

15th August 2003

Manager of Company Announcements
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By E-lodgment

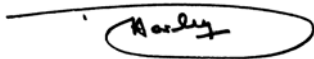
No. of pages: 22

SHAREHOLDER INFORMATION

Attached are copies of 3 documents being mailed to our shareholders today:

- 1 Notice of General Meeting and Explanatory Statement.
- 2 Covering Letter from the Chairman.
- 3 Article from "The Bulletin" magazine, 29th July 2003, page 60.

Yours faithfully



D N HARLEY
MANAGING DIRECTOR

Enc



15th August 2003

Dear Shareholder

GENERAL MEETING OF SHAREHOLDERS

Enclosed is a Notice of General Meeting of shareholders which has been called for 10.00 am on Tuesday, 16th September 2003, at the Company's offices in West Perth.

The purpose of the Meeting is to consider matters relating to the Company's recent initiatives aimed at raising approximately \$2.3 million to fund the completion of the bankable feasibility study and ongoing work on the Coburn mineral sand project.

As you may be aware from recent publicity in the *Bulletin* magazine (copy enclosed) and our announcements to the Australian Stock Exchange, the Coburn Project has significant commercial potential to be developed as a high volume, long life and low cost mining operation.

As part of the capital raising initiatives, the Company has also announced that it will be shortly offering to all eligible shareholders the opportunity to acquire additional shares in Gunson at a discount to the current market price. The offer will be made under a **Shareholder Share Purchase Plan** and will be limited to eligible shareholders on a first come basis. Details and offer documents in respect to this capital raising will be dispatched shortly to shareholders but the main elements of the **Plan** are outlined in Resolution 2 of the enclosed Notice of General Meeting.

I urge you to consider the resolutions set out in the attached notice, which are important and affect the future of the Company.

Yours sincerely

W H Cunningham
Chairman

Enc

THE SPECULATOR ALAN DEANS



Heavy going

When the resource is zircon, the minerals start to play second fiddle and buyers reap the benefits

Since writing about the brightening outlook for heavy minerals producers several issues ago (*B*, July 1), investors have been quick to act. The subject of *The Speculator's* attention then was **Mineral Commodities**, which has two mine developments on the go in South Africa. It is a shame we didn't add the stock to our portfolio because the shares, selling then at 19¢ each, have since traded at up to 25¢. Reluctant to chase the price higher, even though there should be substantial upside remaining, we have been casting around for similar plays.

Gunson Resources (ASX code: GUN) is another budding producer of heavy minerals through its Coburn project near Shark Bay, Western Australia. It is sited on the northern end of the long, coastal strip where Iluka Resources, BHP Billiton and Ticor already produce significant quantities of the material. While much smaller in scale, this could prove to be a comparatively safe bet for investors.

During the past week or so, Gunson managing director David Harley – a former long-serving senior exploration executive at WMC Resources – has been on a roadshow. He is expected to soon announce a placement of shares with a financial institution to help fund a bankable feasibility study due by next January. The placement is also intended to cement a relationship with the financier for project loans for any mine development.

The company is capitalised at just \$4.6m. It has 37.4 million shares on issue and a further 6.7 million unlisted executive options, which expire in May 2005. They are out of the money, having conversion prices of 20¢ and 25¢ compared with Gunson's market price of about 12.5¢. Gunson has plans to raise a little over \$1m in its upcoming placement, which means it will issue something like 10 million new shares after getting shareholder approval. It is said to have the backing of existing major investors.

Coburn is a low-grade operation, with 1.4% of heavy minerals in an inferred resource that measures 516 million tonnes.

But it has the advantage that zircon content, used mostly to make ceramic tiles, is comparatively high at 22%. Zircon prices, at about US\$400 per tonne, have been buoyant lately. Perth-based heavy minerals consultant TZ Minerals International reckons there is a sizeable potential supply gap emerging that could push prices higher still. The downside is always that end users in China and Spain could cut their purchases because of the double whammy of price and currency movements. So far, European zircon millers have been bearing the margin squeeze.

Gunson has the reserves to support 20 years of mining, based around front-end loaders, a concentrator and mineral separation plant. First production is two years away. Studies so far show that Coburn should yield revenues of \$1.4bn and an operating cash surplus of \$400m. That would give a net present value of \$64m, based on a discount rate of 8% and an exchange rate of US65¢. The undiluted net present value for each share is \$1.70. Apart from extra drilling to prove up reserves, the next six months will see Gunson pursue engineering and marketing options. While capital costs have initially been put at \$62.1m, Harley reckons this could come down to just \$26m by outsourcing mining and support operations and by trucking concentrate to an existing separation plant such as that run by Iluka at Geraldton, WA.

Meantime, marketing will also be critical. That is not because of the zircon but

rather finding contract buyers for the accompanying titanium group minerals ilmenite, leucosene and rutile, which are in oversupply. Strongly in Gunson's favour is that 61.4% of its revenue mix during the first five years of mine life is expected to come from zircon. It is, therefore, in reality a zircon project with titanium by-product.

Investors should also note that, in selling Gunson's attributes, Harley has been comparing its vital statistics with that of rival heavy minerals group Magnetic

“GUNSON HAS THE RESERVES TO SUPPORT 20 YEARS”

THE SPECULATOR ON WHY TO BUY

Minerals. That company was taken over by Tigor early this year for \$22.6m, on the back of its Dongara project. Both Coburn and Dongara have similar levels of contained heavy minerals, projected annual revenues and operating costs. Gunson's net present value is 50% higher, and internal rate of return half at 23%. The major difference, however, is that Gunson is valued at less than \$5m.

GUNSON RESOURCES LIMITED

ABN: 32 090 603 642

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**For a General Meeting to be held on
Tuesday 16 September 2003 at 10am (WST) at
the office of Gunson Resources Limited
Level 2, 33 Richardson Street,
West Perth, Western Australia**

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Proxy Form	Enclosed

This is an important document. Please read it carefully.

If you are unable to attend the General Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

A General Meeting of the shareholders of Gunson Resources Limited will be held at the Company's office:

**Level 2
33 Richardson Street
West Perth WA**

**Commencing
10am (WST)
on Tuesday 16 September 2003**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative. If your shareholding is held in the name of a corporation or in joint names, you must complete the proxy form or a notice in accordance with section 250D of the Corporations Act and return it to the Company.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10 am (WST).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- return the proxy form by post to Gunson Resources Limited, PO Box 1217 West Perth, Western Australia, 6872; or
- send the proxy by facsimile to the Company on facsimile number (08) 9226 3136 (International: + (61 8) 9226 3136; or
- deliver to Level 2, 33 Richardson Street, West Perth, Western Australia, 6005,

so that it is received not later than 10am on 15 September 2003.

Your proxy form is enclosed.

GUNSON RESOURCES LIMITED

ABN 32 090 603 642

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of shareholders of Gunson Resources Limited (Company) will be held on Tuesday 16 September 2003 at 10am (WST) at the Company's office Level 2, 33 Richardson Street, West Perth, Western Australia

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered as special business. There is no ordinary business.

SPECIAL BUSINESS

Resolution 1 - Ratification of Allotment and Issue of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders ratify the allotment and issue on 8 August 2003 of 5,500,000 fully paid ordinary shares in the capital of the Company at an issue price of 12.5 cents per share on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The issue of shares constitutes an equity issue under the ASX Listing Rules. An equity issue can be ratified by shareholders in accordance with the Listing Rules. This allows the Company the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary shares in any 12 month period. Please refer to the Explanatory Statement for further details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue of the shares and any associates of those persons.

Resolution 2 – Proposed Issue of Shares pursuant to the Gunson Resources Limited Share Purchase Plan

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rules 7.1 and 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders approve the allotment and issue of up to a maximum of 10,000,000 fully paid ordinary shares in the capital of the Company pursuant to the proposed Gunson Resources Limited Share Purchase Plan in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Approval is sought under Listing Rule 7.1 to allow the Company to issue these securities.

Voting Exclusion: The Company has obtained a waiver from Listing Rule 7.3.8 and Listing Rule 10.13.6 such that each shareholder (including Directors) in the Company will be able to vote in respect of Resolution 2 regardless of whether the shareholder will be participating in the Offer.

The Company will however, disregard any votes cast on this resolution by any underwriter or sub underwriters to the Plan and any person who may obtain a benefit from the issue under the Plan, except a benefit solely in the capacity as a shareholder, and any associates of those person.

Resolution 3 – Allotment and Issue of Options to Southern Cross Equities Limited

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to allot and issue 1,000,000 options exercisable at 20 cents each on or before 5 years from the date of their issue on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Approval is sought under Listing Rule 7.1 to allow the Company to issue these Options to Southern Cross Equities Limited.

Voting Exclusion: The Company will disregard any votes cast on this resolution by Southern Cross Equities Limited and any associates of Southern Cross Equities Limited.

Resolution 4 – Allotment and Issue of Shares (Share Placement)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders approve the allotment and issue of up to a maximum of 3,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 12.5 cents per share on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Approval is sought under Listing Rule 7.1 to allow the Company to issue by way of a share placement these Shares to clients of Intersuisse Limited.

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who will participate in the share issue and any person who might obtain a benefit from the issue and any associate of those persons.

Resolution 5 – Allotment and Issue of Options to Messrs Bohannan and Munro

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to allot and issue 400,000 options exercisable at 20 cents each on or before 7 March 2007 on the terms set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Approval is sought under Listing Rule 7.1 to allow the Company to issue these Options to the key consultants to the Coburn Project.

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who will participate in the share issue and any person who might obtain a benefit from the issue and any associate of those persons.

**DATED THIS 15th DAY OF AUGUST 2003
BY ORDER OF THE BOARD**

**DARRYL EDWARDS
Company Secretary**

NOTES:

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of the Corporations Act, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 10am on 14 September 2003.

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the General Meeting of the Company to be held on 16 September 2003.

The resolutions set out in the Notice are important and affect the future of the Company. Shareholders are therefore urged to give careful consideration to the Notice and the contents of this Explanatory Statement.

1.1 Purpose of the Meeting

The purpose of the Meeting is to consider and, if thought fit, to pass the resolutions set out in this Notice, which relate to the Company's ability to complete a capital raising program to raise up to approximately \$2.3 million. The funds raised from the capital raising program will be used to fund the completion of the bankable feasibility study in relation to the Company's Coburn Project and ongoing work on this Project.

1.2 Coburn Project Summary

The Coburn Project covers a fossil coastline immediately south of Shark Bay in Western Australia which hosts the 516 million tonne Amy Zone heavy mineral sand deposit discovered by the Company in 2000. The Company has outright ownership of the whole prospective area at Coburn, which had not been previously drilled for heavy minerals.

A bankable feasibility study on the Coburn Project commenced in May 2003, based on dry mining the Amy Zone deposit and trucking the heavy mineral concentrate 300 kilometres south to Geraldton, a regional port and heavy mineral processing centre. The bankable feasibility study includes resource definition drilling, metallurgical test work and design, engineering, mine planning, environmental surveys, community consultations, marketing and project financing.

Economic analysis of the Coburn Project based on an initial capital expenditure of \$62 million, current exchange rates and commodity prices, indicates that the Project is financially robust, with an after tax net present value (8%) and internal rate of return of \$64 million and 23% respectively. Over half the revenue would be generated from zircon, for which the already strong market has improved recently.

The bankable feasibility study is on course for completion in early 2004.

1.3 Company's Capital Structure

The current capital structure of the Company (including the Placement referred to in Resolution 1) is as follows:

Shares	Options
42,908,005	6,800,000*

- Options include:
 - 3,200,000 Unlisted options exercisable on or before 12 May 2005 at 20 cents per share.
 - 3,500,000 Unlisted options exercisable on or before 12 May 2005 at 25 cents per share.
 - 100,000 Unlisted options exercisable on or before 16 December 2007 at 20 cents per share.

The capital structure of the Company following completion of the proposed capital raising program to raise approximately \$2.3 million will be as follows:

Shares	Options
55,908,005	8,200,000*

- Options include:
 - 3,200,000 Unlisted options exercisable on or before 12 May 2005 at 20 cents per share.
 - 3,500,000 Unlisted options exercisable on or before 12 May 2005 at 25 cents per share.
 - 100,000 Unlisted options exercisable on or before 16 December 2007 at 20 cents per share.
 - 1,000,000 Unlisted options exercisable within 5 years of date of issue at 20 cents per share (Refer to resolution 3 in the Notice)
 - 400,000 Unlisted options exercisable on or before 7 March 2006 at 20 cents per share (refer to resolution 5 in the Notice)

2. THE RESOLUTIONS

2.1 Resolution 1 – Ratification of Allotment and Issue Shares

2.1.1 Background

On 8 August 2003, the Company issued by way of a share placement a total of 5,500,000 Shares (representing 14.7% of the capital of the Company) without obtaining shareholder approval, at 12.5 cents per share, to raise \$687,500 (before costs of the issue). The share placement was completed with Southern Cross Equities Limited.

2.1.2 Regulatory Requirements – ASX Listing Rule 7.4

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares representing more than 15% of the issued capital of the company in any 12 month period.

ASX Listing Rule 7.4.2 provides that where a company in general meeting ratifies the previous issue of securities, those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder ratification of the issue of 5,500,000 Shares is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of Shares issued was 5,500,000;
- (b) the Shares were issued for 12.5 cents per Share, raising \$687,500 in new capital;
- (c) the allottees of the Shares were clients of Southern Cross Equities Limited;
- (d) the Shares issued ranked pari passu with the existing Shares on issue; and
- (e) funds raised by the issue of Shares will be applied for the completion of the bankable feasibility study in relation to the Coburn Project.

A commission of 5% of the amount raised (\$34,375) plus GST was paid to Southern Cross Equities Limited.

2.2 Resolution 2 - Proposed Issue of Shares pursuant to Share Purchase Plan

2.2.1 Background

On 15th August 2003 the Company announced an invitation to shareholders to participate in the proposed Gunson Resources Limited Share Purchase Plan (**Plan**), whereby every eligible shareholder on the **Record Date** will have an opportunity to acquire up to a maximum of \$5,000 worth of Shares in the Company at a price of 12.5 cents per Share. This represents a significant discount (approximately 15%) to the weighted average market price of the Shares traded on ASX during the 5 trading days immediately prior to announcing the offer under the Plan. The Company will despatch details regarding the shares offered under the Plan to shareholders on or about 22 August 2003.

The Company will accept applications up to a total of 10,000,000 Shares (to raise \$1.25m, before expenses of the offer) under the Plan, with Shares to be issued in the order in which the applications are received.

In the event that the 10,000,000 Shares available under the Plan are not fully subscribed by shareholders, the Company will seek to place the shortfall under the Plan with Southern Cross Equities Limited or as otherwise allocated by Directors (**Shortfall**).

2.2.2 Regulatory Requirements - ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that the prior approval of the shareholders of the Company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 months.

Shareholder approval under Listing Rule 7.1 is sought to exclude the 10,000,000 Shares proposed to be issued by the Company pursuant to Resolution 2 from the calculation set out in ASX Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the maximum number of securities to be issued pursuant to Resolution 2 is 10,000,000 Shares including any Shortfall in the event that insufficient Shareholders take up the offer under the Plan;
- (b) the Shares will be issued at an issue price 12.5 cents per Share to raise up to \$1.25 million (before expenses of the issue);

- (c) the Shares to be issued pursuant to Resolution 2 will be issued no later than 3 months after the date of the Meeting. The precise date upon which these Shares will be issued is not yet known. Should the Shares to be issued pursuant to Resolution 2 not be issued within this 3 month period, the Company will be required to seek shareholder approval, once again, for the issue of the Shares;
- (d) the proposed allottees of the Shares are not known at this stage but include shareholders of Gunson on the Record Date for participation under the Plan and persons who apply for the Shortfall;
- (e) the terms of the Shares that will be issued pursuant to Resolution 2 will be on the same terms and conditions as the existing Shares on issue and the Shares will rank equally in all respects with all of the existing Shares on issue, including the right to participate in any dividend paid or declared after the date of issue;
- (f) the funds raised will be applied for the completion of the bankable feasibility study in relation to the Coburn Project; and
- (g) the Company has obtained a waiver from ASX Listing Rule 7.3.8 such that each shareholder in the Company will be able to vote in respect of Resolution 2, regardless of whether the shareholder will be participating in the offer of Shares pursuant to Resolution 2.

Expenses of the offer under the Plan are anticipated to be approximately \$30,000 (excluding any broker fee payable on any Shortfall). Southern Cross Equities Limited has agreed to place any Shortfall on a best endeavors basis for a fee of 5% of the amount of the Shortfall raised.

2.2.3 Regulatory Requirements – ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company.

Each of the Directors have indicated that they intend to take up their full entitlement of \$5,000 under the Plan. Accordingly, approval for the issue of the Shares to the Directors under the Plan is required pursuant to ASX Listing Rule 10.11.

The Company has obtained a waiver of ASX Listing Rule 10.13.6 to enable Directors and other related parties to vote in respect to the proposed resolution.

2.2.4 Voting Exclusion Statement

The Company has obtained a waiver from ASX Listing Rule 7.3.8 such that each shareholder in the Company will be able to vote in respect of Resolution 2 regardless of whether the shareholder will be participating in the Offer.

2.3 Resolution 3 – Allotment and Issue of Options to Southern Cross Equities Limited

2.3.1 Background

The Company has entered into an agreement with Southern Cross Equities Limited to provide corporate advice and to complete the recent share placement (refer to resolution 1). Under that agreement the Company has agreed to pay a 5% commission (totaling \$34,375) plus GST on the share placement and to issue (subject to shareholder approval)

1,000,000 Options exercisable at 20 cents each to acquire a Share within 5 years of the date of their issue.

In addition, the Company agreed that Southern Cross Entities Limited would place, on a best endeavours basis, any Shortfall arising from the Plan to be offered to Shareholders shortly (refer to resolution 2). A 5% commission is payable on any Shortfall placed by Southern Cross Equities Limited.

Southern Cross Entities Limited is a well established Australian stockbroker with offices in Sydney.

The terms and conditions of the Options to be issued pursuant to Resolution 3 are set out in Annexure A.

2.3.2 Regulatory Requirements - ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2.2.

Resolution 3 is required to be approved in accordance with ASX Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the maximum number of securities to be issued by the Company is 1,000,000 Options;
- (b) the Options will be issued in consideration for past and ongoing corporate advice;
- (c) the Options will be issued to Southern Cross Equities Limited or its nominees;
- (d) the Options will be issued on the terms and conditions set out in Annexure A;
- (e) the Options will be issued immediately after the Meeting, but in any event no later than 3 months after the date of the Meeting; and
- (f) no funds will be raised from the issue of the Options as they are issued in consideration for the abovementioned services provided by Southern Cross Equities Limited.

2.4 Resolution 4 - Allotment and Issue of Shares (Share Placement)

2.4.1 Background

The Company has agreed, subject to shareholder approval, to place 3,000,000 ordinary fully paid shares at 12.5 cents per share to clients of Intersuisse Limited to raise \$375,000.

Intersuisse Limited is a well established Australian stockbroker with offices in Melbourne and Sydney. A commission of 5% is payable on the amount raised to Intersuisse (\$18,750) plus GST.

2.4.2 Regulatory Requirements - ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2.2.

Resolution 4 is required to be approved in accordance with ASX Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the maximum number of securities to be issued by the Company is 3,000,000 Shares;
- (b) the Shares will be issued at an issue price of 12.5 cents per Share to raise \$375,000 (before expenses of the issue);
- (c) the allottees are clients of Intersuisse Limited;
- (d) the terms of the Shares that will be issued pursuant to resolution 4 will be on the same terms and conditions as the existing Shares on issue and the Shares will rank equally in all respects with all of the existing Shares on issue, including the right to participate in any dividend paid or declared after the date of issue;
- (e) the Shares to be issued pursuant to resolution 4 will be issued immediately after the meeting, but in any event, no later than 3 months after the date of the Meeting; and
- (f) the funds raised from the issue of the Shares will be used for the completion of the bankable feasibility study in relation to the Coburn Project.

2.5 Resolution 5 - Allotment and Issue of Shares to Messrs Bohannan and Munro

2.5.1 Background

Pursuant to a Consultancy Agreement dated 10th March 2003 between the Company and Messrs Bohannan and Munro, the Company has agreed to issue 400,000 Options (subject to shareholder approval) to Hamish Bohannan and Craig Munro (or their nominees) in part consideration for project management and consultancy services relating to the bankable feasibility study of the Coburn Project.

Mr Hamish Bohannan was a former Executive General Manager – Operations of Iluka Resources Limited and Mr Craig Munro was the former Finance Director of Aquarius Platinum Limited. Both were integral to developing the strategy for the bankable feasibility study on the Coburn Project and Mr Bohannan subsequently recruited Mr Stephen Miller, the former resident mine manager at Iluka Resources' Eneabba heavy mineral sands operation to coordinate the mining aspects of the study.

The Options are exercisable at 20 cents per Share on or before 7 March 2006. The terms and conditions of the Options to be issued pursuant to resolution 5 are set out in Annexure B.

2.5.2 Regulatory Requirements – ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2.2.

Resolution 5 is required to be approved in accordance with ASX Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the maximum number of securities to be issued by the Company is 400,000 Options;
- (b) the Options will be issued in consideration for project management and consultancy services;
- (c) the Options will be issued to Hamish Bohannan and Craig Munro or their nominees;
- (d) the Options will be issued on the terms and conditions set out in Annexure B;
- (e) the Options will be issued immediately after the Meeting, but in any event no later than 3 months after the date of the Meeting; and
- (f) no funds will be raised from the issue of the Options as they are issued in consideration for the abovementioned services provided by Hamish Bohannan and Craig Munro.

3. ENQUIRIES

Shareholders are invited to contact the Company Secretary, Darryl Edwards at the office of Grange Consulting Group Pty Ltd on (08) 9322 7600 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

The Company means Gunson Resources Limited (ABN 32 090 603 642).

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the board of directors of the Company.

Coburn Project means the Company's mineral sands project located south of Shark Bay in Western Australia.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

Meeting means the meeting convened by the Notice.

Notice means the notice of general meeting which the Explanatory Statement accompanies.

Option means option to acquire a Share.

Record Date means 22nd August 2003.

Share means a fully paid ordinary share in the capital of the Company.

ANNEXURE A
OPTION TERMS (Resolution 3)

The terms and conditions of the Options will be:

- (a) Each Option is exercisable at a price of 20 cents share.
- (b) Any share pursuant to the exercise of any of the Options will be issued on the same terms as all the other Shares, and will rank in all respects on equal terms with the other existing Shares.
- (c) The Options are exercisable at any time on or before 5 years from the date of their issue.
- (d) The Options will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.
- (e) A change in the exercise price of an Option or a change in the number of Shares over which an Option can be exercised is only permitted:
 - (i) In the case of a pro rata issue to the holder of Shares (except a bonus issue) the exercise price of each Option shall be reduced in accordance with the formula contained in ASX Listing Rule 6.22.2;
 - (ii) In the case of a bonus issue to the holder of Shares the number of Shares over which each Option is excisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date of the bonus issue.
- (f) Each of the Options is freely transferable.
- (g) No application will be made by the Company to seek to have official quotation granted in respect of any of the Options. However, application will be made by the Company to ASX for permission for quotation to be granted in respect of Shares issued upon exercise of any of the Options in the manner required by the Listing Rules.
- (h) Should the Company reorganise its capital then the Options shall be reorganised to the extent necessary to comply with the ASX Listing Rules applying to that reorganisation of capital at that time.

ANNEXURE B
OPTION TERMS (Resolution 5)

The terms and conditions of the Options are as follows:

- (a) Each Option is exercisable at a price of 20 cents per share.
- (b) Any share pursuant to the exercise of any of the Options will be issued on the same terms as all the other Shares, and will rank in all respects on equal terms with the other existing Shares.
- (c) The Options are exercisable at any time on or before 7 March 2006.
- (d) The Options will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.
- (e) A change in the exercise price of an Option or a change in the number of Shares over which an Option can be exercised is only permitted:
 - (i) In the case of a pro rata issue to the holder of Shares (except a bonus issue) the exercise price of each Option shall be reduced in accordance with the formula contained in ASX Listing Rule 6.22.2;
 - (ii) In the case of a bonus issue to the holder of Shares the number of Shares over which each Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date of the bonus issue.
- (f) Each of the Options is freely transferable.
- (g) No application will be made by the Company to seek to have official quotation granted in respect of any of the Options. However, application will be made by the Company to ASX for permission for quotation to be granted in respect of Shares issued upon exercise of any of the Options in the manner required by the Listing Rules.
- (h) Should the Company reorganise its capital then the Options shall be reorganised to the extent necessary to comply with the ASX Listing Rules applying to that reorganisation of capital at that time.

PROXY FORM
GUNSON RESOURCES LIMITED ABN 32 090 603 642

I/We

being a Member of Gunson Resources Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting 16 September 2003 at 10 am (WST) at Level 2, 33 Richardson Street, West Perth, Western Australia.

and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Allotment and Issue of 5,500,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Shares pursuant to Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of 1,000,000 Options to Southern Cross Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of 3,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of 400,000 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you do not wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all resolutions if no directions are given.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM MAY BE HELD INVALID.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll. If two proxies are being appointed, the proportions of voting rights this proxy represents is _____%.

Signed this _____ day of _____ 2003

By

Individuals and joint holders	Companies (affix common seal if appropriate)
Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 Directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.