

**COBURN MINERAL SAND PROJECT
BANKABLE FEASIBILITY STUDY
PROGRESS REPORT**

1 Introduction

The Company's wholly owned Coburn Mineral Sand Project is located immediately south of Shark Bay and some 250 kilometres north of the regional centre and deep water port of Geraldton in Western Australia. The Project hosts the Amy Zone deposit discovered by Gunson Resources in 2000.

Amy Zone contains an inferred resource of 690 million tonnes averaging 1.35% heavy minerals, hosted predominantly in unconsolidated sand dunes with a very low slime content and is therefore amenable to low cost mining. There is excellent potential to expand the Amy Zone resource to well over 10 million tonnes of contained heavy minerals.

A bankable feasibility study (BFS) was commissioned in May 2003, following a review of the 2002 pre feasibility study (PFS) by former Iluka Resources Executive General Manager - Operations, Hamish Bohannan and former Aquarius Platinum Finance Director, Craig Munro. The PFS review concluded the Project could provide attractive financial returns based upon a staged dry mining development with trucking of heavy mineral concentrates to a mineral separation plant (MSP) at Geraldton.

The BFS has been coordinated by former Iluka Resources Resident Manager - Eneabba, Stephen Miller, and Craig Munro. Roche Mineral Technologies (Roche MT) carried out the metallurgical test work and MSP costing, HBH Consultants have done very preliminary concentrator design and costing work and the resource evaluation was undertaken by geologist Paul Leandri and MacDonald Speijers Resource Consultants. Global consultants URS are coordinating environmental studies and TZ Minerals International provided a mineral product marketing review.

2 Amy Zone Resources

Amy Zone is a 33 kilometre long body of mineralisation that has been defined over 80% of its length by reverse circulation air core drill traverses 1 kilometre apart. More detailed air core drilling was undertaken on 250 metre spaced traverses over a 6 kilometre strike length at Amy Zone South (Figure 1).

The total inferred resource for Amy Zone is 690 million tonnes averaging 1.35% heavy minerals, including an indicated resource for Amy Zone South of 133 million tonnes averaging 1.35% heavy minerals. Applying economic parameters developed to date in the BFS the global open pit resource estimate for Amy Zone is 742 million tonnes at 1% heavy minerals. There is an opportunity to

expand the mineable resource to well over 2 billion tonnes by further reducing the cost structure.

3 BFS Progress

The Company is pleased to report the following progress on the BFS.

3.1 Mining Method

A test pit excavated at Amy Zone South in March 2004 (Figure 1) confirmed that the mineralisation is hosted in free running sand, with a thin indurated layer near the surface. The location of this pit was chosen to coincide with strong induration recorded in the resource evaluation drilling during 2003. Results from the test pit showed that the indurated layer could be readily mined with a large bulldozer and that the free running ore zone can be mined at low cost with large front end loaders. As a result, mining costs are expected to be approximately 20% lower than those used in the PFS review.

3.2 Mineral Processing

All metallurgical test work in the BFS to date has been carried out on a 58 tonne bulk sample from Amy Zone South. The results are broadly compatible with previous tests on samples from other parts of Amy Zone.

Roche MT have confirmed the results from the PFS by producing finished products of ilmenite, zircon, rutile and leucoxene.

Test work on the bulk sample was completed to successfully remove iron staining of the zircon product. However, this is offset to some extent by the high silica content of the ilmenite product, which is the subject of ongoing studies. Recovery of heavy minerals has improved in comparison with the PFS.

Roche MT have recommended that additional metallurgical test work be carried out to further improve product quality and streamline the heavy mineral processing circuits.

3.3 Minesite Concentrating

A preliminary flow sheet has been delivered for the minesite concentrating circuit which has been based on three 2000 tonne per hour rougher circuits feeding a single stage 600 tonne per hour secondary circuit. A final stage wet magnetic separator is also included. These preliminary designs provide potential to allow rapid upgrading of large quantities of low grade mineralisation into small secondary and tertiary concentrating units.

Due to the late arrival of critical metallurgical data, additional engineering and design work is required on the preliminary flow sheets to establish the optimal minesite concentrating process. The Company regards this aspect of the BFS as that needing most work and anticipates that it will take several months to complete to BFS standard.

3.4 Mineral Separation Plant

The chosen location of the mineral separation plant (MSP) is in the Geraldton industrial estate.

On the basis of the metallurgical test work carried out on the bulk sample earlier this year, Roche MT have partially completed the engineering design and estimation work for the MSP. They have advised that additional test work can be undertaken to further improve the quality of the final products. The Company accepts their recommendation and additional product testing and design of process flow diagrams for the MSP will be undertaken in conjunction with the work program for the minesite concentrator circuits.

3.5 Product Marketing

The BFS progress report has confirmed that the revenue from the various mineral products is broadly in line with the Company's previous forecasts.

With the recent receipt of initial product specifications and representative samples, the Company will increase its marketing activities with a view to securing long term supply contracts to coincide with the completion of the BFS.

Initial marketing efforts have generated strong interest in the zircon product by potential customers in Europe and East Asia. Preliminary discussions have been held with several potential customers including contacts made at the bi annual International Industrial Minerals Congress held in Spain in late March.

With the ongoing metallurgical test work outlined above, there is potential to improve the marketability of the product range.

3.6 Capital Cost Estimates

Many of the capital cost estimates for the Project are of an interim nature only and as discussed above, the main items requiring further work are the minesite concentrators and the MSP.

In contrast to the PFS, the BFS has to date only considered a stand alone development, with an MSP in Geraldton. Additional analysis on the capital requirements will be undertaken on the basis of the sale of heavy mineral concentrates rather than finished products. The sale of heavy mineral concentrates would significantly reduce the capital costs but a final decision on whether to refine the mine concentrates into heavy mineral products or sell the concentrates will depend upon further discussions with potential customers over the next few months.

4 Environmental

The environmental program has been run in parallel with but separate to the other areas of the BFS. The program is proceeding well and autumn flora and fauna studies are currently in progress.

The Public Environmental Review for the proposed mine, which will comprise an eight week public scrutiny of the Project environmental report, is scheduled to commence after the baseline studies are complete. This will be followed by the Company's response to public comments, a process which is likely to take several months. Provided that there are no major obstacles to overcome, mining approvals are anticipated by mid 2005.

5 Conclusions

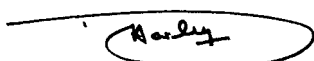
The Company received a progress report on 6th April from the team appointed to conduct the BFS.

The report highlighted the following areas that will require additional work to complete the BFS:

- additional metallurgical test work to optimise product quality and guide engineering design;
- engineering design and capital cost estimates relating to the minesite processing plant and MSP;
- pit optimisation studies.

The work required to complete the BFS is expected to take at least until September 2004 and will be managed by Gunson's Managing Director, with support from Stephen Miller and other appropriate consultants.

Directors are encouraged by the BFS work completed to date and look forward to further progress of the Project.



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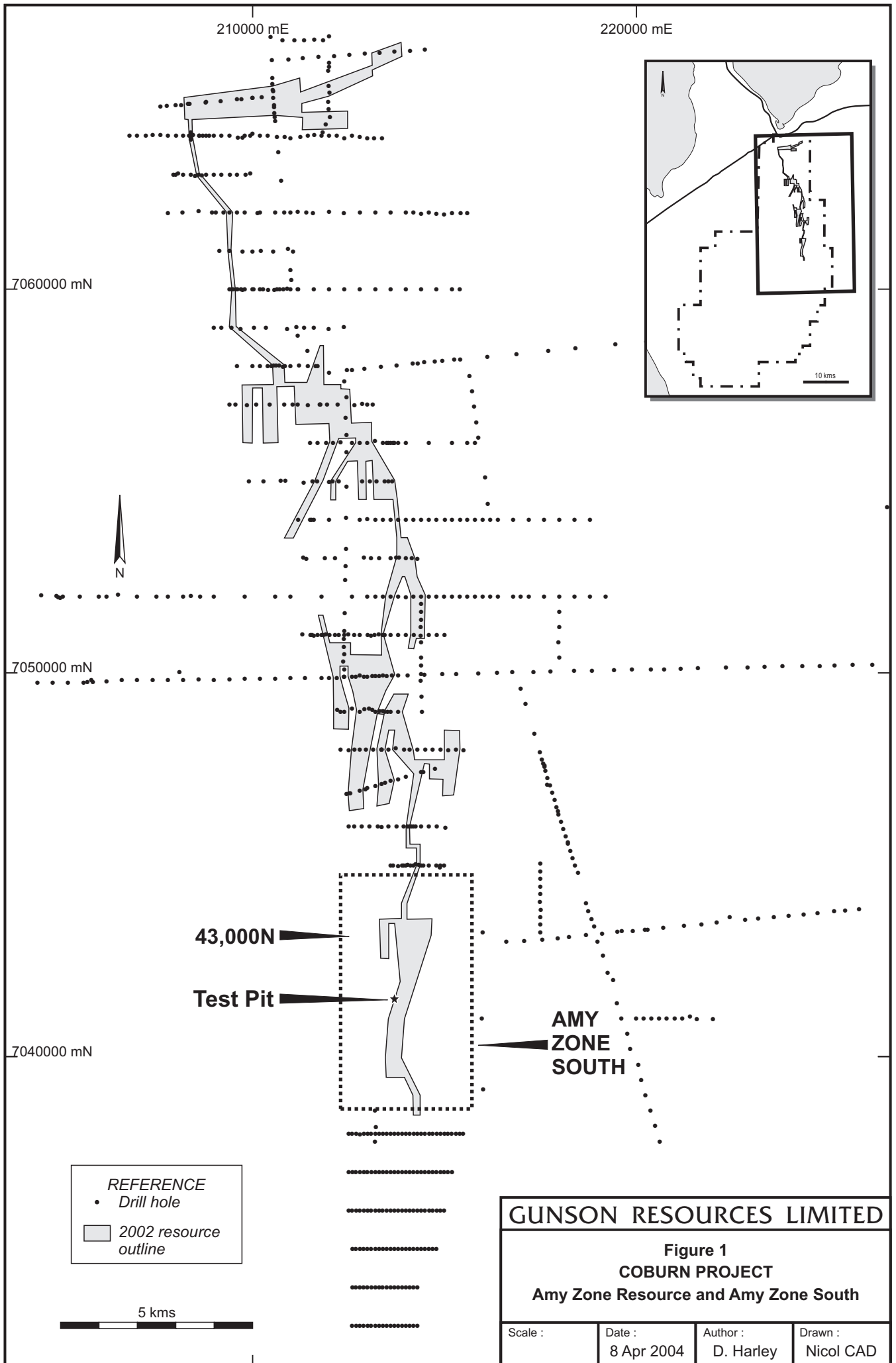
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Attachment

- Figure 1: Amy Zone Resource and Amy Zone South

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.



210000 mE

220000 mE

7060000 mN

7050000 mN

7040000 mN



43,000N

Test Pit

AMY
ZONE
SOUTH

REFERENCE

- Drill hole
- ▭ 2002 resource outline



GUNSON RESOURCES LIMITED

**Figure 1
COBURN PROJECT
Amy Zone Resource and Amy Zone South**

Scale :	Date :	Author :	Drawn :
	8 Apr 2004	D. Harley	Nicol CAD