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ASX RELEASE

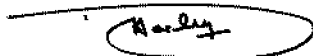
**PROGRESS REPORT – DRILLING FOR
DIAMONDS AT SHELL LAKES,
WESTERN AUSTRALIA**

Good progress is being made with the first pass air core drilling program resumed this year and designed to test if eight of the magnetic anomalies shown on the attached diagram are caused by kimberlite pipes.

To date, six of the eight anomalies have been drilled with a single hole. All of the drill holes have intersected what appear to be intrusive rocks of ultramafic composition which are commonly associated with pipes. Further analysis of these rocks will be required to determine the specific composition, rock type and diamond potential.

Analysis of samples from the five holes completed this year has commenced and drilling of the remaining two holes should be completed by 21 March.

The drilling program is being funded and operated by the Company's joint venture partner, De Beers Australia Exploration Ltd, who have the right to earn 51% of the diamond rights to the Project by spending \$2.5 million in 3 years from 9 April 2002.



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Attachments:

- Figure 1: Shell Lakes Project - Exploration Program - 2003

ATTRIBUTION

The information contained in this report is based on, and accurately reflects, information compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has over five years experience in the field of activity being reported on.

Gunson Resources Limited

Figure 1

SHELL LAKES PROJECT EXPLORATION PROGRAM - 2003

