

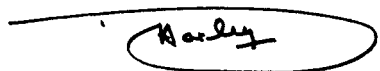
PREFERRED ENGINEERING CONTRACTOR CHOSEN FOR COBURN ZIRCON PROJECT CONSTRUCTION

Detailed evaluation of the three construction tenders received on 1st May has led to the choice of Sedgman Metals – Intermet Engineering as Gunson’s preferred engineering contractor for the Coburn Zircon Project.

Gunson was impressed with the ability of the Perth based subsidiary of ASX listed Sedgman Limited to improve the existing design work completed on the Project since 2003. Sedgman has been commissioned to carry out a Design Definition Study over the next 4 months, the objectives of which are to reduce the capital and operating costs, and risk associated with the execution of the Project. Particular focus will be on parts of the Project where identified opportunities or uncertainties exist, one example being the dry mineral separation plant (MSP), the location of which was changed from China to the Coburn mine site during the tendering process.

Subject to the successful conclusion of the Design Definition Study in October 2009 and completion of funding arrangements shortly afterwards, construction of the Project could begin in the final quarter of 2009, with commissioning commencing towards the end of 2010.

Progress with attracting offtake investors to the Project has been good, in particular in the Middle East. Interest from two well credentialed Chinese groups remains strong, supported by the observation by Chinese zircon market analyst China CCM last week that the zircon price in China was at an all time high.



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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.