



25 August 2003

Dear Shareholder

SHAREHOLDER SHARE PURCHASE PLAN OFFER

The Board of Directors of Gunson Resources Limited is pleased to offer Eligible Shareholders the opportunity to purchase additional shares in the Company under the recently introduced Shareholder Share Purchase Plan ("SPP"). The SPP entitles all Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of shares in Gunson Resources Limited at 12.5 cents each without incurring brokerage and other transaction costs.

A maximum of 10 million shares is available for purchase under the SPP offer and applications for SPP shares will be accepted on a first come first served basis. The SPP is designed to raise \$1.25 million.

Details of the terms of this offer and how you can participate in the SPP are set out below. An Entitlement & Acceptance Form is included should you wish to participate in the offer.

Bankable Feasibility Study on the Coburn Mineral Sands Project

The funds raised from the SPP will enable the Company to complete the bankable feasibility study on the Coburn heavy mineral sand project and some ongoing work on this project.

The bankable feasibility study on the Coburn Project commenced in May 2003, based on dry mining the Amy Zone deposit and trucking the heavy mineral concentrate 300 kilometres south to Geraldton, a regional port and heavy mineral processing centre. The bankable feasibility study includes resource definition drilling, metallurgical test work and design, engineering, mine planning, environmental surveys, community consultations, marketing and project financing.

Economic analysis of the Coburn Project based on an initial capital expenditure of \$62 million, current exchange rates and commodity prices, indicates that the Project is financially robust, with an after tax net present value of \$64 million and internal rate of return of 23%. These financial returns are based on a cash operating surplus of \$400 million after tax and revenues of \$1.4 billion over the life of the Amy Zone resource. Over half the revenue from the Coburn Project would be generated from zircon, for which the already strong market has improved recently.

The Coburn bankable feasibility study is on course for completion in early 2004 and shortly after that date the Board will review and consider moving the Project towards commercial production in late 2005. The estimated mine life is 20 years.

Development of the Coburn Project is an important milestone for the Company and offers shareholders an opportunity to participate in what is hoped to be the Company's first commercial mining operation.

Shareholders Eligible to Participate in the SPP

The right to participate in this SPP is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in Gunson Resources Limited as at 5pm on the record date 22 August 2003 and whose registered address is in Australia or in any jurisdiction in which it is lawful for the Company to offer shares under the Plan ("**Eligible Shareholders**"). This offer under the SPP is not transferable.

Price of Gunson Shares under the SPP

As an incentive to shareholders, the purchase price of the new shares being offered under the SPP has been set at 12.5 cents per share. This represents a **16.9% discount** to the weighted average market price of Gunson Resources Limited shares traded on ASX during the 5 trading days prior to the public announcement of the SPP on 15 August 2003.

On the day the Company announced the offer under the SPP the Company's shares traded on ASX in the price range of 15.5 and 16.0 cents per share.

Subscription and Application Procedure

If you would like to participate in the SPP, please return your completed Entitlement & Acceptance Form, together with your cheque payable to Gunson Resources Limited Share Purchase Plan Account for the purchase price for the number of shares you wish to acquire, on or before the **Closing Date of 5pm (WST) on Monday 15 September 2003. No late applications will be accepted.**

Please note that the **maximum investment per shareholder is \$5,000** (representing 40,000 shares at a price of 12.5 cents per share) and the **minimum investment is \$500** (representing 4,000 shares at 12.5 cents per share). The **maximum investment** that each shareholder may apply for will remain \$5,000 even if a shareholder receives more than one SPP offer whether in respect of a joint holding or because the shareholder has more than one holding under a separate account.

Conditions of the Offer

The offer is subject to shareholder approval for the proposed issue of shares pursuant to the SPP and no shares will be issued under the SPP unless this condition is fulfilled. In the event shareholder approval is not obtained the Company shall repay, without interest, all monies received from Eligible Shareholders pursuant to the SPP. The shareholders meeting to approve, amongst other things, the SPP will be held at the Company's office in West Perth on 16 September 2003.

Additional Information and Important Dates

The Directors of the Company reserve the right to reject any application over \$5,000 and to allocate any shortfall that may arise. Shares allotted under the SPP will, subject to shareholder approval, be issued no later than 15 days after the Closing Date of the offer. Application for quotation of the new shares on ASX will be made immediately following the issue of those shares.

The market price of shares in the Company may rise and fall between the date of this offer and the date when any SPP shares are allotted and issued to you. This means that the subscription price you pay for shares may exceed the market price of the shares at the date of allotment of the shares under this SPP. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of shares in the Company prior to accepting it.

Further details on the SPP are set out in the enclosed Terms and Conditions of the Gunson Resources Shareholder Share Purchase Plan.

Indicative Timetable

Offer Opens	25 August 2003
Offer Closes	15 September 2003
Shareholders meeting to approve the SPP	16 September 2003
Issue of shares under the SPP	24 September 2003
Quotation of shares on ASX	29 September 2003

The Company may vary the dates and times of the SPP without notice. Accordingly, shareholders are encouraged to submit their Entitlement & Acceptance Form as early as possible.

I trust that you will consider this important offer to participate in the SPP. If you have any further questions you should contact your stockbroker or professional advisor. Alternatively, should you wish to discuss this matter with a Company representative do not hesitate to contact the Company Secretary, Darryl Edwards on (08) 9322 7600.

Yours sincerely

W H CUNNINGHAM
Chairman

Enc



SHAREHOLDER SHARE PURCHASE PLAN

**Eligible Shareholders can purchase up to \$5,000 of
Gunson Resources Limited Shares at a discount to market price**

**This is an important document that requires
your immediate attention**

OFFER CLOSES: 15 SEPTEMBER 2003

Share Purchase Plan Terms and Conditions

Purpose

The purpose of the Share Purchase Plan (**the Plan**) is to offer shareholders of Gunson Resources Limited (**Gunson**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Gunson Shares**) up to a maximum of A\$5,000 in any 12 month period at a discount to the market price of Gunson shares on the financial market operated by Australian Stock Exchange Limited (**ASX**) without the need to pay brokerage costs and without the need for Gunson to issue a Prospectus.

Shareholders eligible to participate

Eligible shareholders of Gunson Shares that are registered with an Australian address at the relevant record date may participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are not renounceable (ie eligible shareholders may not transfer their rights to any Gunson Shares offered under the Plan).

An offer may, at the discretion of the directors of Gunson, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$5,000. The directors of Gunson may also determine in their discretion the minimum amount for participation, the multiple of Gunson Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Gunson Shares

The price of Gunson Shares to be issued under the Plan will be determined by calculating a discount to the weighted average market price of Gunson Shares quoted on the ASX during the period 5 trading days immediately prior to announcement by the Company and/or the relevant record date specified by the directors of Gunson as the date for determining eligibility of shareholders to participate in an offer of shares under the Plan.

Applications and Notices

At the discretion of the directors of Gunson, Gunson will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Gunson Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer will be refunded without interest.

Notices and statements made by Gunson to participants may be given in any manner prescribed by its Constitution.

Underwriting

An Offer may be underwritten and the underwriters and/or sub-underwriters may be issued with Shares pursuant to the Plan where one or more of the eligible Shareholders fail to subscribe for the maximum number of shares available to them under the Offer. The Directors may pay a brokers fee to Underwriters.

Issue of Gunson Shares

Gunson Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the directors of Gunson in the relevant offer.

Gunson Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Gunson from the date of issue.

Shareholding statements or CHES notification will be issued in respect of all Gunson Shares issued under the Plan. Gunson will, promptly after the issue of Gunson Shares under the Plan, make application for those Gunson Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Gunson may modify or terminate the Plan at any time.

Gunson will notify the ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Gunson may issue to any person fewer Gunson Shares than the person applied for under the Plan, if the issue of the Gunson Shares applied for would contravene any applicable law or the Listing rules of ASX.

Dispute Resolution

Gunson may settle all decisions by Gunson in any manner it thinks fit. Any difficulties, anomalies or disputes which may arise in connection with or by any reason of the operation of the Plan whether generally or in relation to any participant, application, or Gunson Shares and the decision of Gunson will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Gunson reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Gunson under these conditions may be exercised by the directors of Gunson or any delegate of the directors of Gunson.

Questions and Contact Details

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Company Secretary on (08) 9322 7600.



**Shareholder Share Purchase Plan Entitlement and Acceptance Form
Offer Closes 5.00pm (WST) 15 September 2003**

----- DPID -----
 <Address Line 1>
 <Address Line 2>
 <Address Line 3>
 <Address Line 4>
 <Address Line 5>
 <Address Line 6>

< BARCODE OF SRN / HIN >
 Record Date: 22 August 2003
 Price Per Share: 12.5 cents per share
 Holder Identification Number (HIN): X0000000000

This is an offer to eligible shareholder to subscribe for additional shares in Gunson Resources Limited ("Gunson") under the Terms and Conditions of the Gunson Shareholder Share Purchase Plan ("the Plan") accompanying this form and letter from the Chairman.

- The **maximum number** of new shares you can apply for is 40,000 that will cost you **\$5,000.00**.
- The **minimum number** of new shares you can apply for is 4,000 that will cost you **\$500.00**.
- You can purchase any number of new shares between the maximum and minimum. However, the number of Gunson shares offered under the Plan is limited and accordingly applications will only be accepted on a first come first accepted basis.

The price per share for each Gunson share issued under this offer is 12.5 cents. This represents a **16.9% discount** to the average market price of Gunson shares quoted on ASX during the 5 trading days immediately prior to announcement of the offer.

The market price of shares in Gunson may rise or fall between the date of this offer and the date that the shares are allocated to you. This means that the subscription price you pay for the shares may exceed the market price of the shares at the date of allotment of the shares under this offer. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of shares in Gunson prior to accepting this offer.

The maximum number of ordinary shares that each shareholder may apply for will apply **even if a shareholder received more than one offer** (whether in respect of a joint holding or because the shareholder has more than one holding under separate share accounts). Gunson reserves the right to reject any application where this rule has not been complied with.

By accepting the Offer you agree to be bound by the Terms and Conditions of the Gunson Shareholder Share Purchase Plan and the Constitution of Gunson Resources Limited.

Application for Shares

I/we being the above mentioned, being registered as ordinary shareholder(s) in Gunson Resources Limited as at the record date of 22 August 2003, do hereby apply for the number of ordinary shares in Gunson Resources Limited as indicated below at an issue price of 12.5 cents per share issued in accordance with the Terms and Conditions of the Gunson Resources Limited Shareholder Share Purchase Plan. I/we confirm that the total cost of shares purchased by us (including through joint holding(s), multiple share accounts or any holding in which I/we have a beneficial interest(s) does not exceed \$5,000 in accordance with the Applicants Certification and Confirmation.

To participate in the Shareholder Share Purchase Plan shareholders must select **only one** of the following two options. Please mark the selected box.

Maximum Application

40,000 Shares
\$5,000

OR

Selected Amount – please complete

Number of New Shares:.....(minimum of 4,000 Shares)
 At 12.5 cents per share = \$.....

Please complete the following cheque payment details:

Drawer	Bank	Branch or BSB	Amount

Cheques should be made payable to "Gunson Resources Limited Share Purchase Plan Account" and crossed "Not Negotiable".

Telephone number where we may contact you during business hours. (_____) _____

Contact Name: _____

Offer Closes 5.00pm (WST) 15 September 2003

Australian Certification and Confirmation

1 By lodging this Entitlement and Acceptance Form you certify that the aggregate of the application price for the following does not exceed \$5,000:

- (a) the Gunson ordinary shares that are the subject of this application; and
- (b) any other Gunson ordinary shares applied for by you under the Plan (or any similar arrangement in the 12 months prior to the application), whether:
 - (i) in your own right, or
 - (ii) jointly with one or more persons, or
 - (iii) in your capacity as a beneficiary (as defined below),

but not including in your capacity as a trustee or nominee where it is expressly noted on Gunson's register of members that your shareholding is held on account of another person.

If 2 or more persons are recorded in the register of members as jointly holding the Gunson shares to which this entitlement relates, this certificate is taken to be given by each joint holder in respect of him/her/itself.

If a trustee or nominee is expressly noted on Gunson's register of members as holding the shares to which this entitlement relates on account of another person (the "beneficiary"), this certification and confirmation is taken to be given by the beneficiary in respect of him/her/itself (and not the trustee or nominee).

2. By lodging this form with your cheque you confirm that you have read, understood and agreed to the terms and conditions of the Plan.

Notes

- The terms and conditions of the Shareholder Share Purchase Plan in the enclosed letter from the Chairman should be read carefully.
- Applications will be processed on first received, first accepted basis.
- Payments may only be made by cheque or bank draft in Australian dollars and drawn on an Australian branch of a financial institution.
- Cheques or bank drafts are to be made payable to: "Gunson Resources Limited Share Purchase Plan Account" and crossed with "Not Negotiable".
- Cheques will be deposited on their day of receipt. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Receipts for payment will not be issued.
- Cash payments will not be accepted via the mail or at Computershare Investor Services Pty Ltd.
- If you wish to accept this offer please return this entitlement and acceptance form duly completed together with a cheque for the subscription amount, in the envelope provided, **by 5.00pm 15 September 2003**.
- Gunson Resources Limited may reject an acceptance of this offer, in its absolute discretion, if this form is not completed in accordance with this offer, is incomplete or if the exact amount payable is not tendered with this form.

Receipt by Gunson Resources Limited of this form duly completed, together with the full subscription amount, will constitute acceptance in accordance with the terms and conditions of the Shareholder Share Purchase Plan and the constitution of Gunson Resources Limited by the shareholder named on this form. A signature on this form is not required.

This offer is not renounceable and as such may only be transferred after the shares are allotted.

QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Company Secretary on (08) 9322 7600.

Addresses:

By Post	By Hand
Gunson Resources Limited C/- Computershare Investor Services Pty Limited GPO Box D182 Perth, Western Australia 6840	Gunson Resources Limited C/- Computershare Investor Services Pty Limited Level 2 45 St Georges Terrace Perth, Western Australia 6000

Return this form and cheque in the enclosed business reply paid envelope provided.

Offer Closes 5.00pm (WST) 15 September 2003