

**ASX RELEASE**  
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**COBURN MINERAL SAND PROJECT  
PROCEEDING TO FULL BANKABLE FEASIBILITY STUDY**

**Introduction**

Gunson Resources announces that it is to proceed with Phase 2 of its bankable feasibility study (BFS) on the Coburn Mineral Sand Project, near Shark Bay in Western Australia.

The decision is based on:

- Drilling confirms the continuity and grade of the southern part of the Amy Zone resource;
- Project is still financially robust, with an NPV (8%) after tax of \$64 million and an internal rate of return of 23%, using the current A\$/US\$ exchange rate and higher zircon prices;
- Positive stakeholder consultations;
- Additional metallurgical analysis.

**Drilling Program**

The Phase 1 air core drilling program designed to establish the continuity of mineralisation in the southern part of the Amy Zone deposit, on a 500 metre by 100 metre grid pattern, was completed in early June. Subsequently, a 36 hole infill drilling program was completed in the same area on a 250 metre by 100 metre pattern.

Assay results have been received for 71 of the 226 holes drilled, and when combined with pan estimates of the remaining holes, confirm the continuity and grade of the southern part of the Amy Zone resource. In addition, the drilling has revealed significant extensions of economic mineralisation beyond the original limit of the resource outline. Selected intersections from the drilling program are listed below:

Hole Number	From (m)	To (m)	Intersection	% Slime
CBC 912	0	15	15 m @ 1.8%	3.6
CBC 914	10	21	11 m @ 1.8%	2.5
CBC 915	15	21	6 m @ 2.0%	4.9
CBC 920	25	33	8 m @ 2.5%	1.2

**Financial Evaluation**

During the past month, further sensitivity analyses have been calculated using the previously announced resource figures, the current exchange rate and higher zircon prices. This updated evaluation has confirmed the Project is still financially robust, with an NPV (8%) after tax of \$64 million and an internal rate of return of 23%.

The evaluation has also led to improved confidence in the projected operating cost figures.

## **Stakeholder Consultations**

During June, extensive consultations with stakeholder groups were made regarding the Company's proposed mine development. These included State and Federal environmental authorities, local pastoralists and members of the Shark Bay World Heritage Area Scientific and Community Consultative Committees. The Company is encouraged by the progress of these consultations, which will be expanded during Phase 2 of the BFS.

## **Metallurgy**

Metallurgical test work focused on the silica coating on ilmenite grains, including attritioning and chemical leaching, with both techniques resulting in reduction of the silica. The most efficient process was high intensity attritioning using a water medium and further work is planned during Phase 2.

Preparation for the testing of bulk samples during Phase 2 has already commenced.

## **Conclusions**

The second and major phase of the BFS has commenced, which will include more detailed infill drilling, metallurgical test work, metallurgical design, engineering, mine planning, environmental surveys, community consultations, marketing and project financing. Directors are encouraged with the result of the Phase 1 infill drilling, which indicates the Amy Zone resource will increase in size. The financial modelling shows the Project is financially robust with it able to maintain an attractive financial return despite the significant increase in the A\$/US\$ exchange rate.

The BFS is on course for completion in January 2004 and arrangements for funding of the study are to be concluded this month.

**D N HARLEY**  
**MANAGING DIRECTOR**

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### **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.