



ACN 090 603 642

**Notice of General Meeting  
and  
Explanatory Statement**

Date of Meeting  
**Monday, 20 October 2014**

Time of Meeting  
**11am (WST)**

Place of Meeting  
**Offices of K&L Gates  
Level 32, 44 St Georges Terrace  
Perth, Western Australia**

This is an important document. Please read it carefully and in its entirety. If you do not understand it please consult with your professional advisers.

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

## **Notice of General Meeting Gunson Resources Limited ACN 090 603 642**

Notice is given that a Meeting of Shareholders of Gunson Resources Limited ACN 090 603 642 (**Company**) will be held at the offices of K&L Gates, Level 32, 44 St Georges Terrace, Perth on Monday, 20 October 2014 commencing at 11am (WST).

The Resolutions are important and affect the future of the Company. You are urged to give careful consideration to the Notice of Meeting and the contents of the Explanatory Statement. Further details of each Resolution to be considered at the Meeting are set out in the Explanatory Statement.

Definitions of capitalised terms used in the Notice of Meeting and Explanatory Statement are set out in Section 10 of the Explanatory Statement.

### **Resolution 1 – Change in Scale of Activities as a result of the Acquisition**

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

*"That, subject to the passing of Resolutions 2 and 4, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, Shareholders approve the Company undertaking a change in the scale of its activities as a result of the acquisition of all of the issued capital of Strandline Resources Pty. Ltd. ACN 165 036 537 (**Strandline**) on the terms set out in the Explanatory Statement."*

**Notes:**

1. The Listing Rules require the Company to seek Shareholder approval of the proposed significant change to the scale of the Company's activities. Completion of the Acquisition is conditional upon the satisfaction of a number of conditions including the passing of Resolutions 1, 2 to 4 (inclusive) set out in the Notice of Meeting.
2. The Company will disregard any votes cast on Resolution 1 by any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 1 is passed, and any of their Associates, unless:
  - a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
  - b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

### **Resolution 2 - Issue of Consideration Shares to acquire Strandline**

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

*"That, subject to the passing of Resolutions 1 and 4, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue 166,666,667 Shares to the shareholders of Strandline (**Strandline Vendors**) in their Respective Proportions in consideration for the acquisition of all of the issued capital of Strandline on the terms and conditions set out in the Explanatory Statement."*

**Notes:**

1. Resolution 2 seeks approval for the number of Consideration Shares that will be issued to the Strandline Vendors as consideration payable under the Acquisition.
2. The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 2 is passed, and any of their Associates, unless:

- a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

### **Resolution 3 – Change of Name to Strandline Resources Ltd**

To consider and, if thought fit, to pass as a **special resolution**:

*“That, subject to the passing of Resolutions 1, 2 and 4, for the purpose of section 157(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the change of the name of the Company from Gunson Resources Limited to Strandline Resources Limited.”*

### **Resolution 4 – Issue of Shares under the Placement**

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

*“That, subject to the passing of Resolutions 1 and 2, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 146,666,668 Shares (**Placement Shares**) at an issue price not less than \$0.015 for each Placement Share, to raise up to \$2,200,000, on the terms and conditions set out in the Explanatory Statement.”*

**Notes:**

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 4 is passed, and any of their Associates, unless:

- a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

### **Resolution 5 – Issue of Options to Hartleys**

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

*“That, subject to the passing of Resolutions 1, 2 and 4, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 10,000,000 options to Hartleys Ltd (or their nominee) (**Hartleys Options**) with each Hartley Option having an exercise price of 3 cents and an expiry date which is 3 years from the date of issue, on the terms and conditions set out in the Explanatory Statement.”*

**Notes:**

The Company will disregard any votes cast on Resolution 5 by Hartleys and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 5 is passed, and any of their Associates, unless:

- a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

### **Resolution 6 – Issue of Placement Shares to Mr William Bloking**

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

*“That, subject to the passing of Resolutions 1, 2 and 4 above, for the purposes of ASX Listing Rule 10.11 and for all other purposes,*

*Shareholders approve the issue of 4,000,000 Placement Shares to Mr William Bloking (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Notes:**

The Company will disregard any votes cast on Resolution 6 by Mr Bloking (and his nominee) and their Associates unless:

- a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

**Resolution 7 – Issue of Placement Shares to Mr Michael Folwell**

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

*"That, subject to the passing of Resolutions 1, 2 and 4 above, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,333,333 Placement Shares to Mr Michael Folwell (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Notes:**

The Company will disregard any votes cast on Resolution 7 by Mr Folwell (and his nominee) and their Associates unless:

- a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

**Resolution 8– Issue of Shares under the Share Purchase Plan**

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

*"That, subject to the passing of Resolution 3 above, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 66,666,668 Shares (**SPP Shares**) pursuant to a share purchase plan (**Gunson SPP**) on the terms and conditions set out in this Explanatory Statement."*

By order of the Board

Date: 17 September 2014



Signed:

Name: Ian Gregory  
Company Secretary

## VOTING INSTRUCTIONS

### 1. Required Majorities

All of the Resolutions except Resolution 3 are **ordinary resolutions** and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the Resolutions in person, by proxy, or by an authorised representative.

Resolution 3 is a **special resolution** and will be passed only if supported by at least 75% of the votes cast by Shareholders entitled to vote on the resolution in person, by proxy, or by an authorised representative.

### 2. Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. Shareholders are specifically referred to the Definitions Section in Section 10 of the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

### 3. Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

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 Registry no later than **11.00 a.m. (WST) on Saturday, 18 October 2014**. Proxy Forms received after that time will be invalid.

Details for sending your proxy form are as follows.

Address:       Computershare Investor Services Pty Limited,  
                  GPO Box 242, Melbourne, Victoria 3000  
Facsimile:     Australia: 1800 783 447 / International: +613 9473 2555

#### 4. Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Company has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at **11am** (WST) on **Saturday, 18 October 2014**, which will be no more than 48 hours before the date of the Meeting. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Meeting.

# EXPLANATORY STATEMENT TO SHAREHOLDERS

## Gunson Resources Limited

ACN 090 603 642

### IMPORTANT NOTICE

Shareholders should read this Explanatory Statement in full and if they have any questions, obtain professional advice before making any decisions in relation to the Resolutions to be put to Shareholders at the meeting.

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## 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all the information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in Section 10 of this Explanatory Statement.

## 2. ACQUISITION AND CAPITAL RAISING

### 2.1 Overview of Gunson

Gunson is an ASX listed company (ASX Code: GUN) which is focused on mineral exploration and development with its primary focus on mineral sands. Gunson's principal objective is to advance its Coburn Mineral Sands Project in Western Australia to production.

Further details of Gunson's activities to date and its financial position are contained in Gunson's half year report and financial statements for the period ended 31 December 2013 released to ASX on 14 March 2014, as well as the Quarterly Report for the period ending 30 June 2014 and the accompanying Appendix 5B, released to the ASX on 2 July 2014.

### 2.2 Acquisition of Strandline

On 11 September 2014, the Company announced that it had entered into a binding agreement (**Transaction Implementation Agreement**) with Strandline and the Strandline Vendors to acquire all of the issued capital of Strandline such that on completion of the Acquisition, Strandline will be a wholly owned subsidiary of the Company.

### 2.3 Overview of Strandline

Strandline is a company incorporated for the primary purpose of acquiring, exploring and developing mineral deposits in Tanzania with a primary focus on heavy mineral sands (**HMS**).

Strandline's key assets comprise of 16 individual granted exploration licenses with about 2000km<sup>2</sup> of tenure located within 20 kilometres of the Tanzanian coastline. In some

cases, the licenses are joined but in others they are separate. They extend from the northern boundary between Tanzania and Kenya to Tanzania's border with Mozambique in the south. In addition Strandline has 2 further applications for exploration licences totalling approximately 160km<sup>2</sup>. Refer to figures below:

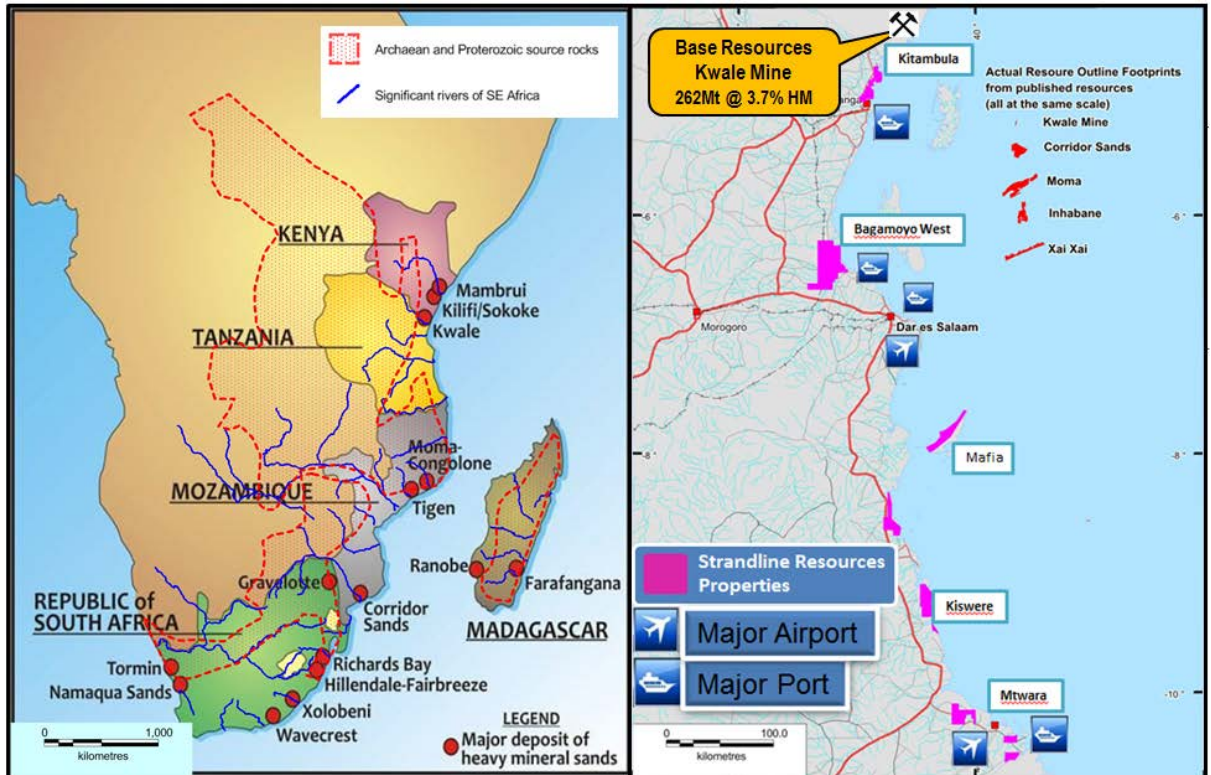


Figure 1. Figure on the left shows the gap in HMS in Tanzania, figure on the right shows Strandline's granted tenements along the coast of Tanzania.

Strandline has recognised that there is a large gap in HMS resources between the countries of Mozambique and Kenya where a number of major operations have been developed. The management of Strandline holds the view that the source of the HMS – containing the valuable minerals of ilmenite, rutile and zircon – and the extensive river systems required to transport and concentrate the HMS along the coast also exist in Tanzania. Reinforcing this view is Strandline's direct access to a substantial HMS geochemical database spanning the Tanzanian coastline, which has already shown areas of HMS mineralisation that require immediate investigation. Strandline has used this data to acquire and apply for its mineral sands licenses.

Some of the highlights of Strandline's assets include:

- (a) a dominant tenure foothold in an emerging mineral sands region;
- (b) potential for rapid low cost resource delineation;
- (c) the major operations in the region already demonstrate simple, low risk development pathways, infrastructure solutions and established markets;
- (d) Tanzania has a politically stable democracy, it is mining friendly, English speaking and has a fast growing economy;
- (e) Strandline has an experienced and mineral sands industry focused board and management team; and



- (f) Strandline is a mineral sands specialist and being a first mover, has the advantage to potentially delineate and develop economic mineral sands deposits.

***Strandline's capital structure, directors and shareholders***

Strandline has a total of 20,166,762 fully paid ordinary shares and 5,450,000 options on issue. The shareholders of Strandline are as set out in Annexure A.

The directors of Strandline are Mr Richard Hill, Mr Asimwe Kabunga, Mr Michael Folwell and Mr Didier Murcia. All of them will remain as directors of Strandline. Mr Folwell and Mr Murcia will also be appointed as non-executive directors of the Company and Mr Richard Hill will be appointed as the Managing Director of Gunson from completion of the Acquisition.

The background and experience of each of the Strandline directors is set out below.

**Mr Michael Folwell**

Mr Folwell has extensive experience in a range of mining and industrial companies at managing director and chief executive officer level. He was the former managing director of Iluka Resources Ltd. He has also managed a number of businesses on a global basis for a number of companies including Iluka Resources Ltd, Pivot Ltd, Pioneer International, BOC Gases and Shell.

**Mr Richard Hill**

Mr Hill is a qualified geologist and solicitor with over 19 years' experience in the resource industry. He has performed roles as geologist and commercial manager for several mid cap Australian mining companies and as the founding director for a series of successful ASX-listed companies.

He has practical geological experience as a mine based and exploration geologist in a range of commodities and locations.

**Mr Asimwe Kabunga**

Mr Kabunga is a Tanzanian born Australian entrepreneur. He holds a Bachelor of Science, Mathematics and Physics and has over 18 years' technical and commercial experience in Tanzania, the United States and Australia.

He has extensive experience in the mining industry, particularly in the areas of logistics, land access, tenure negotiation and acquisition.

He served as the first president of the Tanzania Community of Western Australia Inc. He was also a founding member of Rafiki Surgical Missions and the Safina Foundation Tanzania.

**Mr Didier Murcia**

Mr Murcia is Honorary Consul for Tanzania in Australia with extensive Tanzanian experience. He has 25 years' legal and corporate expertise in the resources sector. He was awarded the Order of Australia for his services to the international community through his support for the provision of medical and educational resources in Tanzania. He is currently the chairman of Centaurus Resources Limited and Alicanto Minerals Limited. He is also a non-executive director of Gryphon Minerals Ltd.

## 2.4 Key terms of the Acquisition

On 9 September 2014, the Company, the Strandline Vendors and Strandline entered into the Transaction Implementation Agreement to give effect to the Acquisition. The key terms of the Transaction Implementation Agreement are summarised below.

### (a) Consideration payable

Pursuant to the Acquisition, subject to the satisfaction of the conditions precedent in Section 2.4(d) below, the Company will acquire 100% of the issued capital of Strandline in consideration for the issue of an aggregate of 166,666,667 Consideration Shares to the Strandline Vendors. The Consideration Shares represent 24.7% of the share capital of the Company after completion of the Acquisition, the Placement and the Gunson SPP (assuming that Shareholders subscribe the full amount of \$1 million under the Gunson SPP). The Acquisition values Strandline at \$2.5 million based on the deemed issue price per Consideration Share of \$0.015.

All of the options of Strandline will also be cancelled as part of the Acquisition.

A number of key Strandline Vendors have agreed for their Consideration Shares to be escrowed for a period of 12 months after Completion which comprises approximately 72% of the Consideration Shares.

### (b) Change of composition of the Board of Gunson

In connection with the Acquisition, the Company also intends to appoint three current directors of Strandline to the Board:

- (i) Mr Richard Hill, who will be the Managing Director of Gunson;
- (ii) Mr Michael Folwell, who will be appointed as the non-executive chairman of the Board; and
- (iii) Mr Didier Murcia, who will be appointed as a non-executive director of Gunson.

Gunson is also proposing to appoint Mr Mark Alvin as the senior consulting geologist of Gunson, Mr Brendan Cummins as the senior geologist of Gunson, and Mr Asimwe Kabunga into the management team of Gunson.

Mr Alvin has 20 years' experience in mine and exploration geology. He previously worked in Rio Tinto. He has been successful in identifying and developing mineral assets with a proven track record for discovering Tier 1 Minerals Sands projects in south eastern Africa. He has hands on experience in exploring for mineral sands in Tanzania and fluent in Kiswahili.

Mr Cummins has 20 years' experience in mine and exploration geology both within Australia, southern Africa, South America and China. He is a specialist in identifying exploration assets and developing them from greenfield through to resource definition and feasibility study. He has managed exploration teams on a number of projects in Tanzania over the past 4 years.

Two of the current Directors of Gunson, David Craig and Garret Dixon, will resign and William Bloking, the current Managing Director of Gunson, will remain on the Gunson board as a non-executive Director after completion of the Acquisition.

**(c) Change of name to Strandline Resources Ltd**

As part of the Acquisition, the Company will change its name from Gunson Resources Ltd to Strandline Resources Ltd. This change is being recommended to more closely align the name of the Company with the key focus of its activities, namely mineral sands exploration and development, and to avoid having the Company's name too closely associated with a single asset (ie. the Mount Gunson Copper Project).

**(d) Conditions precedent to the Acquisition**

Completion of the Acquisition is subject to and conditional on the following conditions being satisfied or waived on or before 30 October 2014:

- (i) Shareholder approval of the Resolutions relating to the Acquisition, Capital Raising, the issue of the Hartleys Options and the Company's change of name from Gunson Resources Ltd to Strandline Resources Ltd;
- (ii) Hartleys receiving firm commitments under the Placement for an amount of not less than \$1.5 million (which condition has now been satisfied); and
- (iii) no material adverse change occurring to either Gunson or Strandline prior to the completion of the Acquisition.

If these conditions are not satisfied on or before 30 October 2014, the Transaction Implementation Agreement will automatically terminate (unless otherwise agreed between the parties).

**(e) Deal protection measures**

The parties have also agreed to deal protection measures in the Transaction Implementation Agreement including exclusivity undertakings, subject to any mandates which Gunson currently has in place. There are also mutual break fee arrangements between Strandline and Gunson if the Acquisition does not proceed due to a party entering into another transaction which would produce a more favourable outcome to the Strandline Vendors or Gunson Shareholders (as applicable) than the outcome which would be produced under the Acquisition. In recognition of the internal and external advisory and financial costs involved, the amount of the break fee payable by Gunson, or by the Strandline Vendors, for not proceeding with the Acquisition due to a competing proposal is \$250,000.

**(f) Warranties**

The Transaction Implementation Agreement contains standard warranties that are given by the Strandline Vendors. Gunson has also given a number of warranties which is qualified by certain disclosure material provided by Gunson.

The Strandline Vendors' maximum liability for any claims made by Gunson against the Strandline Vendors is \$2,500,000. The maximum liability for the breach of any warranties given by Gunson is also \$2,500,000.

**2.5 Placement**

As announced by the Company on 11 September 2014, the Company proposes to undertake a placement of 146,666,668 Placement Shares at an issue price of \$0.015 for each Placement Share to raise up to \$2.2 million before costs (**Placement**). Mr Bloking, the current Managing Director of Gunson, and Mr Folwell, who will be appointed as non-executive chairman upon completion of the Acquisition, also intend to participate in the

Placement. Their participation is subject to shareholder approval under Resolutions 6 and 7.

Resolution 4 seeks shareholder approval for the issue of the Placement Shares. The proposed use of funds raised pursuant to the Placement is set out in Section 2.11 and the proposed capital structure upon completion of the Acquisition and the Capital Raising is set out in Section 2.10.

## 2.6 Gunson SPP

As announced by the Company on 11 September 2014, the Company proposes to undertake the Gunson SPP after shareholder approval has been received for the Placement and the Gunson SPP on the following terms:

- (a) the maximum number of SPP Shares to be issued by the Company is 66,666,668;
- (b) the SPP Shares will be issued at an issue price of \$0.015 for each SPP Share;
- (c) the maximum amount raised under the Gunson SPP is \$1,000,000; and
- (d) Shareholders will each be offered the opportunity to subscribe for a maximum of 1,000,000 SPP Shares being the number of SPP Shares which when multiplied by 1.5 cents is valued at \$15,000.

The Company reserves the right to scale back applications on a pro-rata basis to remain within the \$1 million limit for the Gunson SPP. The Gunson SPP will not be underwritten.

Normally, a company does not need to obtain shareholder approval under Listing Rule 7.1 for the issue of shares under a share purchase plan as an exception to Listing Rules 7.1 and 7.1A is the issue of shares under a share purchase plan (Exception 15 of Listing Rule 7.2). However, for Exception 15 of Listing Rule 7.2 to apply:

- (a) the total number of securities issued must be no greater than 30% of the number of ordinary fully paid shares already on issue; and
- (b) the issue price must be at least 80% of the 5 day volume weighted average price of shares either before the day on which:
  - (i) the share purchase plan was announced; or
  - (ii) the issue of shares under the share purchase plan was made,

### **(Issue Price Requirement).**

The share price to be offered under the Gunson SPP is \$0.015, which is a discount of approximately 40% from the volume weighted average price of Gunson shares sold on ASX during the five days ending on 8 September 2014 (being the last day Shares were traded before the trading halt lodged by Gunson on 9 September 2014 and the last trading day before the announcement of the Gunson SPP).

The issue price of \$0.015 per SPP Share may also be lower than 80% of the volume weighted average price of Shares over the 5 days prior to the date of issue of the SPP Shares. Accordingly, as the Company is unable to satisfy the Issue Price Requirement and unable to guarantee that it will satisfy the Issue Price Requirement when it chooses to undertake the Gunson SPP after Shareholder approval has been received, the Company is unable to rely on Exception 15 of Listing Rule 7.2 to issue the SPP Shares.

Accordingly, the Company is seeking shareholder approval under Resolution 8 for the issue of the SPP Shares. The proposed use of funds raised pursuant to the Gunson SPP is set out in Section 2.11 and the proposed capital structure upon completion of the Acquisition and the Capital Raising is set out in Section 2.10.

The Company has obtained a waiver of Listing Rule 7.3.8 from ASX so all Shareholders will be able to vote on this Resolution. Furthermore, where Resolution 8 is passed, the Company has also obtained a concurrent waiver from Listing Rule 10.11 to permit Directors and their associates to participate in the Gunson SPP on the same terms as other Shareholders without shareholder approval under Listing Rule 10.11.

Further details in respect of the Gunson SPP, including the proposed timetable for the Gunson SPP, will be set out in an offer document to be sent to eligible Shareholders.

## 2.7 Hartleys Options

The Company has engaged Hartleys Limited (**Hartleys**) to provide marketing advice, capital raising services and to generally assist the Company in achieving its goals in respect of project development. Hartleys has also been appointed as the Broker for the Placement. The Company will be issuing 10 million Hartleys Options to Hartleys as part of the fees payable to Hartleys pursuant to its engagement. Each Hartleys Option will have an exercise price of \$0.03 and an expiry date which is 3 years from their date of issue.

The terms and conditions of the Hartleys Options are set out in Annexure B.

## 2.8 Indicative timetable

Set out in the table below is the expected timing for the completion of the Acquisition and the Placement. These dates are indicative only and may be varied by the Company without prior notice to Shareholders.

Event	Date
Meeting of Shareholders to approve the Acquisition, the Placement and the Gunson SPP	Monday, 20 October 2014
Completion of the Placement and the issue of the Placement Shares	Wednesday, 22 October 2014
Completion of the Acquisition and issue of the Consideration Shares to Strandline Vendors	Thursday, 23 October 2014
Issue of Hartleys Options to Hartleys	Monday, 3 November 2014

The proposed timetable for the Gunson SPP will be set out in an offer document to be sent to eligible Shareholders.

## 2.9 Pro-forma balance sheet

The Directors of Gunson have prepared the following pro-forma balance sheet to present the financial position of Gunson as a result of the completion of the Acquisition and the Capital Raising.

The pro-forma consolidated balance sheet of Gunson has been derived from the unaudited financial statements of Gunson for the financial year ended 30 June 2014 and

adjusted to reflect pro-forma assets and liabilities of Gunson as if Completion of the Acquisition and the Capital Raising had occurred on 30 June 2014.

The following matters make up the pro-forma adjustments:

- (a) the completion of the Acquisition, Placement and the Gunson SPP;
- (b) the issue of the 166,666,667 Consideration Shares, with a deemed issue price of 1.5 cents each, to Strandline Vendors, resulting in a total purchase consideration of \$2.5 million for Strandline;
- (c) Strandline financial figures have been derived from Strandline's unaudited financial statements for the financial year ended 30 June 2014, except for exploration and evaluation expenditure assets;
- (d) Strandline's exploration and evaluation expenditure assets are based on the purchase price of \$2.5 million for Strandline plus \$1,100 representing Strandline's total liabilities less \$13,908 representing Strandline's current assets;
- (e) the issue of 66,666,668 SPP Shares pursuant to the Gunson SPP with the maximum amount of \$1 million being raised under the Gunson SPP;
- (f) the issue of 146,666,668 Placement Shares pursuant to the Placement with the maximum amount of \$2.2 million being raised under the Placement;
- (g) fundraising costs are set at 6% of the funds raised under the Capital Raising; and
- (h) International Financial Reporting Standards Business Combination principles are not applicable to the Acquisition.

<b>Financial Impact (\$)</b>	<b>Gunson Resources Limited</b>	<b>Acquisition of Strandline</b>	<b>Placement and Gunson SPP</b>	<b>Pro forma of Gunson, Strandline, Placement and Gunson SPP</b>
<b>Current Assets</b>				
Cash and cash equivalents	557,021	13,348	3,008,000	3,578,369
Trade and other receivables	53,216	560		53,776
<b>Total current assets</b>	<b>610,237</b>	<b>13,908</b>	<b>3,008,000</b>	<b>3,632,145</b>
<b>Non-current assets</b>				
Property, plant and equipment	10,454			10,454
Exploration and evaluation expenditure	25,826,471	2,487,192		28,313,663
Other assets	484,676			484,676
<b>Total non-current assets</b>	<b>26,321,601</b>	<b>2,487,192</b>	<b>0</b>	<b>28,808,793</b>
<b>Total assets</b>	<b>26,931,838</b>	<b>2,501,100</b>	<b>3,008,000</b>	<b>32,440,938</b>
<b>Current liabilities</b>				
Trade and other payables	298,651	1,100		299,751
Provisions	126,365			126,365
<b>Total current liabilities</b>	<b>425,016</b>	<b>1,100</b>	<b>0</b>	<b>426,116</b>
<b>Total liabilities</b>	<b>425,016</b>	<b>1,100</b>	<b>0</b>	<b>426,116</b>
<b>Net assets</b>	<b>26,506,822</b>	<b>2,500,000</b>	<b>3,008,000</b>	<b>32,014,822</b>

<b>Equity</b>				
Contributed equity	41,676,538	2,500,000	3,008,000	47,184,538
Reserves	1,604,553			1,604,553
Accumulated losses	(16,774,269)			(16,774,269)
<b>Total equity</b>	<b>26,506,822</b>	<b>2,500,000</b>	<b>3,008,000</b>	<b>32,014,822</b>

## 2.10 Pro-forma capital structure

The pro forma capital structure of the Company on completion of the Acquisition and the Capital Raising is set out below.

	Shares	Options
<b>Current issued capital<sup>1</sup></b>	<b>293,551,793</b>	<b>9,600,000<sup>4</sup></b>
<b>Issue of Consideration Shares pursuant to Resolution 2<sup>2</sup></b>	166,666,667	Nil
<b>Issue of Placement Shares pursuant to Resolution 3<sup>3</sup></b>	146,666,668	Nil
<b>Issue of SPP Shares pursuant to Resolution 8<sup>4</sup></b>	66,666,668	Nil
<b>Issue of Hartleys Options pursuant to Resolution 6<sup>5</sup></b>	Nil	10,000,000
<b>Total on completion of the Acquisition and the Capital Raising</b>	<b>673,551,796</b>	<b>19,600,000</b>

**Notes:**

1. This figure assumes no further securities are issued before completion of the Acquisition and the Capital Raising other than as set out in the table and that no Options have been exercised.
2. The issue of the Consideration Shares is subject to shareholder approval under Resolution 2.
3. The issue of the Placement Shares is subject to shareholder approval under Resolution 4. The issue of the Placement Shares to Mr Bloking and Mr Folwell is subject to shareholder approval under Resolutions 6 and 7.
4. The issue of the SPP Shares is subject to shareholder approval under Resolution 8.
5. The issue of the Hartley Options is subject to shareholder approval under Resolution 5.

After completion of the Acquisition and the Capital Raising, the shares of Gunson will be held as follows:

Shareholders of Gunson	Percentage of the issued capital of Gunson after completion of the Acquisition and Capital Raising
Strandline Vendors	24.7%
Current Gunson shareholders	53.5%*
Participants of Placement	21.8%
<b>Total</b>	<b>100.0%</b>

\* This assumes that current Shareholders subscribe the full \$1 million under the Gunson SPP.

## 2.11 Proposed use of funds raised from the Capital Raising

The Company intends to use the funds raised under the Capital Raising as follows:

- (a) drilling and exploration of Strandline's Tanzanian mineral sands projects;
- (b) conducting resource estimation and metallurgical work at Strandline's Tanzanian mineral sands projects;
- (c) progressing Gunson's Coburn Mineral Sands Project;
- (d) further exploration of Gunson's MG14/Windabout Copper Project at Mount Gunson and the Fowlers Bay Nickel Project; and
- (e) for working capital purposes.

## 2.12 Proposed exploration programs and budgets

The Company intends to spend a total of \$2.5m on exploration and project development across all of the Company's projects for the next 12 months. The total spend is divided into \$1.5 million for the Tanzanian projects – primarily the exploration assets – and \$1 million for Gunson's Australian projects – primarily the advanced Coburn Mineral Sand project.

The budget for the Tanzanian projects will be spent on the following activities:

- (a) Auger drilling and assay across the Company's tenements spanning the coast line of Tanzania. At least 1200km<sup>2</sup> of the 2000km<sup>2</sup> has not had any first pass systematic geochemical sampling completed. The Company intends to spend \$400,000 to undertake the initial first pass geochemical sampling and potential infill sampling in anomalous areas. This costing includes an allowance for assay analysis for total heavy mineral and further testwork to determine valuable heavy mineral content. This total cost estimate also includes labour, travel, car hire and consumables required to carry out the programs.
- (b) Should the Company be successful in identifying anomalous zones of mineralisation with a desirable mineral assemblage it will also carry out AC or RC drilling programs to help delineate zones of mineral sand. The Company intends to spend \$600,000 in drill programs which will comprise several phases of drilling to allow the Company to undertake resource estimation. The costing includes an allowance for assay analysis for total heavy mineral and further testwork to determine valuable heavy mineral content drilling and exploration of Strandline's Tanzanian mineral sands projects. This total cost estimate includes labour, travel, car hire and consumables required to carry out the programs.
- (c) The Company has allocated \$200,000 to engage consultants to conduct resource estimation, metallurgical work and marketing studies on the Tanzanian projects should the Company delineate sufficient concentrations of mineral sands.
- (d) The Company also has rental commitments payable to the Tanzanian Government that total \$250,000 p.a.
- (e) Strandline will also allocate a total of \$50,000 for the application and purchase of additional tenure in Tanzania.



The budget for the Australian projects will be spent primarily on the following categories

- (a) A total of \$300,000 is payable to various state and local government authorities in Western Australia for rates and rentals relating to the Coburn project.
- (b) A total of \$250,000 has been allocated to an exploration program to delineate additional mineralisation at the Coburn project.
- (c) A total of \$425,000 will be allocated to advancing the Coburn FEED Optimisation and Capital Costing Review. This will be fed back into the feasibility study to determine if it has a positive impact on the project key financial metrics (i.e. Internal Rate of Return, Net Present Value, Capital Expenditure and Operating Expenditure Models). This will potentially assist the Company in finding a funding solution for the development of the Coburn project.
- (d) A total of \$25,000 funding is required for the non-Coburn projects located in South Australia to attend joint venture meetings and other administrative matters as they arise. The projects are essentially fully funded for the next 12 months under joint venture agreements.

The exploration activities carried out by the Company will be results driven and the Company envisages that additional funding may be required should the Company be successful in the early identification of mineralisation with resource potential. Similarly funding allocation may vary in response to unsuccessful exploration programs.

### **2.13 Advantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions relating to the Acquisition and the Capital Raising:

- (a) The Acquisition represents a significant investment opportunity for the Company to strengthen its interests in mineral sands exploration in an upcoming region of the world.
- (b) All of Strandline's exploration tenements and application areas are located within 20 kilometres of the coast, are easily accessible by road, and accessible to port facilities, thus facilitating development in the event of a commercially viable discovery.
- (c) It provides an essential injection of capital of up to \$3.2 million before costs, assuming the Gunson SPP is fully subscribed.
- (d) The potential increase in the market capitalisation of the Company may lead to increased coverage from capital market analysts, improved access to equity capital market opportunities and increased liquidity in its share trading.
- (e) The Acquisition will reduce risk in the Company's operating profile through increased geographic and project diversity.
- (f) The Acquisition and the Capital Raising represent a significant opportunity for the Company to increase the scale of its activities which could increase the number and size of the investor pool that may invest in the Company's Shares.
- (g) The Gunson Board will be bolstered by the addition of two experienced non-executive directors, being Mr Michael Folwell and Mr Didier Murcia, and Mr Richard Hill, who will be the new managing director of Gunson upon completion of

the Acquisition. These new directors have significant relevant experience in the mineral sands sector and in operating in Tanzania.

- (h) The management team of Gunson will be strengthened by the appointment of a number of members of Strandline's management team who have significant relevant experience in the mineral sands sector and in operating in Tanzania. This includes Mr. Mark Alvin, a consultant geologist with 20 years of experience in mine and exploration geology and a proven track record for discovery of Tier 1 mineral sands projects in Africa, Mr. Brendan Cummins, a consultant geologist with over 20 years of experience in mine and exploration geology within Australia, Africa, South America and China and Mr. Asimwe Kabunga, a specialist in logistics and land access and acquisition in Tanzania.
- (i) The Acquisition provides ongoing access to market advisory services and broker support.

## 2.14 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions relating to the Acquisition and the Capital Raising:

- (a) There are many risk factors associated with the acquisition of Strandline, including sovereign risk and dilution risk which are set out in Section 2.15 below.
- (b) A significant future outlay of funds will be required which may increase funding pressure on the Company in order to continue exploration of the Tanzanian mineral sands projects and its existing Coburn mineral sands project and other Australian assets.
- (c) Current Shareholders will have their interests in the Company diluted by the Acquisition and the Placement and any further equity funding undertaken by the Company. Current Shareholders can reduce the dilution by participating in the Gunson SPP which will be undertaken, subject to shareholder approval being received, shortly after the Meeting.
- (d) Exploration activities on the Tanzanian mineral sands projects may not identify an economically viable mineral sands resource.

## 2.15 Risk Factors

Shareholders should be aware that if the Resolutions are approved, Strandline will become a wholly owned subsidiary of the Company and the Company will therefore be subject to the risks facing Strandline. Set out below is a non-exhaustive list of risk factors relating to Strandline and the industry in which it operates.

### Specific Risks

#### (a) Dilution Risk

As part of the consideration for the Acquisition, and subject to the passing of Resolutions 1 to 5, the Company proposes to issue 166,666,667 Consideration Shares to the Strandline Vendors (or their nominees).

This issue of equity to the Strandline Vendors together with the total Shares offered pursuant to the Capital Raising (146,666,668 Placement Shares and 66,666,668 SPP Shares) has the potential to significantly dilute the interests of Shareholders. Current Shareholders can reduce the dilution by participating in the

Gunson SPP which will be undertaken, subject to shareholder approval being received, shortly after the Meeting.

**(b) Risks Associated with Operating in Tanzania**

All of Strandline's exploration tenements, i.e. the Tanzanian mineral sands projects, are located in Tanzania, a foreign jurisdiction. Investing and operating in foreign jurisdictions carry political, economic and other uncertainties, including but not limited to changes in mining and exploration policies or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual risk, foreign exchange restrictions, currency exchange rate fluctuation, royalty and tax increase and other risks arising out of foreign government sovereignty over the areas in which Strandline's operations are conducted. Any of these factors could result in conditions that delay or in fact prevent the Company from exploring or ultimately developing any of Strandline's foreign projects.

**(c) Tanzania's Legal Environment**

Tanzania's legal systems are less developed than more established countries and this could result in the following risks:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and court in matters affecting Strandline.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

**(d) Tenure and access for tenements in Tanzania**

Mining and exploration tenements in Tanzania are subject to periodic renewal. Where a licensee has met the terms of the grant, renewal will not be denied. However, if development conditions are not met there is no guarantee that current or future tenements or future applications for production tenements will be approved.

**(e) Compulsory work obligations for tenements in Tanzania**

Tenements in Tanzania are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. If there is failure to meet the commitments, this could lead to forfeiture of the tenement.

**(f) No JORC compliant resource**

There is no JORC compliant resource in relation to the Tanzanian mineral sands projects and there is no guarantee that a JORC compliant resource in relation to the Tanzanian mineral sands projects will be achieved in the future.

**(g) Future capital requirements**

Significant future funding may be required by the Company to develop the Tanzanian mineral sands projects. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration program as the case may be, which may adversely affect the business and financial condition of the Company and its performance.

**General Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors.

**(a) Exploration Success**

There can be no assurance that exploration of the Tanzanian mineral sands projects will result in the discovery of economically viable mineral sands deposits. Even if an apparently viable deposit is identified, there is no guarantee it can be economically exploited.

**(b) Foreign exchange risk**

The Company will be exposed to the volatility and fluctuations of the exchange rate between the United States dollar, the Tanzanian shillings and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

**(c) Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

**(d) Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no

influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

**(e) Market risk**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities.

**(f) Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

**2.16 Plans for the Company if the Acquisition is not completed**

If the Company does not complete the Acquisition, the Company will continue to undertake due diligence on new opportunities for growth and the Board will remain as it is presently. The Company will also undertake an immediate capital raising.

**2.17 Recommendations of the Directors**

It is the view of the Directors that the Acquisition will give the Shareholders the opportunity to participate in a potentially significant exploration programme in respect of mineral sands projects.

Based on the information available, including that contained in this Explanatory Statement, all of the Directors consider that the Acquisition and Capital Raising are in the best interests of the Company and recommend that Shareholders vote in favour of the Resolutions 1 to 5 and 8.

The Directors, other than Mr Bloking, also recommend that Shareholders vote in favour of Resolutions 6 and 7.

**2.18 Forward looking statements**

The forward looking statements in this Explanatory Statement are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance

or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Statement. These risks include but are not limited to, the risks referred to in Section 2.15. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

### **3. RESOLUTION 1 – ACQUISITION OF STRANDLINE**

Resolution 1 seeks approval from Shareholders for a change to the nature and scale of the activities of the Company.

Listing Rule 11.1.2 provides that if a company proposes to make a significant change to the scale of its activities it must notify ASX as soon as practicable and ASX may require the company to obtain the approval of Shareholders.

ASX has indicated that in view of the size and effect of the proposed Acquisition, the Company is required to seek the approval of Shareholders under Listing Rule 11.1.2.

As outlined in Section 2.4 of this Explanatory Statement, the Company has entered into the Transaction Implementation Agreement pursuant to which the Company is acquiring all of the issued capital in Strandline Resources Pty Ltd and Strandline's 100% working interests in 16 granted mineral sands exploration tenements and 2 exploration applications.

The Transaction Implementation Agreement is subject to the conditions precedent summarised in Section 2.4(d) above.

A detailed description of Strandline and its Tanzanian mineral sands projects is outlined in Section 2.3 above.

### **4. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES TO STRANDLINE VENDORS**

#### **4.1 Listing Rule 7.1**

Listing Rule 7.1 provides that, subject to certain exceptions (which do not apply), a listed company may not issue shares or options to subscribe for shares equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval.

Shareholder approval is required for the issue of the Consideration Shares, given that the Consideration Shares comprise approximately 24.7% of the existing issued capital of the Company after Completion of the Acquisition and the Capital Raising. Details of the pro-forma capital structure of the Company are set out in Section 2.10.

Annexure A sets out details of the Strandline Vendors' shareholdings in Strandline and their Respective Proportion of the Consideration Shares to be issued to them on Completion of the Acquisition.

The following information is required by Listing Rule 7.3 in relation to the issue of the Consideration Shares:

- (a) The maximum number of Consideration Shares which the Company will issue is 166,666,667 Shares.
- (b) The Company will issue the Consideration Shares on completion of the Acquisition anticipated to be on or about 23 October 2014, and in any event, the

Consideration Shares will be issued within 3 months of the date of the Meeting. The Consideration Shares will be issued on one date.

- (c) The implied issue price for each Consideration Share is \$0.015.
- (d) The Consideration Shares will be issued to the Strandline Vendors as outlined in Annexure A.
- (e) The Consideration Shares will be fully paid ordinary shares in the Company which will rank equally in all respects with the Company's existing Shares.
- (f) The Consideration Shares will be issued as consideration for the acquisition of all of the issued capital of Strandline. No funds will be raised by the issue of the Consideration Shares.

#### **4.2 Offer to Related Parties**

- (a) Issue of Consideration Shares to Mr Folwell

Mr Folwell is a current director of Strandline who will become the non-executive chairman of Gunson upon completion of the Acquisition. Mr Folwell's Related Entity, Folwell Superannuation Fund Pty Ltd (ATF Folwell Superannuation Fund), is a shareholder of Strandline and will be issued 16,528,847 Consideration Shares as part of the Acquisition.

- (b) Listing Rule 10.11

Unless one of the exceptions in Listing Rule 10.12 applies, Listing Rule 10.11 requires that an entity must not issue or agree to issue equity securities to a related party of the Company unless it obtains prior shareholder approval.

The Directors have concluded that Shareholder approval is not required under Listing Rule 10.11 in relation to the issue of Consideration Shares to Mr Folwell (or Mr Folwell's Related Entity, Folwell Superannuation Pty Ltd ATF Folwell Superannuation Fund) due to the application of exception 6 in Listing Rule 10.12, being that Mr Folwell will only become a related party by reason of the Acquisition which is the reason for the issue of the Consideration Shares and the application to it of section 228(6) of the Corporations Act.

Therefore Shareholder approval is not being sought for the issue of the Consideration Shares to Mr Folwell (or his Related Entity) for the purposes of Listing Rule 10.11.

- (b) Chapter 2E Approval

Chapter 2E of the Corporations Act requires shareholder approval where a public company seeks to give a financial benefit to a related party, unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Folwell (and Mr Folwell's Related Entity, Folwell Superannuation Pty Ltd ATF Folwell Superannuation Fund) is considered to be a related party of the Company within the meaning of the Corporations Act by virtue of being a proposed director of the Company.

The Directors have determined that Shareholder approval for the issue of Consideration Shares to Mr Folwell or his Related Entity is not required under Chapter 2E of the Corporations Act as it is their view that the arm's length terms

exception under section 210 of the Corporations Act applies to the issue of the Consideration Shares because an equivalent issue is being made to all of the Strandline Vendors on exactly the same terms and conditions and on arm's length terms.

## **5. RESOLUTION 3 – CHANGE OF NAME TO STRANDLINE RESOURCES LTD**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 3 seeks shareholder approval to change the Company's name from Gunson Resources Limited to Strandline Resources Limited. If Resolution 3 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

Strandline Resources Pty. Ltd. will change its name to Strandline Australia Pty Ltd to assist in facilitating this change of name.

The proposed name, Strandline Australia Pty Ltd, has been reserved by the Company and if Resolution 3 is passed, the Company will lodge a copy of the special resolution with ASIC following the completion of the Acquisition in order to effect the change.

## **6. RESOLUTION 4 – PLACEMENT**

Resolution 4 seeks Shareholder approval for the issue of up to 146,666,668 Placement Shares. Further details in respect of the Placement are set out in Section 2.5.

The Company has engaged the services of Hartleys as Broker to the Placement. The Company will pay Hartleys a fee of up to 6% (exclusive of goods and services tax where applicable) on the amount raised under the Placement from investors introduced to the Company by Hartleys.

The requirements of Listing Rule 7.1 are set out in Section 4 above. Listing Rule 7.1A further provides that certain companies may, by an ordinary resolution of its shareholders, increase its 12 month issue capacity to 25% of the number of fully paid ordinary securities on issue at the commencement of the relevant 12 month period. The Company passed such a resolution at its annual general meeting held on 7 November 2013 and, as such, is subject to a 25% limit for the current 12 month period. However, if Shareholders pass Resolution 1 and approve the Acquisition under Listing Rule 11.1.2, the shareholder approval obtained by the Company under Listing Rule 7.1A during its last annual general meeting will cease to be valid.

The effect of Resolution 4 will be to allow the Company to issue the Placement Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The following information is required by Listing Rule 7.3 in relation to the issue of the Placement Shares:

- (a) The maximum number of Placement Shares which the Company will issue is 146,666,668 Shares.
- (b) It is anticipated that the Company will issue the Placement Shares on or about 22 October 2014, and in any event, the Placement Shares will be issued within 3 months of the date of the Meeting. The Placement Shares will be issued on one date.



- (c) The issue price for each Placement Share is \$0.015.
- (d) The Placement Shares will be issued to clients of Hartleys, none of whom will be related parties of the Company, other than Mr Bloking, who is the current Managing Director of the Company, and Mr Folwell, who will be appointed as the non-executive chairman of the Company after completion of the Acquisition, for whom shareholder approval is being sought under Resolution 6 and Resolution 7.
- (e) The Placement Shares will be fully paid ordinary shares in the Company which will rank equally in all respects with the Company's existing Shares.
- (f) A total amount of \$2.2 million (before costs) will be raised by the Company from the issue of the Placement Shares. The Company intends to use the funds raised from the Placement in the manner set out in Section 2.11.

## **7. RESOLUTION 5 – ISSUE OF OPTIONS TO HARTLEYS**

A summary of Listing Rule 7.1 is set out in Section 4 above.

The Company is seeking Shareholder approval for the proposed issue of the Hartley Options under Resolution 5 so that the Hartley Options to be issued are not included in the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders do not approve Resolution 5, to satisfy its contractual obligation to Hartleys, the Company plans to issue the Hartleys Options to Hartleys pursuant to its placement capacity under Listing Rule 7.1.

The following information is required by Listing Rule 7.3 in relation to the issue of the Hartleys Options to Hartleys:

- (a) The maximum number of the Hartleys Options that the Company will issue is 10,000,000 Hartleys Options.
- (b) The Hartleys Options will be issued to Hartleys Limited.
- (c) It is anticipated that the Hartleys Options will be issued to Hartleys on Monday, 3 November 2014 and in any event, no later than 3 months after the date of the Meeting. The Hartleys Options will be issued to Hartleys on the one date.
- (d) There is no consideration payable for the Hartleys Options which form part of the fees payable by the Company to Hartleys for being appointed as the broker for the Placement.
- (e) The Hartleys Options will be issued, subject to Shareholder approval, with an exercise price of \$0.03 and exercisable at any time on or before 3 years from the date of issue. The terms and conditions of the Hartleys Options are set out in Annexure B of this Explanatory Statement.
- (f) No money will be raised from the issue of the Hartleys Options and a total amount of \$300,000 will be raised if the Hartleys Options are exercised in full. The proceeds will be used for exploration activities and working capital purposes.

## **8. RESOLUTION 6 and 7- ISSUE OF SHARES TO WILLIAM BLOKING AND MIKE FOLWELL UNDER THE PLACEMENT**

### **8.1 General**

Pursuant to Resolution 4, the Company is seeking Shareholder approval for the issue of up to 146,666,668 Placement Shares at an issue price of \$0.015 per Placement Share to raise up to approximately \$2,200,000 under the Placement (before costs).

Mr Bloking, the current Managing Director of the Company, and Mr Folwell, who will be appointed as the non-executive chairman of the Company upon completion of the Acquisition, wish to participate in the Placement. Resolutions 6 and 7 seek Shareholder approval for the issue of up to 4,000,000 Placement Shares to Mr Bloking and 1,333,333 Placement Shares to Mr Folwell.

### **8.2 Chapter 2E of the Corporations Act**

As noted above, Chapter 2E of the Corporations Act requires shareholder approval where a public company seeks to give a financial benefit to a related party, unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The participation of Mr Bloking and Mr Folwell in the Placement will result in the issue of Placement Shares to Mr Bloking and Mr Folwell which constitutes the giving of a financial benefit. Mr Bloking is a related party of the Company by virtue of being its current Managing Director. Mr Folwell is a related party by virtue of being someone who will become a director of Gunson in the near future.

The Directors (other than Mr Bloking who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Mr Bloking's and Mr Folwell's participation because the Placement Shares will be issued to Mr Bloking and Mr Folwell on the same terms as Placement Shares issued to non-related party participants in the Placement. Accordingly, the giving of the financial benefit is on arm's length terms.

### **8.3 Listing Rule 10.11**

Unless one of the exceptions in Listing Rule 10.12 applies, Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to a related party of the Company unless it obtains prior shareholder approval.

As the Placement involves the issue of Placement Shares to Mr Bloking and Mr Folwell, related parties of the Company, shareholder approval pursuant to Listing Rule 10.11 is required as none of the exceptions in Listing Rule 10.12 applies.

Shareholder approval pursuant to Listing Rule 7.1 is not required for Mr Bloking's and Mr Folwell's participation in the Placement as shareholder approval is being obtained under Listing Rule 10.11.

Accordingly, the issue of Placement Shares to Mr Bloking (or his nominee) and Mr Folwell (or his nominee) will not use up the Company's 15% annual placement capacity under Listing Rule 7.1.

### **8.4 Information required by Listing Rule 10.13 for Resolution 6**

The following information is required by Listing Rule 10.13 in relation to the issue of the Placement Shares to Mr Bloking:

- (a) The Placement Shares will be issued to Mr Bloking (or his nominee).
- (b) The total maximum number of Placement Shares to be issued to Mr Bloking is 4,000,000 Placement Shares.
- (c) It is anticipated that the Placement Shares will be issued to Mr Bloking on 22 October 2014 and in any event, no later than 1 month after the date of the Meeting. The Placement Shares will be issued to Mr Bloking on the one date.
- (d) The issue price of each Placement Share issued to Mr Bloking will be \$0.015 for each Placement Share, being the same as all other Placement Shares issued under the Placement.
- (e) The Placement Shares issued will be fully paid ordinary shares in the Company which will rank equally in all respects with the Company's existing Shares.
- (f) A total of \$60,000 will be raised from the issue of the Placement Shares to Mr Bloking. The funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in Section 2.11 of this Explanatory Statement.

## **8.5 Information required by Listing Rule 10.13 for Resolution 7**

The following information is required by Listing Rule 10.13 in relation to the issue of the Placement Shares to Mr Folwell:

- (a) The Placement Shares will be issued to Mr Folwell (or his nominee).
- (b) The total maximum number of Placement Shares to be issued to Mr Folwell is 1,333,333 Placement Shares.
- (c) It is anticipated that the Placement Shares will be issued to Mr Folwell on 22 October 2014 and in any event, no later than 1 month after the date of the Meeting. The Placement Shares will be issued to Mr Folwell on the one date.
- (d) The issue price of each Placement Share issued to Mr Folwell will be \$0.015 for each Placement Share, being the same as all other Placement Shares issued under the Placement.
- (e) The Placement Shares issued will be fully paid ordinary shares in the Company which will rank equally in all respects with the Company's existing Shares.
- (f) A total of \$20,000 will be raised from the issue of the Placement Shares to Mr Folwell. The funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in Section 2.11 of this Explanatory Statement.

## **9. RESOLUTION 8 – ISSUE OF SPP SHARES UNDER GUNSON SPP**

### **9.1 General**

Resolution 8 seeks Shareholder approval for the Company to undertake the Gunson SPP, further details of which are set out in Section 2.6.

A summary of Listing Rule 7.1 is set out in Section 4. As indicated in Section 2.6 above, the Company is unable to rely on Exception 15 in Listing Rule 7.2. Accordingly, the Company is seeking shareholder approval under Listing Rule 7.1 for the issue of SPP Shares.

The effect of Resolution 8 will be to allow the Company to issue the SPP Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The following information is required by Listing Rule 7.3 in relation to the issue of the SPP Shares:

- (a) The maximum number of the SPP Shares that the Company will issue is 66,666,668 SPP Shares.
- (b) The SPP Shares will be issued to eligible Shareholders pursuant to the terms of the Gunson SPP.
- (c) It is anticipated that the SPP Shares will be issued no later than 3 months after the date of the Meeting. The SPP Shares will be issued to eligible Shareholders on the one date.
- (d) The issue price for each SPP Share is \$0.015.
- (e) The SPP Shares will be fully paid ordinary shares in the Company which will rank equally in all respects with the Company's existing Shares.
- (f) A maximum amount of \$1 million will be raised under the Gunson SPP with the issue of the SPP Shares. The Company intends to use the funds raised from the Gunson SPP in the manner set out in Section 2.11.

## 10. Definitions

**Acquisition** means the proposed acquisition by the Company of all the issued capital of Strandline from the Strandline Vendors.

**Annexure** means an annexure to this Explanatory Statement

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term in sections 11 to 17 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.

**Board** means the board of Directors of the Company.

**Broker** means the broker appointed by the Company for the Placement.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** means the Placement and the Gunson SPP.

**Company or Gunson** means Gunson Resources Limited (ACN 090 603 642).

**Consideration Share** means a Share which is the subject of Resolution 2 to be issued to a Strandline Vendor as consideration for the Acquisition.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Explanatory Statement** means the Explanatory Statement accompanying the Notice of Meeting.

**Gunson SPP** means the share purchase plan proposed to be undertaken by the Company after the Meeting.

**Hartleys** means Hartleys Ltd (ACN 104 195 057).

**Hartley Option** means an Option which is the subject to Resolution 5 to be issued to Hartleys.

**HMS** means heavy mineral sands.

**Listing Rules** means the Listing Rules of the ASX.

**Meeting** means the Meeting of the Shareholders convened for the purposes of considering the Resolutions.

**Notice of Meeting** means the notice convening the Meeting accompanying this Explanatory Statement.

**Option** means an option to subscribe for a Share.

**Placement** means the placement proposed to be undertaken by the Company to raise up to \$2.2 million.

**Placement Share** means a Share which is the subject of Resolution 4 which will be issued under the Placement.

**Proxy Form** means the proxy form attached to the Notice of Meeting.

**Related Entity** has the meaning given to it in section 9 of the Corporations Act.

**Resolution** means a resolution to be considered at the Meeting as contained in the Notice of Meeting.

**Respective Proportion** means the respective proportion of Strandline Shares held by the Strandline Vendors as shown in the third column of the table in Annexure A.

**Section** means a section of this Explanatory Statement.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a shareholder of the Company.

**Share Registry** means Computershare Limited (ACN 005 485 825).

**SPP Share** means a Share which is the subject of Resolution 8 which will be issued under the Gunson SPP.

**Strandline** means Strandline Resources Pty. Ltd. (ACN 165 036 537).

**Strandline Shares** means all of the issued fully paid ordinary shares in Strandline.

**Strandline Vendors** means the shareholders of Strandline which are set out in Annexure A.

**Transaction Implementation Agreement** means the transaction implementation agreement dated 9 September 2014 between the Company, Strandline and the Strandline Vendors in relation to the Acquisition.

**WST** means Western Standard Time.

### Annexure A – Interests of Strandline Vendors in the Company after completion of the Acquisition and Capital Raising

Name	Number of shares held in Strandline	Respective Proportion	Number of Consideration Shares to be issued under the Transaction Implementation Agreement	% Interest in the issued capital of the Company (after Completion of the Acquisition and Capital Raising)
Westoria Resource Investments Ltd	4,250,100	21.07%	35,124,627	5.21%
Artemis Corporate Limited	4,250,000	21.07%	35,123,801	5.21%
Kabunga Holdings Pty Ltd (ATF Kabunga Family Trust)	3,800,000	18.84%	31,404,810	4.66%
Praxis Global Pty Ltd	200,000	0.99%	1,652,885	0.25%
Folwell Superannuation Pty Ltd (ATF Folwell Superannuation Fund)	2,000,000	9.92%	16,528,847	2.45%*
Midstyle Pty Ltd (ATF The Adam Lisle Family Trust)	1,333,333	6.61%	11,019,229	1.64%
Gale Superannuation Pty Ltd (ATF The Gale Superannuation Fund)	1,333,333	6.61%	11,019,229	1.64%
Kristina and John Young (ATF Kristina and John Young Superannuation Fund)	333,333	1.65%	2,754,805	0.41%
Geoff Lewis	333,333	1.65%	2,754,805	0.41%

<b>Name</b>	<b>Number of shares held in Strandline</b>	<b>Respective Proportion</b>	<b>Number of Consideration Shares to be issued under the Transaction Implementation Agreement</b>	<b>% Interest in the issued capital of the Company (after Completion of the Acquisition and Capital Raising)</b>
Dean Langenbach	333,333	1.65%	2,754,805	0.41%
Stephen & Sarah Johnston (ATF Johnston Retirement Fund)	333,333	1.65%	2,754,805	0.41%
Richard Evans	266,666	1.32%	2,203,841	0.33%
Tim Mahony & Jessamy Mahony (ATF Mathuna Superannuation Fund)	266,666	1.32%	2,203,841	0.33%
Harriet O'Shannessy	133,333	0.66%	1,101,920	0.16%
Baring Nominees Pty Ltd	333,333	1.65%	2,754,805	0.41%
Chee Eng Oh	666,666	3.31%	5,509,610	0.82%
<b>Total</b>	<b>20,166,762</b>	<b>100%</b>	<b>166,666,667</b>	<b>24.74%</b>

\* As part of the Placement, Folwell Superannuation Pty Ltd, as a Related Entity of Mr Folwell, will also be subscribing for 1,333,333 Placement Shares subject to Shareholder approval being received.



## Annexure B – Terms and Conditions of the Hartleys Options

1. The Hartley Options are issued free of payment.
2. Each Hartley Option entitles the holder (**Hartley Option Holder**) to subscribe for and be issued one Share (**Hartley Option Share**).
3. The exercise price for each Hartley Option (which is payable immediately on exercise) is \$0.03 per Hartley Option Share (**Exercise Price**).
5. The Hartley Options are exercisable after their issue date and will expire at 5.00pm WST 3 years from their date of issue (**Expiry Date**).
6. Any Hartley Options which have not been exercised on or before 5.00pm WST on the Expiry Date lapse automatically.
7. The Hartley Options are not transferable.
8. The Company will not apply to ASX for quotation of the Hartley Options.
9. Hartley Options may only be exercised by notice in writing (**Exercise Notice**) to the registered office of the Company. The Exercise Notice must specify the number of Hartley Options being exercised. The Hartley Option Holder must pay to the Company the Exercise Price in respect of each Hartley Option Share specified in the Exercise Notice by:
  - (a) bank cheque; or
  - (b) electronic funds transfer into an account nominated by the Company.
10. The Exercise Notice only becomes effective when the Company has received cleared funds for the full amount of the Exercise Price specified under the Exercise Notice.
11. Within 5 Business Days after the Exercise Notice becomes effective, the Company must:
  - (a) issue to the Hartley Option Holder one Hartley Option Share for each Hartley Option exercised by the Hartley Option Holder;
  - (b) deliver to the Hartley Option Holder a holding statement setting out the number of Hartley Option Shares which has been issued to the Hartley Option Holder;
  - (c) apply to ASX for quotation of all Hartley Option Shares issued pursuant to the Exercise Notice and give to ASX an Appendix 3B in relation to these Hartley Option Shares;
  - (d) issue (if applicable) a new holding statement for the balance of the Hartley Options held by the Hartley Option Holder; and
12. The Company will, as soon as reasonably practicable following the issue of any Hartley Option Shares, but in any event within 5 Business Days after the issue of the Hartley Option Shares, lodge a notice with ASX which complies with the requirements in section 708A(6) of the Corporations Act (**Cleansing Notice**). If the Company is unable to issue a Cleansing Notice, in which case:
  - (a) within 20 Business Days after the issue of Hartley Option Shares, the Company will comply with the criteria in "Case 2" of section 708A of the Corporations Act and issue a prospectus under Chapter 6D of the Corporations Act; or

- (b) until the Company has issued a prospectus under paragraph 12(a) above, the holder of the Hartley Option Shares will only transfer its Hartley Option Shares to a person that comes within section 708(8), (10) or (11) of the Corporations Act.
13. All Hartley Option Shares will rank equally in all respects with other existing Shares.
  14. If there is a Bonus Issue to Shareholders, the number of Shares over which the Hartley Option is exercisable will be increased by the number of Shares which the Hartley Option Holder would have received if the Hartley Option had been exercised before the Record Date for the Bonus Issue.
  15. In the event of a Pro Rata Issue (except a Bonus Issue) of Shares by the Company, the Exercise Price for each Hartley Option will be adjusted in accordance with Listing Rule 6.22.2 of the Listing Rules.
  16. If any reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs before the expiry of any Hartley Options, the number of Hartley Options to which the Hartley Option Holder is entitled, the Exercise Price of the Hartley Options, or both, must be reorganised in accordance with the Listing Rules.
  17. A Hartley Option does not confer the right to participate in new issues of capital offered to Shareholders (**Rights Entitlement**) during the term of the Hartley Options without exercising the Hartley Options. However, the Company will send a notice to the Hartley Option Holder informing them of the new issues of capital in accordance with the Listing Rules.
  18. A Hartley Option Holder may only participate in new issues of securities to Shareholders if the Hartley Option has been exercised before the Record Date for determining entitlement to the issue. For the avoidance of doubt, no option term or condition will limit any rights that the Hartley Option Holder may have in its capacity as a Shareholder.
  19. The Company will, in accordance with the Listing Rules, send notice to the Hartley Option Holder stating the name of the Hartley Option Holder, the number of Hartley Options held and the number of Hartley Option Shares to be issued on exercise of the Hartley Options, the Exercise Price, the due date for payment, and the consequences of non-payment.
  20. The Hartley Options do not provide any entitlement to dividends paid to Shareholders.
  21. The Hartley Options do not entitle the Hartley Option Holder to vote at any meeting of Shareholders.
  22. Subject to the Listing Rules, the Corporations Act and the Constitution, the terms and conditions of Hartley Options applicable to the Hartley Option Holder may be varied at any time by written agreement between the Company and the Hartley Option Holder.
  23. In this Schedule 1, the expressions Bonus Issue, Pro Rata Issue and Record Date have the meaning given in the Listing Rules.
  24. These terms and conditions of the Hartley Options are governed by the laws of Western Australia.



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](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 723 670  
(outside Australia) +61 3 9946 4435

┌ 000002 000 GUNRM  
MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SUBURB  
SAMPLETOWN VIC 3030



## Proxy Form

**For your vote to be effective it must be received by 11.00am (WST), Saturday 18 October 2014**

### 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 or abstain as they choose (to the extent permitted by law). 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](http://www.investorcentre.com) under the help tab, "Printable 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](http://www.investorcentre.com)**

**Review your securityholding**

**Update your securityholding**

**Your secure access information is:**



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

**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.



IND

# 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, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Gunson Resources Limited to be held at the offices of K&L Gates, Level 32, 44 St Georges Terrace, Perth, Western Australia on Monday, 20 October 2014 at 11.00am (WST) and at any adjournment or postponement 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.

		For	Against	Abstain
Resolution 1	Change in Scale of Activities as a result of the Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Consideration Shares to acquire Strandline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change of Name to Strandline Resources Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to Hartleys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Placement Shares to Mr William Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Placement Shares to Mr Michael Folwell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Shares under the Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## 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 / /