

GUNSON RESOURCES LIMITED

ACN 32 090 603 642

INTERIM FINANCIAL REPORT

31 DECEMBER 2003

CONTENTS

Director's Report	2-3
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to and Forming Part of the Financial Statements	7-8
Directors' Declaration	9
Independent Review Report to the Members	10

CORPORATE DIRECTORY

DIRECTORS

William Cunningham (Chairman)
David Harley (Managing Director)
Peter Harley (Director)

COMPANY SECRETARY

Darryl Edwards

REGISTERED & PRINCIPAL OFFICE

Ground Floor
Level 2, 33 Richardson Street
West Perth WA 6005
Tel: (08) 9226 3130
Fax: (08) 9226 3136
Website: www.gunson.com.au
ASX Code: GUN

AUDITORS

BDO
Chartered Accountants
267 St Georges Terrace
Perth WA 6000
Tel: (08) 9360 4200
Fax: (08) 9481 2524

SHARE REGISTRY

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel: (08) 9323 2000
Fax: (08) 9323 2033

DIRECTORS REPORT

Your directors present their report on the accounts for the half-year ended 31 December 2003.

1. DIRECTORS

The following persons held office as directors of Gunson Resources Limited during the half-year and until the date of this report:

W H Cunningham	(Chairman) Appointed 13 March 2000
D N Harley	(Managing Director) Appointed 23 December 1999
P C Harley	(Non Executive Director) Appointed 23 December 1999

All Directors were in office from the beginning of the financial period until the date of this report.

2. REVIEW AND RESULTS OF OPERATIONS

The Company incurred an operating loss after income tax of \$225,064 (2002: \$98,529) for the half-year ended 31 December 2003.

The highlights of the Company's activities in the six months to 31 December 2003 were as follows:

- **Coburn Mineral Sand Project – Western Australia.**

The bankable feasibility study on the economics of the zircon rich Amy Zone heavy mineral sand resource continued throughout the second half of calendar 2003.

Main activities on the Project were an extensive infill reverse circulation air core drilling program at Amy Zone South, along with lateral extension drilling to close off the mineralisation to the east and west of the infill grid. This drilling was successful in substantially upgrading the resource from inferred to indicated, with a 64% increase in tonnage at essentially the same grade to 133 million tonnes at 1.35% heavy minerals. A program of widely spaced drill traverses 1 kilometre apart on the southern end of Amy Zone extended the strike length of the Zone by 6 kilometres to over 33 kilometres. This 6 kilometres extension, together with the resource increase on the Amy Zone South infill grid, increased the overall inferred Amy Zone resource to 690 million tonnes at 1.35% heavy minerals, a 32% increase on the previous global estimate.

Other activities on the Project included collection of samples for bulk metallurgical testing, resource block modelling, research into cost effective mining techniques, environmental baseline studies and community consultation.

The bankable feasibility study is due for completion at the end of March 2004.

DIRECTORS REPORT

- **Shell Lakes Diamond/Nickel Project – Western Australia.**

- **Diamond Exploration**

Following the withdrawal of De Beers Australia Exploration Limited from the Project in June 2003, the Company attracted a new joint venture partner, Southstar Diamonds Ltd, to explore for diamonds at Shell Lakes. Southstar sampled the De Beers core for diamond indicator minerals but Southstar's testwork did not encourage further exploration and they withdrew from the joint venture on 27 January 2004.

- **Nickel Exploration**

Planning for a ground based transient electromagnetic survey over three "bulls eye" magnetic anomalies in the south western part of the Project was the main activity during the period. These magnetic anomalies occur in a geological setting thought to be similar to the Norilsk mining district in Russia, the world's largest and lowest cost nickel producer.

- **Mount Gunson Copper Project - South Australia.**

The main activity during the period under review was planning for an induced polarisation geophysical survey over the promising 23 Mile Tank and Moseley Dam prospects, scheduled for February 2004.

- **Tennant Creek Gold-Copper Project – Northern Territory.**

Gravity and ground magnetic geophysical surveys were completed over several of the targets which form the basis of the Project.

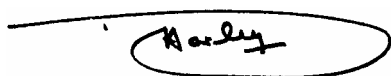
Results of these surveys reinforced the original targets and once exploration title is granted, drilling can follow soon after. Grant of title over the two targets not covered by aboriginal freehold land is expected shortly.

3. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the half year ended 31 December 2003 the Company issued 18.5 million shares at 12.5 cents each, raising \$2,312,500 for the completion of the bankable feasibility study and some ongoing work on the Coburn Project.

The Company also issued to Southern Cross Equities 1 million unlisted options exercisable at 20 cents per share on or before 16 September 2008. No other significant changes occurred in the state of affairs of the Company during the period.

Signed in accordance with a resolution of the Board of Directors.



DN Harley
Managing Director
Perth, Western Australia
8th March 2004

GUNSON RESOURCES LIMITED
ACN 32 090 603 642

**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	Notes	31 December 2003 \$	31 December 2002 \$
Total Revenue From Ordinary Activities	2	51,844	62,138
Administration expenses	3	(276,908)	(160,667)
		<hr/>	<hr/>
Loss From Ordinary Activities Before Income Tax		(225,064)	(98,529)
Income Tax Expense		-	-
		<hr/>	<hr/>
Net Loss Attributable To Members		(225,064)	(98,529)
		<hr/>	<hr/>
Total changes in equity other than those resulting in transactions with owners as owners		(225,064)	(98,529)
		<hr/>	<hr/>
Basic earnings per share (cents per share)		(0.45)	(0.20)
Diluted earnings per share		(0.45)	(0.20)

The accompanying notes form part of this financial report.

GUNSON RESOURCES LIMITED
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**CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	31 December 2003 \$	30 June 2003 \$
CURRENT ASSETS		
Cash Assets	2,001,294	1,297,920
Receivables	135,256	60,741
	2,136,550	1,358,661
TOTAL CURRENT ASSETS		
NON-CURRENT ASSETS		
Exploration Expenditure	6,441,448	5,131,001
Property, Plant & Equipment	48,571	25,101
	6,490,019	5,156,102
TOTAL NON-CURRENT ASSETS		
TOTAL ASSETS	8,626,569	6,514,763
CURRENT LIABILITIES		
Payables	291,497	198,026
Provisions	18,438	14,414
	309,935	212,440
TOTAL CURRENT LIABILITIES		
TOTAL LIABILITIES	309,935	212,440
NET ASSETS	8,316,634	6,302,323
EQUITY		
Contributed Equity	9,557,926	7,318,551
Accumulated Losses	(1,241,292)	(1,016,228)
	8,316,634	6,302,323
TOTAL EQUITY	8,316,634	6,302,323

The accompanying notes form part of these financial statements.

GUNSON RESOURCES LIMITED
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	31 December 2003 \$	31 December 2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration and evaluation	(1,337,470)	(383,193)
Payments to suppliers and employees	(299,909)	(171,880)
Interest received	44,213	50,370
Project Management fees & other revenues	7,613	11,293
GST (paid)/received	78,387	31,791
Other	-	(12,500)
NET CASHFLOWS FROM/(USED IN) OPERATING ACTIVITIES	(1,507,166)	(474,119)
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(28,835)	(20,046)
NET CASHFLOWS FROM/(USED IN) INVESTING ACTIVITIES	(28,835)	(20,046)
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	2,312,500	-
Payment of share issue costs	(73,125)	-
NET CASHFLOWS FROM. (USED IN) FINANCING ACTIVITIES	2,239,375	-
NET INCREASE / (DECREASE) IN CASH HELD	703,374	(494,165)
Cash at beginning of period	1,297,920	2,398,810
CASH AT THE END OF THE FINANCIAL PERIOD	2,001,294	1,904,645

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

The half year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act, Accounting Standard 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the 30 June 2003 Annual Financial Statements and any public announcements by Gunson Resources Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act.

They have been prepared on the basis of historical costs and except where stated do not take into account changing money values or current valuations of non current assets.

The accounting policies have been consistently applied by the entity and except where there is a change in accounting policy, are consistent with those of the previous financial year (30 June 2003) and corresponding half year.

The carrying amounts of non current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half year. If the carrying amount of a non current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

For the purpose of preparing the half year financial statements, the half year has been treated as a discrete reporting period.

The half year report does not include full disclosure of the type usually included in an annual financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

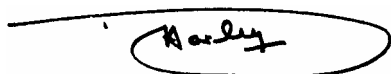
	2003	2002
	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES		
Management fees – Joint Venture	-	2,907
Interest received – other persons	44,231	50,370
Other revenue	7,613	8,861
	51,844	62,138
3. LOSS FROM ORDINARY ACTIVITIES		
The loss from ordinary activities before income tax has been determined after:		
Depreciation	5,366	1,939
4. EVENTS SUBSEQUENT TO REPORTING DATE		
Nil		
5. CONTINGENT LIABILITIES		
The Directors are not aware of any contingent liabilities as at 31 st December 2003.		
There has been no change in liabilities since the last annual reporting date.		
6. SEGMENT INFORMATION		
The Company operates wholly within the Minerals Exploration Industry within Australia		

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Gunson Resources Limited we declare that in the opinion of the directors:

- a) The financial statements and notes set out on pages 4-8:
 - (i) Give a true and fair view of the financial position of the Company as at 31 December 2002 and the performance of the Company for the half-year ended on that date, and
 - (ii) Comply with Accounting Standards AASB 1029 "Interim Financial Reporting" and the Corporations Regulations.
- 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.

Signed in accordance with a resolution of the Board of Directors.

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

D N Harley
Managing Director

Perth, Western Australia
8th March 2004



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
Fax: (61-8) 9481 2524
Email: bdo@bdowa.com.au
www.bdo.com.au

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GUNSON RESOURCES LIMITED

Scope

We have reviewed the financial report being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Directors' Declaration of Gunson Resources Limited for the half-year ended 31 December 2003. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, 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, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission and ASX.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gunson Resources Limited is not in accordance with:

- (a) The Corporations Act, including
 - (i) Giving a true and fair view of the company's financial position as at 31 December 2002 and its performance for the half-year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 1029: "Interim Financial Reporting" and the Corporations Regulations; and
- (b) Other mandatory professional reporting requirements.

BDO
Chartered Accountants

G F Brayshaw
Partner
Dated: 8 March 2004
Perth, Western Australia

