

COBURN ZIRCON PROJECT UPDATE

1. Extension of Deadline for Turnkey Proposal

In the Company's last quarterly report, it was predicted that results of the Coburn Zircon Project DFS (Definitive Feasibility Study) would be available in late May, 2007.

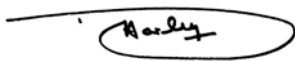
This timing was predicated on the receipt and evaluation of an EPC (fixed price/delivery) "turnkey" tender for the largest and most expensive item of equipment for the Project - a mobile concentrator and mining unit plant expected to comprise nearly half of the total capital cost.

Earlier this week, the large Chinese engineering company preparing the tender requested an extension of the previously agreed deadline, and this has been granted on the basis that the tender meets Australian design and commercial standards. The company concerned has shown impressive commitment to the Project, as noted by Gunson's senior management and metallurgical consultant, who have visited their offices in China on three occasions over the past two months.

As a result of the deadline extension and time needed for detailed evaluation of this vital tender, results of the Coburn DFS are now not expected until July, 2007.

2. Commencement of Drilling Program

In the meantime, a reverse circulation air core drilling program is due to start next week to infill the 1 kilometre spaced traverses immediately north of the zone of probable ore reserves listed in the March 2007 quarterly report. Results from the drilling will enable upgrading of the present inferred resources in this area to indicated status under the JORC code. As noted in the recent quarterly report, the estimated grade of the mineralisation in this northern area is higher than that to the south.



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ATTRIBUTION

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D N Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004

Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.