

# ASX ANNOUNCEMENT

11 September 2014



ABN 32 090 603 642

## Company Facts

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

## Key Projects:

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

## Corporate Structure

Shares on issue 293.6m  
Unlisted Options 9.6m

## Company Directors

### David Craig

Non-Executive Chairman

### Bill Bloking

Managing Director

### Garret Dixon

Non-Executive Director

## Investor Enquiries

Warrick Hazeldine  
Cannings Purple

E: [whazeldine@canningspurple.com.au](mailto:whazeldine@canningspurple.com.au)

T: +61 (0) 417 944 616

## GUNSON TO ACQUIRE DOMINANT MINERAL SANDS EXPLORATION POSITION IN WORLD-CLASS CORRIDOR

### Highlights

- Gunson to acquire 100% of the shares in mineral sands-focused Strandline Resources Pty Ltd
- Large licence package located in highly prospective corridor in Tanzania – the same geological setting as world-class mineral sands operations in surrounding Kenya, Mozambique, and Madagascar
- 100% interest in ~2000 km<sup>2</sup> of Exploration Tenure all within 20km of the Tanzanian coastline
- Former Managing Director of Iluka Resources (ASX: ILU), Mike Folwell, to become Chairman
- Richard Hill to become Managing Director, replacing Bill Bloking, who will remain on the Board as a Non-Executive Director
- Honorary Consul of the United Republic of Tanzania, Didier Murcia AM, to become Non-Executive Director
- Senior management to include Mark Alvin PhD (ex-Rio Tinto), a 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
- Placement to raise up to \$2.2 million and Share Purchase Plan to raise up to \$1.0 million, before costs

Gunson Resources Limited (ASX: GUN) ("**Gunson**" or the "**Company**") is pleased to announce that, subject to shareholder approval, it has agreed to acquire 100% of the shares in mineral sands-focused Strandline Resources Pty Ltd ("**Strandline**") in an all-scrip transaction ("**Transaction**"). Subject to completion of the Transaction, the Company has also agreed to enter into employment arrangements with Strandline's well pedigreed management Team and appoint a number of Strandline board members to the board of the Company.

Strandline's assets consist of 100% working interests in 16 granted mineral sands exploration tenements, covering more than 2000 square kilometres along the under-explored coast of Tanzania, and 2 exploration applications covering another 160 square kilometres of land along the same coastline. In the opinion of the Company and Strandline, there is a significant geological case that the Tanzanian

# ASX ANNOUNCEMENT

11 September 2014

coastline is highly prospective for world-class economic heavy mineral sands accumulations.

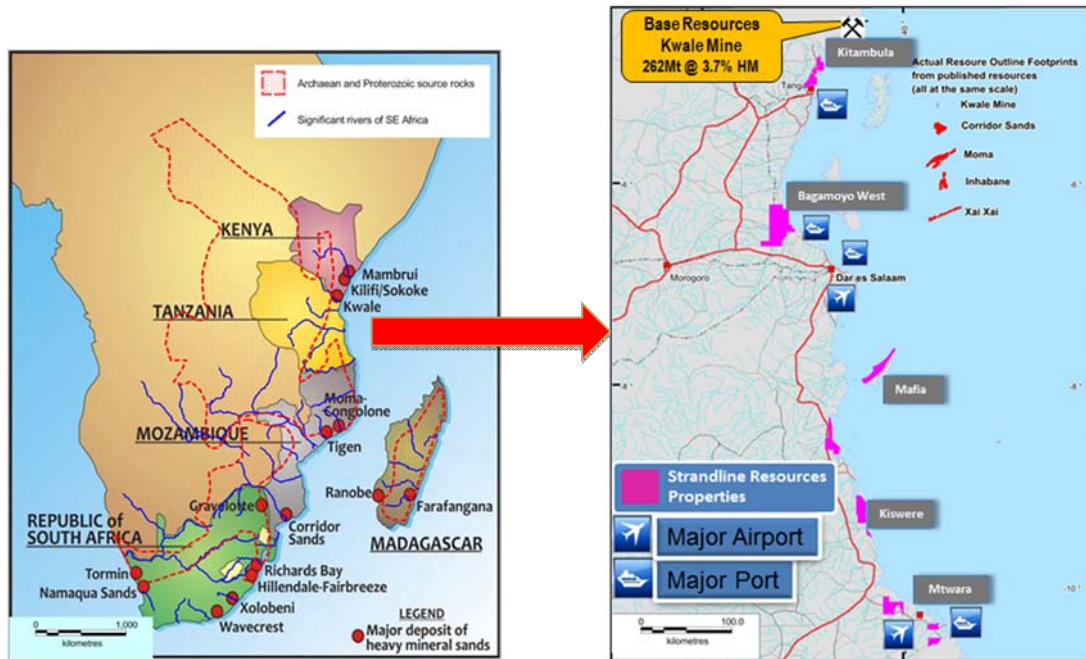


Figure 1: East Africa – major mineral sands hotspots

Figure 2: Strandline's Major Projects/ Infrastructure

The geological setting for Strandline's assets includes the same source rocks, river systems, coast line, and trap sites as those that host world class operating projects in Kenya, Mozambique, and Madagascar – and there is strong evidence of high unit value mineral assemblages based on historical work and recent exploration by Strandline. As shown in Figure 2 and listed in Appendix 1, all of Strandlines tenements are located within 20 kilometres of the coast, are easily accessible by road, and in close proximity of established port facilities.

Commenting on the proposed transaction, Gunson's Managing Director Bill Bloking said, "This is a very exciting, transformational development for the Company. It supplements our construction-ready Coburn Mineral Sands Project in Western Australia with large scale, highly prospective mineral sands exploration assets in an under-explored area of an established producing province. It has the potential to deliver a 'company-maker' asset, provides a strong Board and management team with an excellent mineral sands pedigree, and sets a platform for funding and ongoing market support."

"At the same time, our other development asset, the MG14/Windabout Copper Project at Mount Gunson in South Australia, is making excellent progress and we are in advanced discussions on a farm-out in respect of our nickel exploration assets near Fowlers Bay in South Australia."

## Transaction Implementation Agreement

The key terms of the agreement ("Transaction Implementation Agreement") with Strandline and the shareholders of Strandline are as follows:

# ASX ANNOUNCEMENT

11 September 2014



ABN 32 090 603 642

- Subject to Gunson shareholder approval, Gunson will issue 166.67 million ordinary shares in the capital of the Company to the 16 Strandline shareholders, with each of these shares having an issue price of 1.5 cents each, in order to acquire Strandline, 100% of Strandline's 16 mineral sands exploration tenements, and its 2 applications for exploration tenements. With a deemed issue price of 1.5 cents for each of the shares issued to Strandline shareholders, the total purchase price payable by Gunson is \$2.5 million. A minimum of approximately 71% of the shares which will be issued to key Strandline shareholders will be escrowed for a period of 12 months. No individual Strandline shareholder, together with their associates, will hold an interest of more than 19.99% of Gunson;
- Subject to Gunson shareholder approval, Gunson will issue up to 146.67 million ordinary shares at an issue price of 1.5 cents per share, which is a 17% discount to the 30 day VWAP, in order to raise up to \$2.2 million (before costs) to fund the Company's existing work commitments on Coburn and its other Projects as well as to fund the initial phase of exploration drilling and resource estimation in Tanzania ("**Placement**");
- The Company will enter into appropriate employment arrangements with the management of Strandline to ensure access to critical technical, management, and governance skills going forward;
- From completion, Mr. Mike Folwell, former Managing Director of Iluka Resources, and Mr. Didier Murcia AM, a commercial lawyer with many years of experience in the mining sector and also the Honorary Consul of the Republic of Tanzania, will join the Board of the Company as Non-Executive Directors, replacing Mr. David Craig and Mr. Garret Dixon who will retire from the Board. Mr. Folwell will be appointed as the Chairman of the Board going forward;
- Mr. Bill Bloking will remain on the Board of the Company as a Non-Executive Director but will step down from the role of Managing Director. He will be replaced by Mr. Richard Hill. Mr. Hill is qualified as a geologist and solicitor with more than 19 years of practical experience as a mine-based and exploration geologist in a range of commodities for several major and mid-cap Australian mining companies;
- Other members of the management team of Strandline who will be employed by Gunson will include: Dr. 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;
- The Company will change its name from Gunson Resources Limited to Strandline Resources Limited from completion, subject to shareholder approval being received;
- The transaction under the Transaction Implement Agreement is subject to various conditions precedent including necessary shareholder approvals, receiving firm commitments under the Placement for an amount of \$1.5 million and no material adverse change occurring for either party prior to the completion date. Details of these shareholders' approvals are set out below. 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);
- 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 as between the Company and Strandline if the transaction does not proceed due to a party entering into another transaction which would produce a more favourable outcome to Strandline

# ASX ANNOUNCEMENT

11 September 2014



ABN 32 090 603 642

shareholders or Gunson shareholders (as applicable) than the outcome which would be produced under the Transaction. In recognition of the internal and external advisory and financial costs involved, the amount of break fee payable by Gunson, or the Strandline shareholders, for not proceeding with the Transaction is \$250,000;

- The Transaction Implementation Agreement contains standard warranties that are given by each Strandline shareholder. Gunson has also given a number of warranties. The Strandline shareholders' maximum liability for any claims made by Gunson against the Strandline shareholders is set at the purchase price of \$2.5 million. The maximum liability for the breach of any warranties given by Gunson is also set at \$2.5 million.

## Placement and Share Purchase Plan

Concurrent with the acquisition of Strandline, the Company has resolved to raise up to \$2.2 million before costs through a placement of up to 146.67 million shares at an issue price of 1.5 cents per share, subject to shareholder approval. Hartleys Limited has been appointed as the Broker to the Placement.

In addition to the Placement, subject to shareholder approval being received, the Company intends to offer existing eligible shareholders in Australia and New Zealand the right to participate in a Share Purchase Plan ("SPP") upon completion of the Transaction, which will enable them to subscribe, at the issue price of 1.5 cents (the same issue price as the Placement) for up to \$15,000 worth of new shares. The SPP will raise further funds of up to a maximum of \$1 million before expenses. The issue of shares under the SPP is subject to shareholder approval being received. A waiver will be sought from ASX to allow Gunson to seek shareholder approval for the SPP so that the shares under the SPP will be offered at the same price as the Placement. Further details in respect of the SPP, including the proposed timetable for the SPP, will be set out in an offer document to be sent to eligible shareholders.

Funds raised pursuant to the Placement and the SPP will be used for the following:

- drilling and exploration at the Tanzanian Mineral Sands Projects;
- resource estimation and metallurgical work at the Tanzanian Mineral Sands Projects;
- progression towards securing a strategic partner for the development of the Coburn Minerals Sands Project;
- further exploration at the MG14/Windabout Copper Project at Mount Gunson and Fowlers Bay Nickel Project; and
- working capital purposes.

## Shareholder Approval for the Transaction, Placement and the SPP

The issue of shares for the acquisition of Strandline requires shareholder approval under ASX Listing Rules 7.1 and 11.1.2. Gunson will be seeking shareholder approval under Listing Rules 7.1 for the Placement as well as the SPP (subject to a waiver being received from ASX). The corporate name change from Gunson Resources Limited to Strandline Resources Limited will also require shareholder approval. The Company proposes to convene a General Meeting on or about 17 October 2014 for this purpose.

## Impact of the Transaction, Placement and the SPP

If the Acquisition, the Placement (raising a maximum of \$2.2 million) and the SPP (raising a maximum of \$1 million assuming that it is fully subscribed) proceed, there will be a cash injection of \$3.2 million before offer costs. Gunson's budgeted exploration and evaluation expenditure over the next 12 months would be approximately \$2.5 million, comprising \$1.5 million on Strandline's tenements in Tanzania and \$1 million on the Coburn Mineral Sands Project.

# ASX ANNOUNCEMENT

11 September 2014



ABN 32 090 603 642

Moreover, Gunson will have issued a total of 380,000,003 additional shares. Gunson would then have 673,551,796 shares on issue and the capital structure of Gunson would be as follows:

Shareholders of Gunson	Percentage of the issued capital of Gunson after completion of the Transaction, Placement and SPP
Strandline Shareholders	24.7%
Current Gunson shareholders	53.5%*
Participants in Placement	21.8%
<b>Total</b>	<b>100.0%</b>

\*Assumes that current Gunson Shareholders subscribe for the full SPP amount.

## Timetable

The key dates for the Placement and the Transaction are set out below. These dates are indicative only and are subject to change.

Gunson Shareholder Meeting	Friday, 17 October 2014
Anticipated completion of the Placement	Wednesday, 22 October 2014
Anticipated completion of the Transaction	Thursday, 23 October 2014

Further details of the Transaction, Placement and SPP will be provided in the Notice of Meeting and Explanatory Memorandum which is expected to be dispatched to Gunson shareholders in mid-September 2014.

## ABOUT STRANDLINE RESOURCES PTY LTD

Strandline has established itself as an early mover in Tanzania, with ownership of a country wide heavy mineral geochemical database that has been used to generate and evaluate areas of high prospectivity for heavy mineral sands along the coast. The Company has over 2000km<sup>2</sup> of tenure in granted stage and 160 km<sup>2</sup> in application stage and a highly experienced exploration team supported by a board with strong connections in the mineral sands industry and Tanzania.

# ASX ANNOUNCEMENT

11 September 2014



GUNSON RESOURCES LIMITED

ABN 32 090 603 642

## Appendix 1 – Strandline’s Exploration Tenements and Application Areas

Tenement Number	Name	License Holder	Share / Partners	Start date (Grant Date)	Expiry date	License area (km <sup>2</sup> )
PL 7588/2012	Kitambula	Active Resources (T) Ltd	100%	3-Feb-12	2-Feb-16	92.25
PL 9332/2013	Kitambula	Beth Xiang Qianyi	100%	18-Oct-13	17-Oct-17	22.03
PL 9427/2013	Kitambula	Beth Xiang Qianyi	100%	18-Oct-13	17-Oct-17	15.23
PL 7940/2012	Kisw ere North	Active Resources (T) Ltd	100%	30-Apr-12	29-Apr-16	193.97
PL 8134/2012	Bagamoyo West	Active Resources (T) Ltd	100%	7-Aug-12	6-Aug-16	288.99
PL 8196/2012	Bagamoyo West	Active Resources (T) Ltd	100%	22-Aug-12	21-Aug-16	224.34
PL 8185/2012	Bagamoyo West	Active Resources (T) Ltd	100%	22-Aug-12	21-Aug-16	296.18
PL 8197/2012	Mafia	Active Resources (T) Ltd	100%	22-Aug-12	21-Aug-16	263.66
PL 9971/2014	Bagamoyo West	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	80.70
PL9976/2014	Tanga	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	56.98
PL 9977/2014	Songa	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	92.29
PL 9978/2014	Mahuranga	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	81.97
PL 9980/2014	Kisw ere South	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	6.24
PL 9972/2014	Miteja	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	226.91
PL 9969/2014	Sud	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	218.39
PL 9970/2014	Madimba	Active Resources (T) Ltd	100%	22-Jul-14	21-Jul-18	69.19
<b>Total</b>						<b>2229.32</b>
HQ-P28407	Tanga	Active Resources (T) Ltd	100%	Application		43.94
HQ-P28530	Pangani South	Active Resources (T) Ltd	100%	Application		124.15

# ASX ANNOUNCEMENT

11 September 2014



ABN 32 090 603 642

For further enquiries, please contact:

**William Bloking**  
Managing Director  
Gunson Resources Limited  
T: +61 8 9226 3130  
E: [enquiries@gunson.com.au](mailto:enquiries@gunson.com.au)  
Website: [www.gunson.com.au](http://www.gunson.com.au)

**Media: Warrick Hazeldine/Michael Vaughan**  
Cannings Purple Strategic Communications  
T: + 61 (0) 417 944 616/+ 61 (0) 8 6314 6351  
E: [whazeldine@canningspurple.com.au](mailto:whazeldine@canningspurple.com.au)

## ATTRIBUTION

### COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results, mineral resources and ore reserves for Strandline Resources is based on and fairly represents information compiled by Mr B J Cummins, who is a Member of the Australian Institute of Geoscientists. Mr Cummins, who is a consultant to Strandline Resources, 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 Cummins consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.