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**GUNSON RESOURCES LIMITED**

ABN 32 090 603 642

FACSIMILE MESSAGE

To:	Australian Stock Exchange Limited
Facsimile:	1300 300 021
From:	D N Harley
Date:	28 th September 2000
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Subject:	FINANCIAL STATEMENTS AND DIRECTORS REPORT 2000

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Attached is a copy of the Company's financial statements and Directors Report for the financial year ended 30th June 2000.

D N HARLEY
Managing Director



GUNSON RESOURCES LIMITED

ACN 090 603 642

**FINANCIAL STATEMENTS AND
DIRECTOR'S REPORT - 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 in the Managing Directors' Report.

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.

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.

Director's Report (continued)

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.

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 Report (continued)

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

Directors' and Other Officers' Emoluments

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

(1) Other - 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.

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>

Director's Report (continued)

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.

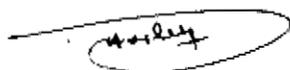
Environmental Regulation and Performance

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 can't be disclosed.

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



D.N. Harley
Managing Director

28th September 2000

Financial Statements

Profit & Loss Statement

For the period 23 December 2000 to 30 June 2000

	Note	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		<u>(114,436)</u>

The accompanying notes form part of these financial statements.

Financial Statements (continued)

Balance Sheet As at 30 June 2000

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

The accompanying notes form part of these financial statements.

Financial Statements (continued)

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)
		<hr/>
Total cashflows related to operating activities	20	(264,738)
Cashflows related to investing activities		
Payments for plant and equipment		<hr/> -
Total cashflows related to investing activities		-
Cashflows related to financing activities		
Net Proceeds from Share issue		<hr/> 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		<hr/> -
Cash at end of year	4	<hr/> 3,249,171

Notes to and forming part of the Financial Statements

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.

Notes to and forming part of the Financial Statements (continued)

(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.

**Notes to and forming part of the
Financial Statements (continued)**

(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) Earning 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.

Notes to and forming part of the Financial Statements (continued)

30 June 2000

\$

2. Operating Result

The operating results before income tax has been determined after:

Crediting as revenue:

Interest received	12,698
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3. Taxation

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

Operating loss	<u>(114,436)</u>
Prima facie income tax benefit (36%)	41,197
Tax effect of permanent differences	-
Future income tax benefit not brought to account	<u>(41,197)</u>
Income tax benefit attributable to operating loss	<u>-</u>

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	<u>3,000,000</u>
	<u>3,249,171</u>

5. Receivables

Other receivables	<u>7,450</u>
	<u>7,450</u>

6. Exploration Properties

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

Pursuant to 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.

Notes to and forming part of the Financial Statements (continued)

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.

		30 June 2000
		\$
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	
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	
	(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

**Notes to and forming part of the
Financial Statements (continued)**

30 June 2000

\$

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	-

(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	-
	<u>4,500</u>

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

30 June 2000

(a) Basic earnings per share (cents)	<u>(1.38) cents</u>
(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.

Notes to and forming part of the Financial Statements (continued)

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 table summarises the Company's exploration expenditure commitments on granted tenements for the financial year 2000/2001

- (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

Notes to and forming part of the Financial Statements (continued)

(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.

Notes to and forming part of the Financial Statements (continued)

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:

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	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.
Other creditors and accruals			
<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
<hr/>				
Weighted average interest rate:	-	5.9%		
<hr/>				
Financial liabilities				
Accounts payable	-	-	240,112	240,112
Borrowings	-	-	-	-
<hr/>				
Weighted average interest rate:	-	-		
<hr/>				

Notes to and forming part of the Financial Statements (continued)

19. Financial Instruments (cont)

(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
	(264,738)
Net cashflow used in operating activities	(264,738)

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

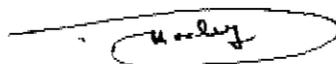
There are no credit standby arrangements with the Company's bank.

Directors' Declaration

In the opinion of the directors of Gunson Resources Limited:

- (a) the financial statements and notes set out on pages 1 to 17:
 - 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:



D.N. Harley
Managing Director

Dated at Perth 28 September 2000

Independent Audit Report

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 5 to 16, 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.

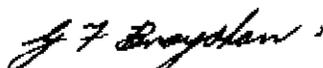
Audit Opinion

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.

BDO

Chartered Accountants and Advisers



Geoff Brayshaw
Partner, Perth

Date: 28 September 2000