

ASX RELEASE
1st July 2005

**COBURN MINERAL SAND PROJECT
PUBLIC ENVIRONMENTAL REVIEW
AND GENERAL UPDATE**

1. Introduction

Good progress is being made on the Coburn Project on all fronts and the market outlook for zircon, the main product from the proposed mine, continues to improve, with prices in 2006 likely to be above \$US700 per tonne.

The Company looks forward to further significant progress in the coming months.

2. Public Environmental Review

The Company is pleased to report that the Western Australian Environmental Protection Authority (EPA) has given its approval for commencement of the public review period of the Public Environmental Review (PER) of the Project. This 8 week review of the PER document will commence on 4th July and close on 29th August 2005.

The PER document provides a detailed description of the Project and the measures that will be implemented by Gunson to safeguard the environment. It describes the results of extensive environmental studies and public consultation carried out over the past two years and concludes that there will be no significant long term adverse effect on regional biodiversity values. To the contrary, the mitigation measures proposed by the Company to offset local effects of its operations are likely to enhance regional biodiversity values. The PER document is available on the Company's website shown below.

Following the end of the public review period, the Company will respond to submissions from the public and government departments and the EPA will then make its recommendation to the Minister for the Environment. A decision by the Minister is anticipated in late 2005.

3. Schedule of Activities

Work on the Project has been scheduled so that a decision to proceed with mine development at Coburn can be made shortly after the environmental determination is announced. Fine tuning of cost and revenue assumptions in the Bankable Feasibility Study completed in December 2004 is in progress, with positive results on both sides of the ledger to date.

The major focus of activity has been in progressing product offtake agreements, with other principal activities being the reserve upgrade drilling program, engineering work and discussions with debt and equity financiers.

Progress with these activities is summarised below.

4. Offtake Agreements

A further visit to potential offtake parties in China was made in late May with follow up meetings in Perth scheduled for early July.

Discussions with other potential parties interested in participating in the Project are continuing.

5. Infill Drilling

The 1,100 hole infill drilling program which began in late April is approximately 75% complete. Some 800 holes have been drilled, mostly on a 125m by 50m pattern at the southern end of the ore body. Completion of the drilling is expected in late July.

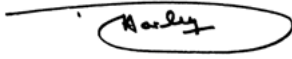
Assay results have been received for 350 holes, which have expanded the boundary of the previous probable reserve, with extensions of known mineralisation to the east and increases in pit widths.

6. Engineering Design

In early June, Roche Mining – Mineral Technologies were awarded a contract to carry out a value engineering study on the minesite concentrator. Subject to satisfactory results from this study, detailed engineering design of the concentrator by Roche will commence in late July, for completion by early December 2005. Results of the value engineering study to date are encouraging.

7. Financing

Discussions with selected banks, equity funds and stockbrokers in Australia, the UK and China have been held over the past several months. The Company is encouraged by the response to date and a short list of debt and equity providers will be determined over the next 3 months.

A handwritten signature in black ink, appearing to read "Harley", is enclosed within a hand-drawn oval.

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.