

**ASX RELEASE**  
**21 December 2012**

**COBURN ZIRCON PROJECT:  
POSCO AND KOREAN INVESTMENT FUND  
JOINT VENTURE AGREEMENT UPDATE**

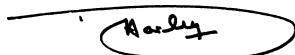
During a meeting at POSCO's head office in Seoul, South Korea last week, both POSCO and the Korean resources investment fund, who together comprise the POSCO SPV, confirmed to Gunson that they had progressed their investment decision to the point where the proposed Joint Venture Agreement (JVA) had now been substantially agreed and would be executed subject only to normal internal approvals and the following commercial condition being satisfied by 28 February 2013.

The one commercial condition is final resolution of the operating budget for the Coburn Zircon Project (Project). This has been confirmed in writing today by each of POSCO and the Korean resources investment fund.

Once executed, the POSCO SPV's investment in the Project will be made on the terms and conditions set out in the JVA, including the payment of the initial earn-in amount of \$7 million once Gunson has secured funding commitments to meet its share of Project development costs.

Gunson advised on 28 November 2012 that additional work is in progress to further increase the financial returns of the Project and that a further review of Project operating costs including a pit optimisation study is scheduled for completion in February 2013. The Company believes that it can achieve cost reductions and introduce other measures by late February 2013, which would provide significant benefits to both Gunson shareholders and the POSCO SPV.

Subject to Gunson meeting the POSCO SPV commercial condition above and raising its 60% equity share of the mine development costs, less the POSCO SPV earn-payments, by the end of March 2013, the financing timetable for the Project is unchanged from the Company's previous announcement on 28 November 2012.



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