

**CHAIRMAN'S ADDRESS
FOURTH ANNUAL GENERAL MEETING**

INTRODUCTION

Gunson Resources is a diversified mineral explorer, with a long term vision to establish a quality portfolio of profitable production projects covering a range of minerals, whilst having promising exploration projects constantly in the pipeline.

As a grass roots exploration company, the lifeblood of our company is the skill of our staff to source high quality exploration opportunities, to evaluate them utilising the best in human and technological expertise, and where successful, develop them to profitable mining operations. The ultimate test is in our performance over time. We listed in May, 2000, and there is now growing market recognition of the quality and long term potential of the projects generated by our staff.

I wish to acknowledge the excellent work of our Managing Director, David Harley, and the team he has drawn upon, to further our vision in this past year.

I now wish to provide a brief review of our progress during the year.

COBURN MINERAL SAND PROJECT (WA)

This project has now progressed to full bankable feasibility study status. The study is scheduled for completion in early 2004 and it is our aim to have the project producing quality mineral sands for market by late 2005. Further drilling carried out at the Amy Zone deposit since the end of the last financial year has not only confirmed continuity and grade, but substantially expanded the resource to the south. Representative bulk samples are now being tested in a pilot plant to enable completion of engineering design.

Coburn stands to become a new mineral sands province, situated just 300 kilometres by road from the port of Geraldton.

SHELL LAKES DIAMOND AND NICKEL PROJECT (WA)

This exploration project is centred some 600 kilometres east of Kalgoorlie and 150 kilometres north of Mundrabilla siding on the transcontinental railway. It comprises 900 square kilometres of exploration licences and almost 4,000 square kilometres of exploration licence applications and holds great promise. Shell Lakes is very much under explored, and is regarded as having the potential to host world class diamond and nickel deposits.

Despite De Beers' withdrawal from the project in June, we remain optimistic about the diamond potential of the area, as it contains a field of para kimberlitic pipes at least 40 kilometres long, largely unexplored. We have recently entered into an exploration joint venture with Southstar Diamonds Limited, who can earn a 51% interest by spending \$1 million on diamond exploration over three years.

Several high quality sulphide nickel exploration targets were generated in the western part of the project area during the year, and these will be progressed to the drilling stage with ground geophysical surveys in early 2004.

MOUNT GUNSON COPPER PROJECT (SA)

With the improvement in the outlook for copper, we have stepped up our efforts to identify a suitable partner to replace BHP Billiton, who withdrew in January this year. We have previously delineated two promising cover sequence exploration targets, at 23 Mile Tank and Moseley Dam, and these will be pursued. We hold over 3,000 square kilometres of tenements in the Mount Gunson area, centred in the best endowed copper belt in Australia, some 100 kilometres along strike south of the large Olympic Dam copper mine.

TENNANT CREEK GOLD-COPPER PROJECT (NT)

This is a new exploration project, generated in the past year, as a result of our agreement with BHP Billiton for non-exclusive access to their Australian exploration database. We have applied for exploration licences covering 115 square kilometres, in areas that have had little or no previous exploration, in this long standing mining district. Some 5 million ounces of gold (averaging 9 g/t gold) and 350,000 tonnes of copper (averaging 2.1% copper) have been mined from the Tennant Creek district since 1934.

The advent of the Alice Springs/Darwin railway radically changes the economic rewards for exploration success in this area.

FINANCIAL

We completed a \$2.3 million capital raising in September, which will be utilised for completion of the Coburn bankable feasibility study, and ongoing exploration and development. Funds on hand at 30 September were \$2.8 million, with December quarter exploration expenditure forecast to be \$0.5 million.

THE YEAR AHEAD

Next year, we look to bring our Coburn Mineral Sand Project to the development and construction stage. We hope to see exploration drilling for both diamonds and nickel at our exciting Shell Lakes Project, and likewise for copper at Mount Gunson. Tennant Creek may also develop to the drilling stage. In addition, we aim to add at least one new exploration project to our inventory.

In summary, we are a diversified mineral explorer, working to realise the vision of establishing a portfolio of quality production and exploration assets.



W.H. CUNNINGHAM
CHAIRMAN

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