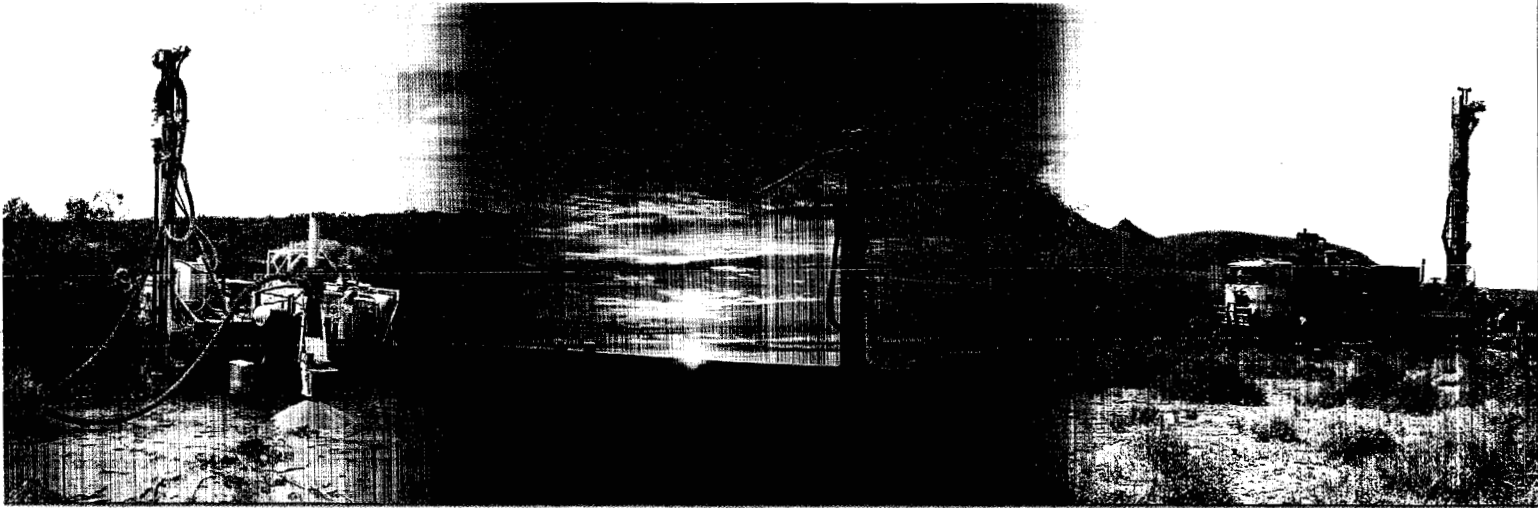




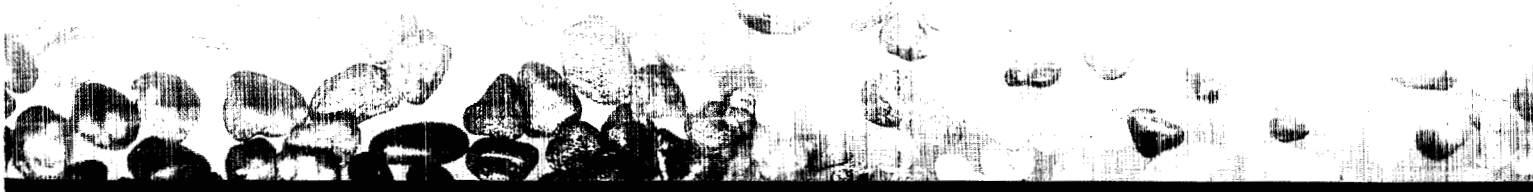
GUNSON RESOURCES LIMITED

ABN 32 090 603 642

ANNUAL REPORT



2000



CORPORATE DIRECTORY

DIRECTORS

Mr William H Cunningham B.Com.
(Chairman)

Mr David N Harley Msc., F.AusIMM
(Managing Director)

Mr Peter C Harley B.Com, F.C.P.A.

COMPANY SECRETARY

Mr Ian A Macliver B.Com., C.A.

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Exchange Plaza

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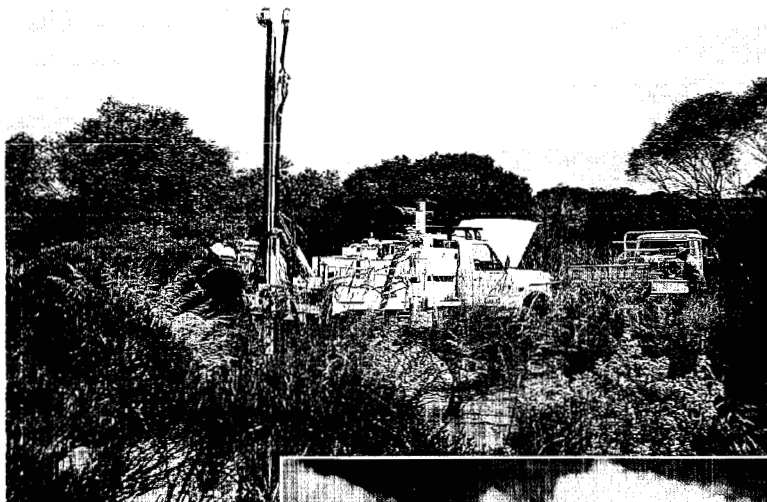
Perth WA 6000

ASX Code: GUN



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CHAIRMAN'S REVIEW

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present our first annual report, following the successful completion of the Company's initial public offering in May 2000. This issue raised \$4 million and the assistance and cooperation of the underwriters, Morgan Corporate Limited, Billiton Exploration Australia and the directors of Stuart Petroleum NL is gratefully acknowledged.



After deducting the costs of the issue and providing for stamp duty on the transfer of the mineral tenements from Stuart Petroleum NL, the Company had some \$3.35 million in available funds. These funds are being spent judiciously on advancing the Company's mineral exploration assets, as well as on acquisition of new assets.

Immediately after the completion of the issue, a drilling program was initiated at Mount Gunson. This program did not yield the results we had hoped for but the knowledge gained has helped us to define a high priority new drill target for Olympic Dam style mineralisation which is scheduled for testing in November. We, and our project partners, Billiton, keenly await the outcome of this drilling program.

Significant progress has been made on the Coburn mineral sand project, where drilling has outlined a major new zone of potentially economic mineralisation at least 26 kilometres long. This zone, known as the Amy Zone, is hosted in fossil sand dunes. It compares favourably with major coastal dune hosted deposits in southern Queensland and New South Wales, where quite profitable mining operations are active on lower grade ore bodies. A preliminary "scoping" study on the economics of the Amy deposit is planned to commence after the current drilling program is finished in mid October.

With respect to new assets, two nickel sulphide exploration areas have been applied for since listing, following a study of the regional geological controls of the new WMC West Musgrave nickel discovery. Both areas applied for lie on a major northerly trending lineament known as the Mundrabella Fault, which runs from the north coast to the south coast of Australia, through the West Musgrave prospect and Argyle diamond mine. This move demonstrates our commitment to seek quality exploration opportunities and to broaden our spread of mineral interests.

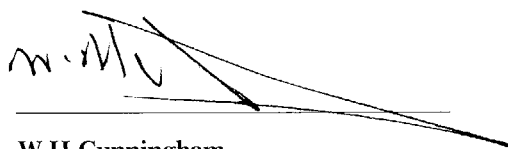
The Onslow copper project is also moving forward, with considerable interest expressed by major mining companies in participating in this project.

We have the challenge before us to bring our exploration properties into commercial production and where appropriate, attract partners with the necessary experience and financial strength to achieve this aim. We are also mindful of our community

CHAIRMAN'S REVIEW

responsibilities arising from our exploration activities and possible subsequent mining operations. For example, at our Coburn mineral sand project, we have actively involved the local indigenous community and have used specialised drilling equipment to minimise disturbance to the environment.

Finally, I wish to pay tribute to our Managing Director, David Harley, for his vision, enthusiasm and expertise. Together with his well qualified group of technical consultants, he has assembled a portfolio of high quality mineral exploration prospects which provide your Company with an excellent chance for rapid growth.



W H Cunningham

Chairman

12 October 2000



Drilling on the Coburn Project in August 2000.

REVIEW OF OPERATIONS

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

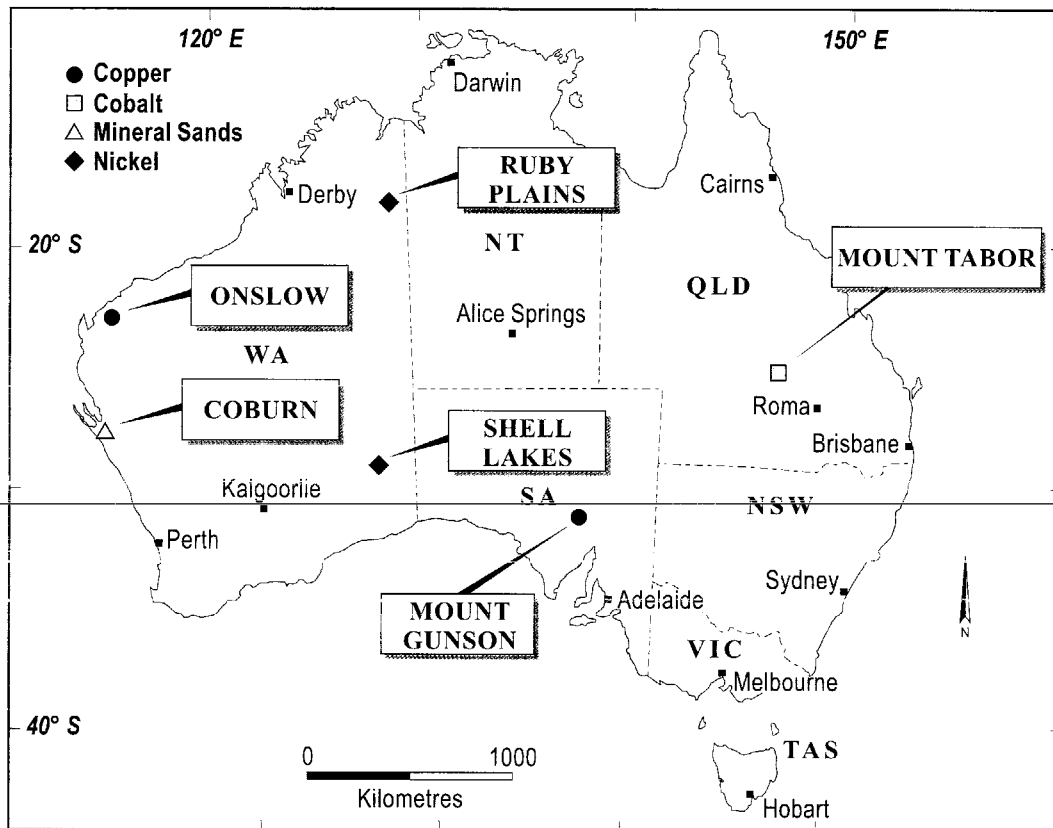


Figure 1: Project location map.

Coburn Mineral Sand Project, Western Australia (100% interest)

1. INTRODUCTION

The Coburn Project covers a fossil coastline immediately south of Shark Bay which has the potential to host a major heavy mineral sand field. Attractive features of this area are its broad geological similarity to the world class Eneabba and Yoganup (Capel area) heavy mineral sand deposits along the coast to the south and its high quality mineral assemblage. The Company has outright ownership of the whole prospective area, which had not been previously drilled for heavy mineral sand deposits

2. TENURE AND INFRASTRUCTURE

The Coburn Project comprises four exploration licences and four exploration licence applications which are contiguous and cover approximately 1400 square kilometres (Figures 2 and 3). These tenements straddle the south eastern margin of the Shark Bay World Heritage Area, just over half of the Project being within this Area and the remainder

REVIEW OF OPERATIONS

outside it to the east. The main portion of the four granted exploration licences lie outside the World Heritage Area and a no mining/ exploration condition presently applies to those portions of the licences which overlap the Area. The Company is pursuing the right to extend its exploration activities in to this Area, which is currently subject to active pastoral leases.

The northern boundary of the Coburn Project abuts the sealed road between the town of Denham and the North West Coastal Highway. From this point, the road distance to the regional centre of Geraldton is approximately 300 kilometres. Geraldton has a deep water port and a synthetic rutile plant operated by Iluka Resources Limited.

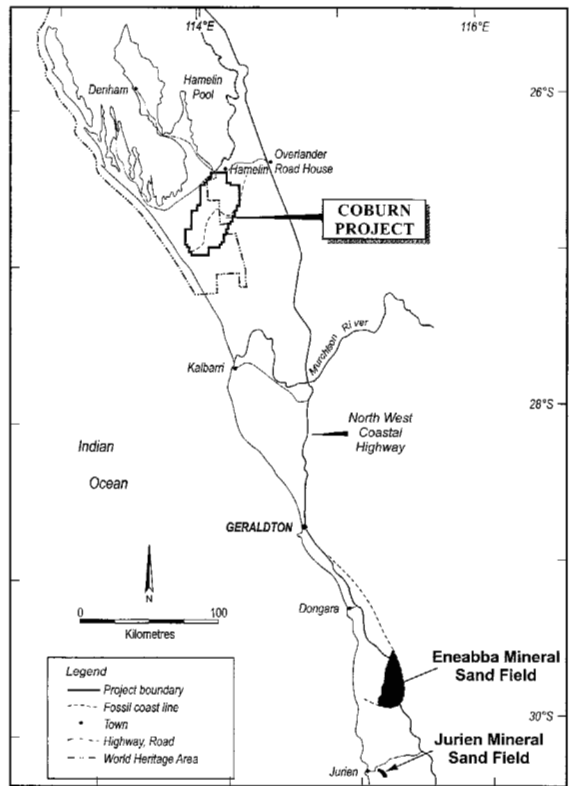


Figure 2: Regional setting of the Coburn Project.

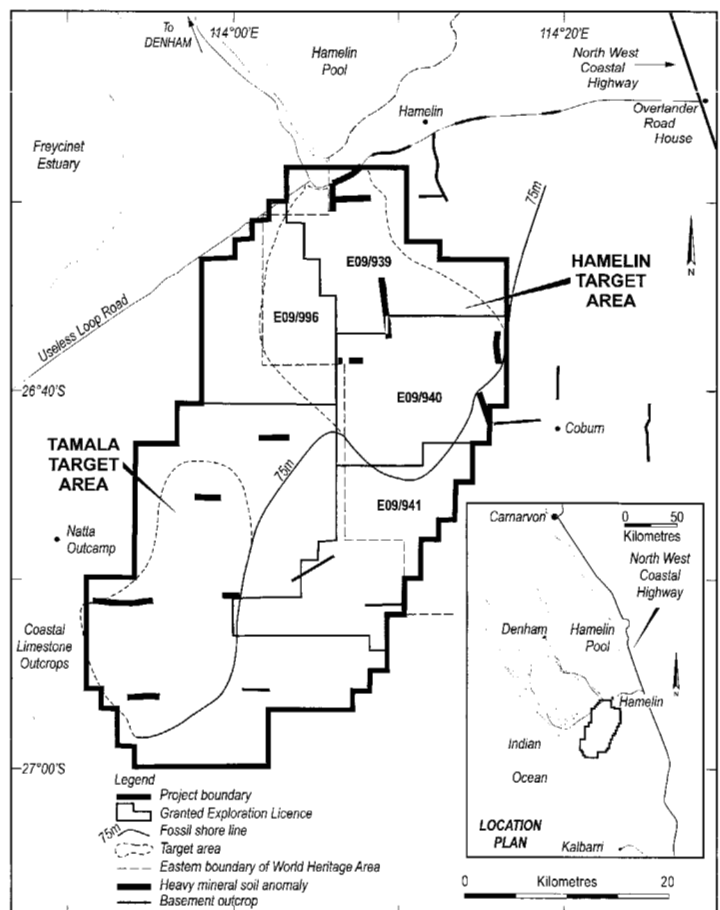


Figure 3: Coburn Project – exploration target areas.

3. REGIONAL GEOLOGY AND EXPLORATION RATIONALE

Both of the world class heavy mineral sand fields in Western Australia: Eneabba and Yoganup, occur in large fossil north facing J shaped bays which presumably acted as trap structures for ocean currents carrying heavy mineral grains along the coast. Shark Bay is the most prominent north facing J shaped bay on the Western Australian coast and reconnaissance work by the Company's exploration team revealed two north facing J shaped fossil bays to the south of and inland from the present coastline. Heavy mineral soil anomalies occur over a large proportion of both bays and encourage a systematic exploration program for major deposits.

The exploration model being tested at Coburn is a series of sub parallel fossil beaches at progressively lower (younger) levels toward the present coastline, some of which contain heavy mineral concentrations or strands. The strand deposits, which are identified by their height above present sea level, are overlain by a fossil sand dune sequence which also contains heavy mineral concentrations. From the results to date, the portion of the Coburn project outside the World Heritage Area appears to have greater potential for economic concentrations of heavy minerals in the fossil sand dunes than the underlying strands. This is similar to the situation at the North Stradbroke Island deposit near Brisbane, where a quite profitable large scale, low cost mining operation is in progress on a mineralised sand dune system.

4. WORK COMPLETED AND RESULTS

Prior to the initiation of the drilling program at the end of the year under review, high resolution colour aerial photography was flown over the north eastern part of the Project. Computer processed images and detailed topographic contour plans were produced from these photographs to help guide the drilling program. The images confirmed several wind blown sand dune sets which are intersected by a series of northerly trending gently arcuate linear features up to 25 kilometres in length, one of which represents the Amy Zone discussed below.

Drilling of the Hamelin target area (Figure 4) commenced on 7 July using a small track mounted rig chosen for its low environmental impact. Approximately 350 holes had been drilled up to 12 October, several days prior to completion of this year's drilling program.

The drilling to date has been along widely spaced traverses mostly 2 kilometres apart, to establish the overall geometry of the heavy mineral zones. A northerly trending zone of mainly dune hosted mineralisation approximately 26 kilometres long, 1.1 kilometres wide and 23 metres thick has been defined along the western side of the area. This zone, known as the Amy Zone, extends to the surface in places and is open along strike in either direction, as shown on Figure 4.

REVIEW OF OPERATIONS

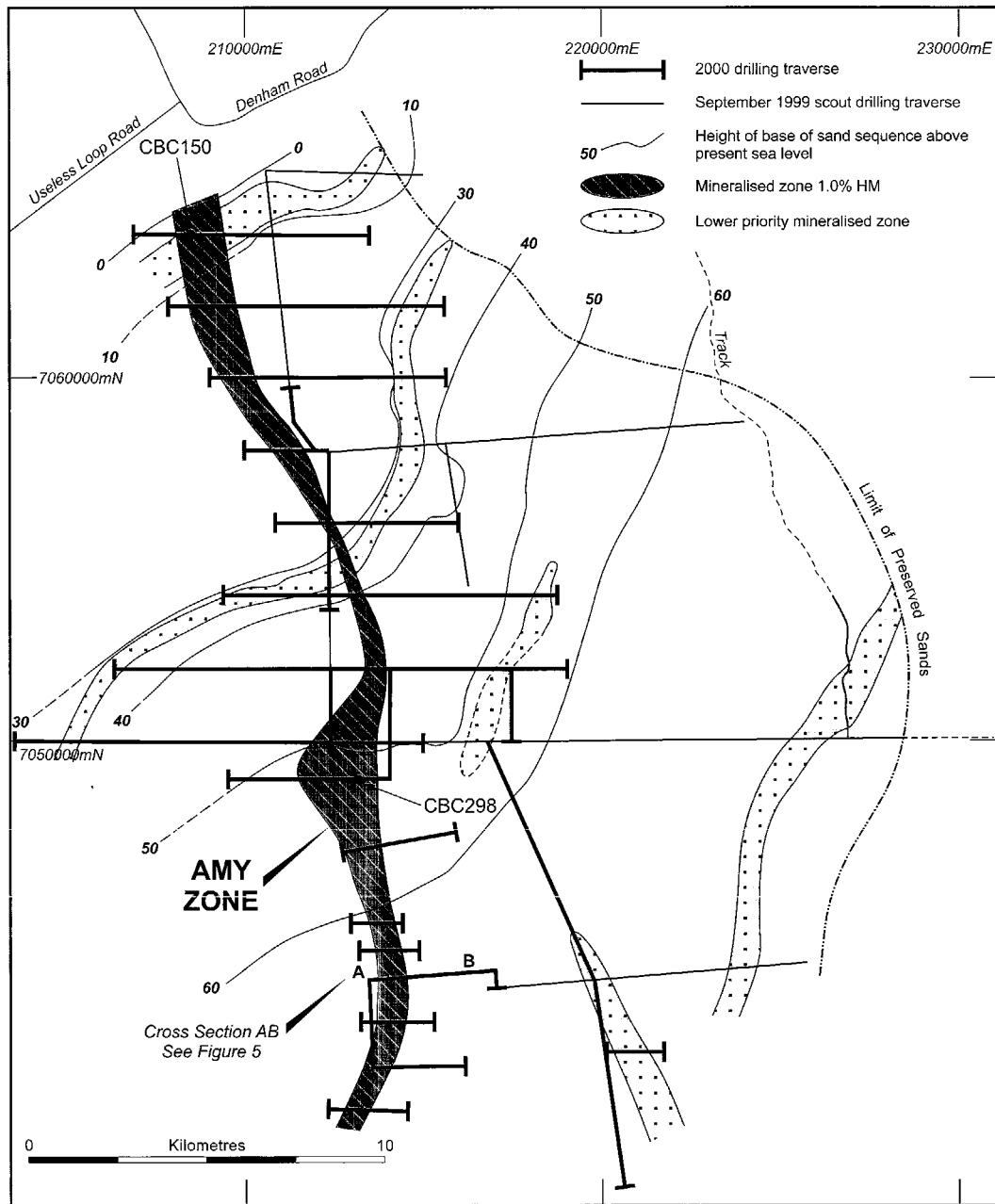


Figure 4: Reconnaissance drilling – Hamelin Target Area

The main features of the Amy Zone outlined above are:

- Panning estimates with limited laboratory check analysis indicate that the average grade is about 1% heavy minerals. This figure excludes a thin layer of low grade overburden and wide zones of lower grade mineralisation on either side.
- A narrower but still very large band of higher grade mineralisation is present towards the base of the Zone. To the south, this band of mineralisation is closer to the surface.

REVIEW OF OPERATIONS

- From earlier work outlined in the Company's prospectus, the contained heavy minerals are attractive, with low levels of uneconomic or trash minerals. The ilmenite is strongly altered, a favourable characteristic for pigment production.
- The mineralisation occurs in loose sand with negligible slimes; generally less than 3%.
- It is associated with a prominent ridge interpreted to be a fossil coastal sand dune system.

Some selected intersections of mineralisation from the Amy Zone, based largely on laboratory analysis, are listed in table 1 below.

Table 1. Selected drill intersections from the Amy Zone (see Figures 4 and 5)

Hole Number	From (m)	To (m)	Intersection	%Slime
CBC 150	4	14	10m @ 1%	1.6
	23	29	6m @ 1.4%	1.7
	31	34	3m @ 7.5%	4.4
CBC 298	0	50	50m @ 0.9%	*
CBC 356	0	28	28m @ 0.9%	*
	22	28	6m @ 2%	2.2
CBC 357	0	20	20m @ 1.8%	2.5
	7	20	13m @ 2.4%	1.9
CBC 360	0	23	23m @ 1.4%	*
	10	23	13m @ 1.9%	1.4
CBC 362	0	35	35m @ 1.1%	*
	28	34	6m @ 2.5%	1.6

* Data for whole interval not available

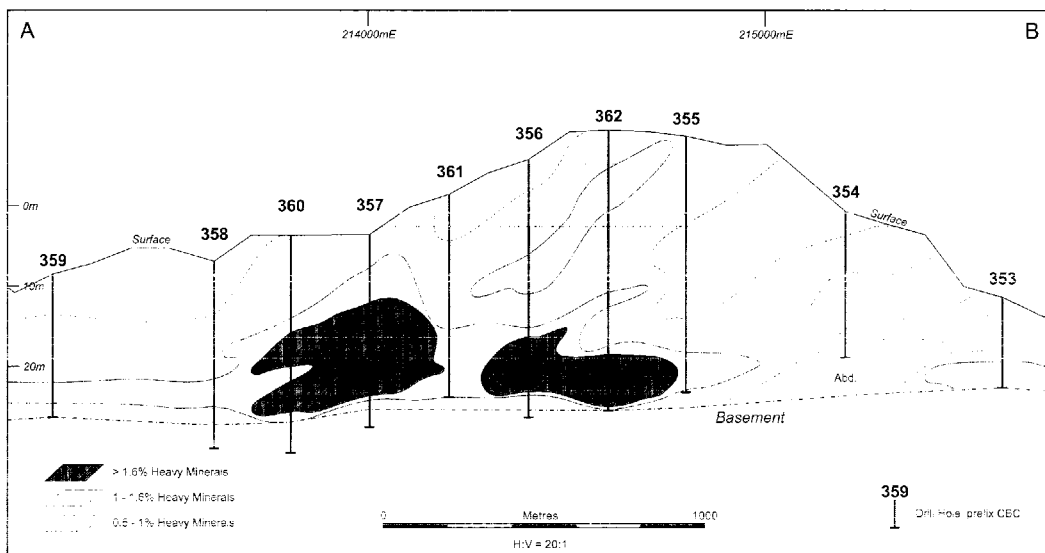


Figure 5: Cross section through the Amy Zone.

5. SUMMARY

The Amy Zone compares favourably with major coastal dune hosted deposits in southern Queensland and New South Wales, where quite profitable mining operations are active on lower grade ore bodies. Encouraged by the large tonnage potential of the Amy Zone and the possibility of similar low cost mining techniques to those employed on the east coast of Australia, the Company intends to launch a preliminary "scoping" study on the economics of the deposit after the completion of this years drilling program.

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

1. INTRODUCTION

The Mount Gunson Project is strategically located in the best endowed copper belt in Australia. This belt is about 400 kilometres long, stretching from Olympic Dam in the north to Moonta in the south (Figure 6) and contains approximately three quarters of the known copper resources in Australia. The Mount Gunson Project lies in the central northern portion of the belt and covers just over a quarter of its total strike length..

2. TENURE AND INFRASTRUCTURE

The Project comprises four contiguous exploration licences covering approximately 4000 square kilometres (Figure 7). These licences are the subject of an agreement with the major international mining company Billiton, who subscribed \$500,000 in share capital to the Company's initial public offering. The arrangement with Billiton requires the Company to spend the first \$800,000 on exploration at Mount Gunson focusing on exploration for Olympic Dam style mineralisation in the basement. Billiton then has the right to earn up to an 80% interest in the Project by carrying the Company's share of costs until the commencement of commercial production. At 30 June 2000, the Company had spent \$238,000 on exploration at Mount Gunson.

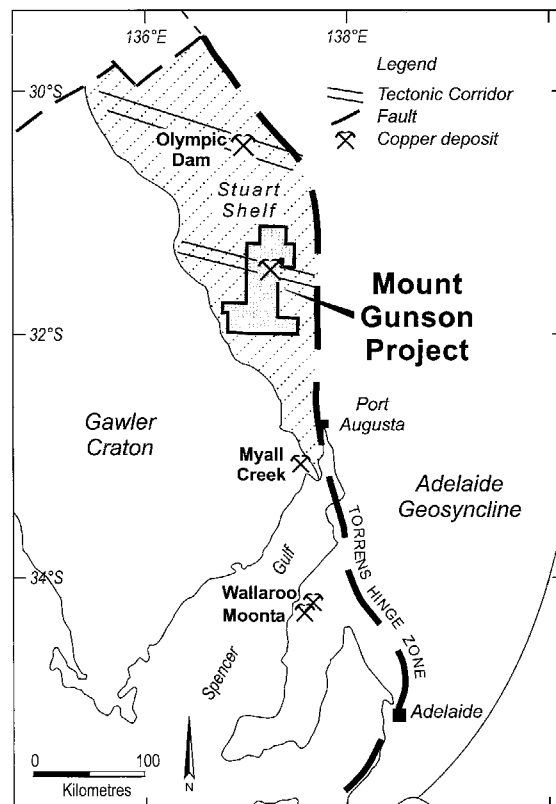


Figure 6: South Australian Copper Belt.

REVIEW OF OPERATIONS

The Mount Gunson Project is favourably located with respect to regional infrastructure, being only 70 kilometres north of Port Augusta along the Stuart Highway. The Transcontinental railway, the power line from Port Augusta to Olympic Dam and the water pipeline from Port Augusta to Woomera all run through the Project area.

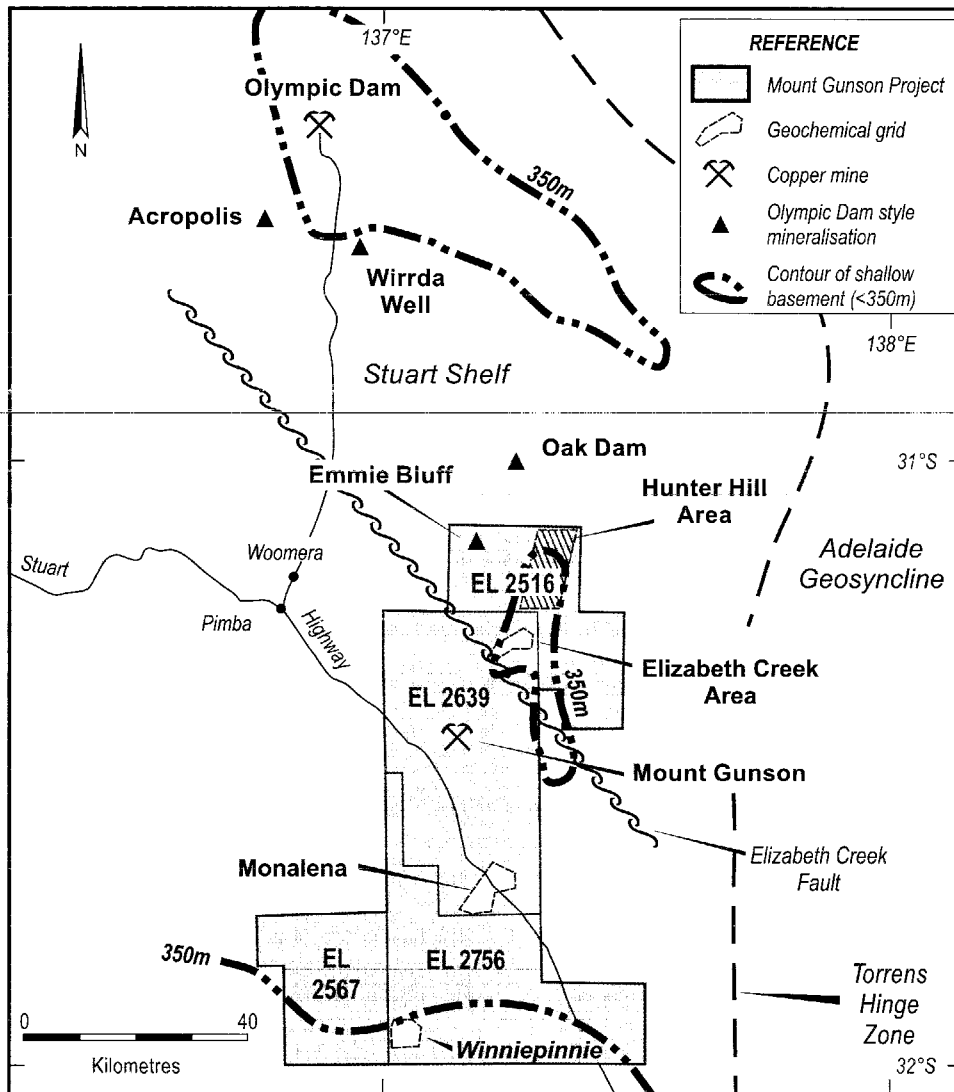


Figure 7: The Mount Gunson Project.

3. REGIONAL GEOLOGY

The Mount Gunson Project lies on the eastern side of the Gawler Craton (Figure 6) within the Stuart Shelf geological province, which comprises flat lying sedimentary rocks of mainly Upper Proterozoic (Adelaidean) age, resting on an older Gawler Craton basement. Within the Mount Gunson tenements, the sedimentary rocks of the Stuart Shelf vary in thickness from about 100 metres over a basement ridge in the northeast to nearly a kilometre in the northwest (Figure 7). These sedimentary rocks contain widespread occurrences of base metal mineralisation, particularly copper-cobalt around Mount Gunson and at Emmie Bluff Prospect. They are similar in age and many other respects to rocks of the world class Central African Copper Belt.

REVIEW OF OPERATIONS

About 110 kilometres to the north of Mount Gunson, the Olympic Dam copper-uranium-gold mine, the sixth largest copper deposit and largest uranium deposit in the world, lies within rocks of the Gawler Craton basement, beneath some 300 metres of Stuart Shelf sediments (Figure 7). Expansion of this mine to produce about 200,000 tonnes of copper metal, 4,600 tonnes of uranium oxide, 78,000 ounces of gold and 850,000 ounces of silver per annum was completed recently. This will make Olympic Dam one of the lowest cost copper producers in the world after inclusion of by product credits.

Within the northern and best mineralised half of the South Australian Copper Belt a number of occurrences of Olympic Dam style mineralisation in basement rocks have been discovered by previous explorers (Figure 7). These copper prospects lie in a narrow NNW trending corridor about 50 kilometres wide which trends southward from Olympic Dam into the Mount Gunson Project. The lower Emmie Bluff Prospect mineralisation, discovered at a depth of 890 metres by MIM in 1984, lies in the northernmost portion of the Mount Gunson Project.

As shown by the contour line on Figure 7, there are only two areas of relatively shallow basement within this corridor, one around Olympic Dam and the other in the north eastern part of the Mount Gunson tenements. These two strategic areas are dominated by WMC Resources and the Company respectively.

4. EXPLORATION RATIONALE

The strategic position of the Mount Gunson Project in the central portion of the best endowed copper belt in Australia clearly justifies a systematic long term exploration approach, particularly as previous deep exploration had been focused on relatively small areas and as new exploration technologies have become available.

Previous exploration for Olympic Dam style mineralisation in the basement had been focused on testing strong gravity and/or magnetic geophysical anomalies which were thought to represent iron oxide deposits associated with copper mineralisation. This approach was successful in detecting the basement deposits shown on Figure 7, but no new discoveries of this type of mineralisation had been made in the area since the discovery of Emmie Bluff Prospect by MIM in 1984.

As indicated in the Company's prospectus, previous assumptions that large iron oxide associated copper deposits would only have strong gravity and/or magnetic signatures was open to challenge. Consequently, several weak to moderate gravity anomalies in areas of relatively shallow basement within the copper belt were chosen for infill gravity surveys and subsequent drill testing.

5. WORK COMPLETED AND RESULTS

On the basis of infill gravity surveys over several weak to moderate gravity anomalies in the north eastern quadrant of the Project, three targets were selected for drilling.

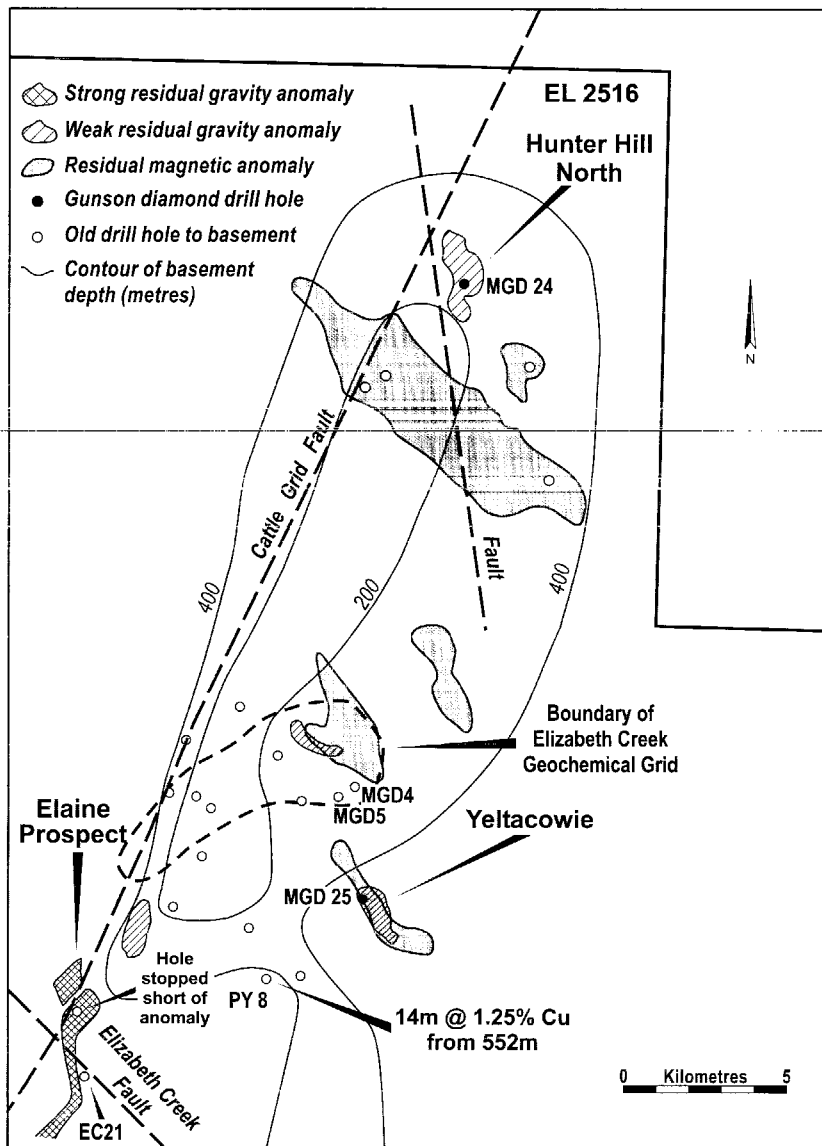


Figure 8: North east quadrant of the Mount Gunson Project.

The first of these, at Hunter Hill North, was tested with hole MGD 24 (Figure 8) which passed into basement at 351 metres. Basement consists of moderately altered Gawler Range Volcanics with no copper mineralisation and consequently no further work is planned. The second hole which tested the Yeltacowie anomaly (Figure 8) entered basement at 413 metres. Unmineralised granite was the first basement rock type encountered but the hole passed into dolerite at 493 metres. The hole was stopped in dolerite at 520 metres as the density contrast between the dolerite and granite appeared adequate to explain the gravity anomaly. Subsequent analysis of density readings from the drill core has confirmed this interpretation.

REVIEW OF OPERATIONS

After completion of the second hole in the program, drilling was suspended pending a major review of the results in the context of previous exploration. This review is still in progress but important conclusions to date are as follows:

- (a) computer modelling of the gravity and magnetic signatures of known basement copper deposits and some apparently unmineralised geophysical anomalies in the area has enabled a ranking system for untested gravity and magnetic anomalies to be established
- (b) a strong near coincident gravity and magnetic anomaly about 5 kilometres long has been identified at the intersection of the major Cattlegrid and Elizabeth Creek faults (Figure 8). The significance of this anomaly, named Elaine Prospect, had not been previously recognised due to strong gravity gradients in the area. It is a high priority drilling target scheduled for testing in late 2000
- (c) the Barber Dam and Hunter Hill targets listed in the Company's prospectus have been downgraded
- (d) the economics of mining large deep high grade orebodies now support testing good quality geophysical anomalies below depths of 500 metres, extending the area of prospective basement south of the basement high in the north eastern quadrant of the Project

6. SUMMARY

A high priority drilling target for basement mineralisation known as Elaine Prospect has been defined in a very favourable geological setting at the intersection of two major faults. This target lies on a linear trend of basement copper-gold deposits with Olympic Dam at the northern end, passing southwards through Wirrda Well and Emmie Bluff prospects (Figure 7), and is scheduled for drilling in late 2000.

Targeting for large copper deposits in the basement is continuing and further quality drill targets are expected from this work, which will include a major gravity survey.

A review of the potential for high grade, fault controlled copper mineralisation in the cover sequence around the Mount Gunson mine has commenced and the results of this review are expected by the end of 2000.

Onslow Copper Project, Western Australia (100% Interest)

1. INTRODUCTION

The Onslow Project covers two gravity/magnetic geophysical targets which are considered prospective for iron oxide associated copper-gold mineralisation.



REVIEW OF OPERATIONS

These two geophysical anomalies are located under thin basinal cover rocks within the Lower Proterozoic Gascoyne Complex. The granites of this complex are similar in age and many other respects to the Tennant Creek district, which is host to numerous high grade gold-copper mines. Oxidised granite intrusives and minor copper – gold showings have been observed in outcropping portions of the Gascoyne Complex to the east of the Onslow Project.

2. TENURE AND INFRASTRUCTURE

The Project comprises a 64 square kilometre exploration licence which is currently being transferred to the Company.

The licence is located immediately west of the Ashburton River, about 60 kilometres south of Onslow (Figure 9) and access is via Onslow along tracks on the Minderoo pastoral lease. A natural gas pipeline runs through the north eastern corner of the Project.

3. EXPLORATION PROGRAM

A detailed gravity geophysical survey over selected portions of the two geophysical anomalies commenced on 10 October 2000. Drill testing of both anomalies will be programmed once the results of the gravity survey have been interpreted. Approaches by potential joint venture partners to fund the drilling are being considered.

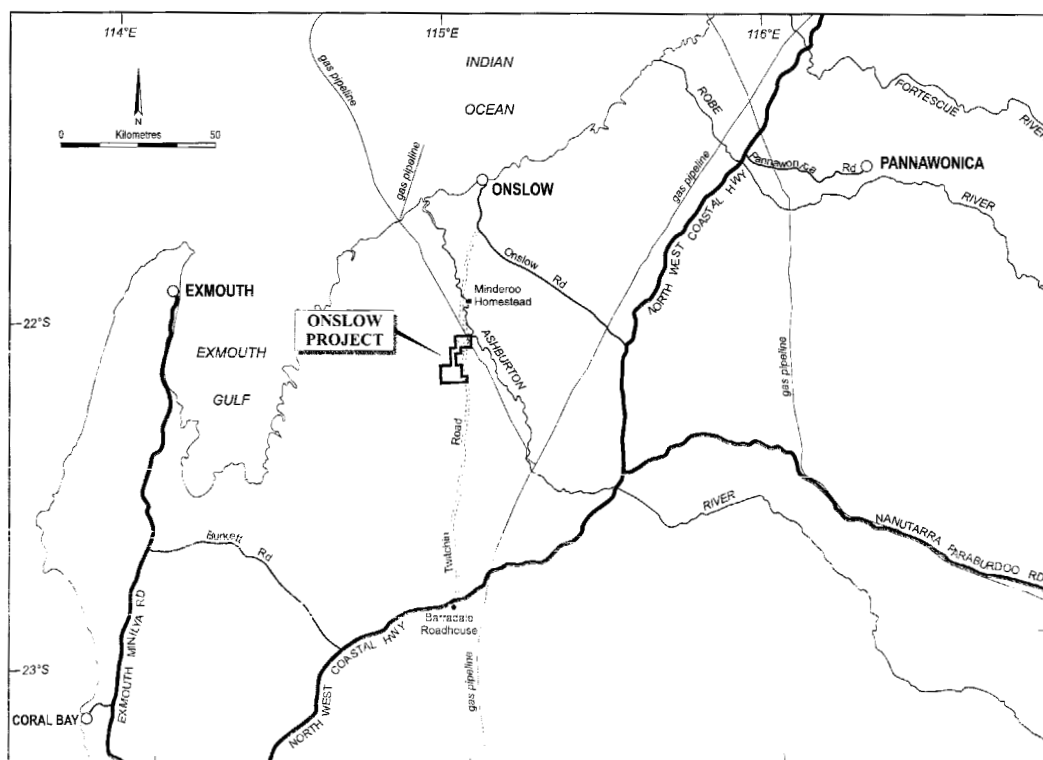


Figure 9: Regional setting of the Onslow Project.



Shell Lakes Nickel Project, Western Australia (100% Interest)

1. INTRODUCTION

This is a new nickel sulphide exploration project initiated a week after the Company was listed on the stock exchange in May. The Project was initiated following a study of the regional geological controls on the new WMC West Musgrave nickel sulphide discovery 400 kilometres to the north. This study revealed that the West Musgrave prospect lies on the edge of a large gravity high within a major northerly trending discontinuity evident in continental geophysical data. The discontinuity, known as the Mundrabilla Fault, is approximately 40 kilometres wide and runs from the north coast to the south coast of Australia, through the Argyle mine and the Shell Lakes area (Figure 10).

2. TENURE AND LOCATION

The Project comprises five contiguous exploration licence applications covering an area of approximately 900 square kilometres, centred about 600 kilometres east of Kalgoorlie. The southern boundary of the Project is about 150 kilometres north of the Transcontinental railway line between Perth and Adelaide.

3. GEOLOGY

Data in the area the Company has applied for at Shell Lakes indicates the presence at shallow depths of less than 100 metres of favourable mafic to ultramafic intrusive rocks which can be tested for nickel sulphide mineralisation with shallow drilling. The age of these intrusive rocks is assumed to be mid Proterozoic, similar to the WMC Musgrave host rocks (1078 million years) and the Argyle deposit (1140 million years).

The Shell Lakes intrusives are interpreted to form part of a major concealed mafic-ultramafic intrusive complex expressed by a large gravity high to the south. Most of this gravity high has been covered with a large northerly trending cluster of exploration licence applications submitted by WMC in mid May.

The Company's Shell Lakes project lies immediately north of the WMC ground, within a basement high between the Officer sedimentary basin to the north and the Eucla sedimentary basin to the south. The thickness of younger sedimentary cover was an important ingredient in determining the northern limit of the ground applied for.

4. WORK COMPLETED

Grant of the exploration licence applications at Shell Lakes is not expected until the June quarter of 2001 but a detailed review of previous exploration work in the district is in progress. This review has confirmed that the area has not been previously explored for

nickel mineralisation, although the search for diamonds and oil shale in the district has provided some useful background data.

Previous regional diamond exploration by several major companies has provided some particularly useful information, including aeromagnetic and geochemical data which support the prospectivity of the area for nickel sulphides. In addition, some promising kimberlitic indicator mineral anomalies for diamonds were not followed up by previous explorers who abandoned the area due to financial difficulties in the industry during the late 1990's.

Ruby Plains Nickel Project, Western Australia (100% Interest)

A second new nickel sulphide exploration project that was initiated shortly after the public listing of the Company. This project is also located on the Mundrabilla Fault and is centred approximately 200 kilometres south of the Argyle diamond mine (Figure 10).

The project comprises three contiguous exploration licence applications over an area of approximately 490 square kilometres which cover a cluster of strong magnetic bodies considered to be prospective for nickel sulphides. Computer modelling of low level aeromagnetic data acquired from a previous explorer indicates that these anomalies occur at considerable depth and consequently a joint venture partner is being sought to fund a drilling program.

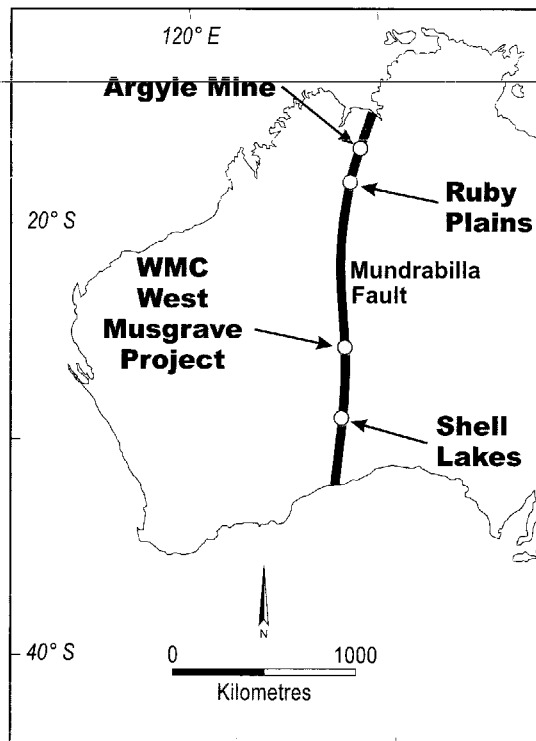


Figure 10: Map of the Company's new nickel prospects in relation to the Mundrabilla Fault.

Mount Tabor Cobalt Project, Queensland (100% Interest)

This project comprises a 6 square kilometre exploration permit containing the Mount Manganese cobalt prospect, a 115,000 tonne resource averaging 0.18% cobalt. The bulk of this resource lies within 50 metres of the surface and is amenable to low cost open pit mining.

No work has been carried out on this project since the listing of the Company but a tribute miner for the cobalt deposit is being sought.

REVIEW OF OPERATIONS

Mineral Resource Inventory

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

Mount Gunson

Prospect	Category	Mineralisation Type	Cut-Off Grade % Copper	Resource Millions 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

Mount Tabor

Prospect	Category	Mineralisation Type	Cut-Off Grade Cobalt	Resource Millions Tonnes	Cobalt %	Contained Cobalt (Tonnes)
Mt Manganese	Inferred	Oxide	0.03	0.115 ⁴	0.18	207

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 2516.
4. The bulk of this resource lies between the surface and approximately 50 metres vertical depth.

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



REVIEW OF OPERATIONS

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.

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)
Mt Manganeze:	F J Hughes (1995)

Tenement Schedule

Coburn Project, Western Australia

Tenement	Area(sq km)	Grant/ Application Date	Notes
EL 09/939	196.0	18 June 1999	1
EL 09/940	196.0	18 June 1999	1
EL 09/941	196.0	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	196.0	18 July 2000	1

Mount Gunson Project, South Australia

Tenement	Name	Area (sq km)	Date Granted	Next Renewal	Notes
EL 2516	Yeltacowie	765.0	May 1998	May 2001	
EL 2567	Bowen Hill	568.0	November 1998	November 2000	
EL 2639	Mt Gunson	1439.0	September 1999	September 2001	
EL 2756	Woocalla	1206.0	October 2000	October 2001	3

REVIEW OF OPERATIONS

Mount Tabor Project, Queensland

Tenement	Name	Area (sq km)	Date Granted	Next Renewal	Note
EPM 8887	Mt Tabor	6.0	July 1992	July 2000	4

Ruby Plains Project, Western Australia

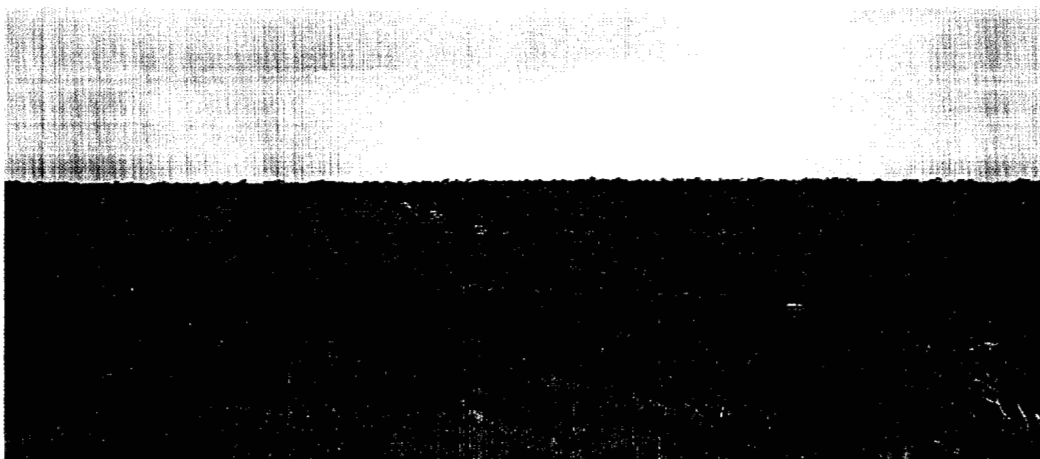
Tenement	Area(sq km)	Application Date	Notes
ELA 80/2585	168	6 June 2000	2
ELA 80/2586	139	6 June 2000	2
ELA 80/2587	184	6 June 2000	2

Shell Lakes Project, Western Australia

Tenement	Area(sq km)	Application Date	Notes
ELA 69/1632	209	25 May 2000	2
ELA 69/1633	65	25 May 2000	2
ELA 69/1634	209	25 May 2000	2
ELA 69/1635	208	25 May 2000	2
ELA 69/1636	209	25 May 2000	2

Notes

1. No mining (exploration) conditions on portions overlapping the Shark Bay World Heritage Area
2. Exploration Licence Application (ELA)
3. Replacement for EL 2099 which expired in August 2000
4. Application for renewal made in June 2000, awaiting renewal notice



View along the Amy Zone, Coburn Project, August 2000.

DIRECTOR'S REPORT

The Directors of Gunson Resources Limited submit their report for the period 23 December 1999 to 30 June 2000.

DIRECTORS

The Directors in office during the financial period and until the date of this report are:

W H Cunningham, Chairman (appointed 13 March 2000)

D N Harley, Managing Director (appointed 23 December 1999)

P C Harley (appointed 23 December 1999)

J G Branson (appointed 23 December 1999, resigned 13 March 2000)

N W Martin (appointed 23 December 1999, resigned 22 February 2000)

Directors were in office from the beginning of the financial period until the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Company made a loss after tax of \$114,436. No dividends were paid and the directors have not recommended the payment of a dividend.

REVIEW OF OPERATIONS

During the period the Company commenced exploration of its mineral tenements. Exploration expenditure totalled approximately \$2,805,589 during the period under review. Of this, \$2,453,600 was spent on the acquisition of mining tenements and \$351,989 was incurred on exploration of the tenements.

A detailed review of operations is contained between pages 4 and 19.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial period were as follows:

Exploration expenditure for the financial period totalled \$351,989.

Cash on hand increased to a balance of \$3,249,171.

DIRECTOR'S REPORT

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 in the Company's initial public offering prospectus dated 15 March 2000.

SUBSEQUENT EVENTS

There were no events subsequent to the date of this report that would have a material effect on these financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Other than as referred to in this report, further information as to likely developments in operations of the entity and likely results of those operations would, in the opinion of the Directors, be speculative and not in the best interests of the Company.

SHARE OPTIONS

As at the date of this report the Company had 7,000,000 options issued as follows:

- 375,000 unlisted options exercisable at 20 cents each with an exercise period of four years between 12 May 2001 and 12 May 2005.
- 3,125,000 unlisted options exercisable at 20 cents each with an exercise period of three years between 12 May 2002 and 12 May 2005.
- 375,000 unlisted options exercisable at 25 cents each with an exercise period of four years between 12 May 2001 and 12 May 2005.
- 3,125,000 unlisted options exercisable at 25 cents each with an exercise period of three years between 12 May 2002 and 12 May 2005.

No person entitled to exercise any of the above options has any rights, by virtue of the option, to participate in any share issue of any other corporation.

INFORMATION ON CURRENT DIRECTORS

William H Cunningham B.Com. (Chairman)

Mr Cunningham is a consultant in mineral commodities marketing with over 35 years experience in the mining industry, mainly with WMC Resources Limited and CRA Limited. Prior to leaving WMC in 1997, he was manager for that company's Nickel Division intermediate products marketing, which included products containing copper and cobalt.

DIRECTOR'S REPORT

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

Mr Harley is a geologist with over 28 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)

Mr Harley is an accountant with over 20 years experience with publicly listed companies. He was an executive director of ERG Ltd for nine years until June 1996, and is currently a non executive director of Nautronix Ltd, iiNet Ltd and Foundation Capital Ltd. He is also Chairman of the Cooperative Research Centre for Australian Telecommunications based at Curtin University. Mr Harley was a director of Stuart Metals NL for a 3 year period to October 1999.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's directors held while each director was in office during the period 23 December 1999 to 30 June 2000 and the number of meetings attended by each director:

Director	Number of meetings held	Number of meetings attended
W H Cunningham	4	4
D N Harley	5	5
P C Harley	5	5
J G Branson	2	2
N W Martin	1	1

DIRECTOR'S INTEREST IN ORDINARY FULLY PAID SHARES AND OPTIONS

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

Director	Fully Paid Ordinary Shares	Unlisted Options over Ordinary Shares
W H Cunningham	50,000	250,000
D N Harley	150,000	5,000,000
P C Harley	102,000	1,000,000

DIRECTOR'S REPORT

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the chief executive. 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.

Details of the nature and amount of each element of the emolument of each Director of the Company and the executive officer of the Company receiving the highest emolument for the financial period are as follows:

AMOUNTS RECEIVED

	Base Fee	Superannuation	Other (1)	No of Option
	\$	\$	\$	Grants
WH Cunningham	7,115	498	32,500	250,000
DN Harley	47,432	3,320	650,000	5,000,000
PC Harley	3,557	249	130,000	1,000,000
JG Branson (resigned 13.3.00)	-	-	-	-
NW Martin (resigned 22.2.00)	-	-	-	-

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the Company.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company.

Note: (1) The options granted to directors were issued for no consideration and have a value of 13 cents each as determined under a Binomial valuation model.

DIRECTOR'S REPORT

OPTIONS GRANTED TO DIRECTORS AND ANY OF THE FIVE MOST HIGHLY PAID OFFICERS

Details of options granted over unissued shares in Gunson Resources Limited during or since the end of the year to any director and any of the 5 most highly remunerated officers of the Company as part of their remuneration are as follows:

	A Class Exercise Price – 20 Cents	B Class Exercise Price – 25 cents
W H Cunningham	125,000	125,000
D N Harley	2,500,000	2,500,000
P C Harley	500,000	500,000
	<u>3,125,000</u>	<u>3,125,000</u>

The terms of issue of the Management Options are:

- (a) The exercise price of each A Class Management Option is 20 cents each.
- (b) The exercise price of each B Class Management Option is 25 cents each.
- (c) Any shares pursuant to the exercise of any of the Management Options are issued on the same terms as all of the other existing shares, and will rank in all respects on equal terms with the other existing Shares.

The exercise period of the Management Options issued to WH Cunningham, DN Harley and PC Harley is 12 May 2002 to 12 May 2005.

DIRECTORS' BENEFITS

During the financial period no director of the Company has received or has become entitled to receive a benefit by reason of a contract entered into by the Company or an entity that the Company controlled or by a body corporate that was related to the Company when the contract was made or when the director received, or became entitled to receive, the benefit with a director or a firm of which the director is a member, or an entity in which a director has a substantial financial interest other than:

- (a) Mr JG Branson is a consultant of Minter Ellison, which has provided legal services to the Company. These services are provided at normal commercial rates with disbursements reimbursed at cost;
- (b) Mr NW Martin is a partner of Minter Ellison, which has provided legal services to the Company. These services are provided at normal commercial rates with disbursements reimbursed at cost.

DIRECTOR'S REPORT

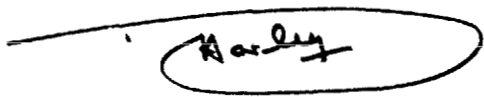
ENVIRONMENTAL REGULATION AND PERFORMANCE

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 programme 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 cannot be disclosed.

Signed in accordance with a resolution of Directors dated 28 September 2000.



D.N. Harley
Managing Director

28 September 2000

FINANCIAL STATEMENTS

PROFIT & LOSS STATEMENT

For the period 23 December 2000 to 30 June 2000

	Notes	30 June 2000 \$
Operating loss before income tax	2	(114,436)
Income tax expenditure attributable to operating loss	3	-
Operating loss after income tax		(114,436)
Accumulated losses at the beginning of the financial year		-
Accumulated losses at the end of the financial year		(114,436)

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

BALANCE SHEET

As at 30 June 2000

	Notes	30 June 2000 \$
CURRENT ASSETS		
Cash	4	3,249,171
Other Receivables	5	7,450
TOTAL CURRENT ASSETS		3,256,621
NON-CURRENT ASSETS		
Exploration Expenditure & Mining Properties	6	2,805,589
Plant & Equipment	7	2,185
TOTAL NON-CURRENT ASSETS		2,807,774
TOTAL ASSETS		6,064,395
CURRENT LIABILITIES		
Accounts Payable	8	240,151
Provisions	9	5,577
TOTAL CURRENT LIABILITIES		245,728
TOTAL NON CURRENT LIABILITIES		-
TOTAL LIABILITIES		245,728
NET ASSETS		5,818,667
SHAREHOLDER'S EQUITY		
Share Capital	10	5,933,103
Accumulated Losses		(114,436)
TOTAL SHAREHOLDER'S EQUITY		5,818,667

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS

For the period 23 December 1999 to 30 June 2000

	Notes	30 June 2000 \$
Cashflows related to operating activities		
Payments for Exploration and evaluation		(187,143)
Payments to suppliers and employees		(82,843)
Interest received		12,698
GST Paid		(1,293)
Withholding Tax Paid		(6,157)
Total cashflows related to operating activities	20	(264,738)
Cashflows related to investing activities		
Payments for plant and equipment		-
Total cashflows related to investing activities		-
Cashflows related to financing activities		
Net Proceeds from Share issue		3,513,909
Total cashflows related to financing activities		3,513,909
Net increase / (decrease) in cash held		3,249,171
Cash at beginning of year		-
Cash at end of year	4	3,249,171



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with the requirements of the Corporation Law, Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared 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 economic entity in the preparation of the financial statements.

(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) 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.

(d) Cash

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and in at call deposits with banks or financial institutions,
- (ii) investments in money market instruments.

(e) 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% - 30%

Assets are depreciated or amortised from the date of acquisition. Depreciation costs are capitalized to Exploration and Evaluation where the assets are used exclusively for such activities.

(f) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

(g) Employee Entitlements

Wages, salaries, annual leave and sick leave

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represents the amount which the Company has a present obligation to pay resulting

from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and includes related costs.

(h) Comparative Figures

As the Company was not incorporated until 23 December 1999, no comparative figures for 1999 year are shown.

(i) 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

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(j) 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.

(k) Earnings Per Share

Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

(l) Other Creditors & Accruals

Liabilities for 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.

30 June 2000

\$

2. OPERATING RESULT

The operating results before income tax has been determined after crediting as revenue:

Interest received	12,698
-------------------	--------

3. TAXATION

The prima facie tax benefit on operating loss is reconciled to the income tax provided in the accounts as follows:

Operating loss	(114,436)
Prima facie income tax benefit (36%)	41,197
Tax effect of permanent differences	-
Future income tax benefit not brought to account	(41,197)

Income tax benefit attributable to operating loss	-
---	---

Significant income tax deductions are available to the Company which have not been brought to account. These deductions are subject to confirmation from the Australian Taxation Office.

These future income tax benefits will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with, and
- (c) no changes in tax legislation adversely affect the economic entity in realising the benefit.

4. CASH

Cash at bank	249,171
Cash on deposit	3,000,000
	3,249,171

5. RECEIVABLES

Other receivables	7,450
	7,450

30 June 2000

\$

6. EXPLORATION PROPERTIES

Costs brought forward	-
Expenditure incurred on exploration	351,989
Expenditure incurred on acquisition of tenements	2,453,600
	2,805,589

Pursuant to a an agreement with Stuart Petroleum NL ("Stuart") the Company acquired from Stuart the Mount Gunson Tenements, the Coburn Tenements and the Mount Tabor Tenements for a price of \$2,453,600, which was satisfied by the issue of 12,268,000 Shares at a price each of 20 cents.

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 areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

7. PLANT AND EQUIPMENT

Plant and equipment, at cost	2,185
Accumulated depreciation	-
	2,185

8. ACCOUNTS PAYABLE

Trade creditors	171,824
Other creditors and accruals	68,327
	240,151

9. PROVISIONS

Employee entitlements	5,577
	5,577

10. SHARE CAPITAL

Issued and Paid Up Capital	
32,268,005 ordinary shares fully paid	5,933,103
Total Issued and Paid up Capital	5,933,103

30 June 2000

\$

Movement of fully paid ordinary shares during the period were as follows:

Number of shares

-	Opening Balance	-
5	Initial Allotment 23 December 1999	1
12,268,000	Shares issued to Stuart Petroleum NL	2,453,600
2,500,000	Shares issued to Billiton Exploration Australia Pty Ltd	500,000
17,500,000	Issued pursuant to Prospectus dated 15 March 2000	3,500,000
	Less: expenses of the issue	(520,498)
32,268,005		5,933,103

Movement of options during the period were as follows:

Number of options

-	Opening Balance	
375,000	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	
7,000,000		

11. 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:

62,171

The number of Directors of Gunson Resources Limited whose income (including superannuation contributions) falls within the following bands is:

\$0 - \$9,999	4
\$10,000 - \$19,999	-
\$20,000 - \$29,999	-
\$30,000 - \$39,999	-
\$50,000 - \$59,999	1
\$60,000 - \$69,999	-

30 June 2000

\$

(b) Executives' remuneration

Income paid or payable to executives of Gunson Resources Limited whose income is \$100,000 or more.

-

12. 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	4,500
- other services	-

4,500

13. EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2000, there have been no events subsequent that may effect the operations of the Company.

14. EARNINGS PER SHARE

(a) Basic earnings per share (cents)	(1.38) cents
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	8,321,752

Diluted earnings per share is not disclosed as it is not materially different from basic earnings per share.

15. SEGMENT INFORMATION

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

16. RELATED PARTY TRANSACTIONS

- (a) The directors of Gunson Resources Limited during the financial period were:
- WH Cunningham (appointed 13 March 2000)
 - DN Harley (appointed 23 December 1999)
 - PC Harley (appointed 23 December 1999)
 - JG Branson (resigned 13 March 2000)
 - NW Martin (resigned 22 February 2000)

(b) The following related party transactions occurred during the financial year with director-related entities:

The Company made payments to Minter Ellison, a firm of which N W Martin is a partner, of \$74,652 for the reported period. Mr JG Branson is a consultant of Minter Ellison.

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

Director	Fully Paid Ordinary Shares	A Class Options Exercise Price – 20 Cents	B Class Options Exercise Price – 25 cents
W H Cunningham	50,000	125,000	125,000
D N Harley	150,000	2,500,000	2,500,000
P C Harley	102,000	500,000	500,000

(d) Directors and their related entities acquired 302,000 ordinary shares (in addition to the options granted and referred to above) under the initial public offer of 15 March 2000, on the same terms and conditions available to other applicants.

17. EXPENDITURE COMMITMENTS

The following summarises the Company's exploration expenditure commitments on granted tenements for the financial year 2000/2001 and beyond.

(a) Coburn

Tenement	Date Granted	Annual Covenant
EL 09/939	18 June 1999	\$63,000
EL 09/940	18 June 1999	\$63,000
EL 09/941	18 June 1999	\$63,000
EL 09/946	18 July 2000	\$63,000
	TOTAL	\$252,000

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 for each tenement.

(b) Mount Gunson

All four 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 \$500,000 on exploration in the 2000/2001 financial year. Expenditure after this time will depend on the area retained under exploration licences.



(c) Mount Tabor

The single exploration permit comprising this project has a minimum covenant of \$10,000 and is in the process of renewal for a further 12 month period from 15 July 2000.

(d) Onslow

Tenement	Date Granted	Annual Covenant
EL 08/1150	10 August 2000	\$20,700

(e) Consolidated Expenditure Commitments on Granted Tenements

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

Not later than 1 year	\$782,700
Later than 1 year but not later than 2 years	\$782,700
Later than 2 years but not later than 5 years	\$1,419,000
Total	\$2,984,400

Note: These figures assume that Mount Gunson expenditure is reduced to \$400,000 per annum in year 3 and \$300,000 per annum in years 4-5.

18. CAPITAL COMMITMENTS

Future Share Issue

The Company has agreed to issue of 400,000 new fully paid ordinary shares at an issue price of \$0.20 each to Adelaide Mining Geophysics Pty Ltd as consideration for the Onslow Copper Project. The issue of these shares is conditional upon Ministerial consent under the Mining Act (WA) to the transfer of EL 08/1150 to the Company being obtained on or before 31 March 2001.

19. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

NOTES TO AND FORMING PART OF THE **FINANCIAL STATEMENTS**

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
<i>(i) Financial assets</i>			
Short Term Deposits	4	Short term deposits are stated at the lower of cost and net realisable value. Interest is recognised in the profit and loss when earned.	Short term deposits have terms of 60 days and an interest rate of 6% payable on maturity
<i>(ii) Financial Liabilities</i>			
Trade creditors Other creditors and accruals	8	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.	Trade liabilities are normally settled in accordance with the terms of the relevant supplier.
<i>(iii) Equity</i>			
Ordinary shares	10	Ordinary share capital is recognised at the fair value of the consideration received by the Company.	Details of shares issued and options outstanding over ordinary shares at balance date are set out in note 10.

(b) Interest rate risk

2000	Fixed Interest Rate \$	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Financial Assets				
Cash & Deposits	-	3,249,171	-	3,249,171
Other Receivables	-	-	7,450	7,450
Weighted average interest rate:	-	5.9%		
Financial liabilities				
Accounts payable	-	-	240,112	240,112
Borrowings	-	-	-	-
Weighted average interest rate:	-	-		



(c) Net fair values

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and financial liabilities as indicated in the balance sheet. There are no unrecognised financial assets or financial liabilities at balance sheet date.

(d) Credit risk exposures

The Company's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

20. STATEMENT OF CASH FLOWS

(a) Reconciliation of the operating loss after tax to the net cash flows from operations

	30 June 2000
	\$
Operating loss after tax	(114,436)
Exploration expenditure capitalised	(351,989)
Changes in operating assets and liabilities:	
Increase in receivables	(7,450)
Increase in trade and other creditors relating to operating activities	209,137
	<hr/>
Net cashflow used in operating activities	(264,738)
	<hr/>

(b) Non-cash investing and financing activities 12,268,000 Shares were issued at 20 cents as consideration for tenements acquired.

(c) Credit Standby Arrangements with Banks

There are no credit standby arrangements with the Company's bank.



DIRECTOR'S DECLARATION

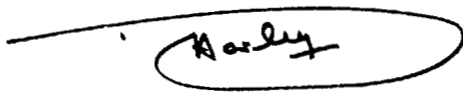
In the opinion of the directors of Gunson Resources Limited:

(a) the financial statements and notes set out on pages 26 to 39:

- i) give a true and fair view of the Company's financial position as at 30 June 2000 and of its performance as represented by the results of operations and cashflows for the period ended on that date; and
- ii) are in accordance with the Corporations Law and comply with Accounting Standards, Corporations Regulations and other mandatory professional reporting requirements; and

(b) at the date of this declaration, 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 and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read "Harley", is enclosed within a hand-drawn oval. A horizontal line is drawn below the signature.

D.N. Harley

Managing Director

28 September 2000

INDEPENDENT AUDIT REPORT



267 St Georges Terrace
Perth Western Australia 6000
PO Box 7426 Cloisters Square
Perth Western Australia 6850
Tel: 08 9360 4200 Fax: 08 9481 2524
DX 63515 Mill Street
Email: bdo@bdowa.com.au
Website: bdoaustralia.com.au

To the members of Gunson Resources Limited

SCOPE

We have audited the financial statements of Gunson Resources Limited for the financial year ended 30 June 2000, as set out on pages 26 to 40, including the Declaration by Directors. The Company's directors are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of Gunson Resources Limited are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the Company's state of affairs as at 30 June 2000, and its loss and cash flows for the financial year ended on that date; and
 - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provision of the Corporations law; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

G F Brayshaw

Partner, Perth

28 September 2000

CORPORATE GOVERNANCE STATEMENT

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:

CORPORATE GOVERNANCE STATEMENT

- 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.

COMMITTEES OF THE BOARD

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

CORPORATE GOVERNANCE STATEMENT

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.



ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 26 September 2000.

1. Distribution Of Shareholders

Analysis of number of shareholders by size of holding.

Category of Holding	Number of shareholders		
	Ordinary	Options "A"	Options "B"
1 – 1,000 shares	217		-
1,001 – 5,000 shares	421		
5,001 – 10,000 shares	233		
10,001 – 100,000 shares	405	1	1
100,001 shares and over	35	5	5
Total Shareholders	1311	6	6
Shareholders holding less than a marketable parcel:	593		

2. Substantial Shareholdings (Ordinary Shares)

Commonwealth Custodial Services Limited	3,117,990
David Brian Clarke	2,748,362
Billiton Exploration Australia Pty Ltd	2,500,000

3. Twenty Largest Shareholders

Name	Fully Paid Shares Held	%
Commonwealth Custodial Services Limited	3,117,990	9.66
Billiton Exploration Australia Pty Ltd	2,500,000	7.75
Macquarie Investment Management Limited	2,216,362	6.87
Stuart Petroleum NL	740,003	2.29
Mr David Brian Clarke	532,000	1.65
AMP Nominees Pty Ltd	500,000	1.55
Mr Roy Woodall	400,000	1.24
Mr David John Reed	260,900	0.81

ADDITIONAL SHAREHOLDER INFORMATION

Berne No 132 Nominees Pty Ltd (Lake Manchester a/c)	251,500	0.78
Berne No 132 Nominees Pty Ltd (80688 a/c)	250,000	0.77
Berne No 132 Nominees Pty Ltd (Peplon a/c)	250,000	0.77
Berne No 132 Nominces Pty Ltd (Rexbury a/c)	250,000	0.77
Mr David Ellis Hugill	250,000	0.77
Reynolds (Nominees) Pty Limited	225,286	0.70
Medleylawn Pty Ltd	220,000	0.68
Datalink Investments Pty Ltd	200,000	0.62
Papl Moodco Pty Ltd	200,000	0.62
Mineral Engineering Tech Service Pty Ltd	199,788	0.62
Abalant Pty Limited	194,382	0.60
Mr Zachary Bernard Hanran-Smith	182,111	0.56
TOTAL OF TOP 20 SHAREHOLDERS	12,940,322	40.08

On 26 September 2000, the Company had 32,268,005 fully paid ordinary shares on issue.

4. Largest Holders of Options

Name	Number of A	Number of B
	Class Options	Class Options
	Held	Held
Daleregent Pty Ltd	2,500,000	2,500,000
Faiban Pty Ltd	500,000	500,000
Roger Hamilton	150,000	150,000
Hamish Paterson	150,000	150,000
W H Cunningham & Associates	125,000	125,000
J E & D L Hanneson	75,000	75,000

All the above options are unlisted . The Company has no listed options.

VOTING RIGHTS

At a general meeting of shareholders:

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



ADDITIONAL SHAREHOLDER INFORMATION

TAXATION STATUS

The Company is taxed as a public company.

RESTRICTED SECURITIES

Name	Number of Shares Held	Number of Options "A" Class Held	Number of Options "B" Class Held
Stuart Petroleum NL	740,003		
Houmar Nominees Pty Ltd	16,000		
Neville Wayne Martin	8,000		
Daleregent Pty Ltd		2,500,000	2,500,000
Faiban Pty Ltd		500,000	500,000
Roger Hamilton		150,000	150,000
Hamish Paterson		150,000	150,000
W H Cunningham & Associates		125,000	125,000
J E & D L Hanneson		75,000	75,000

NOTICE OF MEETING

Notice is hereby given that the First Annual General Meeting of members of the Company will be held at 9.00am on Friday, 24 November 2000 at the West Australian Club (Inc.), 101 St Georges Tce, Perth WA to consider and, if thought fit, to pass the following resolutions:

GENERAL BUSINESS

Resolution 1 – Financial Statements

"To receive the financial statements and the reports of the Directors and Auditors for the year ended 30 June 2000".

Resolution 2A – 2B: Election of Directors

As ordinary resolutions to be proposed as separate resolutions respectively and sequentially in relation to each of the individuals referred to below:

- A. "That in accordance with Article 56.2 of the Company's constitution, William Cunningham retires having been appointed a director during the year and being eligible, offers himself for re-election",
- B. "That in accordance with Article 56.2 of the Company's constitution, Peter Harley retires having been appointed a director during the year and being eligible, offers himself for re-election".

SPECIAL BUSINESS

Resolution 3 – Appointment of Auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, effective at the end of the meeting, the Company's existing auditor, BDO Chartered Accountants and Advisers, who retires in accordance with section 327(2) of the Corporations Law and having been nominated by a member of the Company, are reappointed as auditor of the Company".

Note: A copy of the nomination is on page 50 of this report in accordance with section 328(3) of the Corporations Law.

OTHER BUSINESS

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

NOTICE OF MEETING

PROXY INFORMATION

In accordance with section 249L of the Corporations Law, 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 Law, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office: 9 Havelock Street, West Perth WA 6005

Facsimile Number: (08) 9226 3136

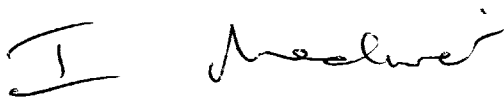
The member may specify the way in which the proxy is to vote on the resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address notified by the Company at least 48 hours prior to the time of the commencement of the Meeting.

VOTING ENTITLEMENT

Gunson Resources Limited (as convenor of the Meeting) has determined that a person's entitlement to vote at the Meeting will, in accordance with Section 1109N of the Corporations Law, be the entitlement of that person set out in the register of members as at 9.00am on the 24th day of November 2000.

This means that any holder registered at 9.00am on the 24th day of November 2000 is entitled to attend and vote at the Meeting.

By Order of the Board



Ian Alexander Macliver,

Company Secretary

12 October 2000

NOTICE OF MEETING

Daleregent Pty Ltd
PO Box 750
West Perth WA 6872

12 October 2000

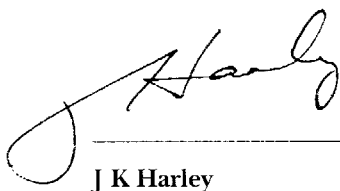
The Directors
Gunson Resources Limited
Ground Floor, 9 Havelock Street
WEST PERTH WA 6005

Gentlemen

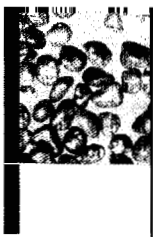
Nomination of Auditors

I advise that I am a member of the Company and, in accordance with section 328(3) of the Corporations Law, hereby nominate BDO Chartered Accountants & Advisers as auditors to the Company at the next Annual General Meeting or any adjournment thereof.

Yours faithfully



J K Harley
Director



FORM OF PROXY

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 commencing at 9.00am on 24 November 2000, and at any 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 – Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Election of Directors		
2A Mr W Cunningham	<input type="checkbox"/>	<input type="checkbox"/>
2B Mr P Harley	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>

Dated this _____ day of _____ 2000

Signature of Member/s

Sign _____

Sign _____

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: 9 Havelock 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.

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