



FACSIMILE MESSAGE

To:	Australian Stock Exchange Limited
Facsimile:	1300 300 021
From:	D N Harley
Date:	31 st July 2002
Pages:	13
Ref:	COR A2
Subject:	QUARTERLY REPORT - JUNE 2002

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Attached is our Quarterly Report for the three months ended 30th June 2002, along with the Mining Exploration Entity Quarterly Report (Appendix 5B)

D N HARLEY
MANAGING DIRECTOR

**GUNSON RESOURCES LIMITED****QUARTERLY REPORT FOR THE PERIOD ENDED
30th JUNE 2002****HIGHLIGHTS**

- An inferred resource of 516 million tonnes averaging 1.4% heavy minerals has been estimated for Amy Zone on the Coburn Project following completion of a 250 hole drilling program during the quarter. This resource, which contains 7 million tonnes of heavy minerals, is of sufficient size and grade to justify the commencement of a preliminary feasibility study in the September quarter.
- Amy zone is likely to be amenable to very low cost mining techniques and has a very favourable heavy mineral assemblage, with a particularly high zircon content and high titania ilmenite. There is good scope to improve the grade of the resource.
- Aeromagnetics over the Shell Lakes Project funded by the Company's diamond joint venture partner, De Beers Australia Exploration, have defined eight high priority targets which are scheduled for drilling in late August. De Beers may earn 51% of the diamond rights to the Project by spending \$2.5 million in 3 years from 9th April 2002.
- Soil sampling to assist in defining drill targets for copper on the Mount Gunson Project is due to commence in early August. This survey will include traverses over the strong 2 x 1 kilometre 23 Mile Tank gravity anomaly which is interpreted to lie at shallow depth.



1 COBURN MINERAL SAND PROJECT – WESTERN AUSTRALIA

1.1 Drilling Program

The drilling program for higher grade zones within and adjacent to Amy Zone was completed on 13th May after 250 holes had been drilled for 8,112 metres at an average hole depth of 32m.

Although the main focus of this program was to complete the coverage of Amy Zone to a 1 kilometre traverse spacing, infill drilling on these and previous traverses to test magnetic anomalies thought to represent higher grade zones was also carried out. A 50% success rate in detecting higher grade zones with the magnetic data was achieved.

Estimates of heavy mineral content were made by panning at the drill site but laboratory analysis on approximately 20% of the samples was completed to confirm the grade of the best mineralisation. Some of the better intersections based on the laboratory tests are listed below:

Hole Number	Traverse	From (m)	To (m)	Intersection
CBC 677	48,000N	24	42	18m @ 2.0%
CBC 728	55,000N	3	31	28m @ 1.6%
CBC 729	55,000N	0	19	19m @ 1.9%
CBC 793	49,900N	22	38	16m @ 2.2%

Hole 728 lies 100 metres west of CBC 729 with no intervening holes between them. The slime content of all the above holes is less than 3%.

Receipt of the final laboratory results from the drilling program in early July enabled the first resource estimate for Amy Zone to be made.

1.2 Amy Zone Resource Estimate

The resource estimate of Amy Zone shown in table 1 below has just been completed, incorporating data from the drilling program discussed above, along with information from previous drilling programs.

Table 1. AMY ZONE INFERRED RESOURCE

Resource Tonnes	HM	Slimes	Oversize	Overburden Tonnes
516M	1.4%	2%	1.5%	633M

Notes	
	1. <i>M = million</i>
	2. <i>Overburden ratio 1.2:1</i>
	3. <i>Bulk density 1.65 tonnes per cubic metre</i>

The resource was estimated using a lower cut-off grade of 0.8% heavy mineral, based on the results of previous studies and in consultation with industry experts. In order to realistically assess the resource potential, dredge mining was assumed and the generic dredging parameters listed in table 2 below were used to select drill holes for inclusion in the resource.

Table 2. AMY ZONE GENERIC DREDGE FACTORS

- *Minimum mining width : 70 metres*
- *Minimum preferred mining face: 12 metres*
- *Batter Angle 35°*
- *Maximum operating descent slope : 1 in 25*

Drilling has shown that no significant levels of induration affect the mineralisation and therefore no account was taken of induration and cementation. Slime levels were also considered to be too low to affect mine path design.

The resource was estimated by using hole by hole sectional averages with the influence of each hole assigned as half the distance to the next hole along section, or 100 metres where no data was available. Between sections, an influence of half the distance to the next section, usually 500 metres, was used.

Amy Zone has an attractive heavy mineral assemblage, with only 11% of the heavy minerals being uneconomic. The assemblage averages 23% zircon, 60% ilmenite-leucosene and 6% rutile. Laboratory tests completed in 2000 demonstrated the potential for a high grade ilmenite product with over 60% TiO₂ and low impurities.



2 SHELL LAKES DIAMOND/NICKEL PROJECT - WESTERN AUSTRALIA

2.1 Diamond Exploration

In late May, the Company's joint venture partner, De Beers Australia Exploration Limited (De Beers) commenced a detailed low altitude aeromagnetic survey of 18 reconnaissance magnetic anomalies thought to be possible kimberlite pipes.

Interpretation of the results of this survey has indicated that most of the anomalies can be best explained by pipe like intrusives and eight have been selected for first pass drilling (Figure 1). The drilling program is scheduled to commence in late August, following the completion of aboriginal heritage clearances and the grant of exploration title.

De Beers may earn 51% of the diamond rights to the Project by spending \$2.5 million in 3 years from 9th April 2002.

2.2 Nickel Exploration

At the same time as the De Beers funded aeromagnetic survey was being flown, a detailed survey over the nickel target shown in Figure 1 was completed at Gunson's cost. Results from this survey confirm that the top of the target is at depths less than 100 metres. Follow up with soil sampling and ground geophysical surveys is planned following the grant of title.

2.3 Exploration Title

The Western Australian State Government has now resolved to grant exploration titles over nature reserves that were applied for prior to the change of government in February 2001. Four of the five original Shell Lakes exploration licence applications covering five of the diamond targets shown in figure 1 fall into this category and grant of these key titles is expected in mid August. The fifth original exploration licence application covering the other 3 diamond targets is not affected by the nature reserve and is ready for grant.

Of the remaining 16 exploration licence applications submitted to date in 2002, 12 lie over the Great Victoria Desert Nature Reserve and will await the Government's decision on its ongoing policy on exploration in nature reserves.



3. MOUNT GUNSON COPPER PROJECT - SOUTH AUSTRALIA

The main activities during the quarter were a detailed gravity survey at 23 Mile Tank Prospect, a reconnaissance gravity survey in the southern part of the Project and a targeting study for stratabound copper deposits in the cover sequence. A manganese exploration agreement was also concluded with Consolidated Minerals Limited.

There was no further drilling during the quarter after completion of hole MGP 31 at Chianti Prospect, the results of which were discussed in the previous quarterly report.

3.1 23 Mile Tank Prospect

A detailed infill gravity survey on a 500 x 250 metre grid was completed in May over the 23 Mile Tank gravity feature. Data from this survey confirmed a 2.5 to 3 milligal ovoid gravity anomaly approximately 2 kilometres long by 1 kilometre wide.

The preferred model for the new geophysical data is a dense, flat lying unit up to 50 metres thick at shallow depth. Soil sampling over the Prospect to assist in planning a drilling program will commence shortly.

3.2 Reconnaissance Gravity Survey

A very broad spaced reconnaissance gravity survey over the southern third of the Project was completed in June. This survey, on a 2 kilometre square grid, has defined several features warranting better definition with closer spaced infill readings, which are scheduled for August.

3.3 Cover Sequence Targeting

Ten stratabound copper targets at shallow depth in the cover sequence were defined by the Company's consultants during the quarter. The upper size potential of the individual targets is 250 million tonnes and first pass soil sampling to prioritise them is to commence in early August.

3.4 Manganese Exploration Agreement

An agreement has been concluded with Consolidated Minerals Limited for them to explore for and if successful, develop manganese deposits on the Project.



This arrangement was approved by the Company's joint venture partner, BHP Billiton and requires Consolidated Minerals to pay Gunson a 2.5% gross f.o.b. royalty for any manganese mined and sold from the Project.

Consolidated Minerals completed a gravity survey in June and the anomalies generated are currently being evaluated for possible drilling.

3.5 Joint Venture Funding

After a technical review in mid June, the Company's joint venture partner, BHP Billiton, decided to suspend further funding of the Project for the time being while Gunson builds its case for further drilling. Therefore, the Joint Venture will remain in place while Gunson funds the modest soil geochemical and geophysical program discussed above. The results of this work are to be reviewed in September with BHP Billiton, who have been given the option to resume funding the joint venture on existing terms.

3.6 New EL Applications

Two new exploration licence applications covering a combined area of 975 square kilometres on the western side of the Project were submitted during the quarter to cover new targets in the cover sequence. Grant of both tenements is expected before the end of the year.

4 MT TABOR COBALT PROJECT - QUEENSLAND

After unsuccessful attempts over the past two years to attract external funding for this project, it was abandoned on 14th July.

5 RELEASE OF ESCROWED SECURITIES

Following the release from escrow on 14th May 2002 of 764,003 fully paid ordinary shares and 3,250,000 unlisted, mainly director's options, the Company no longer has any restricted securities.

The total number of listed securities is now 37,408,005 fully paid ordinary shares.

**QUARTERLY REPORT FOR JUNE 2002****6 FINANCIAL**

At 30th June, the Company had \$2.4 million in cash and short term deposits. Exploration expenditure for the quarter was \$198,000 excluding externally funded expenditure on the Mount Gunson Project. Forecast exploration expenditure by the Company for the September quarter is \$150,000.

D N HARLEY
Managing Director
31st July 2002

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Attachment:

- Figure 1: Shell Lakes Project - Exploration Targets

ATTRIBUTION

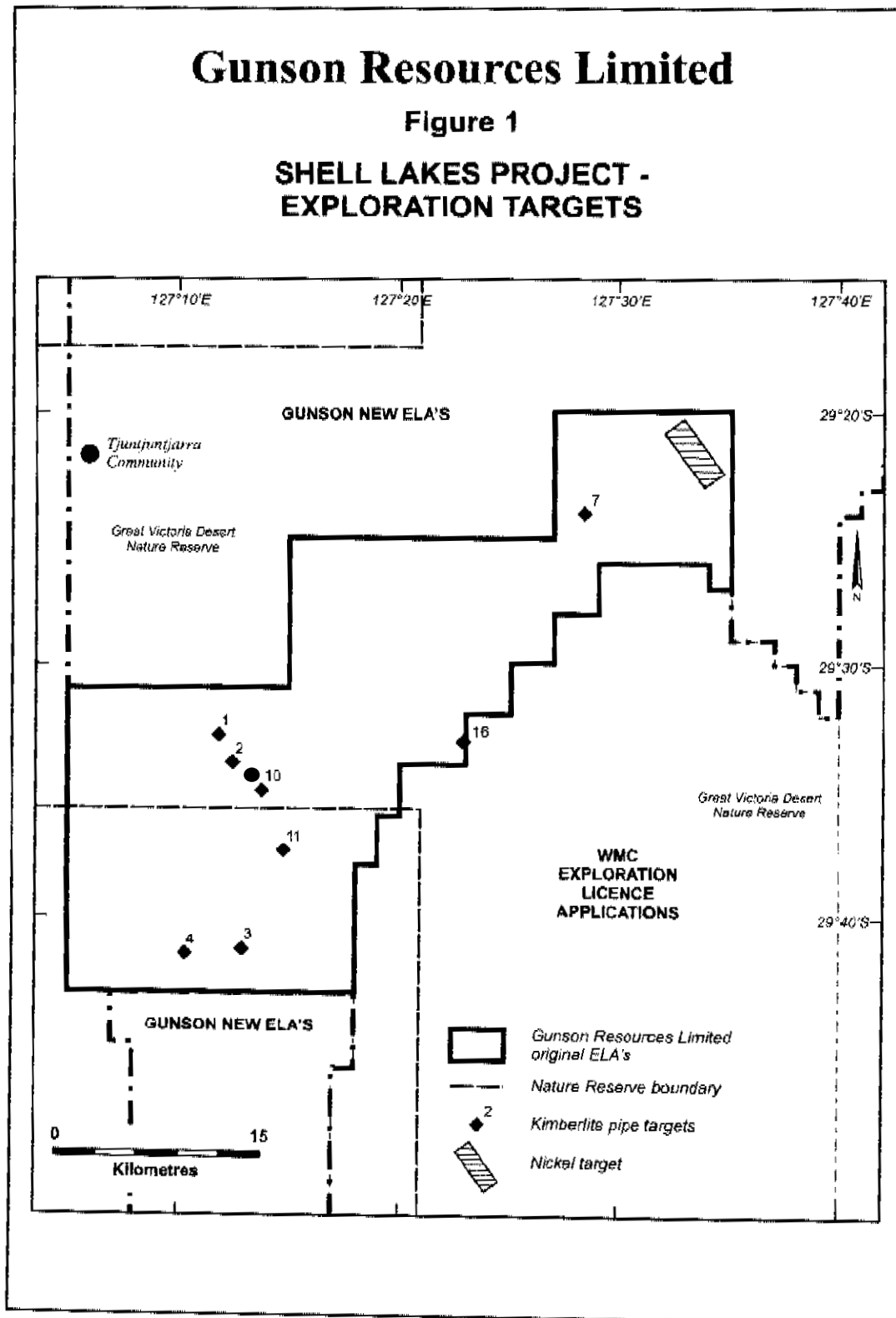
The information contained in this report is based on, and accurately reflects, information compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has over five years experience in the field of activity being reported on.

The information in this report that relates to mineral resources at the Coburn heavy mineral sand project is based on data compiled by Mr Paul Leandri, who has over eight years of relevant experience working for major mineral sand producers in Western Australia. Mr Leandri is a member of the Australian Institute of Geoscientists and a corporate member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 1999 release of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Leandri consents to the inclusion of the information in the report in the form and context in which it appears.

Gunson Resources Limited

Figure 1

SHELL LAKES PROJECT - EXPLORATION TARGETS



Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

GUNSON RESOURCES LIMITED

ACN or ARBN

090 603 642

Quarter ended ("current quarter")

30 th June 2002

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(198)	(445)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	34	101
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - JV Management Fees	9	48
Net Operating Cash Flows	(228)	(642)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	(1)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(1)
1.13 Total operating and investing cash flows (carried forward)	(228)	(643)

+ See chapter 19 for defined terms.

1/7/98*

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(228)	(643)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,392
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Capital Raising Expenses	(1)	(86)
	Net financing cash flows	(1)	1,306
	Net increase (decrease) in cash held	(229)	663
1.20	Cash at beginning of quarter/year to date	2628	1,736
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,399	2399

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	28
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to Managing Director and Non-Executive Directors fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Billiton Exploration Australia have made contributions to date totalling \$954K to the Mt Gunson Joint Venture between Gunson Resources and Billiton Exploration Aust to establish their share of the JV, including \$0K during the quarter. They must spend a minimum of \$2.5 million in 2 years from 9th April 2001 to earn a 51% interest, otherwise they do not earn any equity.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	-
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	99	128
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other - Term Deposit	2,300	2,500
Total: cash at end of quarter (item 1.22)	2,399	2,628

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	EPM 8887	Acquired at IPO.	100%	NIL
6.2	Interests in mining tenements acquired or increased	Shell Lakes ELAs 69/1839-40	Acquired	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 *Ordinary securities	37,408,005	37,408,005		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil			
7.5 *Convertible debt securities (description)	Nil			
7.6 Changes during quarter				
7.7 Options (description and conversion factor)	Class A 75,000 3,125,000 Class B 375,000 3,125,000	- - - -	Exercise price 20 cents 20 cents 25 cents 25 cents	Exercise Period 12/5/01 - 12/5/05 12/5/02 - 12/5/05 12/5/01 - 12/5/05 12/5/02 - 12/5/05
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil	-		
7.10 Expired during quarter	Nil			
7.11 Debentures (totals only)	Nil			
7.12 Unsecured notes (totals only)	Nil			

Compliance statement

+ See chapter 19 for defined terms.

**Appendix 5B
Mining exploration entity quarterly report**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2002.
 (Director) *David Harley*

Print name: DAVID HARLEY

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.