

COBURN MINERAL SAND PROJECT – RESOURCE INCREASE

INTRODUCTION

Directors are pleased to announce a significant increase in the Amy Zone heavy mineral sand resource. The total inferred resource is now **690 million tonnes averaging 1.35% heavy minerals**, and includes a new indicated resource for Amy Zone South of **133 million tonnes averaging 1.35% heavy minerals**.

Highlights of these new resource figures are:

- A 32% increase in total inferred resource tonnes for Amy Zone, from 516 million tonnes at 1.4% heavy minerals to 690 million tonnes at 1.35%, at a 0.8% heavy mineral cut off grade.
- A 64% increase in indicated resource tonnes at Amy Zone South, over the interim estimate announced on 30th September 2003 of 81 million tonnes averaging 1.4% heavy minerals, at a cut off grade of 0.9% heavy minerals.
- The large increase in the Amy Zone South indicated resource, over the same strike length as the estimate announced in September, is mainly due to favourable results from lateral extension drilling (Figure 1). Mineralisation encountered in this drilling is still open on several drill traverses, indicating potential for further resource upgrades.

AMY ZONE SOUTH

The Amy Zone South indicated resource model was updated by the Company's resource consultants, McDonald Speijers, to incorporate the results of the second phase infill drilling at 250 metre traverse spacing, and extensions of the first phase infill drilling to the east and west on 500 metre spaced lines (Figure 1).

The resource model has also had available mineral assemblage data incorporated, although this is only of a preliminary nature and will need to be replaced when more systematic and complete assemblage measurements become available in late January 2004. The mineral assemblage information has been left in the form in which it was reported with "High Susceptibility", "Mag 1", "Mag 2" and "Mag 3" categories rather than a breakdown of ilmenite-leucosene species.

Modelling procedures and parameters were similar to those used to generate the previous resource estimate in September 2003. The latest resource estimate is summarised in Table 1.

Within the previously modelled area, global tonnage and grade estimates appear to be quite robust, but the 250 metre infill lines showed too many variations in the

geometry of various mineralised zones, relative to predictions based on the initial 500 metre spaced lines, for the resource classification to be upgraded to measured status.

SOUTHERN EXTENSION DRILLING

Drilling completed on 1 kilometre spaced traverses over a strike length of 6 kilometres south from Amy Zone South (Figure 1) has revealed good mineralisation on all traverses. Using similar parameters to those used previously, an inferred resource of 112 million tonnes averaging 1.4% heavy minerals has been estimated for this zone, at a cut off grade of 0.8% heavy minerals.

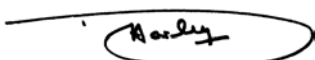
Selected intersections from this drilling are listed in Table 2.

TOTAL AMY ZONE RESOURCE

The total indicated and inferred resource for Amy Zone has increased by 32% from 516 million tonnes at 1.4% heavy minerals to 690 million tonnes at 1.35% heavy minerals, with the same 0.8% heavy mineral cut off grade. The new total resource estimate incorporates the additional 52 million tonnes delineated at Amy Zone South and the new 112 million tonne resource defined by the Southern Extension drilling. The total contained heavy minerals inferred in Amy Zone is now 9.3 million tonnes.

CONCLUSIONS

The significant increase in the Amy Zone indicated resource estimates is encouraging and will have a positive impact on the bankable feasibility study currently in progress. This study is on course for completion in March 2004, with metallurgical test work on a 68 tonne bulk sample currently the main activity in progress. Results from this work will be reported in the company's December quarterly report due in late January 2004.



D N HARLEY
MANAGING DIRECTOR

Investor Enquiries:

Telephone: 08 9226 3130
Facsimile: 08 9226 3136
Email: enquiries@gunson.com.au
Website: www.gunson.com.au
Address: PO Box 1217, West Perth
Western Australia 6872

Attribution

The information contained in this release is based on, and accurately reflects, information compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has over five years experience in the field of activity being reported on.

The information in this release that relates to indicated mineral resources is based on data compiled by Mr John McDonald of McDonald Speijers, who has over 20 years of relevant experience in the field of activity being reported on. The information in this release relating to inferred resources is based on data compiled by Mr Paul Leandri, who has over 10 years of relevant experience in the field of activity being reported on. Mr McDonald and Mr Leandri are members of the Australian Institute of Geoscientists and corporate members of the Australasian Institute of Mining and Metallurgy. They have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration, and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 1999 release of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Mr McDonald and Mr Leandri consent to the inclusion of the information in the report in the form and context in which it appears.

Table 1
Amy South, Indicated Resources

| Cutoff %HM | Million Tonnes | HM (%) | Slimes (%) | O'size (%) | HM Million Tonnes | HM Mineral Assemblage (% of HMC) | | | | | | | |
|---------------|-------------------|-----------|---------------|---------------|-------------------------|----------------------------------|------|------|------|--------|-----------|--------|----------|
| | | | | | | High Sus | Mag1 | Mag2 | Mag3 | Rutile | Leucoxene | Zircon | Monazite |
| 0.50 | 449 | 0.87 | 2.69 | 4.44 | 3.93 | 1.5 | 17.3 | 33.4 | 16.4 | 3.1 | 1.2 | 23.0 | 0.2 |
| 0.60 | 347 | 0.97 | 2.55 | 4.55 | 3.37 | 1.4 | 17.2 | 33.4 | 16.4 | 3.1 | 1.2 | 23.1 | 0.2 |
| 0.65 | 301 | 1.02 | 2.48 | 4.60 | 3.08 | 1.4 | 17.2 | 33.4 | 16.4 | 3.1 | 1.2 | 23.1 | 0.2 |
| 0.70 | 259 | 1.08 | 2.41 | 4.63 | 2.80 | 1.4 | 17.1 | 33.5 | 16.4 | 3.1 | 1.2 | 23.2 | 0.2 |
| 0.80 | 188 | 1.21 | 2.30 | 4.71 | 2.26 | 1.4 | 17.0 | 33.5 | 16.5 | 3.1 | 1.2 | 23.3 | 0.2 |
| 0.90 | 133 | 1.35 | 2.21 | 4.67 | 1.80 | 1.3 | 16.9 | 33.5 | 16.5 | 3.1 | 1.2 | 23.4 | 0.2 |
| 1.00 | 94 | 1.52 | 2.13 | 4.64 | 1.43 | 1.3 | 16.9 | 33.5 | 16.5 | 3.1 | 1.2 | 23.5 | 0.2 |
| 1.25 | 45 | 1.99 | 1.97 | 4.83 | 0.89 | 1.2 | 16.7 | 33.4 | 16.5 | 3.1 | 1.2 | 23.8 | 0.2 |
| 1.50 | 34 | 2.18 | 1.91 | 5.04 | 0.75 | 1.2 | 16.6 | 33.5 | 16.5 | 3.1 | 1.2 | 24.0 | 0.2 |
| 1.75 | 27 | 2.32 | 1.91 | 5.07 | 0.63 | 1.2 | 16.6 | 33.4 | 16.5 | 3.2 | 1.2 | 24.2 | 0.2 |
| 2.00 | 19 | 2.52 | 1.89 | 4.94 | 0.48 | 1.1 | 16.4 | 33.3 | 16.5 | 3.2 | 1.2 | 24.4 | 0.2 |

Table 2
Selected Intersections –
Amy Southern Extension Drilling

| Hole Number | Traverse | From (m) | To (m) | Intersection | % Slime |
|----------------|------------|-------------|-----------|--------------|---------|
| CBC1389 | 7,038,000N | 9 | 25 | 16m @ 2.0% | 1.5 |
| CBC1418 | 7,037,000N | 0 | 12 | 12m @ 1.7% | 3.4 |
| CBC1455 | 7,036,000N | 9 | 18 | 9m @ 1.5% | 1.4 |
| CBC1461 | 7,036,000N | 0 | 5 | 5m @ 2.2% | 6.8 |
| CBC1500 | 7,034,000N | 17 | 27 | 10m @ 1.6% | 6.1 |
| CBC1510 | 7,033,000N | 3 | 12 | 9m @ 1.6% | 4.1 |

Gunson Resources Limited

Figure 1

AMY ZONE SOUTH DRILLING

