

ASX RELEASE
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COBURN PROJECT RECEIVES FEDERAL ENVIRONMENTAL APPROVAL

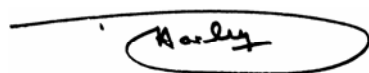
Yesterday, the Commonwealth Department of Environment and Heritage approved the proposed mine development at Gunson's Coburn Mineral Sand Project. The conditions of approval largely mirror those in the Western Australian Environment Minister's Statement announced by the Company on 24th May 2006.

Now that the Coburn Project has both State and Federal approval, the main focus will be on obtaining approval of the 15 environmental management plans (EMP's) listed in the Western Australian Environment Minister's Statement as prerequisite to the commencement of construction. Full permitting of the Project to enable construction to commence is not expected until the fourth quarter of 2006 but in the meantime, the following activities will be pursued to enable timely development of the Coburn mine:

- completion of a Definitive Feasibility Study in the September quarter, 2006;
- for the remainder of the mine products not already subject to MOUs, offtake agreements with key customers;
- the selection of key construction and operating contractors;
- the appointment of suitably qualified senior executives to assist in implementing the Company's business plan, and
- preparation of an independent technical expert's report in the form usually required by equity and debt investors considering an investment of this nature.

Long lead engineering items such as detailed design of the mine access road and drilling of two water production bores for road construction is well advanced and a 640 hole infill drilling program on the initial open pit area is due to be completed by early August. The drilling results will allow upgrading of some of the Coburn ore reserves from the probable to proven category within the JORC code.

A further update on the progress of the Coburn Project will be provided in the Company's quarterly report next week.



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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.