in place new management.

Since Mr Harley's appointment in 2004:

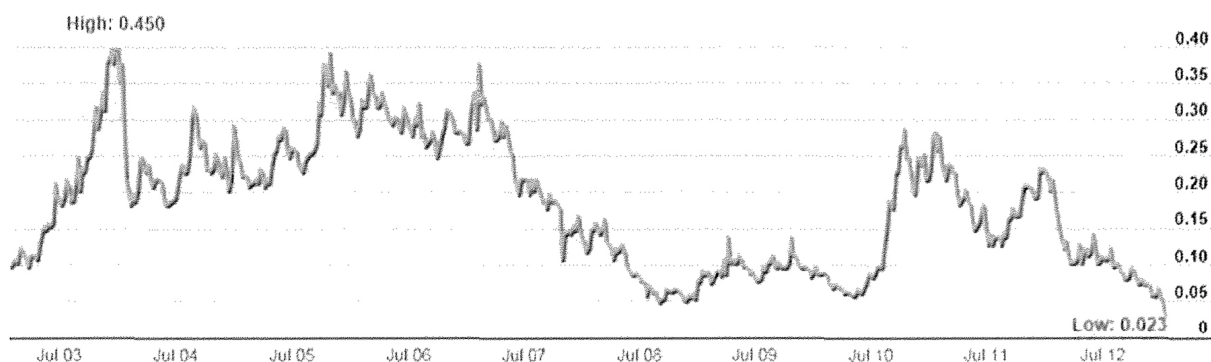
- Gunson's value per share has declined by around 90% (see table below); in 2004, Gunson shares traded at around 25 cents, today they trade at around 3 cents;
- over \$40 million has been raised from shareholders, but the market capitalisation of Gunson is now only \$7.6 million;
- over \$31 million has been spent on exploration and evaluation expenditure, mostly on the Coburn Zircon Project, which is now in limbo;
- Gunson has single-mindedly pursued the development of Coburn, but now has no other obvious alternative exploration projects to pursue; and
- in 2009 Gunson, decided not to mine the Mt Gunson copper deposit and instead concentrated its expenditure on Coburn; if Gunson had been less single minded in its approach, it could now be producing cash-flows from shallow mining the Mt Gunson copper project.

John Tilbrook

M. Miller

P. J. Schubert

Gunson 10 year share price chart



(Source: Comsec)

We are very concerned that Gunson has continually “over-promised and under-delivered” in relation to the proposed joint venture with POSCO, notwithstanding some very obvious warning signs. This pattern is evident from the following extracts from Gunson’s ASX announcements, which are not indicative of good management:

“A due diligence period of 3 months has been agreed, during which a binding joint venture agreement is to be prepared and executed, with Gunson to be Project Manager.” (ASX release 23 November 2011)

This announcement was quite definite that an agreement would be agreed within 3 months.

“The Major is well advanced in its due diligence process and completion of formal documentation of a binding joint venture agreement is expected by late April 2012.” (Half yearly report 31 December 2011)

“...POSCO has advised that its internal review of the Coburn opportunity will not be completed by the previously advised target date of late April, 2012. Its new target date for board approval is mid August 2012 and in the meantime, finalisation of joint venture documentation will continue as a matter of priority.” (ASX release 18 April 2012)

“A joint venture document outlining the financial operation aspects of the Gunson-POSCO agreement is close to finalisation and execution of this document is expected during the current quarter.” (ASX release 13 August 2012)

“In the coming weeks, the Korean resources fund reported in the 13 August 2012 announcement is expected to provide indicative approval of its investment in the Project, subject to execution of the Coburn Joint Venture Agreement by POSCO. Execution of the Joint Venture Agreement is now expected in **October 2012.”** (ASX release 20 September 2012)

Only a few weeks later Gunson announced a further delay in completion of the agreement:

“Approval of the Korean Fund’s investment in the Project is still outstanding. However, it has completed due diligence and provided input into the proposed JVA. Based on the recent discussions, its conditional approval is expected in the coming weeks.”

Both POSCO and the Korean Fund confirmed that they are keen for the Project to proceed, subject to finalising the remaining JVA issues. Completion is now expected in December 2012.

John Tilbrook M. McIlroy R. G. L. L. L.

As a consequence of these delays, Gunson has requested an extension to its end-2012 financing condition announced on 13 August 2012. Subject to resolution of the outstanding matters, grant of this extension is expected in December 2012.” (ASX release 18 October 2012)

Just one and a half months before the POSCO deal was terminated, Gunson went to the market to raise funds at 6.5 cents. Gunson’s announcement was very definite and confident that a successful deal was likely:


“Funds raised from the offer...are used to pay for work done on the Optimisation Study currently being finalised to meet the POSCO/Korean resources investment fund (POSCO SPV) commercial condition required before the POSCO SPV will sign the Coburn Project financing agreement. The deadline for meeting this condition is the end of this month and the Company is on schedule for meeting it” (ASX release 14 February 2013)

Notwithstanding Gunson’s poor performance and failure to develop the Coburn Zircon Project, Gunson’s annual reports show Mr Harley has been well remunerated, particularly in the last 2 years:

| |
|----------------------------|
| 2005 - \$197,290 |
| 2005 - \$200,741 |
| 2006 - \$358,761 |
| 2007 - \$519,994 |
| 2008 - \$299,750 |
| 2009 - \$299,750 |
| 2010 - \$299,750 |
| 2011 - \$494,494 |
| 2012 - \$628,432 |
| Total = \$3,298,962 |

We encourage the Gunson Board to put in place new management and we encourage you to vote “FOR” the Resolution to remove Mr David Harley to enable that to happen.

Yours sincerely



John Bevan Tilbrook

Director, Grey Willow Pty Ltd

Director, Sunzone Pty Ltd

3. Directors' Statement in Response

On behalf of the Board, I outline our response to the requisitioning Shareholders' Statement (**Tilbrook Statement**) in support of the Resolution to remove the Company's Managing Director, Mr David Harley, at the General Meeting to be held on 24 May 2013. The Board does not support the Resolution and recommends that you vote **AGAINST** it on the Proxy form enclosed with the Notice of General Meeting.

Contrary to the Tilbrook Statement, the Board is strongly of the view that Mr Harley has always acted in the best interests of the Company and all of its Shareholders. To solely blame him for the failure of negotiations with POSCO is unreasonable, unwarranted and fails to recognise the following facts:

1. POSCO as a potential strategic investor, manages proposed new investments through its Investment Committee, which considers many different factors such as the proposed investment's synergy with its corporate strategy, currency variation and the external market environment. As advised in the Company's release on 28 March 2013, the zircon market deteriorated dramatically from September 2012 and POSCO took this into account during the latter stages of its negotiations with the Company.
2. POSCO signed a term sheet on 8 November 2011, which recorded its intent to execute a binding agreement within three months of the execution date. However, in early April 2012, POSCO became aware that its first quarter 2012 profit was the worst in its history and as a result, all new investment proposals were suspended. POSCO's Board eventually approved the Coburn investment on 10 August 2012, with several conditions, including the participation by a Korean resources investment fund in a POSCO controlled special purpose vehicle named the POSCO SPV, which would hold a combined 40% equity in the Coburn Project.
3. The subsequent delays recorded in the Tilbrook Statement were initiated by the POSCO SPV and it was only after completion of the Optimisation Study at the end of February 2013 that Gunson and the POSCO SPV were unable to reach agreement. Results from the Optimisation Study were very encouraging, considerably improving the Coburn Project cost structure and definition of operating plans. However, these improvements were largely offset by lower commodity prices and the other factors outlined in the Company's release on 28 March, 2013.

Next, I would like to correct some assertions in the Tilbrook Statement regarding Mr Harley's service and remuneration. Mr Harley has been the Managing Director of Gunson since its inception in December 1999, not since 2004. The decision in 2011, not 2009, to postpone mining of the shallow copper deposits at Mount Gunson was based on the unwillingness of copper smelters to pay for the considerable amount of contained cobalt in the copper concentrates. This made the mine development marginal without separating cobalt from the copper concentrates and was recorded in Gunson's 2011 Annual Report, a year during which the zircon price had increased substantially.

The remuneration table on the last page of the Tilbrook Statement is misleading for the following reasons:

- It excludes the first four years of Mr Harley's remuneration and includes \$474,604 in unpaid salary and superannuation between 2009-2011. Mr Harley initiated his salary sacrifice arrangements during the Global Financial Crisis, to conserve the Company's limited cash reserves and the still unpaid amount has been recorded as a loan, as shown in the table below.
- "Share based payments" totalling \$743,816 are also included in the remuneration table, which comprise the modelled fair value of share options approved by Shareholders at the 2005 and 2010 Annual General Meetings respectively. The 2005 options were not "in the money" when they expired on 30 November 2010, resulting in no payment being received by Mr Harley and it is possible that the 2010 options will suffer the same fate. Thus, including such "share based payments" does not reflect cash remuneration received.

Excluding the “share based payments”, unpaid salary and unpaid interest on this accrued sum, Mr Harley’s total remuneration received between 2004 and 2012 is reduced to \$1,984,626 or an average of \$220,514 per annum over those 9 years, as shown on the table below. Shareholders’ attention is drawn to section 1 of the Explanatory Statement, which outlines the termination payments due to Mr Harley if the Resolution is passed.

| Year | Remuneration paid | Unpaid remuneration | Interest on unpaid remuneration | Accrued long service leave | “Share based payments” (Options) | Annual Total |
|------------------------|-------------------|---------------------|---------------------------------|----------------------------|----------------------------------|------------------|
| 2004 | 197,290 | | | | | 197,290 |
| 2005 | 200,741 | | | | | 200,741 |
| 2006 | 218,606 | | | | 140,155 | 358,761 |
| 2007 | 299,750 | | | | 220,244 | 519,994 |
| 2008 | 299,750 | | | | | 299,750 |
| 2009 | 49,958 | 249,792 | | | | 299,750 |
| 2010 | 124,896 | 174,854 | | | | 299,750 |
| 2011 | 257,286 | 49,958 | | | 187,250 | 494,494 |
| 2012 | 336,345 | | 26,526 | 69,394 | 196,167 | 628,432 |
| TOTAL (9 years) | 1,984,622 | 474,604 | 26,526 | 69,394 | 743,816 | 3,298,962 |

From the above comments it is clear that no convincing or relevant argument has been put up in support of the Resolution to remove the Company’s Managing Director. Many companies in the junior resource sector have suffered similar share price fluctuations together with recent falls in the current market, which some market commentators describe as the worst in decades.

In addition, the Tilbrook Statement has failed to consider the consequences of how the Company will retain the considerable “institutional memory” of its operations and projects, especially the Coburn Project, gained by the Managing Director during his more than 12 years with the Company.

Finally and very importantly, Mr Harley has at all times acted with the full support, encouragement and involvement of your Board of Directors. To take such drastic action against one member of the Board without any proposals for the future structure and direction of the Company shows that the reasoning behind the Resolution is fundamentally flawed.

It should also be noted that the Resolution is premature, with the requisition for this Meeting being made after the Company’s announcement on 28 March, 2013, in which it was stated that the Perth-based corporate advisory firm Azure Capital had been engaged to carry out a Strategic Review (Review) of the Company, including alternatives for maximising the value of the Coburn Project. This Review is scheduled for completion by the end of this month and clearly it would have been a much more sensible and reasoned approach to defer the Resolution until the Board and all Shareholders received the results of the Review. A summary of the Review and the Board’s response will be mailed to Shareholders in early May, to assist you in voting on the Resolution to be put before the General Meeting on 24 May 2013. The Board strongly recommends Shareholders not determine their voting intentions on the Resolution until they have received and considered this documentation.

Again, I urge all Shareholders to vote **AGAINST** the Resolution contained in the Notice of General Meeting.

Yours sincerely



**D A CRAIG
CHAIRMAN**



GUNSON RESOURCES LIMITED

ABN 32 090 603 642

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

For your vote to be effective it must be received by 10.00 a.m. (WST) Wednesday 22 May 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View or update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

Review your securityholding

Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Gunson Resources Limited hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Gunson Resources Limited to be held at K & L Gates, Level 32, 44 St Georges Terrace, Perth, Western Australia on Friday, 24 May 2013 at 10.00 a.m. (WST) and at any adjournment of that meeting.

STEP 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

The Board **DOES NOT** support the proposed resolution, and recommends you vote **AGAINST** the resolution.

| | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 1. Removal of Director - Mr David Harley | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies **against** the item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

GUN

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Computershare