

GUNSON RESOURCES LIMITED

ABN 32 090 603 642

NON-RENOUNCEABLE ENTITLEMENT OFFER DOCUMENT

For a non-renounceable pro rata offer of 54,615,001 New Shares on the basis of one (1) New Share for every five (5) Shares held on the Record Date at an Issue Price of \$0.017 per New Share to raise up to \$928,455 before issue costs

This Offer is partially underwritten

Important Notice

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

The securities offered by this Offer Document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

GUNSON RESOURCES LIMITED
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16 April 2014

Dear Fellow Shareholder,

GUNSON RESOURCES LIMITED NON-RENOUNCEABLE ENTITLEMENT OFFER

On behalf of the Board of Gunson Resources Limited (ABN 32 090 603 642) (**Gunson** or **Company**), I am pleased to invite you to participate in the Company's one (1) for five (5) non-renounceable pro rata entitlement offer at an Issue Price of 1.7 cents per New Share (**Offer**).

On 16 April 2014, Gunson announced:

- (a) completion of a placement to sophisticated investors of 17,647,061 Shares to raise \$300,000 (**Placement**) at 1.7 cents per Share; and
- (b) an intention to undertake the Offer of 54,615,001 New Shares to raise up to \$928,455 before issue costs.

Prior to the Placement and the Offer, the Company had 255,427,944 shares and 9,600,000 share options on issue.

The Offer will allow you to have the opportunity to purchase one (1) New Share at the Issue Price of 1.7 cents per New Share for every five (5) Shares you owned at 5.00pm WST on Thursday, 24 April 2014 (**Record Date**).

The Issue Price of 1.7 cents per New Share represents a discount of:

- (a) 15% to the closing price of Gunson shares of 2 cents on 11 April 2014, being the last trading day prior to the announcement of the Placement and Offer; and
- (b) 12% to Gunson's five day volume weighted average closing price of 1.9 cents on the ASX on 11 April 2014.

The Offer is non-renounceable, which means the entitlements to participate in the Offer are not transferable and therefore cannot be traded on the ASX or any other exchange or transferred privately. Eligible Shareholders who choose not to take up their entitlements under the Offer in full or in part will not receive any value in respect of those entitlements that they do not take up.

New Shares issued under the Offer will rank equally with all ordinary shares of the Company already on issue.

Eligible Shareholders who wish to take up their Entitlement under the Offer in full may also apply for Additional New Shares in excess of their Entitlement. For Shareholders to receive Additional New Shares, they must apply at the same time as their application for Entitlements under the Offer. Applications for Additional New Shares will only be satisfied to the extent there is a shortfall under the Offer.

The combined proceeds of the Placement and Offer are to be expended on working capital which is required to sustain operations and maintain permits and tenements through to June 2015, whilst the Company searches for, and negotiates

GUNSON RESOURCES LIMITED
LETTER FROM THE CHAIRMAN

entry of, a strategic partner to assist with or take over development of the Coburn Mineral Sands Project in Western Australia and to support the activities of Torrens Mining Limited (parent company of Terrace Mining Pty Ltd) in its effort to establish the feasibility of producing Copper, Cobalt and Silver metal from the MG14 and Windabout deposits at Mount Gunson.

The Offer is partially underwritten by Mr. William Bloking, Managing Director of the Company, as described in Section 4.3 of the Offer Document.

Your Entitlements are set out in the accompanying Entitlement and Acceptance Form. The Closing Date for acceptances and payment is 5.00pm WST on Wednesday, 14 May 2014 (unless extended).

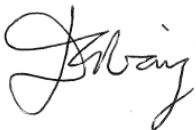
To participate, you need to ensure that your completed Entitlement and Acceptance Form, together with application monies (**Application Monies**), are received no later than the Closing Date OR that you have paid your Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form no later than the Closing Date.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Offer. You should also refer to the "Key risk factors" included in Section 1.15 of the Offer Document.

If you have any queries regarding the Offer, please call Mr Ian Gregory, Company Secretary on +61 8 9226 3130 at any time between 9.00am to 5.00pm WST, Monday to Friday during the Offer Period.

On behalf of the Board I am pleased to commend the Offer to you and thank you for your continued support of Gunson.

Yours faithfully,



David Craig
Non-Executive Chairman

Important notices

1. **Offer Document**

This Offer Document has been prepared by Gunson Resources Limited ABN 32 090 603 642 (**Gunson** or the **Company**) and is dated 16 April 2014. This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act, as modified by ASIC Class Order 08/35.

2. **This is an important document**

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

4. **Future performance**

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to the Offer, or any particular tax treatment.

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward- looking statements in this Offer Document.

5. **Past performance**

Investors should note that the past price performance of Shares provides no guarantee or guidance as to future share price performance. Past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

6. **Eligibility**

Applications for New Shares by Eligible Shareholders can only be made on an **original** Entitlement and Acceptance Form sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

7. **Overseas shareholders**

No action has been taken to permit the offer of Shares under this Offer Document in any jurisdiction other than Australia and New Zealand. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Offer Document does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document.

It is not practicable for the Company to comply with the securities law of any overseas jurisdictions other than Australia and New Zealand having regard to the number of Shareholders, the number and value of the New

Shares and the costs of complying with regulatory requirements in such jurisdictions.

The New Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

8. **Privacy Act**

If you complete an application for New Shares, you will be providing personal information to the Company (directly or to the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so using the relevant contact numbers set out in this Offer Document. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), as amended, the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

9. **Future looking statements**

This Offer Document contains certain "forward looking statements". Forward looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecast, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward looking statements, you are cautioned not to place undue reliance on such statements. Forward looking statements only speak as to the date of this Offer Document. To the maximum extent permitted by law, the Company disclaims any obligations or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

GUNSON RESOURCES LIMITED
PROPOSED TIMETABLE

Proposed timetable

Announcement of Offer and Lodgment of Appendix 3B and Section 708AA(2)(f) Notice with ASX	16 April 2014
Lodge Offer Document with ASX (Prior to trading commencing)	16 April 2014
Ex Date	22 April 2014
Record Date The Company determines eligible shareholders (5.00 pm WST)	24 April 2014
Dispatch of Offer Document Offer Document sent to all eligible shareholders	30 April 2014
Closing Date The date on which the Offer closes. Applications must be received by 5:00 pm (WST)	14 May 2014
Notification of shortfall to ASX	19 May 2014
Allotment Date The date upon which the New Shares are allotted	21 May 2014
Dispatch Date The date on which holding statements are sent to shareholders that have taken up their entitlement of New Shares	22 May 2014
Share Trading Date The date upon which New Shares commence trading on the ASX	22 May 2014

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded without interest as soon as practicable.

1. Details of the Offer

1.1. The Offer

The Company is making a non-renounceable pro rata offer of 54,615,001 New Shares (assuming no existing options are exercised between the lodgment date of this Offer Document and the Record Date) under this Offer Document at an Issue Price of \$0.017 each to Eligible Shareholders on the basis of one (1) New Share for every five (5) Shares held at 5:00 pm (WST) on the Record Date.

The Issue Price of \$0.017 per New Share represents approximately a 12% discount to the volume weighted average closing price of Gunson Shares traded on ASX in the five trading days prior to announcement of the Offer.

In the calculation of an Eligible Shareholders' Entitlement, fractions will be rounded up to the nearest whole number.

The Offer is partially underwritten by the Underwriter. Refer to Section 4.3 for a summary of the terms of the Underwriting Agreement.

1.2. Your entitlement and acceptance

Your entitlement to participate in the Offer will be determined on the Record Date, being 24 April 2014. The entitlement of Eligible Shareholders receiving this Offer Document is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Offer Document.

The Offer may be accepted in whole or in part prior to the Closing Date. Instructions for accepting your Entitlement are set out in Section 2 and on the Entitlement and Acceptance Form which accompanies this Offer Document.

1.3. Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from Eligible Shareholders until 5.00 pm WST on the Closing Date, 14 May 2014 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.4. No rights trading

Entitlements to New Shares offered pursuant to the Offer are non-renounceable and therefore Shareholders will not be able to trade their respective rights under this Offer.

1.5. Directors' interests and participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their entitlement under the offer are shown in the following table:

Director	Current Shares	Options	Entitlement under Offer (Note 4)
Mr. David Craig	288,462	0	57,693
Mr. William F. Bloking	3,247,540	4,000,000 (Notes 1-3)	649,508
Mr. Garret Dixon	0	0	0

- Notes:
- (1) 1,500,000 Options exercisable at \$0.05, expiring on 8 November 2015
 - (2) 1,000,000 Options exercisable at \$0.06, expiring on 8 November 2015
 - (3) 1,500,000 Options exercisable at \$0.08, expiring on 8 November 2015
 - (4) Assuming no Options are exercised prior to the Record Date

Each Director with an entitlement under the Offer intends to take up the entitlement in full.

The Offer is partially underwritten by Mr. William Bloking, Managing Director of the Company. Refer to Section 4.3 for a summary of the terms of the Underwriting Agreement.

If Mr. Bloking takes up his full entitlement under the offer and subscribes for Shortfall Shares pursuant to the partial Underwriting Agreement (and assuming that the Offer is otherwise fully subscribed) his relevant interest in the Company will increase from 1.27% to 2.98%.

If Mr. Bloking takes up his full Entitlement under the Offer and subscribes for Shortfall Shares pursuant to the Underwriting Agreement, but no other Shareholders subscribe for their Entitlements under the Offer, his relevant interest in the Company will increase from 1.27% to 3.50%.

1.6. Effect of the Offer on the control of the Company

It is a general rule under section 606 of the Corporations Act that a person cannot acquire a relevant interest in issued voting shares in a company if because of the transaction in relation to securities, a person's voting power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%). The latter does not apply as there is no shareholder with a current relevant interest above 20%.

Given the structure of the Entitlement Offer as a pro-rata issue, the current level of holdings of substantial shareholdings (based on substantial holder notices that have been lodged on or prior to the date of this Offer Document) and the fact that no Shareholder has voting power in the Company exceeding 20%, the issue of New Shares under the Entitlement Offer and Placement is not expected to have any material effect or consequence on the control of the Company.

1.7. Applying for Additional New Shares

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlement, apply for Additional New Shares in excess of their Entitlement.

Additional New Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Offer. Additional New Shares will be issued at the same price (\$0.017 each) as the New Shares offered under this Offer Document. It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that, Applicants for Additional New Shares will be bound to accept any lesser number of Additional New Shares as is allocated (if so allocated) to them than is applied for. If a lesser number of Additional New Shares is allocated than applied for, excess Application Monies will be refunded without interest.

The Company reserves the right to scale back any Applicant's application for Additional New Shares as it sees fit in its absolute discretion. The Company will ensure that no Eligible Shareholder will increase its relevant interest in the Company to more than 19.9% of the Shares on issue following the Offer, or if already more than 19.9% then no increase will be permitted, as a result of an allocation of Additional New Shares to Eligible Shareholders other than under a permitted exception to the general prohibition in section 611 of the Corporations Act.

If any Shortfall remains after any allocation of the Additional New Shares to Eligible Shareholders as described above, the Shortfall will be dealt with by the Underwriter under the Shortfall Offer as set out in section 1.10 of this Offer Document.

1.8. Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding

contract between the Applicant and the Company for the accepted Entitlement which contract shall be subject to the Company's right to withdraw the Offer. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of your Entitlement.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Entitlement and Acceptance Form once it has been accepted.

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the acceptance of an Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.9. Allotment and Application Monies

Application Monies will be held in a subscription account on trust until allotment of the New Shares. If the Application Monies are refundable, they will be refunded as soon as reasonably practicable. Interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether New Shares are issued.

No allotment of the New Shares will occur until ASX grants permission to quote the New Shares.

The New Shares are expected to be allotted by no later than 5.00pm WST on 21 May 2014. Statements of holding of New Shares will be mailed after allotment occurs.

1.10. Underwriting and Shortfall

This Offer is partially underwritten by the Underwriter. A summary of the terms and conditions relating to the Underwriting Agreement are provided in Section 4.3 of this Offer Document.

New Shares not taken up by Eligible Shareholders (including pursuant to applications for Additional New Shares) will form part of the Shortfall which will be dealt with by the Underwriter in accordance with the terms of the Underwriting Agreement.

If there is any Shortfall remaining after it has been dealt with by the Underwriter, the Directors reserve the right to issue the Shortfall at their discretion.

1.11. Issue and dispatch

All New Shares offered by this Offer Document are expected to be issued, and security holder statements dispatched, on or before the date specified in the proposed timetable on page 5 of this Offer Document.

It is the responsibility of Applicants to determine that Shares have been issued to them prior to trading them. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

1.12. ASX quotation

The Company has made an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received (without interest) will be refunded in full to the Applicants. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.13. CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlements Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlements Pty Ltd will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your

holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares. If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by Computershare Investor Services Pty Limited and will contain the number of Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.14. Overseas Shareholders

This Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. In accordance with the Listing Rules and the Corporations Act, the Company is of the view that it is unreasonable to make the offer to these foreign Shareholders, having regard to:

- (a) the number of the Shareholders;
- (b) the number and value of New Shares to be offered to these foreign Shareholders; and
- (c) the cost of complying with overseas legal requirements in those jurisdictions.

Accordingly, no Form will be sent, and no Offer will be made, to Shareholders outside of Australia and New Zealand.

Where this Offer Document has been dispatched to Shareholders domiciled outside Australia and New Zealand and the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by this Offer Document, this Offer Document is provided for information purposes only.

1.15. Key risk factors

An investment in Shares should be regarded as speculative. The information in the Offer Document does not constitute a recommendation to subscribe for New Shares and this Offer Document does not purport to contain all the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

The New Shares carry no guarantee with respect to the payment of dividends, or returns of capital, or their market value.

Key risk factors affecting an investment in the Company include:

- Economic conditions, both domestic and global and in particular those in the Mineral Sands industry or Australia, may affect the performance of the Company.
- Changes to government regulations and policy may have adverse impacts on the development options available to the Company and its projects.
- The Company's exploration and evaluation activities are dependent upon the maintenance (including renewal) of its permits and tenements. Although the Company has no reason to think that these permits and tenements will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed.
- There is no guarantee that if one or more of the Company's Directors or key management personnel cease their association with the Company there will not be a detrimental effect on the Company given the significant reliance on Directors and key management personnel to oversee the day to day operations of the Company.

- Exploration programs impact on the environment. These impacts are minimised by the Company's application of best practice environmental principles.

1.16. Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

1.17. Rights and liabilities attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Company Secretary by telephone on +61 8 9226 3130 at any time between 9.00am to 5.00pm WST, Monday to Friday during the Offer Period for a copy of the Company's Constitution.

2. Action required by Shareholders

2.1. What Eligible Shareholders may do

The number of New Shares to which you are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted if the Offer is completed.

As an Eligible Shareholder you may:

- (a) take up all or part of your Entitlement (refer to Section 2.2 below); or
- (b) take up all of your Entitlement and apply for Additional New Shares (refer to Section 2.3 below); or
- (c) allow all of your Entitlement to lapse (refer to Section 2.4 below).

2.2. If you wish to take up all or part of your Entitlement

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document as follows:

- (a) if you wish to accept your Entitlement in full, complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; or
- (b) if you only wish to accept part of your Entitlement, fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form,

and forward the completed Entitlement and Acceptance Form, unless payment is made by BPay®, together with your Application Monies to reach Computershare Investor Services Pty Limited by no later than 5:00 pm (WST) on the Closing Date, 14 May 2014.

The Company's share registry, Computershare Investor Services Pty Limited, is located at:

By Delivery Level 2, Reserve Bank Building
 45 St George's Terrace
 Perth, Western Australia 6000

By Post GPO Box 505
 Melbourne, Victoria 3001

The Issue Price for each New Share accepted under your Entitlement is payable on application. You have the following payment options:

- **By cheque** in Australian currency to "**Gunson Resources Limited**" and crossed "Not Negotiable".
- **By BPay®**. If paying via BPay®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPay® by the date and time mentioned above. If you elect to pay via BPay®, you must follow the instructions for BPay® set out in the Entitlement and Acceptance Form and you do not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of a BPAY® payment.

2.3. Applications for Additional New Shares

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional New Shares in excess of their Entitlements as described in Section 1.7.

If you wish to subscribe for Additional New Shares in addition to your Entitlement, then you should nominate the maximum number of Additional New Shares you wish to subscribe for on the Entitlement and Acceptance Form and make payment of your full Entitlement and the Additional New Shares (at the issue price of \$0.017 for each Additional New Share) in accordance with the payment options detailed in Section 2.2 above.

Eligible Shareholders who apply for Additional New Shares may be allocated a lesser number of New Shares than applied for, or may be allocated no Additional New Shares at all, in which case excess Application Monies will be refunded without interest.

2.4. If you do not wish to accept any of your Entitlement

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.5. Enquiries concerning your Entitlement

Enquiries concerning the Entitlement and Acceptance Form should be directed to Computershare Investor Services Pty Limited (within Australia) on 1300 850 505 or (outside Australia) on +61 3 9415 4000.

Enquiries relating to this Offer Document should be directed to the Company Secretary by telephone on +61 8 9226 3130 at any time between 9.00am to 5.00pm WST, Monday to Friday during the Offer Period.

3. Purpose and effect of the Offer

3.1 Capital Structure on completion of the Placement and Offer

If the Offer is not withdrawn and no share options are exercised between the date of this Offer Document and the Record Date, the capital structure will be as follows:

	Number of shares
Balance prior to the Placement on 16 April 2014	255,427,944
Placement on 16 April 2014	17,647,061
To be issued under the Offer*	54,615,001
Balance after the Placement and Offer	327,690,006

*The number of shares issued under the Offer will increase if any share options currently on issue are exercised prior to the Record Date. The Company currently has 9,600,000 share options on issue.

3.2 Purpose of the Placement and the Offer

Completion of the Placement and the Offer will result in an increase in the cash on hand of up to \$1,228,455 before costs.

The combined proceeds of the Placement and Offer are to be expended on working capital which is required to sustain operations and maintain permits and tenements through to June 2015, whilst the Company searches for, and negotiates entry of, a strategic partner to assist with or take over development of the Coburn Mineral Sands Project in Western Australia and to support the activities of Torrens Mining Limited (parent company of Terrace Mining Pty Ltd) in its effort to establish the feasibility of producing Copper, Cobalt and Silver metal from the MG14 and Windabout deposits at Mount Gunson.

3.3 Potential effect on control of the Company

Eligible Shareholders who take up their Entitlements in full will not have their interest in the Company diluted by the Offer. The potential effect of the Offer on the control of the Company is as follows (assuming that no Options are exercised prior to the Record Date):

- (a) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) The Offer is partially underwritten by the Underwriter. Refer to Section 4.3 for a summary of the terms of the Underwriting Agreement. If no Eligible Shareholders take up their Entitlements under the Offer, then the Underwriter would be required to take up its full commitment of \$100,000 under the Underwriting Agreement. However, this will have limited effect on the control of the Company as the Underwriter may only acquire a maximum of 5,882,353 Shares in accordance with the terms of the Underwriting Agreement.

Accordingly

- i. If no Eligible Shareholders take up their Entitlements under the Offer, then the Underwriter will be required to underwrite his full commitment under the Underwriting Agreement and with the Underwriter subscribing his full Entitlement under the Offer, the Underwriter's voting power will increase from 1.27% to 3.50%.
- ii. If the Offer is otherwise fully subscribed other than the Underwriter subscribing for his full Entitlement under the Offer as well as complying with his underwriting obligations under the Underwriting Agreement, the Underwriter's voting power in the Company will increase from

1.27% to 2.98%.

4. Additional information

4.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. This Offer Document is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - ii. the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company lodged a cleansing notice in respect of the Offer and in accordance with section 708AA of the Corporations Act with ASX on 16 April 2014.

4.2 Announcements

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: GUN), and the Company's website, www.gunson.com.au. Copies of the announcements will also be available from the Company Secretary.

4.3 Summary of the terms of the Underwriting Agreement

The Company has executed an agreement dated 12 April 2014 with Mr. William Bloking (**Underwriter**), to partially underwrite the Offer (**Underwriting Agreement**). Mr. Bloking is the Managing Director of the Company.

Under the terms of the Underwriting Agreement, the Underwriter has agreed to subscribe for \$100,000 worth of Shortfall Shares (5,882,353 Shortfall Shares). No fee will be payable for the partial underwriting. Mr. Bloking may terminate the Underwriting Agreement if:

- (a) (**Offer Document**): the Company does not lodge this Offer Document with the ASX on 16 April 2014 or the Offer is withdrawn by the Company;
- (b) (**No Listing Approval**): the Company fails to lodge an Appendix 3B in relation to the New Shares to be issued under this offer with ASX within 7 days of the lodging of this Offer Document with ASX;
- (c) (**No Official Quotation**): ASX advises the Company that it will not or may not grant official quotation to the New Shares to be issued under this Offer; or
- (d) (**Non-compliance with Disclosure Obligations**): it transpires that this Offer Document or the notice issued under Section 708AA(2)(f) of the Corporations Act does not contain all the information required under the Corporations Act or the Listing Rules.

Eligible Shareholders (excluding Directors and other related parties of the Company) who validly apply for Additional New Shares (refer to Section 2.3) will receive Additional New Shares in priority to Shortfall Shares to Mr. William Bloking.

The Company will notify the Underwriter of the details of the Shortfall Shares within 2 Business Days of the Closing Date. By no later than 2 Business Days after notifying the Underwriter of the details of the Shortfall Shares, the Underwriter must lodge a completed application form, along with the payment of the issue price of \$0.017 per Shortfall Share. As soon as practicable and, in any event, not later than 2 Business Days following receipt of the funds and the application form for the Shortfall Shares, the Company will issue the Shortfall Shares.

Given the Offer is partially underwritten, should no Shareholders on the Record Date take up their Entitlements under the Offer, then the Underwriter would be required to take up its full commitment of \$100,000 under the Underwriting Agreement which would result in the Underwriter acquiring 5,882,353 New Shares under the Offer.

4.4 Governing Law

This Offer Document and the contracts which arise on the acceptance of the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia, Australia. Each Eligible Shareholder submits to the non-exclusive jurisdiction of the courts of Western Australia.

5. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

Acceptance means a valid application for New Shares made pursuant to this Offer Document on an Entitlement and Acceptance Form.

Additional New Shares means New Shares which Eligible Shareholders may apply for in addition to their Entitlement as described in Sections 1.7 and 2.3 of this Offer Document.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application Monies means application monies for New Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Board means the Directors meeting as a Board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 14 May 2014 or such later date as the Directors may determine.

Company means Gunson Resources Limited ABN 32 090 603 642.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Offer Document.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date.

Entitlement means an Eligible Shareholder's entitlement to New Shares under the Offer.

Entitlement and Acceptance Form or **Form** means the entitlement and acceptance form attached to the Offer Document sent to Eligible Shareholders that sets out the entitlement of Shareholders to subscribe for New Shares pursuant to the Offer and makes provision for Shareholders to apply for Additional New Shares.

Gunson means Gunson Resources Limited ABN 32 090 603 642.

Issue Price means \$0.017 per New Share.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

New Share means a Share offered pursuant to this Offer Document.

Offer means as defined in Section 1.1.

Offer Document means this Offer Document dated 16 April 2014.

Offer Period means the period from dispatch of the Offer Document up and to the Closing Date.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means the right to acquire one Share in the capital of the Company.

Placement means the placement to sophisticated investors on 16 April 2014 of 17,647,061 Shares to raise \$300,000 before costs.

Record Date means the day specified in the proposed timetable on page 5 of this Offer Document.

Section means a section of this Offer Document.

Shareholder means a holder of Shares.

Share means a fully paid ordinary share in the capital of the Company.

Shortfall means the number of New Shares not taken up by Shareholders under the Offer (including pursuant to applications for Additional New Shares).

Shortfall Offer means the offer of the Shortfall Shares on the terms and conditions set out in Section 1.10 of this Offer Document.

Shortfall Shares means that number of the New Shares that have not validly been applied for under the Offer by the Closing Date.

\$ means Australian dollars.

Underwriter means Mr. William Bloking, Managing Director of Gunson Resources Limited.

Underwriting Agreement means the partial underwriting agreement dated 12 April 2014 between the Company and the Underwriter and summarised in Section 4.3 of this Offer Document.

US Persons has the meaning given to that term in Regulation S under the US Securities Act.

WST means Western Standard Time, being the time in Perth, Western Australia.

6. Exploration and development projects

The combined proceeds of the Placement and Offer are to be expended on working capital which is required to sustain operations and maintain permits and tenements through to June 2015, whilst the Company searches for, and negotiates entry of, a strategic partner to assist with or take over development of the Coburn Mineral Sands Project in Western Australia and to support the activities of Torrens Mining Limited (Parent of Terrace Mining Pty Ltd) in its effort to establish the feasibility of producing Copper, Cobalt and Silver metal from the MG14 and Windabout deposits at Mount Gunson.

6.1 Coburn Mineral Sands Project, Western Australia (100% Gunson)

The Project is located 250 kilometres north of the regional centre and port of Geraldton, immediately south of Shark Bay and just outside the eastern boundary of the Shark Bay World Heritage Property. It covers 1200 square kilometres of a fossil coastline which hosts a world class heavy mineral sand field. The Project straddles the eastern boundary of the Shark Bay World Heritage Property but all exploration to date has been to the east of the Shark Bay World Heritage Property.

Drilling since 2000 has outlined a major heavy mineral sand deposit known as the Amy Zone, which is over 35 kilometres long, up to 3 kilometres wide and between 10 and 50 metres thick.

Approximately two thirds of the Amy Zone has government ministerial approval for mining. This area has JORC 2004-compliant ore reserves of 308 million tonnes, averaging 1.2% heavy minerals*. Zircon comprises 23% of the heavy mineral suite, the other valuable heavy minerals being high titanium ilmenite (61.5% TiO₂) 48%, rutile 7%, and leucoxene 5%. The northern third of the Amy Zone has not yet been approved for mining but contains a non-JORC, potentially mineable resource of 106 million tonnes averaging 1.3% heavy minerals. The final 4.5 years of the 19 year mine life discussed below are based on this potentially mineable resource.

Gunson completed a Definitive Feasibility Study on the Project in 2009. This study revealed that the Amy Zone could support a high volume, low cost, long life mining operation that produces high quality heavy mineral products.

A Project Optimisation Study, which focused on decreasing unit operating costs, accelerating annual production of valuable heavy minerals, and increasing financial returns, was completed in 2013. Planned average ore production was increased from 17.5 million tonnes to 23.4 million tonnes per annum (34 percent increase) by incorporating an additional 29 million tonnes of ore in the southern permitted area into the Project mining schedule, and planned production of valuable heavy minerals was increased from 149,000 tonnes to 182,000 tonnes per annum, a 22 percent increase. This acceleration of production reduced the total mine life from 23 years to 19 years and also resulted in a capital cost increase of 5 percent to \$202 million, but significantly improved the Project's pre-tax net present value and internal rate of return.

The valuable heavy mineral production of 182,000 tonnes per annum will be comprised of 49,500 tonnes per annum of zircon, 109,000 tonnes per annum of ilmenite and 23,500 tonnes of HiTi90 – a blend of rutile and leucoxene containing 90% titanium dioxide.

An offtake agreement for 54,000 tonnes per annum of the ilmenite product was signed with the world's largest pigment producer, DuPont, in 2012 and discussions for the remainder of the ilmenite and the HiTi product are continuing.

All of the required environmental management plans for the Project have been approved, native title agreements are in place, all of the necessary approvals for construction are in hand, and the 18 month construction period is ready to commence once financing is secured. Final mining approvals are expected by the end of April, 2014.

The Company is currently seeking a strategic partner to help fund the project development in return for a significant equity interest and/or assured long term supplies of zircon and titanium dioxide products.

** The JORC 2004-compliant ore reserve figure has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

6.2 Mount Gunson Copper Project Joint Venture, South Australia (49% Gunson)

The Mount Gunson Copper Project is located about 100 kilometres south of BHP Billiton's world class Olympic Dam copper-uranium-gold mine, and is in the centre of the best endowed copper belt in Australia, the Olympic Copper-Gold Province. This belt is over 500 kilometres long and contains about 75% of the known copper resources in Australia, almost all of which lie in mid-Proterozoic basement rocks and the balance in much smaller but shallow stratabound deposits in the overlying cover sequence. Olympic Dam, the largest basement deposit, is the fourth largest copper and largest uranium deposit in the world, containing some 40% of known global uranium resources.

The Project straddles about 10% of the Olympic Copper-Gold Province as four contiguous exploration licences covering about 1,039 square kilometres.

Two discoveries since 2000 at Prominent Hill, approximately 100 kilometres northwest of Olympic Dam and Carrapateena, 20 kilometres east of Gunson's Chianti Prospect at Mount Gunson, have heightened exploration interest for large deposits in the basement rocks of this belt.

Xstrata Copper has been funding exploration for large copper deposits at Mount Gunson and earned a 51% interest in the Project by spending \$3.5 million by March 2010. It had the right to increase its interest to 75% by spending a total of \$10 million, including the initial \$3.5 million, by June 2013 but fell short of that total. Subsequently, a 51/49% Xstrata-Gunson Joint Venture was triggered.

The Joint Venture is currently exploring opportunities to farm-out ongoing exploration activities. If that effort is unsuccessful, Xstrata is likely to sell its 51% Joint Venture interest back to Gunson for \$100, as specified in the original option and joint venture agreement of 2006.

6.3 Mount Gunson Copper Project Excised Area, South Australia (100% Gunson)

The Excised Area is a 38.5 square kilometre portion of EL 4460 (one of the four exploration licenses that comprise the Mount Gunson Joint Venture with Xstrata) that surrounds the old Mount Gunson mining centre and includes the unmined MG 14 and Windabout deposits. It was carved out of the original Xstrata farm-in agreement in June 2009 to allow Gunson to independently develop MG 14 and Windabout.

In December 2013, the Company executed a farm-in agreement with Terrace Mining Pty Ltd (Terrace) in respect of the Excised Area. Following the satisfaction of the two Conditions Precedent to the agreement during February 2014, Terrace now has the right to earn a 51% interest in MG14 and Windabout by (1) completing a Metallurgical Test Study and any other tests or studies deemed necessary to establish the viability of a process to economically extract copper, cobalt, and silver metal from the MG14 and Windabout deposits, and (2) by delivering a Bankable Feasibility Study. All activities, costs, and risks – through and including the Bankable Feasibility Study and up to the point of a "Decision to Mine" – will be for the sole account of Terrace, subject to a maximum cumulative expenditure of \$2.5 million.

Terrace will earn its 51% participating interest upon delivery of the Bankable Feasibility Study or the cumulative expenditure of \$2.5 million, whichever occurs first. In the event that Terrace's total expenditure is less than \$2.5 million at the time it earns its 51% participating interest, Terrace will continue to carry all project development expenditure until Terrace has expended a total of \$2.5 million. From that point onward, Terrace and the Company will fund project costs in accordance with their respective working interests.

MG14 has a JORC 2012-classified indicated resource of 1.62 million tonnes averaging 1.4% copper, 397 ppm cobalt and 14 g/t silver at 0.5% copper cut off. The larger Windabout deposit has a pre-2000 JORC indicated resource of 18.7 million tonnes averaging 1% copper, 500 ppm cobalt and 10 g/t silver at 0.5% copper cut off.

Preliminary laboratory-scale test results obtained by Terrace using cyanide to leach copper and silver from the MG14/Windabout ore samples yielded 90% copper recovery into solution. This compares quite favourably to the copper recoveries of 54 – 68% achieved in past test work using sulfide flotation.

6.4 Fowlers Bay Nickel Project, South Australia (100% Gunson)

Fowlers Bay comprises a 700 square kilometre exploration licence located about 150 kilometres west of Ceduna. A review of the project in 2012 by a nickel sulphide exploration consultant concluded that it is a world class, greenfield exploration area, and it is being promoted as such by the South Australian Government Geological Survey.

The Company is exploring for craton margin Proterozoic nickel sulphide deposits within a northerly trending belt of magnetic anomalies near the western margin of the Gawler Craton, a similar geological setting to the Sirius Resources' Nova-Bollinger nickel sulphide discoveries in the Fraser Range belt of southeast Western Australia.

The magnetic anomalies are interpreted to be Proterozoic mafic and ultramafic rocks prospective for nickel sulphides. Evidence for this comes from widely scattered drill holes completed by previous explorers which penetrated to basement through the Eucla Basin cover.

A gravity geophysical survey was completed in November 2013 over a rectangular target area approximately 9 kilometres long by 3.5 kilometres wide, elongated in a northerly direction. The results showed good correlation of gravity anomalies with one north-south trending magnetic zone, defined by an earlier aeromagnetic survey. The new gravity data suggests that the magnetic zone is comprised of mafic and possibly ultramafic rocks that may contain nickel sulphides.

Before the next phase of exploration at Fowlers Bay can commence, a new set of land access agreements will have to be negotiated. The Company intends to pursue these agreements and will be proposing two, five-hole east-west drill traverses across the more favourable parts of the magnetic zone. The objectives of this limited drill program will be to confirm the rock types within the gravity anomalous magnetic zone and their potential for nickel sulphide mineralisation. Should the South Australian Government renew its PACE exploration funding program now that the March 2014 State election has been decided, the Company will apply for State co-funding of this drilling program.

6.5 Tennant Creek Gold-Copper Project, Northern Territory (100% Gunson)

This Project is comprised of three approved exploration licences and one exploration licence application over a combined area of 76.6 square kilometres in the Tennant Creek district of the Northern Territory. These licence areas result from geological targeting work conducted on BHP Billiton's extensive Australian database by the Company's geological consultant, Douglas Haynes Discovery Pty Ltd.

The Tennant Creek district has yielded some 5 million ounces of gold and 350,000 tonnes of copper since large scale mining began in 1934. Gold-copper ore bodies in the district are typically high grade, averaging 9 g/t gold and 2.1% copper, and are associated with distinctive magnetic anomalies due to the abundance of the magnetic iron oxide, magnetite.

Significantly less exploration has been conducted in the district for non-magnetic gold-copper ore bodies. Such deposits are predicted to occur in the Tennant Creek district, but will not have the usual geophysical characteristics of the known gold-copper ore bodies. They will be associated with discrete gravity anomalies, with either a very weak coincident or adjacent magnetic anomaly, like Oz Minerals' Prominent Hill and BHP Billiton's Olympic Dam deposits in South Australia.

Gunson's tenements and tenement application cover weak magnetic anomalies with associated gravity responses in favourable geological settings, where little or no previous exploration has been carried out. The targets in these areas can be tested quickly and cheaply with ground geophysics and shallow drilling.

A single diamond drill hole, TCD1, on the Gosse 5 exploration licence was completed in May 2010, with prospective basement intersected beneath 93 metres of basinal cover rocks. No significant copper or gold values were recorded but some hematite-quartz veins were noted in the basement core.

A new geophysical anomaly on the Gosse 5 exploration license, some 3.5 kilometres to the west of TCD 1, has been chosen for a second phase of drilling because it has been interpreted as a 1.2 kilometres long hematitic ironstone body in the 100-150 metre depth range, underlain by a magnetic zone. This

geophysical signature matches the Company's modeled target.

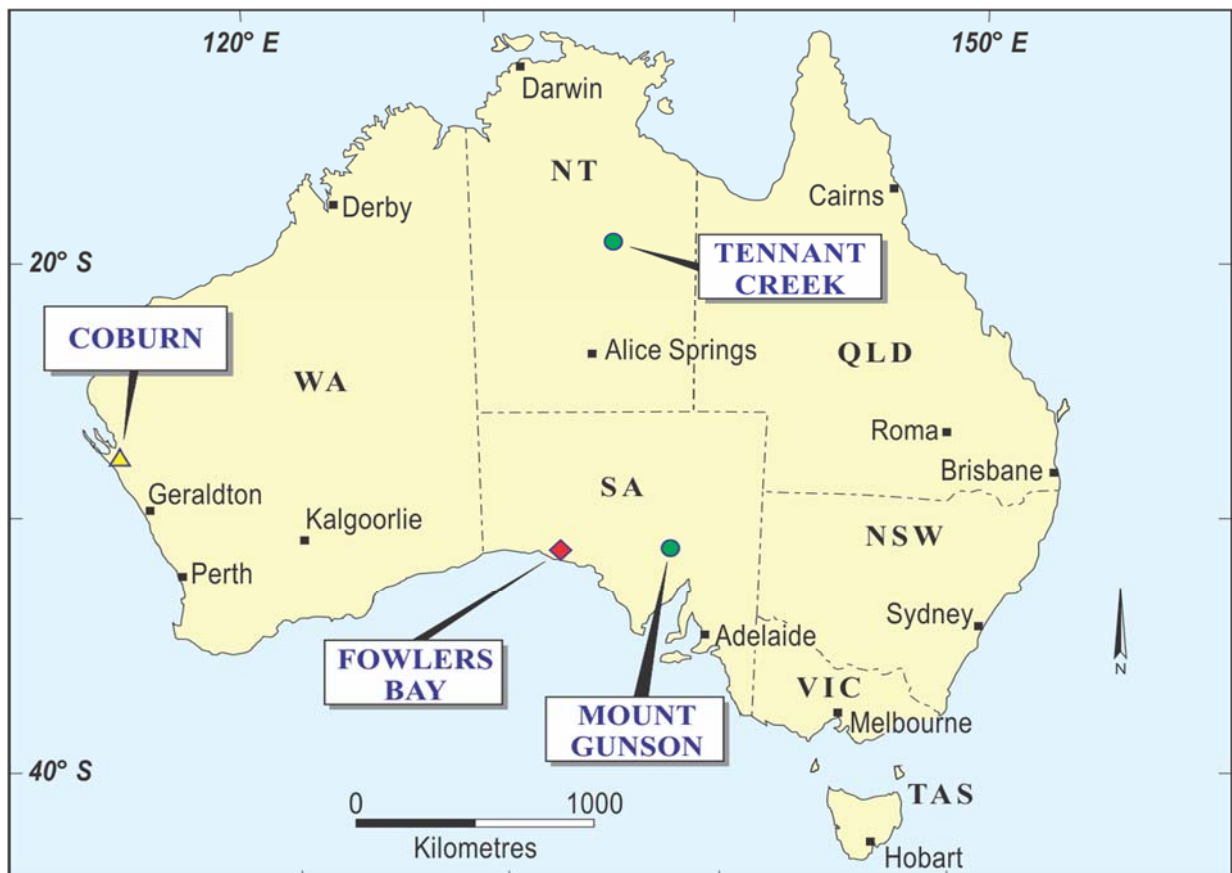
The second phase of drilling, comprising two, 250 metre vertical diamond drill holes, has been documented in a co-funding proposal to the Northern Territory (NT) Government to be submitted in May 2014. The NT co-funding program provides for up to \$100,000 of Government funding for accepted drilling proposals.

FURTHER INFORMATION

The information above is a summary of Gunson's projects only. Further details are available from Gunson's website at www.gunson.com.au and more detailed financial data and information about its projects can be found in the 2013 Annual Report and the Financial Report for the Half Year ending 31 December 2013.

ATTRIBUTION

The information in this report that relates to exploration results, mineral resources and ore reserves is based on and fairly represents information compiled by Mr D N Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley, who is an employee of the Company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harley consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.



Corporate directory

Directors

David Craig – Non Executive Chairman

William Bloking – Managing Director

Garret Dixon – Non Executive Director

Company Secretary

Ian Gregory

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Underwriter

William F. Bloking – Managing Director

* These parties are included for information purposes only.

They have not been involved in the preparation of this Offer Document.