

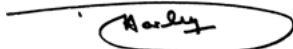
PROGRESS WITH APPROVALS TO DEVELOP THE COBURN ZIRCON MINE

Since the last Project update at the Company's 2006 Annual General Meeting on 17th November, good progress has been made with environmental approvals for the proposed Coburn mine development.

All of the ten environmental management plans required before construction can commence have been reviewed by government regulators and amended where appropriate. Nine of these were submitted prior to Christmas to the Statement Management Section of the Western Australian Department of Environment and Conservation (DEC) for final statutory approval. The tenth plan is to be submitted to DEC by 10th January.

In parallel with this process, drafting of approval documents for local government, mining and non substantial change (from the 2005 Public Environmental Review) is well advanced and on schedule for submission to government in mid January. These must also be approved prior to construction.

Approval of all the above documents is expected by March 2007. In the meantime, work on the definitive feasibility study has continued, with the aim of finalising it at the same time as the above approvals are received. Encouraging results have been received from metallurgical testwork by Outokumpu Technology, aimed at optimising mineral recoveries in prospective toll treatment facilities in Western Australia and East Asia. This work has focused on removing iron oxide coatings on the heavy mineral grains with a low cost attritioning circuit at the minesite. Improved recovery of all valuable heavy mineral species has resulted from the attritioning tests.



D N HARLEY
MANAGING DIRECTOR

Investor enquiries:

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

ATTRIBUTION

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D N Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.