



**GUNSON RESOURCES LIMITED**  
ABN 32 090 603 642

**FACSIMILE MESSAGE**

<b>To:</b>	Australian Stock Exchange Limited
<b>Facsimile:</b>	1300 300 021
<b>From:</b>	D N Harley
<b>Date:</b>	13 <sup>th</sup> February 2003
<b>Pages:</b>	12
<b>Ref:</b>	COR A2
<b>Subject:</b>	<b>HALF YEARLY REPORT</b>

The information contained in this facsimile is confidential and intended for the addressee only. If you have received this facsimile please contact us immediately by telephone on (08) 9226 3130.

Please find attached the Company's half yearly financial report for the period to 31<sup>st</sup> December 2002.



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

**GUNSON RESOURCES LIMITED**  
ACN 090 603 642

INTERIM FINANCIAL REPORT

31 DECEMBER 2002

**GUNSON RESOURCES LIMITED**  
**ACN 090 603 642**

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**CORPORATE DIRECTORY**

**DIRECTORS**

William Cunningham (Chairman)  
 David Harley (Managing Director)  
 Peter Harley (Director)

**COMPANY SECRETARY**

Darryl Edwards

**REGISTERED & PRINCIPAL OFFICE**

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 Level 2, 33 Richardson Street  
 West Perth WA 6005  
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 Fax: (08) 9226 3136  
 Website: [www.gunson.com.au](http://www.gunson.com.au)  
 ASX Code: GUN

**AUDITORS**

BDO  
 Chartered Accountants  
 267 St Georges Terrace  
 Perth WA 6000  
 Tel: (08) 9360 4200  
 Fax: (08) 9481 2524

**SHARE REGISTRY**

Computershare Investor Services  
 Level 2, Reserve Bank Building  
 45 St Georges Terrace  
 Perth WA 6000  
 Tel: (08) 9323 2000  
 Fax: (08) 9323 2033

**GUNSON RESOURCES LIMITED**  
**ACN 090 603 642**

**DIRECTORS REPORT**

Your directors present their report on the accounts for the half-year ended 31 December 2002.

**1. DIRECTORS**

The following persons held office as directors of Gunson Resources Limited during the half-year and until the date of this report:

W H Cunningham	(Chairman) Appointed 13 March 2000
D N Harley	(Managing Director) Appointed 23 December 1999
P C Harley	(Non Executive Director) Appointed 23 December 1999

All Directors were in office from the beginning of the financial period until the date of this report.

**2. REVIEW AND RESULTS OF OPERATIONS**

The Company incurred an operating loss after income tax of \$98,529 (2001: \$93,334) for the half-year ended 31 December 2002.

The highlights of the Company's activities in the six months to 31 December 2002 were as follows:

• **Coburn Mineral Sand Project - Western Australia.**

A pre feasibility study on the metallurgy and economics of the 516 million tonne Amy Zone resource was the main activity during second half of calendar 2002.

This study included processing of seven bulk samples collected along the Amy Zone deposit in September, conceptual mining studies, estimates of capital and operating costs and financial modelling. Results of this work have indicated that Amy Zone could sustain a high volume, low cost and long life mining operation, which will produce premium grade mineral sand products. Development by Gunson would generate a net present value (8%) of \$44 million after tax with a 21% internal rate of return. Much better financial returns could be achieved by utilising regional production facilities, with a net present value (8%) of \$81 million after tax and 44% internal rate of return.

Discussions with potential partners to fund a bankable feasibility study have commenced.

• **Shell Lakes Diamond/Nickel Project - Western Australia.**

Following the grant of the title to the Company's five original exploration license applications in August, a drilling program to test the diamond potential of the project commenced. This program is being funded by Gunson's diamond joint venture partner, De Beers Australia Exploration Limited, who may earn 51% of the diamond rights to the Project by spending \$2.5 million in 3 years from 9<sup>th</sup> April 2002.

**GUNSON RESOURCES LIMITED**

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**DIRECTORS REPORT**

Only one of eight geophysical targets programmed for testing was drilled prior to Christmas due to problems with the drilling contractor but the results of this hole were very encouraging. It intersected a para kimberlitic pipe similar to rocks with close spatial relationships to diamondiferous kimberlites in some districts of Africa, North America and Russia.

Drilling of the remaining holes in the program recommenced in early February 2003.

- **Mount Gunson Copper Project - South Australia**

At the start of the review period, the Company's joint venture partner, BHP Billiton, decided to suspend its sole funding of the exploration program while Gunson, at its cost, built up the case for future drilling. After the end of the review period BHP Billiton advised of its intention to withdraw from the Mount Gunson Project with no residual equity in it.

Soil geochemical sampling and infill gravity surveys revealed some attractive targets for strata bound copper in the cover sequence and these will be reviewed by several potential new joint venture partners in February 2003.

**3. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

During the half year ended 31 December 2002 the Company issued 100,000 options (unlisted) exercisable at 20 cents per share on or before 16 December 2007, to one of the Company's exploration consultants. No other significant changes occurred in the state of affairs of the Company during the period.

Signed in accordance with a resolution of the Board of Directors.



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DN Harley  
Managing Director

Perth, Western Australia  
10 February 2003

**GUNSON RESOURCES LIMITED**  
ACN 090 603 642

**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	Notes	31 December 2002 \$	31 December 2001 \$
Total Revenue From Ordinary Activities	2	62,138	77,013
Administration expenses	3	(160,667)	(170,347)
		<hr/>	<hr/>
Loss From Ordinary Activities Before Income Tax		(98,529)	(93,334)
Income Tax Expense		-	-
		<hr/>	<hr/>
Net Loss Attributable To Members		(98,529)	(93,334)
		<hr/>	<hr/>
Total changes in equity other than those resulting in transactions with owners as owners		(98,529)	(93,334)
		<hr/>	<hr/>
Basic earnings per share (cents per share)		(0.20)	(0.28)
Diluted earnings per share		(0.20)	(0.28)

The accompanying notes form part of this financial report.

**GUNSON RESOURCES LIMITED**  
ACN 090 603 642

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	31 December 2002 \$	30 June 2002 \$
<b>CURRENT ASSETS</b>		
Cash Assets	1,904,645	2,398,810
Receivables	39,554	27,911
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>1,944,199</b>	<b>2,426,721</b>
<b>NON-CURRENT ASSETS</b>		
Exploration Expenditure	4,572,516	4,209,093
Property, Plant & Equipment	20,189	4,416
	<hr/>	<hr/>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,592,705</b>	<b>4,213,509</b>
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>6,536,904</b>	<b>6,959,552</b>
<b>CURRENT LIABILITIES</b>		
Payables	68,378	73,175
Provisions	9,734	9,734
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>78,112</b>	<b>82,909</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>78,112</b>	<b>82,909</b>
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>6,458,792</b>	<b>6,557,321</b>
<b>EQUITY</b>		
Contributed Equity	7,318,551	7,318,551
Accumulated Losses	(859,759)	(761,230)
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>6,458,792</b>	<b>6,557,321</b>

The accompanying notes form part of these financial statements.

**GUNSON RESOURCES LIMITED**  
ACN 090 603 642

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	31 December 2002 \$	31 December 2001 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments for exploration and evaluation	(383,193)	(189,837)
Payments to suppliers and employees	(171,880)	(192,288)
Interest received	50,370	49,404
Project Management fees & other revenues	11,293	27,609
Withholding Tax Paid	-	-
GST (paid)/received	31,791	17,594
Other	(12,500)	-
<b>NET CASHFLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<u>(474,119)</u>	<u>(287,518)</u>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	<u>(20,046)</u>	<u>(1,224)</u>
<b>NET CASHFLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	<u>(20,046)</u>	<u>(1,224)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of shares	-	1,392,000
Payment of share issue costs	-	<u>(85,236)</u>
<b>NET CASHFLOWS FROM. (USED IN) FINANCING ACTIVITIES</b>	<u>-</u>	<u>1,306,764</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<u>(494,165)</u>	<u>1,018,022</u>
Cash at beginning of period	<u>2,398,810</u>	<u>1,736,427</u>
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<u>1,904,645</u>	<u>2,754,449</u>



**GUNSON RESOURCES LIMITED**  
**ACN 090 603 642**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

1. **BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS**

The half year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act, Accounting Standard 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the 30 June 2002 Annual Financial Statements and any public announcements by Gunson Resources Limited during the half year in accordance with continuous disclosure obligations arising under the Corporations Act.

They have been prepared on the basis of historical costs and except where stated do not take into account changing money values or current valuations of non current assets.

The accounting policies have been consistently applied by the entity and except where there is a change in accounting policy, are consistent with those of the previous financial year (30 June 2002) and corresponding half year.

The carrying amounts of non current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half year. If the carrying amount of a non current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

For the purpose of preparing the half year financial statements, the half year has been treated as a discrete reporting period.

The half year report does not include full disclosure of the type usually included in an annual financial report.

**GUNSON RESOURCES LIMITED**  
ACN 090 603 642

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')  
FOR THE HALF YEAR ENDED 31 DECEMBER 2002**

	2002	2001
	\$	\$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>		
Management fees - Joint Venture	2,907	27,609
Interest received - other persons	50,370	49,404
Other revenue	8,861	-
	62,138	77,013
<b>3. LOSS FROM ORDINARY ACTIVITIES</b>		
The loss from ordinary activities before income tax has been determined after:		
Depreciation	1,939	1,588
<b>4. EVENTS SUBSEQUENT TO REPORTING DATE</b>		
Nil		
<b>5. CONTINGENT LIABILITIES</b>		
The Directors are not aware of any contingent liabilities as at 31 <sup>st</sup> December 2002.		
There has been no change in liabilities since the last annual reporting date.		
<b>6. SEGMENT INFORMATION</b>		
The Company operates wholly within the Minerals Exploration Industry within Australia		

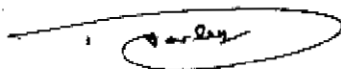
**GUNSON RESOURCES LIMITED**  
**ACN 090 603 642**

**DIRECTORS DECLARATION**

In accordance with a resolution of the directors of Gunson Resources Limited we declare that in the opinion of the directors:

- a) The financial statements and notes set out on pages 4-8:
- (i) Give a true and fair view of the financial position of the Company as at 31 December 2002 and the performance of the Company for the half-year ended on that date, and
  - (ii) Comply with Accounting Standards AASB 1029 "Interim Financial Reporting" and the Corporations Regulations.
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



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D N Harley  
Managing Director

Perth, Western Australia  
10 February 2003



**Chartered Accountants  
& Advisers**

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**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF GUNSON RESOURCES LIMITED**

To the members of Gunson Resources Limited

**Scope**

We have reviewed the financial report being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Directors' Declaration of Gunson Resources Limited for the half-year ended 31 December 2002. The company's directors are responsible for the financial report. We have performed an independent review of the financial statements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial statements with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an opinion.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gunson Resources Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.

BDO

Chartered Accountants

*Geoff Brayshaw*  
Geoff Brayshaw

Partner

Date *10 February 2002*