annual report 2003

GUNSON RESOURCES LIMITED

ABN 32 090 603 642

corporate directory

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WH Cunningham (Chairman)
DN Harley (Managing Director)

PC Harley (Non Executive Director)

company secretary

DA Edwards

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Gunson Resources Limited is
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BDO Chartered Accountants & Advisers

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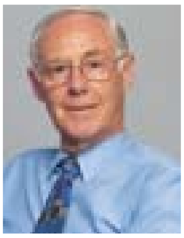
contents

highlights

- *Total Coburn Project inferred resource estimate is 516 million tonnes grading 1.4% heavy minerals, including an indicated resource for Amy Zone South of 81 million tonnes averaging 1.4% heavy minerals.*
- *Revenue from the sale of mineral products estimated at $1.4 billion over the 20 year life of the Coburn Project.*
- *Numerous nickel sulphide targets with strong similarities to the Norilsk deposits defined on western side of the Shell Lakes Project.*
- *Two stratabound copper targets with significant size potential defined at Mount Gunson.*
- *New project initiated at Tennant Creek, which typically hosts high grade gold-copper deposits, over attractive non-magnetic exploration targets.*
- *Agreement with BHP Billiton for non exclusive access to their extensive Australian mineral exploration data base to define new exploration targets.*

chairman's report



Dear Shareholder

On behalf of the Board, I have pleasure in presenting our fourth annual report.

Our focus as in the past is on mineral exploration within Australia, with our three basic objectives being –

- Discovery of world-class ore bodies in mineral commodities with large global markets.
- Where appropriate, formation of alliances with mining companies specialising in those minerals.
- Maintenance of the highest standards of exploration expertise, in order to minimise risk and maximise utilisation of our financial resources.

Our long-term vision is to have a range of minerals in profitable production, thus spreading the marketing risk, and having exploration projects constantly in the pipeline.

The Coburn Mineral Sand Project promises to be our first commercial development. It has made excellent progress in the past year and with a strong consulting team in place a bankable feasibility study (BFS) is on course for completion early in 2004. Resource definition drilling has confirmed continuity and grade, and current exploration drilling promises to expand the resource. The heavy mineral grade is not high but is well compensated by intended ease of mining and proximity to infrastructure. Subject to completion of a positive BFS and receipt of all regulatory approvals, our aim is to have Coburn in operation by the end of 2005.

The Shell Lakes Diamond and Nickel Project is an exploration asset with considerable potential. De Beers withdrew from the diamond joint venture in June 2003, after drilling only eight of about 100 predicted pipes. We expect to shortly announce a new joint venture partner to continue diamond exploration in this recently discovered field of para kimberlitic pipes.

Several promising sulphide nickel targets have been defined near the western side of the Shell Lakes exploration area and during this year we hope to progress these to the drilling phase with ground geophysical surveys.

The Mount Gunson Copper Project saw joint venture partner BHP Billiton withdraw in January, 2003, having determined the Elaine Zone was too deep while not wishing to pursue much shallower cover sequence targets. Our ongoing data interpretation has highlighted six cover sequence targets focussing attention on 23 Mile Tank and Mosley Dam prospects, both of which warrant drilling in this financial year. The search for a suitable joint venture partner continues but we will drill the cover sequence targets ourselves if a partner cannot be found.

The Tennant Creek Gold/Copper Project is the latest addition to Gunson's exploration pipeline, initiated as a result of our non-exclusive access to the BHP Billiton mineral exploration database. Field work is expected to commence in the December quarter, investigating gravity anomalies on which little exploration has been conducted in this long established mining district.

Our popular Share Purchase Plan, which comprised 10 million shares at 12.5 cents each, along with private placements through Southern Cross Equities and Intersuisse, raised $2.3 million for the Coburn Mineral Sand Project and demonstrated the public's confidence in this project. I thank those shareholders who participated and sympathise with those who were too late in applying.

We look forward with confidence to a year in which the Coburn Mineral Sand Project should move into construction phase and exploration activity will advance the search for copper and gold at Mount Gunson and Tennant Creek, and for nickel and diamonds at Shell Lakes. We also aim to add at least one additional exploration project to our inventory.

There has been a significant decline in mineral exploration in Australia in recent years. In the five years to 2002, the number of mining companies exploring in Australia with budgets exceeding $10 million fell from 20 to five. In Western Australia, from 1997 to 2001, greenfields exploration expenditure fell from 40 per cent to 28 per cent of the total expenditure. The long lead time from greenfields discovery to commercial production, which probably averages around seven years, emphasises the urgency of the need for positive action.

There have been several government-commissioned reports in recent years to address the slump in exploration spending. All reports recommend the introduction of flow-through shares to make exploration expenditure tax deductible for investors. Other recommendations include an uplift in the tax deduction for greenfields exploration expenditure, the development of regional template agreements to resolve native title and heritage issues, and the development of a coordinated national approach to resolve impediments to land access. The current interest in junior companies has not lessened the need for urgent government intervention to overcome the exploration crisis. We cannot afford to be complacent as we must have a climate that encourages long-term exploration investment, in the long-term national interest.

In conclusion, I wish to acknowledge the contribution of David Harley, our Managing Director. His expertise, energy, integrity and leadership in the exploration industry are of great benefit to this company. Also, he has built an impressive team to progress the Coburn Mineral Sand Project.

W.H. Cunningham
Chairman

15 October, 2003.

Our long-term vision is to have a range of minerals in profitable production

review of operations

The Company currently operates four mineral exploration projects in Australia, as shown on Figure 1 below.

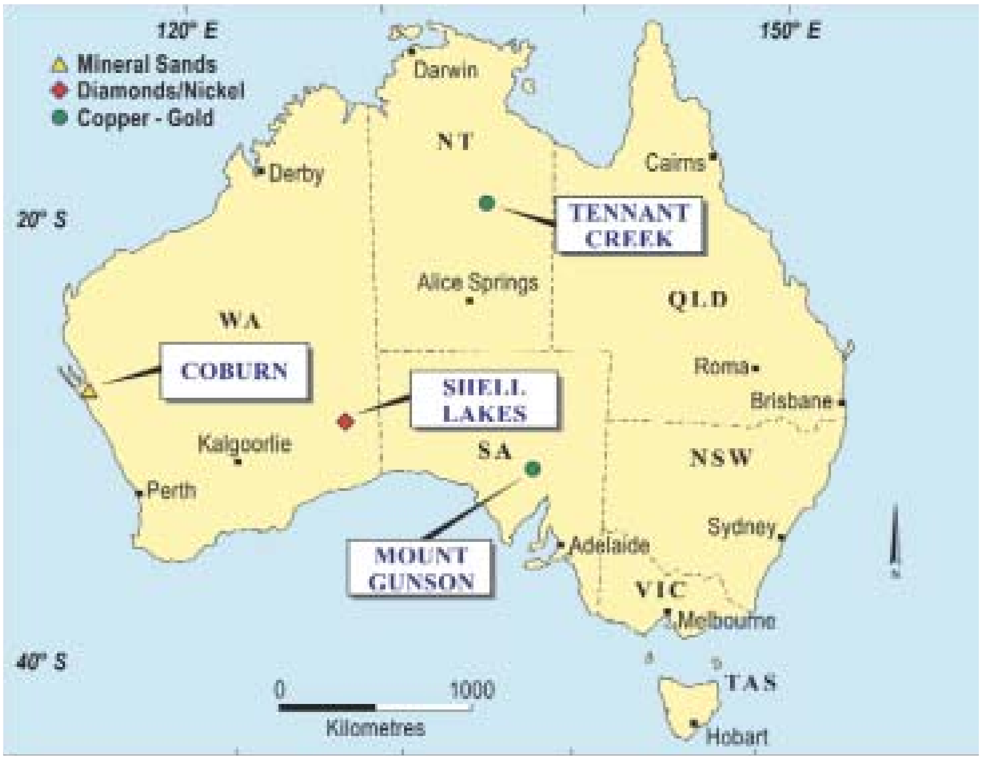


Figure 1: Project location map.

Coburn Mineral Sand Project, Western Australia **(100% Gunson)**

1. Introduction

The Coburn Project is the most advanced exploration asset in the Company and is currently the subject of a bankable feasibility study for a mining operation to commence production in late 2005. The study is based on developing the 516 million tonne Amy Zone resource using dry mining techniques, with concentrate from the on site treatment plant trucked to Geraldton for separation into saleable mineral products.

2. Background

Coburn is located immediately south of Shark Bay and 250 kilometres north of the regional centre of Geraldton in Western Australia (Figure 2). Geraldton has a deep water port and a major heavy mineral processing facility built to treat concentrates from the world class Eneabba deposits some 100 kilometres to the south.

The Coburn Project hosts the Amy Zone deposit (Figure 3) discovered by Gunson in 2000. In July 2002, the Company announced that Amy Zone contained an inferred resource of 516 million tonnes at 1.4% heavy minerals. This resource totals 7 million tonnes of contained heavy minerals worth nearly $2 billion in situ and encouraged the commencement of a preliminary feasibility study in August 2002.

Figure 2: Regional setting of the Coburn Project.

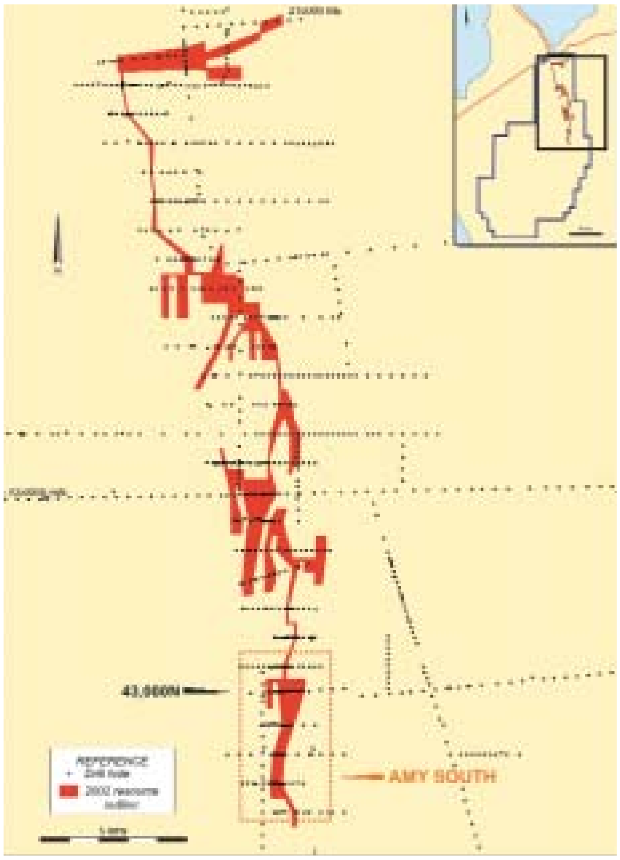


Figure 3: Amy Zone resource outline - 2002, showing the Amy Zone South area.

Amy Zone consists of an upper dunal horizon grading between 0.6% and 2.0% heavy minerals and a lower, possibly marine horizon containing a high grade core in excess of 2.0% heavy minerals. A substantial proportion of the overburden and interburden contains heavy mineral concentrations of between 0.2% and 0.6%, some of which could be processed in a mining operation. By industry standards, slime levels are very low, averaging less than 3%, a favourable situation for low cost mining. The Amy Zone sands are also free flowing, with cementation generally confined to two layers, the first being in the overburden horizon and the second below the base of mineralisation at the basement contact.

The exploration potential of the Coburn Project is excellent and a major exploration program to expand the resource base is justified.

3. Preliminary Feasibility Study (PFS)

The PFS on the economics of Amy Zone discussed in last year's annual report was completed on schedule in January 2003. This study assumed large scale dredge mining to keep operating costs low and included metallurgical test work on seven representative bulk samples, desktop mining engineering studies, capital cost estimates and financial modelling.

Results of the metallurgical test work showed that good quality mineral products could be recovered with conventional methods. These mineral products were considered to be similar to those from other large deposits along the west coast of Western Australia, which have good market acceptance. Comments on the individual products recovered during the test work are set out below, the figures in brackets being the proportion of the total heavy mineral assemblage:

- **ilmenite** (51.4%) – has relatively low uranium and thorium levels averaging 180 ppm combined with titanium dioxide (Ti02) content over 60%. Suitable for synthetic rutile feedstock as well as direct chlorination to pigment.
- **leucoxene** (11.5%) – a plus 90% $Ti0_2$ product, which should be acceptable in the welding electrode market.
- **rutile** (4.2%) – contains 94 - 95.5% Ti02, readily acceptable in the pigment market.
- **zircon** (21.6%) – a premium grade product subsequent to a mineral conditioning step to remove weak to moderate iron oxide coating. This step involved a 10 minute hot acid leach similar to the process used in South Africa and Western Australia.

The median grain size of the valuable heavy mineral product recovered was in the 120 to 125 micron range.

Capital cost estimates for the PFS assumed two main scenarios, firstly a stand alone case where all plant and equipment was purchased new, including a mineral separation plant in Geraldton to treat the heavy mineral concentrate trucked 300 kilometres from the mine. The capital cost of this first scenario was estimated at $162 million.

An incremental case, where it was assumed an existing regional mineral sands producer treated the heavy mineral concentrate, showed a much lower capital cost of $109 million.

Financial modelling of the various development options showed that the project could sustain a long life, low cost and financially attractive mining operation particularly if regional mineral separation infrastructure is utilised.

4. Pre Feasibility Review

Following the completion of the *PFS*, former *Iluka Resources* Executive General Manager – Operations, Hamish Bohannan and former *Aquarius Platinum* Finance Director, Craig Munro, were appointed to evaluate options for progressing Amy Zone to commercial production. This evaluation included a due diligence review of the *PFS*, investigation of alternative mining methods and production rates, and capital cost reduction.

In contrast to the *PFS*, Mr Bohannan and Mr Munro proposed a dry mining method which involved large mobile earth moving equipment owned and operated by contractors. Ore would be dumped into hoppers and slurried to a skid mounted heavy mineral concentrator located on the pit floor (Figure 4). This would allow mining and mineral concentrating operations to progress along the length of the Amy zone deposit as the mining face advanced in a fashion analogous to dry dredging. With the heavy mineral concentrate removed, the remaining sand would be deposited in the mined out sections and rehabilitated with native vegetation in accordance with best practice environmental management.

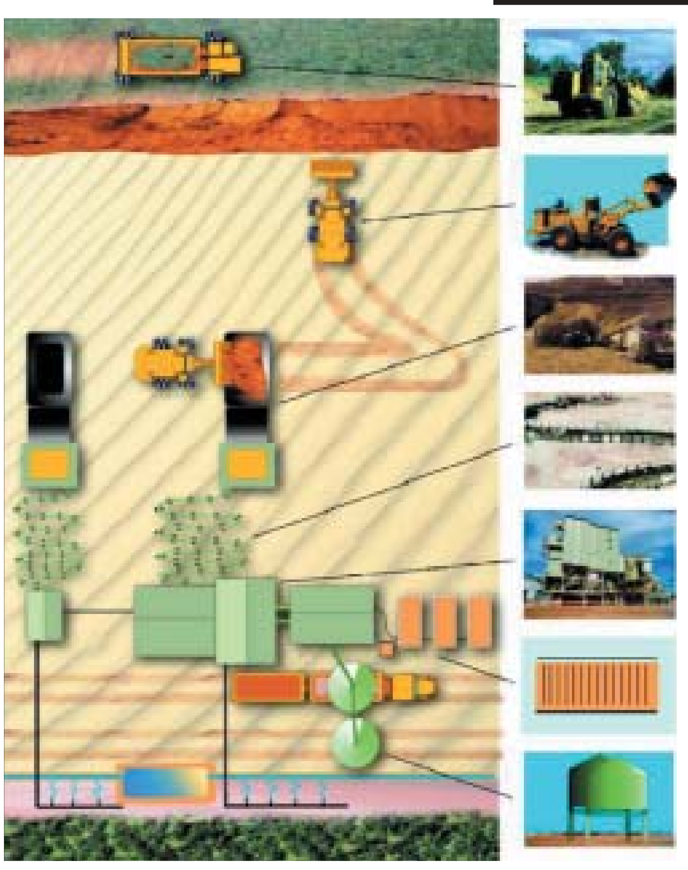


Figure 4: Proposed Coburn mining, concentrating and rehabilitation operations.

Advantages of the dry mining option are considerable and include the following:

- *The ability to commence the Project at a relatively modest throughput* of about 2,000 tonnes per hour, just over a third of that proposed in the *PFS*.
- *Minimises operational risk by not commencing a full scale operation at start-up*.
- *A major saving in initial capital costs*. Initial capital costs should be in the order of $60 million, approximately $100 million less than the stand alone dredge option estimated in the *PFS*. Most of these savings would be achieved by utilising cheaper contractor-supplied mobile mining equipment rather than high cost dredges, outsourcing the power generation and building up the mineral processing capacity in several stages. The study also indicated that the approximately $40 million required for subsequent expansion to 6,000 tonnes per hour could be funded from Project cash flow.
- *Allows greater geological selectivity during mining*. Mining with front end loaders would allow preferential selection or rejection respectively of high grade ore pockets or low grade interburden, whereas dredges generally have to take everything in their path.
- *Lower environmental impact*. Dry mining lends itself to a smaller mine footprint and tighter water management, seen as an important issue in this fairly arid environment.

Once established, production could be increased in increments to a final mining rate of approximately 6,000 tonnes per hour within a seven year period.

The *PFS* review resulted in significant improvements to the financial returns of the Project, due to the dry mining method needing considerably lower initial capital of some $62 million. A recommendation to progress rapidly to a bankable feasibility study (*BFS*) based on the dry mining method was made, wholly funded by Gunson. By progressing the Project to a *BFS* in its own right, Gunson would retain greater equity, as well as maximising flexibility and control over the timing and scale of any future mine development.

BFS Team, from left: Craig Munro, Paul Leandri and Stephen Miller.

5. Bankable Feasibility Study (BFS)

A *BFS* on developing the Amy Zone deposit commenced in May 2003, with completion of the study expected in early 2004. This study is being managed jointly by Craig Munro and Stephen Miller, a mining engineer who until June 2003 was Resident Manager of the Iluka Resources Eneabba mining operation.

5.1 Resource Definition

The principal activity in the BFS has been resource definition drilling of the southern part of the Amy Zone deposit (Figure 3). This drilling has proceeded in two phases over the 6 kilometre strike length of Amy Zone South. The first phase, in May and June 2003, saw drilling on 100 metre intervals on east west traverses 500 metres apart, and the second in August and September on 250m spaced east-west traverses. Assay results for the second phase are still incomplete.

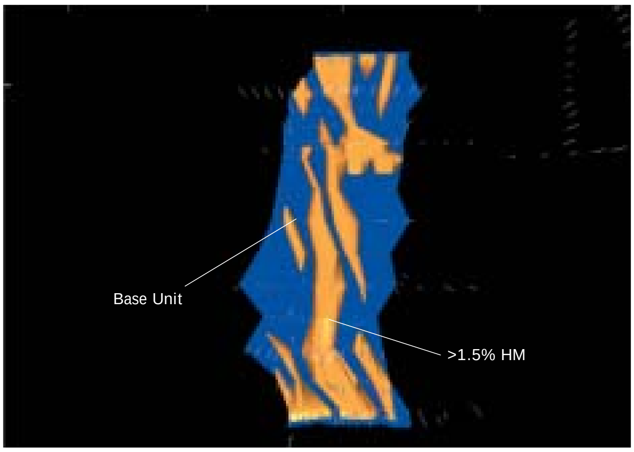


Figure 5: Amy Zone South - block model of lower ore horizon >1.5% heavy minerals.

An interim resource block model (Figure 5) based on data from the first phase drilling has significantly improved confidence in the continuity of mineralisation at Amy Zone South, and allowed the resource estimate for this part of the Zone to be upgraded from inferred to indicated. The interim indicated resource at a cut off grade of 0.9% is 81 million tonnes averaging 1.4% heavy minerals. This figure is similar to the previous inferred resource for Amy Zone South but increases confidence in the total Amy Zone inferred resource estimate of 514 million tonnes grading 1.4% heavy minerals.

The above interim resource will be re-modelled prior to completion of the BFS to incorporate results from the second phase drilling program and any relevant results from an exploration drilling program currently in progress at Amy Zone South. This program is testing a southerly extension to the mineralised zone and potential extensions

Resource definition drilling at Amy Zone South, August 2003.

outside the resource outline to the east and west. Already, significant extensions to the south east are evident in visual logging of drilling completed to date.

Our long-term vision is to have a range of minerals in profitable production

5.2 Metallurgy

Test work completed to date has mainly comprised characterisation of 20 samples spread over the Amy Zone South area, to establish the variability of the heavy mineral suite. Representative bulk samples are currently being collected and pilot plant processing of these samples is expected at the end of 2003, enabling engineering design and cost estimates to be completed in early 2004.

5.3 Environment and Licensing

Baseline environmental and hydrology studies by contractor URS commenced in May 2003 and no critical flaws in the Project are evident from work completed to date. Because of its close proximity to the eastern boundary of the Shark Bay World Heritage Area, the Project has been referred to both State and Federal environmental authorities and the level of State environmental impact assessment required has been determined as a Public Environmental Review. Environment Australia have decided that the Project will be a controlled action under the Federal EPBC Act and the level of assessment is to be advised shortly.

An Environmental Impact Assessment study based on guidelines determined by the two government authorities has commenced.

5.4 Stakeholder Consultations

Extensive consultations with stakeholder groups were made regarding the Company's proposed mine development. These have included State and Federal environmental authorities, State and local government, local pastoralists, members of the Shark Bay World Heritage Area Scientific and Community Consultative Committees and non government organisations. The Company is encouraged by the progress of these consultations, which will continue into 2004.

Coburn stakeholder meeting - June 2003.

5.5 Financial Evaluation

Financial modelling of the Project based on staged dry mining development at the zircon rich southern end of Amy Zone has shown that the Project is economically attractive. The Project has an estimated net present value of $64 million and an after tax internal rate of return of 23%. Greater than 50% of the estimated $1.4 billion revenue will be derived from zircon, with the already strong market continuing to improve during the year.

These figures are based on a number of assumptions, including input costs, exchange rates and commodity prices, and will likely change as the BFS is finalised. The current estimated financial returns are shown in Table 1. Table 2 provides a breakdown of the initial capital costs, while Table 3 has production and revenue estimates.

Table 1. Preliminary Revenue, Cost and Return Estimates

Total revenue	$1,405 M
Total operating costs	$1,007 M
Operating cash surplus	$399 M
Cost/tonne HMC	$157
IRR after tax	23%
NPV (8%)	$64 M
Exchange Rate	$0.65

Table 2. Initial Capital Costs

Site infrastructure	$1.2 M
Concentrator	$21.4 M
Pre Strip etc	$3.8 M
Mineral Separation Plant	$25.7 M
Sub total	$52.1 M
20% EPCM/Contingency	$10.0 M
Total	**$62.1 M**

***Table 3. Production and Revenue Estimates* – Life of Mine**

Product	Product value	Product mix	Revenue mix
Ilmenite*	US $80/tonne	63.2%	28.8%
Zircon	US $400/tonne	25.6%	54.1%
Rutile	US $450/tonne	6.4%	16.3%
Leucoxene	US $165/tonne	4.8%	4.5%

* Grade 60 – 62% TiO_2, premium synthetic rutile feed with low radioactive elements: uranium + thorium < 180 ppm

Table 3 shows that over half the revenue comes from zircon for which the already strong market has improved during the year.

6. Summary

The *BFS* on developing the Amy Zone heavy mineral sand deposit is on course for completion in early 2004 and on present indications, a long life, high volume and low cost mining operation at Coburn is a likely outcome.

Shell Lakes Diamond and Nickel Project, Western Australia

(100% Gunson)

1. Introduction

The Shell Lakes Project is strategically located on a pronounced bend in the major continental scale Mundrabilla Fault, which passes through the Argyle diamond mine and WMC's West Musgrave nickel prospect. It is located in a similar geological setting to the West Musgrave nickel discovery and is considered to be very prospective for both diamonds and nickel sulphides.

During the year, the Company's diamond joint venture partner, De Beers Australia Exploration Limited, drilled eight widely separated magnetic targets (Figure 6), all of which proved to be para kimberlitic pipes. On the basis of the petrology of selected core samples, De Beers interpreted the rocks as being sourced outside the depth where diamonds are formed and withdrew from the Joint Venture in June 2003.

The Company is close to concluding a joint venture with another specialised diamond explorer, who believes that the potential at Shell Lakes remains very high. In addition, new high quality nickel targets have been defined on the south western part of the Project which the Company plans to progress in 2004.

2. Tenure and Infrastructure

The Project comprises five contiguous exploration licences covering approximately 900 square kilometres and 20 contiguous exploration licence applications covering a further 3,876 square kilometres. These tenements are centred about 150 kilometres north of Mundrabilla siding on the Transcontinental railway line between Perth and Sydney. Mundrabilla is approximately 580 kilometres east of Kalgoorlie.

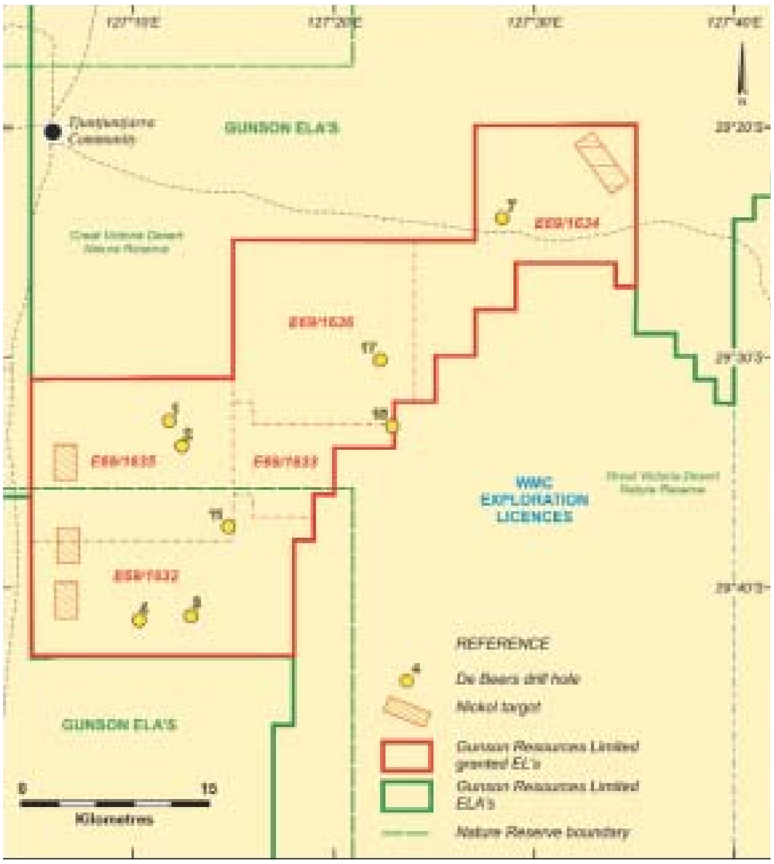


Figure 6: Shell Lakes Project.

3. Diamond Exploration

The drilling program which had commenced at the time of writing of last year's report was completed in March 2003. Each of the eight magnetic anomalies chosen by De Beers was tested with a single drill hole. A total of 1,444 metres was drilled during the program, including 586 m of diamond core.

All of the drill holes intersected interpreted intrusive rocks of ultramafic composition, which are commonly associated with kimberlitic and related pipes. The interpreted pipes occur within Proterozoic basement rocks that are overlain by younger sedimentary rocks of the Officer and Eucla sedimentary basins. The sedimentary rocks vary from 111 to 198 metres in thickness.

Laboratory analysis of selected core samples from the De Beers drilling program revealed that all holes had intersected para kimberlite pipes of olivine melilitite or olivine bearing leucitite composition. As stated above, De Beers withdrew from the Joint Venture shortly afterwards.

Despite De Beers' decision to withdraw from the Project, the Company remains optimistic about the diamond potential at Shell Lakes for the following reasons:

- Discovery of a new field of para kimberlitic pipes, at least 40 kilometres long. This is an important achievement in Australian diamond exploration, where discoveries of new fields are rare and the number of pipes in each field is generally low.
- Micro diamonds have been reported in the district by previous explorers, notably by CRA in the early 1990's.
- An interpreted craton considered favourable for diamondiferous kimberlites lies on the western part of the Project, some 10 kilometres west of the nearest De Beers drill hole.
- Only a small proportion of the area covered by Gunson's tenements has been subject to modern aeromagnetic surveys adequate to detect kimberlitic pipes. Even in this small area, about 100 intrusives can be identified and De Beers drilled only eight.
- In terms of high pipe abundance, structure and setting, the area closely resembles the rich Archangelsk diamond field in Russia. Significantly, at Archangelsk, small numbers of diamond-bearing kimberlites occur in association with numerically far more abundant para kimberlitic rocks of olivine melilitite and other composition.

4. Nickel Exploration

Several new high quality nickel exploration targets were generated during the year, following a review of regional geoscientific data on the western side of the Project area. This area shows similarities in its geological setting to the Norilsk mining district in Russia, the world's largest and lowest cost nickel producer.

In this area, several "bulls eye" magnetic anomalies interpreted to start between 130 and 300 metres depth, have been selected for more detailed ground geophysical surveys. These anomalies lie approximately 5 kilometres west of the nearest De Beers drill hole (Figure 6), which intersected its magnetic target at a depth of 149 metres.

First pass TEM and IP ground geophysical surveys over the Company's original nickel target (Figure 6, east of De Beers hole 7) discussed in last year's report did not reveal any anomalies warranting drilling.

5. Summary

Shell Lakes is a key exploration asset of the Company, as it has the potential to host world class diamond and nickel deposits. The Company is close to reaching agreement with a new diamond joint venture partner and will progress its exciting new nickel targets to the drilling stage.

Mount Gunson Copper Project, South Australia **(100% Gunson)**

1. Introduction

The Mount Gunson Project lies in the centre of the best endowed copper belt in Australia, named the Olympic Copper-Gold Province after the world class Olympic Dam copper mine some 100 kilometres along strike to the north of Mount Gunson.

In January 2003, the Company's joint venture partner, BHP Billiton, withdrew from the Project and since then Gunson has been searching for another partner to fund ongoing exploration. Consolidated Minerals also advised of their withdrawal from the manganese exploration agreement in June 2003 following a small drilling program.

2. Tenure

At the end of the financial year, the Company reduced the area of its tenements by 20% to 3,096 square kilometres. As a result, the South Australian Department of Primary Industry and Resources has agreed to a substantially lower minimum expenditure covenant for the year to 30 June 2004.

3. Exploration Targets

Infill soil sampling and gravity geophysical surveys designed to assist in prioritising the stratabound copper targets discussed in last year's annual report were successful in delineating the 23 Mile Tank and Mosley Dam targets.

4. Summary

Both of the above targets have significant size potential and if a suitable joint venture partner cannot be found by early 2004, the Company plans to drill both targets itself.

Tennant Creek Gold-Copper Project, Northern Territory

(100% Gunson)

1. Introduction

This is a new project, comprising six exploration licence applications over a combined area of 115 square kilometres. The Project was initiated as a result of geological targeting work conducted on BHP Billiton's extensive Australian data base by the Company' geological consultant, Douglas Haynes Discovery Pty Ltd.

The agreement with BHP Billiton allows Gunson non-exclusive access to its Australian mineral exploration database. In return, BHP Billiton has the exclusive right to farm in to the Tennant Creek project or other exploration opportunities generated by Gunson from the database until Gunson has spent over $100,000 or defined a drill target on each exploration opportunity. Thereafter, Gunson may farm out to other parties if BHP Billiton declines to participate.

2. Background

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 ore bodies are predicted to occur in the Tennant Creek district, but will not have the usual geophysical characteristics of the known gold-copper deposits. They will be associated with discrete gravity anomalies, with either a very weak coincident or adjacent magnetic anomaly, like Minotaur Resources' Prominent Hill and WMCR's Olympic Dam deposits in South Australia.

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

3. Summary

With the significant recovery in the price of gold and firmer outlook for the copper market, high grade gold-copper deposits typical of the Tennant Creek field are an attractive exploration target.

Ground geophysical surveys of selected targets on the Company's tenement applications are scheduled for the December quarter of 2003 and shallow drilling for early 2004.

Australian Mineral Exploration Data Agreement with BHP Billiton

An agreement with BHP Billiton was concluded in December 2002 whereby Gunson can utilise the extensive Australian mineral exploration data base of BHP Billiton to generate new exploration opportunities for minerals in Australia.

This agreement allows Gunson's consultant geologist, Douglas Haynes Discovery Pty Ltd, non exclusive access to BHP Billiton's technical data for the definition of targets at Gunson's cost. BHP Billiton will then have the first right to farm-in on any exploration project resulting from the technical assessment of their data. The pro forma farm-in agreement is similar in structure to the Mt Gunson Joint Venture and allows BHP Billiton to earn up to an 80% interest by carrying Gunson's 20% share of costs into production.

Due to BHP Billiton's contractual arrangements with other companies, the agreement excludes areas subject to existing agreements or confidentiality undertakings with a number of other companies. It covers minerals other than iron ore and coal but also excludes nickel sulphide opportunities in any geological province in which Mithril Resources Limited is conducting generative activities.

The Data Agreement is an endorsement of Gunson's target generation ability in the search for new exploration opportunities for world class mineral deposits in Australia. It is consistent with one of Gunson's key objectives of forming alliances with major mining companies to share financial risk.

Dr Haynes of Douglas Haynes Discovery Pty Ltd, has already identified the Tennant Creek Project and work on this area has commenced.

Attribution

The technical information in this report was compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has had more than five years experience in the field of activity being reported on. The figures in the Mineral Resource Inventory were compiled by the persons named below who are corporate members of the Australasian Institute of Mining and Metallurgy, each of whom has had at least five years experience in the fields of activity concerned and accurately reflects the information compiled by those persons. The estimates of Mineral Resources are reported in accordance with the standards set out in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (September 1999) as published by the joint committee of the Australasian Institute of Mining and Metallurgy; Australian Institute of Geoscientists and Minerals Council of Australia.

Coburn	P Leandri (2002) – Amy Zone J McDonald (2003) of McDonald Speijers Resource Consultants Pty Ltd – Amy Zone South
Windabout:	F J Hughes (1997)
MG 14:	K F Bampton of Ore Reserve Evaluation Services (1997)
Cattlegrid South, Sweet Nell:	S D Lee, when Managing Director of Stuart Metals NL (1995)
Tailings Dams:	K F Bampton of Ore Reserve Evaluation Services (1997)
Emmie Bluff:	H L Paterson (1998)

Mineral Resource Inventory

The Company's mineral resource inventory is summarised in the tables below:

Coburn

Prospect	Category	Mineralisation Type	Cut-Off Grade (% HM)	Resource (Million Tonnes)	HM (%)	Contained HM (Million Tonnes)
Amy Zone	Inferred	Dune/strand	0.8%	516[4]	1.4	7
Amy Zone South	Indicated	Dune/strand	0.8%	81	1.4	1.13

Mount Gunson

Prospect	Category	Mineralisation Type	Cut-Off Grade (%Copper)	Resource (Million Tonnes)	Copper (%)	Cobalt (%)	Silver (g/t)	Copper Equiv [1] (%)	Contained Copper Equiv (Tonnes)
Windabout	Indicated	Sulphide	0.5	18.7	1.0	0.05	10	1.8	327,250
MG 14	Indicated	Sulphide	1.0	1.1	1.7	0.04	17	2.3	25,300
Cattlegrid South	Inferred	Sulphide	0.5	0.7	1.7	-	10	1.7	11,900
Sweet Nell	Inferred	Sulphide	0.5	0.35	1.2	-	12	1.2	4,200
Tailings Dams	Inferred	Sulphide	-	7.2	0.14	0.01[2]	-	0.3	21,600
Emmie Bluff[3]	Inferred	Sulphide	0.5	24.0	1.3	0.06	10	2.2	528,000
		TOTAL		**52.05**					**918,250**

Notes:

1 Cobalt converted to copper equivalent on the basis of cobalt value equivalent to 15 times copper value.
2 Cobalt grade regarded as a low estimate as a result of inadequate sampling.
3 Resource stated only relates to that portion of the upper copper deposit which lies within EL 3112.
4 The bulk of this resource lies between the surface and approximately 40 metres vertical depth.

Tenement Schedule

Coburn Project, Western Australia

Tenement	Area (sq km)	Grant/Application Date	Notes
EL 09/939	98.0	18 June 1999	1
EL 09/940	98.0	18 June 1999	1
EL 09/941	179.0	18 June 1999	1
ELA 09/942	196.0	12 May 1998	2
ELA 09/943	61.6	12 May 1998	2
ELA 09/944	176.4	15 May 1998	2
ELA 09/957	196.0	21 July 1998	2
EL 09/996	98.0	18 July 2000	1

Mount Gunson Project, South Australia

Tenement	Name	Area (sq km)	Date Granted	Next Renewal
EL 2639	Mt Gunson	1439	September 1999	September 2004
EL 2756	Woocalla	657	October 2000	October 2004
EL 3008	Bernard Hill	236	September 2002	September 2004
EL 3022	Mount Moseley	245	October 2002	October 2004
EL 3112	Yeltacowie	519	July 2003	July 2004

Shell Lakes Project, Western Australia

Tenement	Area (sq km)	Grant/Application Date	Notes
EL 69/1632	209	20 August 2002	
EL 69/1633	65	20 August 2002	3
EL 69/1634	209	20 August 2002	3
EL 69/1635	208	20 August 2002	3
EL 69/1636	209	20 August 2002	3
ELA 69/1820	209	20 February 2002	2, 3
ELA 69/1821	209	20 February 2002	2, 3
ELA 69/1822	209	20 February 2002	2, 3
ELA 69/1823	209	20 February 2002	2, 3
ELA 69/1824	119	28 April 2002	2, 3
ELA 69/1825	207	28 April 2002	2, 3
ELA 69/1827	209	28 April 2002	2, 3

Shell Lakes Project, Western Australia (continued)

Tenement	Area (sq km)	Grant/Application Date	Notes
ELA 69/1828	209	11 April 2002	2
ELA 69/1829	209	11 April 2002	2
ELA 69/1830	209	11 April 2002	2, 3
ELA 69/1831	209	11 April 2002	2, 3
ELA 69/1832	209	11 April 2002	2, 3
ELA 69/1833	209	11 April 2002	2, 3
ELA 69/1834	198	11 April 2002	2, 3
ELA 69/1839	209	28 May 2002	2
ELA 69/1840	209	28 May 2002	2
ELA 69/1872	209	6 January 2003	2
ELA 69/1873	74	6 January 2003	2
ELA 69/1874	209	6 January 2003	2
ELA 69/1875	143	6 January 2003	2

Tennant Creek Project, Northern Territory

Tenement	Name	Area (sq km)	Grant/Application Date	Notes
ELA 23944	Barkly	6.1	25 June 2003	2
ELA 23945	Europa	12.8	25 June 2003	2
ELA 23946	Gosse 1	12.9	25 June 2003	2
ELA 23947	Gosse 5	38.5	25 June 2003	2
ELA 23948	Inn	12.9	25 June 2003	2
ELA 23949	Boon	31.5	25 June 2003	2

Key to Notes (all projects)

1. No mining (exploration) conditions on portions overlapping the Shark Bay World Heritage Area.
2. Exploration Licence Application (ELA).
3. Overlaps the Great Victoria Desert Nature Reserve.

Rehabilitation of drill site 1 at Shell Lakes, March 2003.

directors' report

The Directors of Gunson Resources Limited submit their report for the year ended 30 June 2003.

The Board of Directors

The names and details of the Company's Directors in office during the financial year until the date of this report are as follows. All directors were in office for the entire period.

William H Cunningham B.Com. (Non-Executive Chairman)

Bill Cunningham is a consultant in mineral commodities marketing with almost 40 years experience in the mining industry, mainly with WMC Resources Limited and CRA Limited. Prior to leaving WMC in 1997, he was manager for WMC's Nickel Division intermediate products marketing, which included products containing copper and cobalt.

David N Harley BSc (Hons) MSc.,F.Aus. I.M.M. (Managing Director)

David Harley is a geologist with over 30 years experience in the mining industry, mostly in senior exploration management positions with WMC Resources Limited. He is President of the Association of Mining and Exploration Companies, AMEC, Chairman of Gallery Gold Ltd, and was Managing Director of Stuart Metals NL for 3 years until October 1999.

Peter C Harley B.Com., F.C.P.A (Non-Executive Director)

Peter Harley is an experienced manager and director with over 20 years association with a variety of public and private companies. Peter is Chairman of iiNet Ltd and the Co-operative Research Centre for Australian Communications based at Curtin University. He is also a non-executive director of Western Australia's largest venture capital fund, Foundation Capital Ltd.

Director's Interests in Shares and Options of the Company

As at the date of this report the relevant interest of each Director in shares and options of the Company were:

Director	Fully Paid Ordinary Shares	Unlisted Options over Ordinary Shares
W H Cunningham	150,000	250,000
D N Harley	610,000	5,000,000
P C Harley	142,000	1,000,000

Principal Activities

The principal activity of the Company during the course of the financial period was mineral exploration in Australia.

Results of Operations

The Company made a loss after tax of $254,998 (2002: $449,517). No dividends were paid and the directors have not recommended the payment of a dividend.

directors' report

Review of Operations

During the year the Company continued with explorations of its mineral tenements. The main focus was on the Coburn mineral sand project, where a preliminary feasibility study revealed that an open pit mining operation based on the Amy Zone resource would be financially attractive. A bankable feasibility study on Coburn commenced in May 2003.

Excluding externally funded expenditure on the Shell Lakes project and the Mount Gunson Project, exploration expenditure totalled $921,908 (2002: $436,105) during the period under review.

Number of Employees

The Company employed 2 people at as 30 June 2003 (2002: 2 employees).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year other than:

- Exploration expenditure for the financial period totalled $921,908.

Use Of Funds

The Company's cash and like assets at the time of admission to the Australian Stock Exchange have been used in a manner consistent with the business objectives outlined in the prospectus for the Company's initial public offering dated 15 March 2000.

Significant Events After Balance Date

On the 1st July 2003, the Company announced it had applied for six exploration licences over a combined 120 square kilometre area of the Tennant Creek district in the Northern Territory, as a result of geological targeting work conducted on BHP Billiton's extensive Australian database by Gunson's geological consultant, Douglas Haynes Discovery Pty Ltd. The applications cover weak magnetic anomalies with associated gravity responses in favourable geological settings, where little or no previous exploration has been carried out. The targets on these areas can be tested quickly and cheaply with ground geophysics and shallow geochemical drilling.

On the 31st July 2003, the Company successfully completed a placement of 5.5 million ordinary fully paid shares at 12.5 cents per share to clients of Southern Cross Equities Limited, raising $687,500. Gunson paid Southern Cross Equities Limited a fee of 5% of funds raised in the placement and issued 1 million options exercisable at 20 cents each on or before 5 years from 16th September 2003 as a fee for general corporate advice. Funds raised under the placement are being used for the completion of the bankable feasibility study on the Coburn Project.

On the 16th September 2003, the Company completed its $2.3 million capital raising program, via the issue of 10 million shares at 12.5 cents per share pursuant to a Shareholder Share Purchase Plan ("SSP") and a share placement of 3 million shares at 12.5 cents per share.

On the 16th September 2003, the Company issued 1,400,000 options exercisable at 20 cents in accordance with shareholder approval.

Likely Developments and Expected Results

Likely developments in the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Share Options

As at the date of this report, there were 8,200,000 (2002: 6,700,000) options over unissued ordinary shares. Refer to note 10 of the Financial Statements for further details of the options outstanding.

100,000 options were issued and no options were exercised during the year.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held while each Director was in office and the number of meetings attended by each Director:

	Board Meetings	
Director	**Number of meetings held**	**Number of meetings attended**
W H Cunningham	12	12
D N Harley	12	12
P C Harley	12	12

Directors' and Executive Officers' Emoluments

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

To assist in achieving these objectives, the Board links the nature and amount of Executive Directors' and officers' emoluments to the Company's financial and operational performance. Details regarding the issue of share options are provided below.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company. Other than Mr David Harley, whose remuneration is disclosed below, there were no other executive officers in the Company.

The emoluments of each Director are as follows:

	Base Fee $	Superannuation $
W H Cunningham (Chairman)	24,000	2,160
D N Harley (Managing Director)	175,000	15,750
P C Harley (Non Executive Director)	12,000	1,080

Environmental Regulation and Performance

So far as the Directors are aware, there have been no significant breaches of environmental conditions of the Company's exploration licences. Procedures are adopted for each exploration program to ensure that environmental conditions of the Company's tenements are met.

Indemnification and Insurance of Directors

The Company has arranged Directors' and Officers' Insurance to indemnify all current officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position with the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts as described above. Under confidentiality arrangements with the Insurer the amount of the premium can not be disclosed.

The Company has made an agreement to provide access, indemnity and insurance for all the directors and executive officers for any breach of duty as a director or executive officer by the Company, for which they may be held personally liable. The agreement provides for the Company to pay insurance premiums and legal costs where:

a) the liability does not arise out of conduct involving a lack of good faith; or

b) the liability is for costs and expenses incurred by the director or officer in defending proceedings in which judgment is given in their favour or in which they are acquitted.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Gunson support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section on page 39 of this annual report.

Auditor

BDO Chartered Accountants and Advisers continues in office in accordance with Section 327 of the Corporations Act 2001.

Legal Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of Directors.

D N Harley
Managing Director

24 September 2003

statement of financial performance

for the year ended 30 June 2003

	Note	2003 $	2002 $
REVENUES FROM ORDINARY ACTIVITIES			
Interest Income	2	89,225	101,872
Other Income	2	8,861	1,984
Management Fees (Mt Gunson JV)	2	2,907	50,527
Total Revenue From Ordinary Activities		100,993	154,383
Administration Expenses	2	(355,991)	(358,996)
Exploration Costs Written Off	6	-	(244,904)
Loss From Ordinary Activities Before Income Tax		(254,998)	(449,517)
Income Tax Expense	3	-	-
NET LOSS ATTRIBUTABLE TO MEMBERS		(254,998)	(449,517)
Basic Earnings Per Share (cents per share)	15	(0.68)	(1.3)

The accompanying notes form part of these financial statements.

statement of financial position

at at 30 June 2003

	Note	2003 $	2002 $
CURRENT ASSETS			
Cash Assets	4	1,297,920	2,398,810
Receivables	5	60,741	27,911
TOTAL CURRENT ASSETS		1,358,661	2,426,721
NON-CURRENT ASSETS			
Deferred Exploration, Evaluation and Development Costs	6	5,131,001	4,209,093
Property, Plant and Equipment	7	25,101	4,416
TOTAL NON-CURRENT ASSETS		5,156,102	4,213,509
TOTAL ASSETS		6,514,763	6,640,230
CURRENT LIABILITIES			
Payables	8	198,026	73,175
Provisions	9	14,414	9,734
TOTAL CURRENT LIABILITIES		212,440	82,909
TOTAL LIABILITIES		212,440	82,909
NET ASSETS		6,302,323	6,557,321
EQUITY			
Contributed Equity	10	7,318,551	7,318,551
Accumulated Losses	11	(1,016,228)	(761,230)
TOTAL EQUITY		6,302,323	6,557,321

The accompanying notes form part of these financial statements.

statement of cash flows

for the year ended 30 June 2003

	Note	2003 $	2002 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for Exploration and Evaluation		(921,908)	(479,716)
Payments to Suppliers and Employees		(322,623)	(364,699)
Interest Received		89,225	101,872
Management Fees (Mt Gunson JV)		2,907	54,794
Goods and Services Tax (paid)/received		79,653	50,097
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	20	(1,072,746)	(637,652)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on Sale of Plant and Equipment		-	1,984
Payment for Plant and Equipment		(28,144)	(7,398)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(28,144)	(5,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issues of Shares	10	-	1,392,000
Payment of Share Issue Costs		-	(86,551)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		-	1,305,449
NET INCREASE / (DECREASE) IN CASH HELD		(1,100,890)	662,383
Cash at the Beginning of the Financial Year		2,398,810	1,736,427
CASH AT THE END OF THE FINANCIAL YEAR	4	1,297,920	2,398,810

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis and on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial statements.

The accounting policies have been consistently applied, unless otherwise stated.

(a) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Where the abandoned area has previously been revalued, the previous revaluation increment is reversed against the Asset Revaluation Reserve.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(b) Recoverable Amount

Non - current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted to their present value.

(c) Property, Plant & Equipment

Depreciation and amortisation

Items of property, plant and equipment are depreciated/amortised using the diminishing value method over their estimated useful lives to the Company. The depreciation rates used for each class of asset for the current period are as follows:

• Plant & equipment 20% - 33%

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets are depreciated or amortised from the date the asset is ready for use. Depreciation costs are capitalised to Exploration and Evaluation where the assets are used exclusively for such activities.

(d) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating result before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting years in which items of revenue and expense are included in the determination of the operating result before income tax and taxable income are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the year in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

(e) Employee Benefits

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii. Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(g) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services already received, whether or not yet billed to the Company. Trade accounts payable are normally settled within 30 days.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(i) Share Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(k) Joint Ventures

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(m) Earnings Per Share

i. Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2003 $	2002 $
2. REVENUE AND EXPENSE FROM ORDINARY ACTIVITIES		
The operating results before income tax has been determined after:		
Revenues From Operating Activities		
Interest Received	89,225	101,872
Proceeds on Sale of Assets	-	1,984
Management Fees (Mt Gunson JV)	2,907	50,527
Other Income	8,861	-
	100,993	154,383
Expenses from Operating Activities		
Depreciation	7,459	2,455
Exploration Costs Written Off	-	244,904
Salaries & Wages Cost Expensed	130,606	147,311
Directors Fees	39,240	36,000
Rent Expense on Operating Lease	31,220	22,528
Shareholder and Listing Expenses	30,467	53,843
Advertising	19,414	10,816
Travel	12,520	18,529
Accounting	19,862	16,786
Company Secretarial	17,017	14,920

	2003 $	2002 $
2. REVENUE AND EXPENSE FROM ORDINARY ACTIVITIES (continued)		
Insurance	17,773	14,733
Other Operating Expense	30,413	96,859
	355,991	603,900
Gains and Losses		
Loss on Disposal of an Asset	-	198
3. INCOME TAX		
Net Loss before Tax	(254,998)	(449,517)
Prima Facie Tax Benefit at 30% (2002: 30%)	76,499	134,855
Tax Effect of Permanent Differences		
Non-deductible Entertainment	-	(10)
Tax Effect of Timing Differences		
Capital Raising Costs	5,193	5,193
Exploration	276,572	57,360
Other	(705)	(1,866)
Future Income Tax Benefit Not Brought to Account	(357,559)	(195,532)
	-	-
Income Tax Loss		
Future income tax benefit arising from tax losses of the Company not brought to account at balance date as realisation of the benefit is not regarded as virtually certain.	1,090,079	732,518

The benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised;

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in tax legislation adversely affect the consolidated entity realising the benefit from the deductions for the losses.

	2003 $	2002 $
4. CASH		
Cash at Bank	(2,080)	98,810
Cash on Deposit	1,300,000	2,300,000
	1,297,920	2,398,810

	2003 $	2002 $
5. RECEIVABLES		
Goods and Services Tax Refund	48,241	23,964
Other Receivables	12,500	3,947
	60,741	27,911
6. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS		
Exploration Costs Brought Forward	4,209,093	4,017,892
Expenditure Incurred on Exploration	921,908	436,105
Exploration Costs Written Off	-	(244,904)
	5,131,001	4,209,093

Amortisation of Exploration and Evaluation Costs

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining tenements. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Interest in Joint Ventures

The Company was involved in a joint venture on the Mount Gunson Project with BHP Billiton. This arrangement ceased in January 2003 when BHP Billiton withdrew.

The Company was also involved in a joint venture for diamonds on the Shell Lakes Project with De Beers Australia Exploration. This arrangement ceased in June 2003.

	2003 $	2002 $
7. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment, at Cost	35,456	9,006
Accumulated Depreciation	(10,355)	(4,590)
Total Written Down Value	25,101	4,416
Movements in Carrying Amounts		
Plant and Equipment		
Balance at the Beginning of the Year	4,416	1,655
Additions	28,144	7,398
Disposals	-	(2,182)
Depreciation Expense	(7,459)	(2,455)
Carrying Amount at the End of Year	25,101	4,416
8. PAYABLES		
Trade Creditors	171,665	47,261
Other Creditors and Accruals	26,361	25,914
	198,026	73,175

Accounts payable are all payable in Australian dollars and non interest bearing and normally settled on 30 day terms.

		2003 $	2002 $
9.	**PROVISIONS**		
	Employee Entitlements	14,414	9,734
10.	**CONTRIBUTED EQUITY**		
(a)	**Issued and Paid Up Capital**		
	37,408,005 (2002: 37,408,005) ordinary shares fully paid	7,318,551	7,318,551

(b) Movement of Fully Paid Ordinary Shares During the Period were as Follows:

	2003		2002	
	Number of Shares	$	Number of Shares	$
Movements in shares on issue				
Opening Balance	37,408,005	7,318,551	32,668,005	6,013,102
Share placement issued at 30 cents per share on 5 December 2001	-	-	4,440,000	1,332,000
Shares issued on conversion of options on 5 December 2001	-	-	300,000	60,000
Less: share issue expenses			-	(86,551)
	37,408,005	7,318,551	37,408,005	7,318,551

(c) Share Options

The Company has on issue at year end 6,800,000 (2002: 6,700,000) options over unissued shares.

During the year no options were converted into shares (2002: 300,000).

No. of options	
75,000	Class A options issued – Exercise price 20 cents Exercise period 12/5/01- 12/5/05
3,125,000	Class A options issued – Exercise price 20 cents Exercise period 12/5/02 - 12/5/05
375,000	Class B options issued – Exercise price 25 cents Exercise period 12/5/01 - 12/5/05
3,125,000	Class B options issued – Exercise price 25 cents Exercise period 12/5/02 - 12/5/05
100,000	Other options issued – Exercise price 20 cents Exercise period16/12/02 - 16/12/07
6,800,000	

	2003 $	2002 $
10. CONTRIBUTED EQUITY (continued)		
(d) Terms and Conditions of Contributed Equity		
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.		
At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.		
11. RESERVES AND ACCUMULATED LOSSES		
Accumulated Losses		
Accumulated loss at the beginning of the financial year	761,230	311,713
Net loss for the year	254,998	449,517
Accumulated loss at the end of the financial year	1,016,228	761,230
12. REMUNERATION OF DIRECTORS AND EXECUTIVES		
(a) Directors' Remuneration		
Income paid or payable, or otherwise made available, in respect of the financial period to all directors of Gunson Resources Limited, directly or indirectly, from the entity or any related party:	229,990	214,380
The number of Directors of Gunson Resources Limited whose income (including superannuation contributions) falls within the following bands is:		
	Number	Number
$ 10,000 - $19,999	1	1
$ 20,000 - $29,999	1	1
$190,000 - $200,000	1	-
(b) Executives' Remuneration		
Income paid or payable to executives of Gunson Resources Limited whose income is $100,000 or more. Other than Mr DN Harley, there were no other executives of the Company.	190,750	175,500

	2003 $	2002 $
13. AUDITORS REMUNERATION		
Amounts received or due and receivable by the auditors of Gunson Resources Limited for:		
- an audit or review of the financial statements of the entity	8,313	8,000
- other services	670	-
	8,983	8,000

14. EVENTS SUBSEQUENT TO BALANCE DATE

On the 1st July 2003, the Company announced it had applied for six exploration licences over a combined 120 square kilometre area of the Tennant Creek district in the Northern Territory, as a result of geological targeting work conducted on BHP Billiton's extensive Australian database by Gunson's geological consultant, Douglas Haynes Discovery Pty Ltd. The applications cover weak magnetic anomalies with associated gravity responses in favourable geological settings, where little or no previous exploration has been carried out. The targets on these areas can be tested quickly and cheaply with ground geophysics and shallow geochemical drilling.

On the 31st July 2003, the Company successfully completed a placement of 5.5 million ordinary fully paid shares at 12.5 cents per share to clients of Southern Cross Equities Limited, raising $687,500. Gunson paid Southern Cross Equities Limited a fee of 5% of funds raised in the placement and issued 1 million options exercisable at 20 cents each on or before 5 years from 16th September 2003 as a fee for general corporate advice. Funds raised under the placement are being used for the completion of the bankable feasibility study on the Coburn Project.

On the 16th September 2003, the Company completed its $2.3 million capital raising program, via the issue of 10 million shares at 12.5 cents per share pursuant to a shareholder Share Purchase Plan ("SPP") and a share placement of 3 million shares at 12.5 cents per share.

On the 16th September 2003, the Company issued 1,400,000 options exercisable at 20 cents in accordance with shareholder approval.

15. EARNINGS PER SHARE

	2003	2002
Basic earnings per share (cents)	(0.68)	(1.3)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	37,408,005	35,318,854
Earnings used in the calculation of basic EPS	(254,998)	(449,517)

Dilutive Earnings Per Share has not been disclosed as the entity does not have on issue any potential ordinary shares which are dilutive.

	2003	2002
	$	$

16. SEGMENT INFORMATION

The Company operates in the mineral exploration industry in Australia only.

17. RELATED PARTY TRANSACTIONS

a) Directors

The directors of Gunson Resources Limited during the financial period were:

William H Cunningham
David N Harley
Peter C Harley

b) Equity Interests of Directors

At balance date the relevant interest of each Director in ordinary fully paid shares and options of the Company were:

	2003		2002	
	No. of Shares	No. of Options	No. of Shares	No. of Options
William H Cunningham	150,000	250,000	100,000	250,000
David N Harley	600,000	5,000,000	350,000	5,000,000
Peter C Harley	102,000	1,000,000	102,000	1,000,000

During the year, there were 300,000 shares acquired on-market and there were no shares disposed.

18. EXPENDITURE COMMITMENTS

The following tables summarise the Company's exploration expenditure commitments on granted tenements for the financial year 2003/2004 and beyond.

(a) Coburn

Tenement	Date Granted	Annual Covenant
EL 09/939	18 June 1999	$31,500
EL 09/940	18 June 1999	$31,500
EL 09/941	18 June 1999	$57,600
EL 09/996	18 July 2000	$31,500
	TOTAL	**$152,100**

Note that a 50% reduction in the area of EL 09/996 was made in July 2003. Exemption from a further reduction in EL 09/941 was granted because over half of it overlaps the Shark Bay World Heritage Property and there is a no mining (exploration) condition on the overlapping portion. Applications for exemption from the compulsory 50% reductions in ELs 939 and 940 after year 4 were made in June 2003 but these may be refused on the grounds that only a minor proportion of both tenements overlap the World Heritage Property.

18. EXPENDITURE COMMITMENTS (continued)

Consequently, mining leases and retention licences may be applied for over the key portions of both ELs 939 and 940, with the remaining 50% area being retained as exploration licences in each case.

18. EXPENDITURE COMMITMENTS (continued)

Another compulsory reduction in the area of EL 996 must be made after year 4 but further reductions in ELs 939-941 will not be necessary provided that the minimum expenditure condition of $20,000 per annum for each tenement is satisfied.

(b) Mount Gunson

The five exploration licences at Mount Gunson are the subject of an agreement with the SA Department of Primary Industry and Resources under which the Company must spend a minimum of $250,000 on exploration in the 2003/2004 financial year. Expenditure during and after this time will depend on the area retained under exploration licences.

The Company is currently searching for a partner to fund further exploration at Mount Gunson but if this search is not successful, Gunson has sufficient cash reserves to fund some drilling itself.

(c) Shell Lakes

Tenement	Date Granted	Annual Covenant
EL 69/1632	20 August 2002	$ 63,000
EL 69/1633	20 August 2002	$ 20,000
EL 69/1634	20 August 2002	$ 63,000
EL 69/1635	20 August 2002	$ 63,000
EL 69/1636	20 August 2002	$ 63,000
	TOTAL	**$272,000**

Note that 50% area reductions must be made after years 3 and 4 respectively, with corresponding reductions in expenditure to a minimum of $20,000 per tenement. The Company is currently negotiating with a prospective joint venture partner to carry the expenditure commitments for this project.

(d) Consolidated Expenditure Commitment on Granted Tenements

In order to retain the rights of tenure to its granted exploration tenements, the Company is required to meet the minimum statutory expenditure requirements outlined above but may reduce these at any time by reducing the size of the tenements.

Not later than 1 year	$ 674,100
Later than 1 year but not later than 2 years	$ 539,600
Later than 2 years but not later than 5 years	$1,138,800
TOTAL	**$2,352,500**

18. EXPENDITURE COMMITMENTS (continued)

These figures assume that due to statutory tenement area reductions in year 1 above, Coburn minimum annual expenditure is reduced to $117,600, Mount Gunson expenditure is reduced to $150,000 and that 50% statutory area reductions are made at Shell Lakes in August 2005 and August 2006.

19. FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

The Company's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

30 June 2003	Weighted average interest rate	Floating interest $	Fixed interest maturing in less than 1 month $	Non-interest bearing $	Totals $
Financial Assets					
Cash	4.6%	(2,080)	1,300,000	-	1,297,920
Accounts Receivable		-	-	60,741	60,741
Total Financial Assets		(2,080)	1,300,000	60,741	1,358,661
Financial Liabilities					
Accounts Payable		-	-	198,026	198,026
Total Financial Liabilities		-	-	198,026	198,026
Net Financial Assets (30 June 2003)		(2,080)	1,300,000	(137,285)	1,160,635

30 June 2002	Weighted average interest rate	Floating interest $	Fixed interest maturing in less than 1 month $	Non-interest bearing $	Totals $
Financial Assets					
Cash	4.6%	98,810	2,300,000	-	2,398,810
Accounts Receivable		-	-	27,911	27,911
Total Financial Assets		98,810	2,300,000	27,911	2,426,721
Financial Liabilities					
Accounts Payable		-	-	73,175	73,175
Total Financial Liabilities		-	-	73,175	73,175
Net Financial Assets (30 June 2002)		98,810	2,300,000	(45,264)	2,353,546

19. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and the notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments it has entered into.

Net Fair Values

For all assets and liabilities, their net fair value approximates their carrying values.

No financial assets and financial liabilities are traded on organised markets in standardised form.

20. CASH FLOW INFORMATION

	2003 $	2002 $
Reconciliation of the operating loss after tax to the net cash flows from operations.		
Operating loss after income tax	(254,999)	(449,517)
Non cash items		
Depreciation	7,459	2,455
Exploration Costs Written Off	-	244,904
Loss on Disposal of Plant and Equipment	-	198
Changes in assets and liabilities		
Increase in Receivables	(32,830)	(2,103)
Exploration Costs Capitalised	(921,908)	(436,105)
Decrease in Trade Creditors and Accruals	124,852	(3,160)
Increase in Provisions	4,680	5,676
Net Cash Flow From/(used in) Operating Activities	1,072,746	(637,652)
Reconciliation of Cash		
Cash balance comprises;		
Cash at Hand	(2,080)	98,810
Short Term Deposits	1,300,000	2,300,000
	1,297,920	2,398,810

Financing facilities available

As at 30 June 2003 the Company had no financing facilities available.

	Note	2003	2002
		$	$

20. CASH FLOW INFORMATION (continued)

Non Cash Financing and Investing Activities

There were no non-cash financing and investing activities.

21. EMPLOYEE BENEFITS

Aggregate liability for employee benefits including on-costs

	Note	2003 $	2002 $
Current			
Other creditors and Accruals	8	26,361	15,306
Employee Entitlements Provision	9	14,415	9,734
Number of Employees			
Number of Employees at Year End		2	2

22. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2003.

DIRECTORS' DECLARATION

The directors of the Company declare that:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2003 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

D N Harley
Managing Director

24 September 2003
Perth, Western Australia

BDO Chartered Accountants & Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61-8) 9360 4200
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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GUNSON RESOURCES LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Gunson Resources Limited (the company), for the year ended 30 June 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Gunson Resources Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2003 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

BDO
Chartered Accountants & Advisers

G F Brayshaw

Geoff Brayshaw
Partner, Perth

shareholding information

as at 30 June 2003

1 Number of Shareholders and Unmarketable Parcels

There were 1,697 shareholders, including 376 with an unmarketable parcel valued at less than $500.

2 Distribution of Ordinary Shareholdings

	No. of Shareholders	% of Holders	No. of Shares	% of Shares
1 – 1,000	178	10.5	119,639	0.22
1,001 – 5,000	447	26.3	1,395,580	2.50
5,001 – 10,000	350	20.6	3,091,950	5.53
10,001 – 100,000	643	37.9	25,276,472	45.21
100,001 and over	79	4.4	26,024,364	46.55
TOTALS	**1,697**	**100.0**	**55,908,005**	**100.00**

3 Twenty Largest Ordinary Shareholdings

Name	Fully Paid Shares Held	%
LUCRF Pty Ltd	4,117,990	7.37
Billiton Exploration Australia Pty Ltd	2,500,000	4.47
Bruce Birnie Pty Ltd	1,340,000	2.40
Solen Pty Ltd	1,200,000	2.15
William Douglas Goodfellow	820,000	1.47
NZ Guardian Trust Co Ltd	770,500	1.38
Sheerwater Pty Ltd	640,861	1.15
Daleregent Pty Ltd	610,000	1.09
Commodity Traders (NZ) Ltd	540,000	0.97
Ganbare Pty Ltd	440,000	0.79
Jarra Glen Pty Ltd	440,000	0.79
Reynolds (Nominees) Pty Limited	415,501	0.74
Adelaide Mining Geophysics Pty Ltd	400,000	0.72
IRSF Pty Ltd	365,000	0.65
Mrs Virginia Roberta Klingler	340,000	0.61
Papl Moodco Pty Ltd	340,000	0.61
Mr Roy Woodall	340,000	0.61
Perpetual Custodians Limited	303,200	0.54
Lost Ark Nominees Pty Limited	300,000	0.54
G J Alt Pty Ltd	270,000	0.48
TOTAL OF TOP 20 SHAREHOLDERS	**11,872,191**	**29.53**

4 Substantial Shareholdings (over 5%)

LUCRF Pty Ltd	4,117,990

5 Unquoted Equity Securities

All the securities listed below are options to purchase ordinary shares in the Company. The exercise price of Class A options is 20 cents per share and for Class B options, 25 cents per share.

Name	Expiry Date	Class A Options	Class B Options
Daleregent Pty Ltd	12 May 2005	2,500,000	2,500,000
Faiban Pty Ltd	12 May 2005	500,000	500,000
WH Cunningham & Associates	12 May 2005	125,000	125,000
Roger Hamilton	12 May 2005	-	150,000
Hamish Paterson	12 May 2005	-	150,000
JE & DL Hanneson	12 May 2005	75,000	75,000
Hamish Bohannan	7 March 2006	200,000	
Craig Munro	7 March 2006	200,000	
Douglas Haynes	16 December 2007	100,000	
Southern Cross Equities	16 September 2008	1,000,000	
TOTALS		**4,700,000**	**3,500,000**

6 Voting Rights

At a general meeting of the Company shareholders are entitled:

- On a show of hands, each person who is a member or sole proxy has one vote.
- On a poll, each shareholder is entitled to one vote for each fully paid share.

corporate governance statements

This statement outlines the principal corporate governance procedures of Gunson Resources Limited (“Gunson”).

The Board of Directors (Board) supports a system of corporate governance to ensure that the management of Gunson is conducted to maximise shareholder wealth in a proper and ethical manner.

Communications with Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting Gunson. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by Gunson throughout the year with respect to its exploration activities are distributed widely via the Australian Stock Exchange and on the Company’s website.

Board Responsibilities

The Board considers that the essential responsibilities of the directors is to oversee Gunson’s exploration activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of Gunson’s business is delegated to the Managing Director, who is accountable to the Board. The key responsibilities of the Board include to:

- Appoint and review the performance of the Managing Director;
- Develop with management and approve strategy, planning, exploration programs and major capital expenditure;
- Arrange for effective budgeting and financial supervision;
- Ensure that appropriate audit arrangements are in place;
- Ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately;
- Report to shareholders;

Board Composition

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas.
- The Board should not comprise a majority of executive Directors.
- Directors should bring characteristics which allow a mix of qualifications, skills and experience both nationally and internationally.

The Board will review its composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The performance of all Directors will be reviewed by the Chairman each year. Directors whose performance is unsatisfactory will be asked to retire.

Board Workings

The Board meets at least ten times a year to consider the business of Gunson, its financial performance and other operational issues.

With the approval of the Chairman, any directors can seek independent advice, at Gunson's expense.

The Board will review the remuneration and policies applicable to Non-Executive Directors and the Managing Director on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

Board Committees

The Board where appropriate may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

Audit Committee

An Audit Committee is to be established as soon as mining activities are instigated and in the meantime the Board will perform this function. The role of the Committee is to provide a direct link between the Board and the external auditors.

It will also give the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

The responsibilities of the Audit Committee will include:

- monitoring compliance with regulatory requirements;
- improving the quality of the accounting function;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;

- liaising with external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Audit Committee will review the performance of the external auditors on an annual basis and meet with them at least twice during the year. Nomination of auditors will be at the discretion of the Committee.

Business Risks

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas of risk identified initially and which will be regularly considered at Board meetings include sovereign risk, foreign currency and commodity price fluctuations, performance of activities, human resources, the environment, statutory compliance and continuous disclosure obligations.

Ethical Standards

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

notice of meeting

Notice is hereby given that the Fourth Annual General Meeting of members of the Company will be held at 10.00am on Wednesday 26th November 2003 at The Western Australian Club (Inc.), 101 St Georges Tce, Perth, Western Australia to consider and, if thought fit, to pass the following resolution:

AGENDA

GENERAL BUSINESS

Financial Statements
To receive the financial statements and the reports of the Directors and Auditors for the year ended 30 June 2003.

Resolution 1 – Election of Director
"That in accordance with Article 58.1 of the Company's Constitution, Mr PC Harley retires by rotation as a director and being eligible, offers himself for re-election".

OTHER BUSINESS

To transact any other business which may be brought forward in conformity with the Company's constitution.

PROXY INFORMATION

In accordance with Section 249L of the Corporations Act 2001, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is 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;
- if the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.

In accordance with Section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office:	Level 2, 33 Richardson Street, West Perth WA 6005
Facsimile Number:	(08) 9226 3136

VOTING ENTITLEMENT

Gunson Resources Limited (as convener of the Meeting) has determined that a person's entitlement to vote at the Meeting will, in accordance with of the Corporations Act 2001, be the entitlement of that person set out in the register of members as at "the end of day" or "close of business" on the 24th day of November 2003.

This means that any holder registered at the end of the day on the 24th day of November 2003 is entitled to attend and vote at the Meeting.

By Order of the Board

Darryl Edwards, Company Secretary
15 October 2003
Perth, Western Australia

form of proxy

GUNSON RESOURCES LIMITED
PO Box 1217, West Perth WA 6872 Facsimile (08) 9226 3136

I/We ______________________________

Of ______________________________

being a member/members of Gunson Resources Limited (ABN 32 090 603 642)
hereby appoint ______________________________

of ______________________________

of ______________________________

or failing him/her ______________________________

of ______________________________

or failing him/her, the Chairman of the meeting, as my/our proxy at the Annual General Meeting of the Company to be held at 10.00am on 26th November 2003, and at the adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following

* ______________________________

______________________________ of my/our shares in the following manner:

	For	Against
Resolution 1 – Election of Director – Mr PC Harley	☐	☐

Dated this ______________ day of ______________________________ 2003

Signature of Member/s

______________________________ ______________________________

Signature Signature

Notes:

1. Each proxy form and the power of attorney or a certified copy thereof (if any) under which it is signed must be received by the Company at: Level 2, 33 Richardson Street, West Perth, Western Australia, 6005, facsimile number (08) 9226 3136, not later than 48 hours before the appointed time of the Meeting.
2. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Law or under the hand of its attorney.
3. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
4. *If two proxies are appointed you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made.