

Ground Floor 9 Havelock Street West Perth Western Australia 6005
PO Box 1217 West Perth Western Australia 6872
Telephone: (08) 9226 3130 Facsimile: (08) 9226 3136
Email: enquiries@gunson.com.au Web: www.gunson.com.au

15th October 2001
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Manager - Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By Courier

Dear Sir

2001 Annual Report

In accordance with listing rule 4.7, we enclose 2 copies of our second annual report for your records.

This report is being mailed to shareholders tomorrow.

Yours faithfully

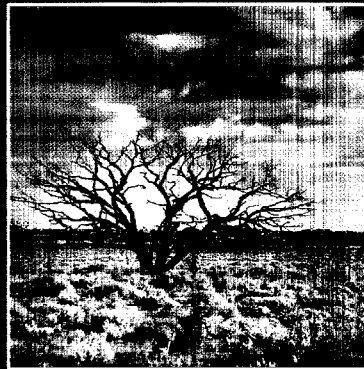
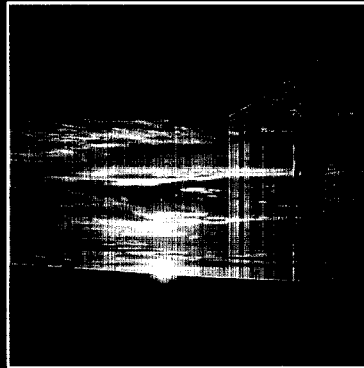
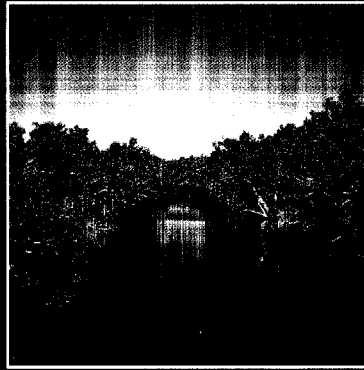


**D N HARLEY
MANAGING DIRECTOR**

Enc.



GUNSON RESOURCES
LIMITED



ANNUAL REPORT

2001

CORPORATE DIRECTORY

DIRECTORS

Mr William H Cunningham

(Chairman)

Mr David N Harley

(Managing Director)

Mr Peter C Harley

COMPANY SECRETARY

Mr Ian A Macliver

REGISTERED AND PRINCIPAL OFFICE

Ground Floor, 9 Havelock Street

West Perth WA 6005

Phone: (08) 9226 3130

Fax: (08) 9226 3136

Email: info@gunson.com.au

POSTAL ADDRESS

PO Box 1217

West Perth WA 6872

WEBSITE

www.gunson.com.au

AUDITORS

BDO

267 St Georges Terrace

Perth WA 6000

SOLICITORS

Blakiston & Crabb

1202 Hay Street

West Perth WA 6005

BANKERS

National Australia Bank Ltd

50 St Georges Terrace

Perth WA 6000

SHARE REGISTRY

Computershare Registry Services Pty Ltd

Level 2, Reserve Bank Building

45 St Georges Terrace

Perth WA 6000

HOME STOCK EXCHANGE

Australian Stock Exchange Limited

Exchange Plaza

2 The Esplanade

Perth WA 6000

ASX Code: GUN

Cover photographs, from top to bottom are of:

- *the Ashburton River near the Onslow project*
- *a drill rig at the Mount Gunson project*
- *terrain near the northern end of the Elaine Zone on the Mount Gunson project.*



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As a result of the continued success of our Mount Gunson nickel sulphide project, we have received a new investment in the form of a substantial shareholding by Billiton.

- *Substantial shareholder Billiton exercised its right to sole fund further drilling at Mount Gunson in April 2001. Billiton may earn a 70% interest in the Mount Gunson Project by spending \$6 million over a five year period from April 2001.*

A recent report by the independent mineral consultant hired by the company has highlighted the quality of the mineral suite and sharpened the focus on searching for higher grade mineralization.

- *Exploration on the exciting new Shell Lakes nickel sulphide/diamond project is scheduled to commence shortly.*

CHAIRMAN'S REVIEW

Dear Shareholder

On behalf of the Board, I have pleasure in presenting our second annual report. During the year the Company continued its focus on mineral exploration in Australia, with three main objectives:

- Discover world class orebodies in mineral commodities with large markets.
- Where appropriate, form alliances with major mining companies specialising in those minerals
- Maintain the highest standards of exploration expertise, in order to minimise risk and maximise effective utilisation of our financial resources.



The year under review has been one of significant progress, if in some cases less than we would have wished.

At the Mount Gunson Copper Project, the 10 kilometre long Elaine Zone of Olympic Dam style mineralization was discovered and then further extended by the recognition of a 5 kilometre long eastern branch named Vessel Zone. Billiton demonstrated their confidence in the project in April 2001, exercising their right to earn up to an 80% interest, and committing to an initial \$675,000 diamond drilling program. Drilling during the year has indicated strong potential for major copper-gold mineralization, although results were sub-economic. Further drilling is planned for late 2001.

At the Coburn Mineral Sands Project, the Amy Zone was the subject of a scoping study, completed last December, which gave the impetus for further delineation drilling. Whilst the drilling program in 2001 was suspended pending receipt of more reliable magnetic data, the mineral dressing program demonstrated the Project's ability to produce high quality end-products.

Our Shell Lakes Nickel Sulphide Project which also has good potential for diamonds, is moving towards the granting of exploration licences, and during 2001/02 we expect to commence an exploration program, possibly in association with a major international mining company. Shell Lakes is situated on the Mundrabilla Fault, some 150 kilometres north of the Transcontinental railway.

At the Onslow Gold-Copper Project, we decided to proceed on our own with a single hole diamond drilling program, to assist with geological interpretation.

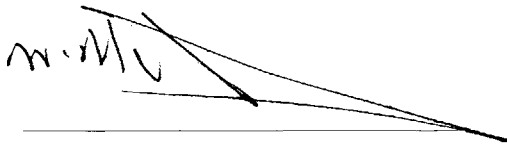
We are at all times mindful of our responsibility to the community at large, to conduct our exploration activities with due regard for the short and long term impact on the environment.

To Government at all levels, I appeal for recognition of the high risk associated with mineral exploration, and for a positive, pro-active and consistent approach to the mineral industry. Without wealth generation, there can be no wealth distribution.

CHAIRMAN'S REVIEW

To our shareholders, I thank you for your continued support in our grass-roots exploration activities, and assure you we will continue our best efforts to reward you. It is a time for patience and cool heads, as we near the bottom of a cycle in the global economy, with its inevitable negative influence on metal prices and mineral investment sentiment. These challenging times yield opportunities for the longer term.

I extend our gratitude to our Managing Director David Harley and his team. His leadership in the exploration industry and his energy and expertise are indeed outstanding. It is a team "in pursuit of excellence".



W H Cunningham

Chairman

5 October 2001

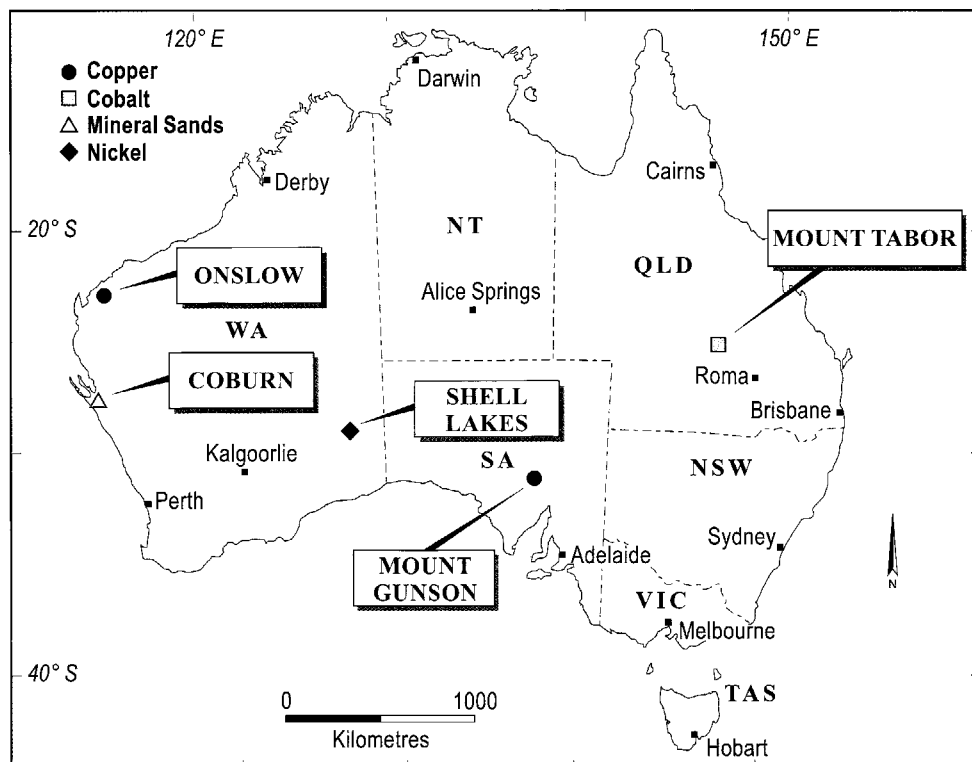


Figure 1: Project Location Map

REVIEW OF OPERATIONS

The Company currently operates five mineral exploration projects in Australia, as shown in Figure 1 on page three. A sixth project, Ruby Plains, was abandoned during the year.

Mount Gunson Copper Project, South Australia (100% Interest)

1. INTRODUCTION

The Mount Gunson Project is strategically located in the best endowed copper belt in Australia. This belt is about 400 kilometres long, stretching from the Olympic Dam mine in the north to Moonta in the south (Figure 2) and contains approximately three quarters of the known copper resources in Australia. The Mount Gunson Project lies in the central portion of the belt and covers over a quarter of its total strike length.

2. TENURE, FUNDING AND INFRASTRUCTURE

The Project comprises four contiguous exploration licences covering approximately 3360 square kilometres (Figure 2). These licences are the subject of a Joint Venture agreement with Billiton Exploration Australia Pty Ltd, now a wholly owned subsidiary of the major international mining company, BHP Billiton. Billiton subscribed \$500,000 in share capital to the Gunson Resources Limited initial public offering in May 2000 on the condition that it could initiate the Mt Gunson Joint Venture after the Company had spent \$800,000 on exploration at Mount Gunson. Billiton initiated the Joint Venture on 9 April 2001 and the agreement gives it the right to earn up to an 80% interest in the Project by carrying the Company's share of costs until the commencement of commercial production. Further details

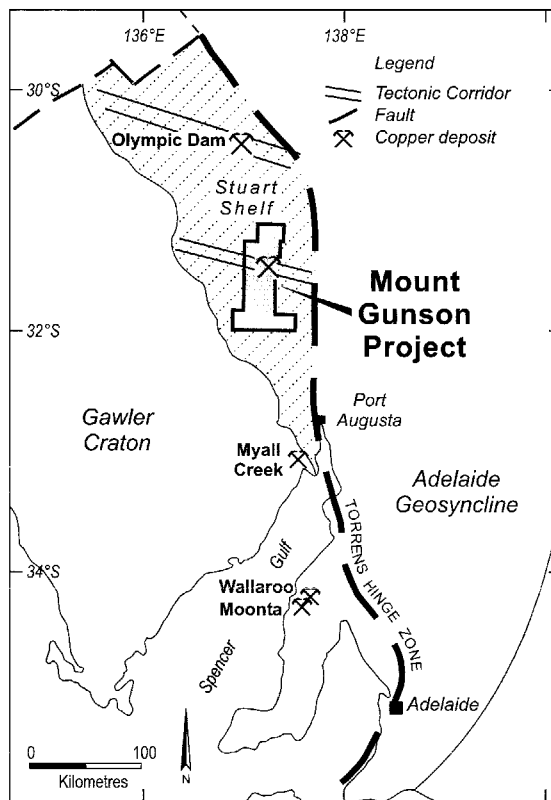


Figure 2: South Australian Copper Belt.

of the Joint Venture, including the present minimum expenditure commitment of \$675,000, are outlined on page 30 of this report.

The focus of the exploration program is on Olympic Dam style mineralisation in the basement beneath sedimentary rocks of the Stuart Shelf (Figure 2) and Gunson Resources Limited is the operator during the exploration stage.

The Mount Gunson Project is favourably located with respect to regional infrastructure, centred some 130 kilometres north of Port Augusta along the Stuart Highway. The Transcontinental railway, the power line from Port Augusta to Olympic Dam and the water pipeline from Port Augusta to Woomera all run through the Project area.

REVIEW OF OPERATIONS

3. EXPLORATION RATIONALE

The strategic position of the Mount Gunson Project in the central portion of the best endowed copper belt in Australia clearly justifies a systematic long term exploration approach, particularly as previous deep exploration had been focused on relatively small areas and as new exploration technologies have become available.

Exploration during the year was focused on relatively strong coincident gravity and magnetic geophysical anomalies, which are characteristic of all of the significant basement copper deposits in the district, including the Olympic Dam mine. Ranking of key prospects on the Project based on modelling of individual anomalies highlighted the 10 kilometre long Elaine Zone and subsequently its eastern branch, the 5 kilometre long Vessel Zone (Figure 3).

At the same time, a study of the economics of mining large high grade copper-gold ore bodies showed that drilling of good quality geophysical anomalies between depths of 500 and 1000 metres could be justified.

4. WORK COMPLETED AND RESULTS

Since the public listing of the Company in May 2000, three geophysical anomalies including Elaine Zone have been tested with drilling. Results from drilling of the first two anomalies in mid 2000 described in the previous Annual Report were disappointing, but the three drill holes and wedge hole completed on Elaine Zone to date have shown that it is a major zone of iron oxide associated copper-gold mineralisation.

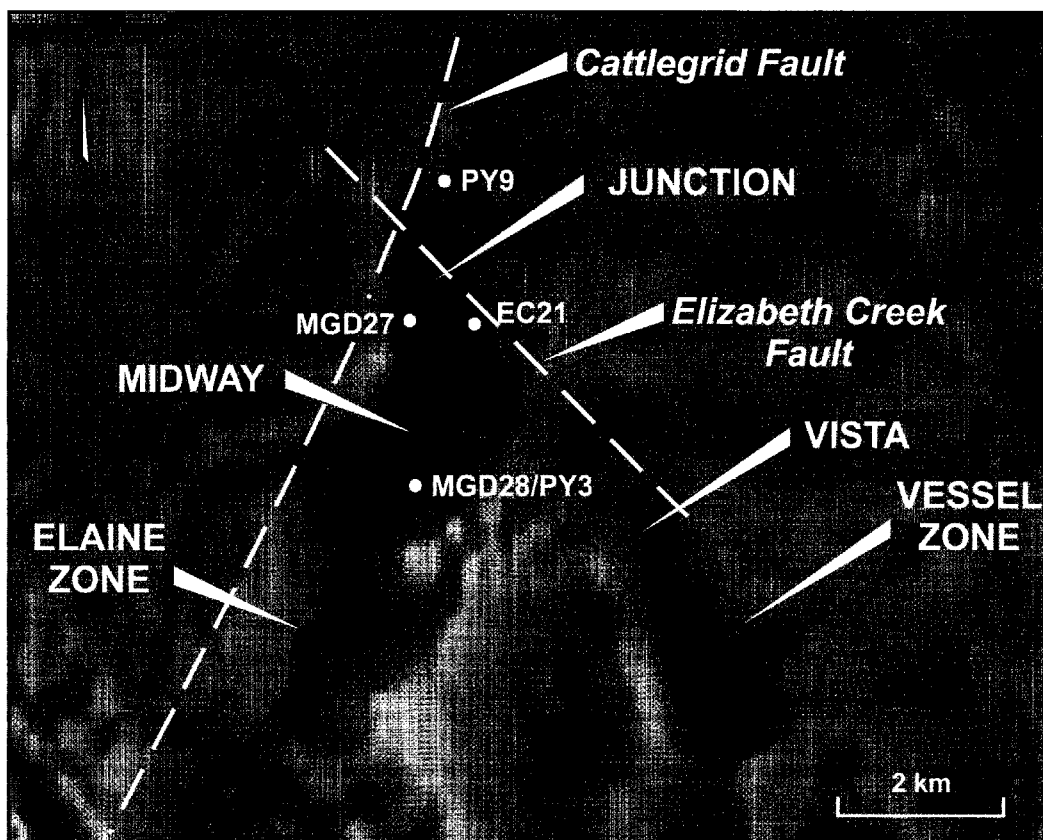


Figure 3: Central Mount Gunson Project – combined residual magnetic and residual gravity image.

REVIEW OF OPERATIONS

Table 1 below lists the drill holes completed by the Company to date:

Table 1: Mount Gunson Drilling Statistics

Anomaly	Hole(s)	Metres Drilled	Date Completed
Hunter Hill North	MGD 24	450	30 May 2000
Yeltacowie	MGD 25	520	12 June 2000
Elaine Zone	MGD 26	1,104	16 December 2000
	MGD 26-W1	737 *	12 February 2001
	MGD 27	1,134	22 May 2001
	MGD 28	1,155	1 July 2001
Total Metres		5,100	

* Wedge hole off MGD 26, from 400 to 1,137 metres

5. ELAINE ZONE

The Elaine Zone gravity-magnetic anomaly was defined in mid 2000 by reprocessing of old geophysical data to filter out the strong regional gradients in the Mount Gunson area. This work revealed a northerly trending zone of gravity anomalies which coincide with a strongly magnetic zone, the northern part of which lies close to the intersection of two major faults: the Elizabeth Creek and Cattlegird faults (Figure 3).

Two old CSR diamond holes, EC 21 and PY 3, had been drilled immediately east of the Elaine Zone anomaly in the early 1980s (Figure 3) and examination of the core from these holes in mid 2000 confirmed the prospectivity of the anomaly. A "best fit" geological model was erected, the essentials of which were a near vertical magnetite rich breccia zone at depth capped by an equally steep but wider hematite body extending upwards to the top of the basement.

This interpretation had the top of the magnetite body at 800 metres vertical depth and the hematite body as the main source of the gravity response. Both interpreted bodies were considered to be prospective for major copper-gold-uranium deposits of the Olympic Dam type. A key feature of the interpretation is that the gravity anomaly was too strong to be explained by the amount of magnetite estimated from the intensity of the magnetic anomaly. The apparent excess mass was interpreted to arise from the presence of dense non magnetic minerals, most likely sulphides and hematite.

A drilling program designed to test the above interpretation commenced in late November 2000 with a deep hole, MGD 26, inclined to the east at 60 degrees and aimed at the base of old CSR hole, EC 21 (Figures 3 and 4). This hole steepened unexpectedly and consequently did not test its original target, but it did intersect alteration, rock structures and anomalous metal values interpreted to be the western fringe of the Elaine Zone copper-gold system.

A wedge hole off MGD 26 was initiated in early January 2001 to test the target the parent hole had missed. Despite several attempts at expensive directional drilling, the wedge hole again drooped too steeply to test the whole of the target zone (Figure 4). However, it did intersect a major mineralised breccia zone at 953 metres and stopped in this zone at 1,137 metres after the drill rig, rated to a depth of 1,000 metres, was unable to continue.



REVIEW OF OPERATIONS

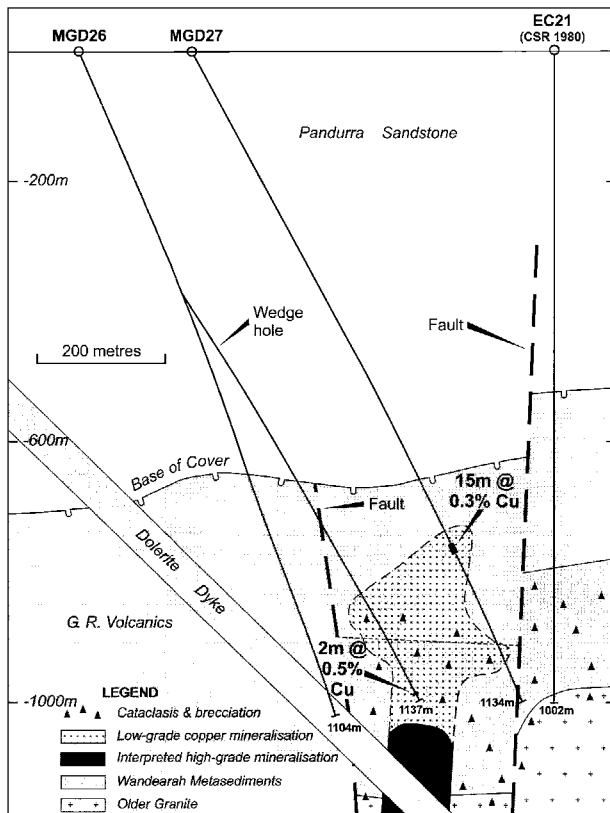


Figure 4: Elaine Zone – cross section.

Copper sulphide mineralisation as chalcopyrite is more abundant within this breccia zone than along its western fringe (Figure 4). The highest copper value in the breccia zone is 0.5% over a 2 metre interval close to the end of the wedge hole between 1,130 – 1,132 metres, associated with 0.2 g/t gold and 1.8 g/t silver.

As similar envelopes of weakly mineralised breccia commonly occur on the periphery of high grade ore zones at the Olympic Dam mine, and because the gravity anomaly had not yet been explained by the drilling, another hole on the same section, MGD 27, was collared in late April 2001 to test for a near vertical ore zone between the wedge hole and hole EC 21 to the east (Figure 4).

The new hole intersected 15 metres averaging 0.3% copper between 865 – 880 metres, up dip from the highest grade intersection in the wedge hole. However, the earlier interpretation of a large, dense mass of hematite and sulphides above and slightly east of the wedge hole and extending up to the base of the cover sequence was not supported by MGD 27. At this locality, it is now considered that the dense body is a steep zone of magnetite and sulphides, the high grade core of which lies immediately below the bottom of the wedge hole.

The next and most recent hole of the drilling program, MGD 28, tested a much wider and stronger part of the Elaine Zone magnetic anomaly about 2 kilometres to the south (Figure 3). This hole intersected the strongest alteration yet observed in Elaine Zone, with pervasive red rock alteration and steadily increasing magnetite downward from 900 metres. Minor copper sulphide mineralisation first appeared at 925 metres and assays revealed low but anomalous copper values. The best intervals were a 3 metre zone averaging 0.15% copper between 982 – 985 metres and a 2 metre zone in magnetite rich breccia which averaged 0.09% copper between 1,151 – 1,153 metres. The style of alteration and mineralisation in the latter zone supports the Company's view that Elaine Zone is capable of hosting large high grade ore shoots but on this drill section the best potential appears to be at a depth within the modelled source of the main magnetic anomaly.

REVIEW OF OPERATIONS

The drilling to date has indicated that Elaine is a steep zone of iron oxide associated copper-gold mineralisation 100 – 300 metres across, the top of which widens out in a toadstool shape in cross section but where intersected in drilling to date is sub economic. However, Elaine Zone has good potential for high grades at depth and, possibly, in shallower shoots extending up to the base of cover beyond the two drill sections. It is still untested along 80% of its strike length to the south.

6. VESSEL ZONE

The Vessel Zone gravity-magnetic anomaly forms the eastern arm of a wishbone shaped feature which has Elaine Zone as its western branch (Figure 3). Vessel is about 5.5 km long and is interpreted to be a zone of copper bearing iron oxide mineralization like Elaine Zone. The cover over Vessel is estimated to be shallower than most of Elaine Zone, in the range of 450-600 metres.

7. NEW DRILL TARGETS

Subsequent to completion of the last drill hole on 1 July 2001, a CSAMT electrical geophysical survey designed to detect sulphide concentrations along Elaine and Vessel Zones was completed. This survey has revealed a discrete anomaly approximately 600 metres long by up to 300 metres wide in the northern part of Vessel Zone. This anomaly, named Vista Prospect, is a high priority drill target scheduled for testing in late 2001 after aboriginal heritage clearance is completed.

A second high priority target named Midway Prospect has been defined at a pronounced bend in Elaine Zone between drill holes MGD 27 and 28 (Figure 3). A similar bend is known to localise mineralisation at the Ernest Henry copper-gold mine in northwest Queensland. An infill CSAMT survey to guide follow up drilling is in progress.

A third area of interest, comprising a residual gravity high near the northern end of Elaine Zone about a kilometre north of hole MGD 27 has been named Junction Prospect, because it lies near the junction of the Elizabeth Creek and Cattlegrid faults (Figure 3). Infill CSAMT is planned.

8. SUMMARY

Drilling on the Mount Gunson Project during the year has defined a major zone of iron oxide associated copper-gold mineralisation which is expressed geophysically as a wishbone shaped zone of coincident residual gravity and magnetic highs over 15 kilometres long. The intensity and style of alteration intersected in this zone is some of the best observed in the South Australian copper belt and supports the Company's view that it could host a world class copper-gold deposit.

An electrical geophysical survey designed to detect ore shoots within the iron oxide rich zone has revealed one good and two possible anomalies in geologically favourable areas. At least one of these anomalies is scheduled for drilling in late 2001.



REVIEW OF OPERATIONS

Coburn Mineral Sand Project, Western Australia (100% Interest)

1. INTRODUCTION

The Coburn Project covers a fossil coastline immediately south of Shark Bay in Western Australia which hosts a major heavy mineral sand deposit discovered by the Company last year. Attractive features of this area are its broad geological similarity to the world class Eneabba and Capel area heavy mineral sand deposits along the coast to the south, and its high quality mineral assemblage. The Company has outright ownership of the whole prospective area which had not been previously drilled for heavy minerals.

2. TENURE AND INFRASTRUCTURE

The Project comprises four exploration licences and four exploration licence applications which are contiguous and cover approximately 1400 square kilometres (Figure 5). These tenements straddle the south eastern margin of the Shark Bay World Heritage Area, just over half of the Project being within this Area and the remainder outside it to the east. The main portion of the four granted exploration licences lie outside the World Heritage Area and a no mining/exploration condition presently applies to those portions of the licences which overlap the Area. The Company is pursuing the right to extend its exploration activities in to this Area, which is subject to active pastoral leases.

The northern boundary of the Coburn Project abuts the sealed road between the town of Denham and the North West Coastal Highway. From this point, the road distance to the regional centre of Geraldton is approximately 300 kilometres. Geraldton has a deep water port and a major heavy mineral processing facility.

3. PREVIOUS EXPLORATION

The exploration model being tested at Coburn is a series of sub parallel fossil beaches at progressively lower (younger) levels toward the present coast line, some of which contain heavy mineral concentrations or strands. Like the world class Eneabba and Capel area deposits along the coast to the south, these strands occur in north facing fossil J shaped bays which presumably acted as trap structures for ocean currents carrying heavy mineral grains along the coast.

At Coburn, there appears to be two fossil J shaped bays, the eastern one named the Hamelin Target Area and located south of the present bay, Hamelin Pool. The western one is

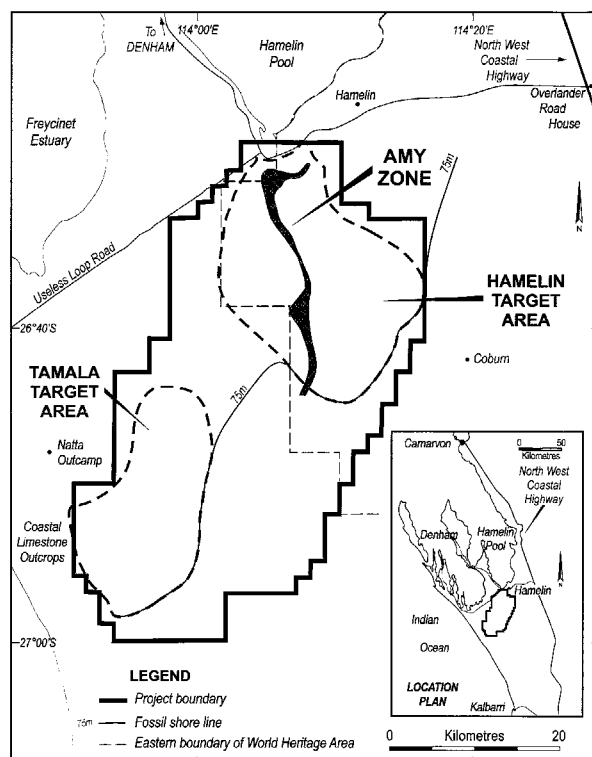


Figure 5: Coburn Project – exploration target areas.

REVIEW OF OPERATIONS

named the Tamala Target Area, which lies south of the present Freycinet Estuary (Figure 5). All drilling completed to date has been on the Hamelin Target Area because the bulk of it lies outside the World Heritage Area, in contrast to the Tamala Target (Figure 5). From the 350 hole drilling program completed in 2000, the Hamelin Target Area appears to have greater potential for economic concentrations of heavy minerals in sand dunes overlying and presumably derived from the underlying strand lines. This is similar to the situation at the North Stradbroke Island deposit near Brisbane, where a profitable large scale, low cost mining operation is in progress on the mineralised sand dune system.

The most important outcome of the 2000 drilling program was the discovery of the Amy Zone, a major mainly dune hosted deposit approximately 26 kilometres long, averaging 1.1 kilometres wide and 23 metres thick (Figure 5). The mineralisation lies at or close to the surface and the average grade is about 1% heavy minerals, although some of the widely spaced drill holes intersected higher grade zones up to 7 metres at 5%.

Encouraged by the large tonnage potential of the Amy Zone and the possibility of similar low cost mining techniques to those employed on the east coast of Australia, the Company launched a preliminary "scoping" study on the economics of the deposit, which was completed in December.

4. SCOPING STUDY

The scoping study on the Amy Zone deposit was coordinated by the well regarded Perth consulting firm TZ Minerals International Pty Ltd. Their mineral recovery assumptions and mineral quality data for the study are listed in Tables 2 and 3 and their main conclusions are as follows:

- At a grade of 1% heavy minerals, a dredge mining operation would be cash positive but would not deliver sufficient cash margin to justify the estimated initial capital outlay.
- The heavy mineral assemblage is attractive, in particular the high proportion of zircon and very high titanium content of the ilmenite. However, most of the rutile and a considerable proportion of the ilmenite are fine grained, less than 100 microns, which may affect product pricing and metallurgical recoveries.
- Provided that the technical and marketing issues associated with the mineral fineness can be overcome, a deposit of approximately half the size and double the grade is approaching a viable basis for an operation.
- Scope exists to improve the head feed grade by adopting a higher stripping ratio, in return for a shorter mine life.

Table 2. Scoping Study Mineral Assemblage Breakdown and Mineral Recovery Assumptions

Mineral	Proportion of H.M. Suite (%)*	Concentrator Recovery (%)	Dry Plant Recovery (%)
Ilmenite	52	92	95
Zircon	23	95	80
Rutile	6	93	95
Leucoxene	8	50	50
Trash	11	45	-

*based on grain count of 91 samples from 26 drill holes spread throughout Amy Zone.

REVIEW OF OPERATIONS

Table 3. Assays of Heavy Mineral Products

Assay %	Ilmenite (1)	Ilmenite (2)	Rutile	Zircon
TiO ₂	59.4	65.0	91.2	1.00
Fe ₂ O ₃	36.5	26.9	0.66	0.68
Cr ₂ O ₃	0.09	0.15	0.14	0.001
SiO ₂	1.43	2.48	2.21	32.3
MgO	0.23	0.19	<0.01	0.04
MnO	1.13	0.69	0.01	-
V ₂ O ₅	0.13	0.13	0.58	-
Nb ₂ O ₅	0.14	0.19	-	-
ZrO ₂	0.09	0.13	4.48	65.3
CaO	0.06	0.10	<0.01	-
Al ₂ O ₃	0.65	1.56	0.21	0.34
P ₂ O ₅	0.02	0.06	0.02	0.11
Th (ppm)	55	112	-	245
U (ppm)	<10	<10	-	230

Note: Ilmenite 1 is a magnetic separate and represents 63% of the ilmenite produced.

The key issue highlighted by the scoping study is to define a sufficient tonnage of higher grade mineralization at or above 2% within or close to Amy Zone. Subsequent test work on the heavy minerals has indicated that the grain size issue is unlikely to pose a problem.

5. EXPLORATION COMPLETED AND RESULTS

Since the previous Annual Report, the focus of the exploration program has been on detecting high grade mineralization within or close to Amy Zone. The potential for higher grade bands was indicated in the widely spaced drilling program in 2000 and reinforced by results from orientation ground magnetic surveys completed in December and April.

An orientation drilling program designed to test ground magnetic anomalies for high grade mineralization was completed in May. This program comprised 117 holes for 3,926 metres, at an average hole depth of 33.5 metres. The drilling was largely confined to the east-west drill traverses across the Amy Zone mineralization completed in 2000 as these were the only lines along which ground magnetics had been read.

Results of the drilling showed some correlation of magnetic anomalies with higher grade mineralisation but the quality of the magnetic data had been affected by proximity to fence lines and other interference effects. Consequently, it was decided to postpone further drilling until better and more comprehensive magnetic data could be collected from a very low altitude aeromagnetic survey.

Some selected intersections of mineralisation from the above drilling program based on laboratory analysis are listed below:

Hole Number	Traverse	From (m)	To (m)	Intersection
CBC 495	7,043,000N	10	20	10m @ 2.8%
CBC 530	7,052,000N	33	37	4m @ 5.8%
CBC 547	7,058,000N	38	44	6m @ 2.9%

REVIEW OF OPERATIONS

Due to strong industry demand in mid 2001, the aeromagnetic survey was not flown until late August and the processed data received in late September. Preliminary interpretation indicates it is likely that previously undetected zones of enhanced grade and low overburden within Amy Zone can be identified using the magnetic data.

6. SUMMARY

Amy Zone is one of the largest undeveloped heavy mineral sand deposits in Australia. A scoping study has indicated that it has a very attractive heavy mineral assemblage and that it is amenable to low cost dredge mining techniques. The study concluded that higher grades would be needed to make an adequate return on capital and consequently exploration during 2001 has been focused on delineating high grade zones within and near the Amy deposit.

A small drilling program was completed in May, guided by limited ground magnetic data of mixed quality, but further drilling was deferred until a more comprehensive low altitude aeromagnetic survey could be flown. The results from this survey have only just been received and are currently being evaluated.

Shell Lakes Nickel Project, Western Australia (100% Interest)

1. INTRODUCTION

The Shell Lakes Project is strategically located on a pronounced bend in the major continental scale Mundrabilla Fault (Figure 6), which passes through the Argyle diamond mine and WMC's West Musgrave nickel prospect. It is located in a similar geological setting to the West Musgrave nickel discovery and is considered to be very prospective for both nickel sulphides and diamonds.

2. TENURE AND LOCATION

The Project comprises five contiguous exploration licence applications covering an area of approximately 900 square kilometres. Grant of these tenements has been delayed by native title and conservation issues but these have now been resolved. Title for all five licence applications is expected in late 2001.

Although remote, the Project is closer to established infrastructure than the West Musgrave Prospect 400 kilometres to the north, lying some 150 kilometres north of the Transcontinental railway line between Perth and Adelaide.

3. GEOLOGY

Data from previous exploration at Shell Lakes indicates the presence at shallow depths of less than 100 metres of favourable mafic to ultramafic intrusive rocks which can be tested for nickel sulphide mineralisation with shallow drilling. The age of these intrusive rocks is assumed to be mid-Proterozoic, similar to the WMC West Musgrave host rocks (1078 million years) and the Argyle deposit (1140 million years).

REVIEW OF OPERATIONS

The Shell Lakes intrusives include pipes and sills which are interpreted to form part of a major concealed mafic-ultramafic intrusive complex expressed by a large gravity high to the south. Most of this gravity high has been covered with a 100 kilometre long cluster of exploration licence applications submitted by WMC immediately prior to the Company's applications.

The Shell Lakes Project adjoins the northern boundary of the WMC ground, within a basement high between the Officer sedimentary basin to the north and the Eucla sedimentary basin to the south. The thickness of younger sedimentary cover was an important ingredient in determining the northern limit of the ground applied for.

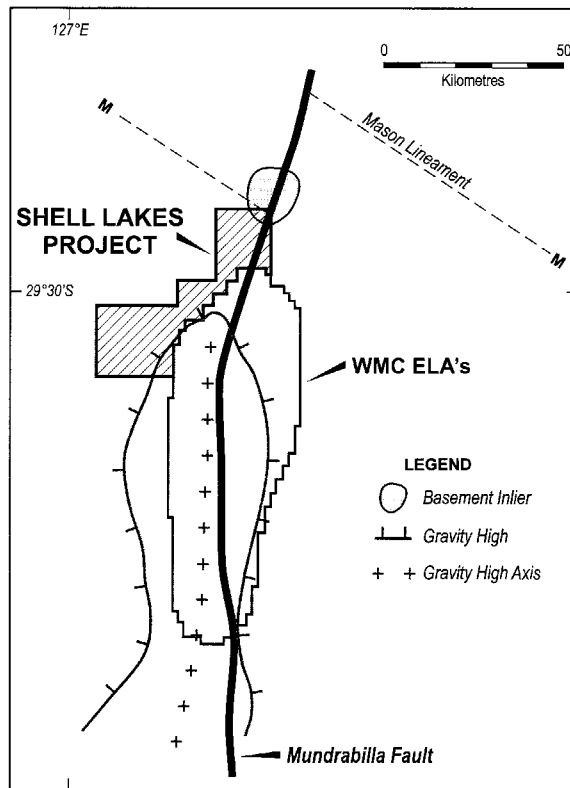


Figure 6: Shell Lakes Project.

Interpretation of geophysical data obtained during the year indicates that prospective magnetic bodies within a dilatant portion of the Mundrabilla Fault zone and on the edge of the gravity high shown in Figure 6 should be the focus of early exploration. The prospectivity of this area is enhanced by the presence of the major cross cutting Mason Lineament (Figure 6).

4. EXPLORATION PROGRAM

After grant of title, airborne and ground geophysical surveys and an air core drilling program are planned. Discussions with potential joint venture partners with a view to funding this and ongoing work are in progress.

5. SUMMARY

The Shell Lakes Project is a high quality nickel sulphide prospect in an area showing similar crustal architecture to the West Musgrave nickel discovery. It also has high potential for diamonds and is likely to be a major focus of the Company's activity in 2002.

Onslow Gold-Copper Project, Western Australia (100% Interest)

1. INTRODUCTION

The Onslow Project covers two gravity/magnetic geophysical targets which are considered prospective for iron oxide associated gold-copper mineralisation.

REVIEW OF OPERATIONS

These two geophysical anomalies are located under Carnarvon Basin sedimentary rocks within the Lower Proterozoic Gascoyne Complex. The granites of this complex are similar in age and many other respects to the Tennant Creek district, which is host to numerous high grade gold-copper mines. Oxidised granite intrusives and minor copper-gold showings have been observed in outcropping portions of the Gascoyne Complex to the east of the Onslow Project.

2. TENURE AND INFRASTRUCTURE

The Project comprises a 64 square kilometre exploration licence which is located immediately west of the Ashburton River, about 60 kilometres south of Onslow. Access is via Onslow along tracks on the Minderoo pastoral lease. A natural gas pipeline runs through the north eastern corner of the Project.

3. EXPLORATION CONCEPT AND RESULTS

A detailed gravity geophysical survey completed in October 2000 highlighted the Minderoo South geophysical anomaly (Figure 7) as the most attractive target.

The concept applied was that hydrothermal mineralisation of a magnetic unit had caused demagnetisation by sulphide and/or hematite-rich alteration. This would be expressed geophysically as gaps in the magnetic unit despite a continuous positive gravity response.

Two areas of the Minderoo South anomaly fitted this criteria. The first is in the apex of the apparent fold and the second on the eastern limb of the fold (Figure 7). As the second area had a coincident soil geochemical anomaly, it was chosen for the first drill test: a single diamond drill hole, OND 1, drilled to 441 metres in September 2001 (Figure 7).

This hole intersected basement comprising variably altered mafic schists from 310 metres. Assays from a zone of hematite-carbonate alteration between 340-370 metres are awaited.

4. SUMMARY

The Onslow Project is a high risk conceptual geological target area in a geological terrane with little demonstrated endowment. Despite this, there are some important similarities to much better endowed terranes in Australia and overseas, and results from the recent drilling program will guide further work on the Project.

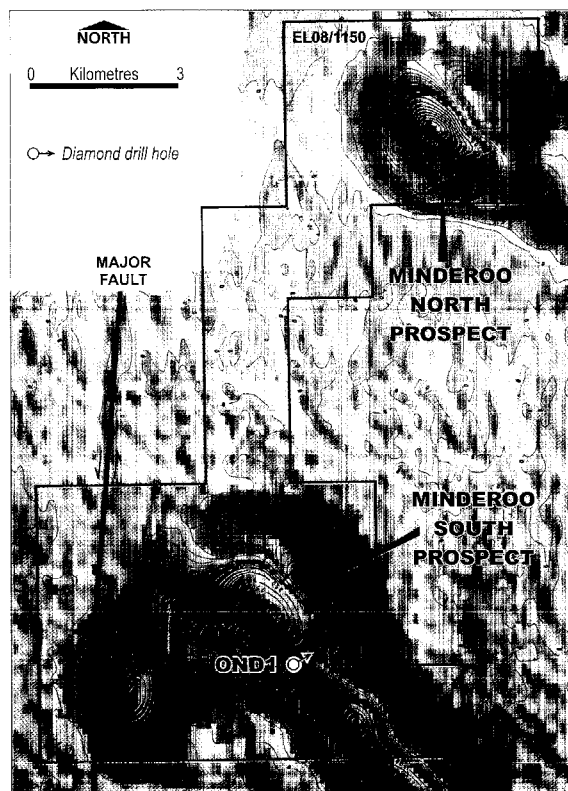


Figure 7: Onslow Project - magnetic image

REVIEW OF OPERATIONS

Mount Tabor Cobalt Project, Queensland (100% Interest)

This project comprises a 6 square kilometre exploration permit containing the Mount Manganese cobalt prospect, a 115,000 tonne resource averaging 0.18% cobalt. The bulk of this resource lies within 50 metres of the surface and is amenable to low cost open pit mining.

No work was carried out on the project during the year but efforts to find a suitable tribute miner or purchaser continued.

Mineral Resource Inventory

The Company's mineral resource inventory is summarised in the tables below:

Mount Gunson

Prospect	Category	Mineralisation Type	Cut-Off Grade % Copper	Resource Millions Tonnes	Copper %	Cobalt %	Silver g/t	Copper Equiv. ¹	Contained Copper Equiv (Tonnes)
Windabout	Indicated	Sulphide	0.5	18.7	1.0	0.05	10	1.8	327,250
MG 14	Indicated	Sulphide	1.0	1.1	1.7	0.04	17	2.3	25,300
Cattlegrid South	Inferred	Sulphide	0.5	0.7	1.7	-	10	1.7	11,900
Sweet Nell	Inferred	Sulphide	0.5	0.35	1.2	-	12	1.2	4,200
Tailings Dams	Inferred	Sulphide	-	7.2	0.14	0.01 ²	-	0.3	21,600
Emmie Bluff ³	Inferred	Sulphide	0.5	24.0	1.3	0.06	10	2.2	528,000
		TOTAL		52.05					918,250

Mount Tabor

Prospect	Category	Mineralisation Type	Cut-Off Grade Cobalt	Resource Millions Tonnes	Cobalt %	Contained Cobalt (Tonnes)
Mt Manganese	Inferred	Oxide	0.03	0.115 ⁴	0.18	207

Notes

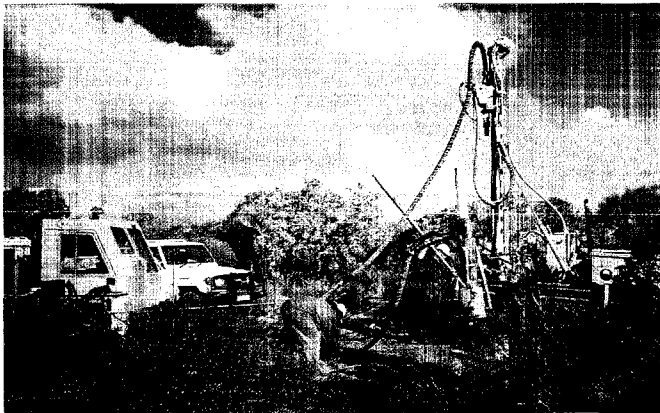
1. Cobalt converted to copper equivalent on the basis of cobalt value equivalent to 15 times copper value.
2. Cobalt grade regarded as a low estimate as a result of inadequate sampling.
3. Resource stated only relates to that portion of the upper copper deposit which lies within EL 2516.
4. The bulk of this resource lies between the surface and approximately 50 metres vertical depth.

REVIEW OF OPERATIONS

Attribution

The technical information in this report was compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has had more than five years experience in the field of activity being reported on. The figures in the Mineral Resource Inventory were compiled by the persons named below who are corporate members of the Australasian Institute of Mining and Metallurgy, each of whom has had at least five years experience in the fields of activity concerned and accurately reflects the information compiled by those persons. The estimates of Mineral Resources are reported in accordance with the standards set out in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (September 1999) as published by the joint committee of the Australasian Institute of Mining and Metallurgy; Australian Institute of Geoscientists and Minerals Council of Australia.

Windabout:	F J Hughes (1997)
MG 14:	K F Bampton of Ore Reserve Evaluation Services (1997)
Cattlegrid South, Sweet Nell:	S D Lee, when Managing Director of Stuart Metals NL (1995)
Tailings Dams:	K F Bampton of Ore Reserve Evaluation Services (1997)
Emmie Bluff:	H L Paterson (1998)
Mt Manganese	F J Hughes (1995)



REVIEW OF OPERATIONS

Tenement Schedule

Coburn Project, Western Australia

Tenement	Area(sq km)	Grant/Application Date	Notes
EL 09/939	196	18 June 1999	1
EL 09/940	196	18 June 1999	1
EL 09/941	196	18 June 1999	1
ELA 09/942	196	12 May 1998	2
ELA 09/943	61.6	12 May 1998	2
ELA 09/944	176.4	15 May 1998	2
ELA 09/957	196	21 July 1998	2
EL 09/996	196	18 July 2000	1

Mount Gunson Project, South Australia

Tenement	Name	Area (sq km)	Date Granted	Next Renewal	Notes
EL 2516	Yeltacowie	516	May 1998	May 2002	
EL 2567	Bowen Hill	198	November 1998	November 2001	
EL 2639	Mt Gunson	1439	September 1999	September 2003	
EL 2756	Woocalla	1206	October 2000	October 2001	3

Mount Tabor Project, Queensland

Tenement	Name	Area (sq km)	Date Granted	Next Renewal	Notes
EPM 8887	Mt Tabor	6	July 1992		4

Onslow Project, Western Australia

Tenement	Area (sq km)	Date Granted	Notes
EL 08/1150	64	10 August 2000	

Shell Lakes Project, Western Australia

Tenement	Area (sq km)	Application Date	Notes
ELA 69/1632	209	25 May 2000	2
ELA 69/1633	65	25 May 2000	2
ELA 69/1634	209	25 May 2000	2
ELA 69/1635	208	25 May 2000	2
ELA 69/1636	209	25 May 2000	2

Notes:

1. No mining (exploration) conditions on portions overlapping the Shark Bay World Heritage Area
2. Exploration Licence Application (ELA)
3. Application for renewal made in September 2001, awaiting renewal notice
4. Expires on 14 July 2002

DIRECTOR'S REPORT

The Directors of Gunson Resources Limited submit their report for the year ended 30 June 2001.

THE BOARD OF DIRECTORS

The names and details of the company's Directors in office during the financial year until the date of this report are as follows. All directors were in office for the entire period.

William H Cunningham B.Com. (Non Executive Chairman)

Mr Cunningham is a consultant in mineral commodities marketing with over 36 years experience in the mining industry, mainly with WMC Resources Limited and CRA Limited. Prior to leaving WMC in 1997, he was manager for that company's Nickel Division intermediate products marketing, which included products containing copper and cobalt.

David N Harley BSc (Hons) MSc.,F.Aus. I.M.M. (Managing Director)

Mr Harley is a geologist with over 29 years experience in the mining industry, mostly in senior exploration management positions with WMC Resources Limited. He is President of the Association of Mining and Exploration Companies, AMEC, Chairman of Gallery Gold Ltd, and was Managing Director of Stuart Metals NL for 3 years until October 1999.

Peter C Harley B.Com., F.C.P.A (Non-Executive Director)

Mr Harley is an accountant with over 20 years experience with publicly listed companies. He was an executive director of ERG Ltd for nine years until June 1996, and is currently Managing Director of Harvest Road Limited. Mr Harley is a non executive director of Nautronix Ltd, iiNet Ltd and Foundation Capital Ltd and is also Chairman of the Cooperative Research Centre for Australian Telecommunications based at Curtin University.

Director's Interests in Shares and Options of the Company

As at the date of this report the relevant interest of each Director in shares and options of the Company were:

Director	Fully Paid Ordinary Shares	Unlisted Options over Ordinary Shares
W H Cunningham	100,000	250,000
D N Harley	350,000	5,000,000
P C Harley	102,000	1,000,000

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial period was mineral exploration in Australia.

RESULTS OF OPERATIONS

The Company made a loss after tax of \$197,277 (2000: \$114,436). No dividends were paid and the directors have not recommended the payment of a dividend.

DIRECTOR'S REPORT

REVIEW OF OPERATIONS

During the year the Company continued with exploration of its mineral tenements. Exploration expenditure totalled \$1,212,303 (2000: \$2,805,589) during the period under review. Of this, \$80,000 (2000: \$2,453,600) was spent on the acquisition of the Onslow mining tenement and \$1,132,303 (2000: \$351,989) was incurred on exploration of the Company's tenements.

A detailed review of operations is contained between pages 4 and 17.

NUMBER OF EMPLOYEES

The Company employed 2 people at as 30 June 2001 (2000: 2 employees)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year other than:

- Exploration expenditure for the financial period totalled \$1,212,303
- Cash on hand reduced by \$1,512,744 to a balance of \$1,736,427.

USE OF FUNDS

The Company's cash and like assets at the time of admission to the Australian Stock Exchange have been used in a manner consistent with the business objectives outlined in the prospectus for the Company's initial public offering dated 15 March 2000.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

SHARE OPTIONS

As at the date of this report, there were 7,000,000 (2000: 7,000,000) options over unissued ordinary shares. Refer to note 10 of the Financial Statements for further details of the options outstanding.

No options were issued or exercised during the year.

DIRECTOR'S REPORT

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's Directors held while each Director was in office and the number of meetings attended by each Director:

Director	Board Meetings	
	Number of meetings held	Number of meetings attended
W H Cunningham	10	10
D N Harley	10	10
P C Harley	10	10

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

To assist in achieving these objectives, the Board links the nature and amount of Executive Directors' and officers' emoluments to the Company's financial and operational performance. Details regarding the issue of share options are provided below.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company. Other than Mr David Harley, whose remuneration is disclosed below, there were no other executive officers in the Company.

The emoluments of each Director are as follows:

	Base Fee	Superannuation	Other
	\$	\$	\$
WH Cunningham	24,000	1,920	-
DN Harley (Managing Director)	160,000	12,800	-
PC Harley	12,000	960	-

ENVIRONMENTAL REGULATION AND PERFORMANCE

So far as the Directors are aware, there have been no significant breaches of environmental conditions of the Company's exploration licences. Procedures are adopted for each exploration program to ensure that environmental conditions of the Company's tenements are met.

DIRECTOR'S REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has arranged Directors' and Officers' Insurance to indemnify all current officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position with the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts as described above. Under confidentiality arrangements with the Insurer the amount of the premium can not be disclosed.

The Company has made an agreement to provide access, indemnity and insurance for all the directors and executive officers for any breach of duty as a director or executive officer by the Company, for which they may be held personally liable. The agreement provides for the Company to pay insurance premiums and legal costs where:

- a) the liability does not arise out of conduct involving a lack of good faith; or
- b) the liability is for costs and expenses incurred by the director or officer in defending proceedings in which judgment is given in their favour or in which they are acquitted.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability the Directors of Gunson support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section on page 43 of this annual report.

Signed in accordance with a resolution of Directors dated 24 September 2001.



D.N. Harley

Managing Director

25 September 2001

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2001

	Notes	2001 \$	2000 \$
REVENUES FROM ORDINARY ACTIVITIES			
Interest Income	2	138,430	12,698
Management fees (Mt Gunson JV)	2	2,881	-
		<hr/>	<hr/>
Total Revenue From Ordinary Activities		141,311	12,698
Administration expenses	2	(338,588)	(127,134)
		<hr/>	<hr/>
Loss From Ordinary Activities Before Income Tax	2	(197,277)	(114,436)
Income tax expense	3	-	-
		<hr/>	<hr/>
NET LOSS ATTRIBUTABLE TO MEMBERS		(197,277)	(114,436)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2001

	Notes	2001 \$	2000 \$
CURRENT ASSETS			
Cash Assets	4	1,736,427	3,249,171
Receivables	5	25,808	7,450
TOTAL CURRENT ASSETS		1,762,235	3,256,621
NON-CURRENT ASSETS			
Deferred Exploration Evaluation and Development Costs	6	4,017,892	2,805,589
Property, Plant and Equipment	7	1,655	2,185
TOTAL NON-CURRENT ASSETS		4,019,547	2,807,774
TOTAL ASSETS		5,781,782	6,064,395
CURRENT LIABILITIES			
Payables	8	76,335	240,151
Provisions	9	4,058	5,577
TOTAL CURRENT LIABILITIES		80,393	245,728
TOTAL LIABILITIES		80,393	245,728
NET ASSETS		5,701,389	5,818,667
EQUITY			
Contributed Equity	10	6,013,102	5,933,103
Accumulated Losses	11	(311,713)	(114,436)
TOTAL EQUITY		5,701,389	5,818,667

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOW

For the year ended 30 June 2001

	Notes	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation		(1,266,794)	(187,143)
Payments to suppliers and employees		(372,059)	(82,843)
Interest received		138,430	12,698
Management Fees (Mt Gunson JV)		2,881	
Withholding Tax Paid		-	(6,157)
Goods and services tax (paid)/received		(17,595)	(1,293)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	20	<u>(1,511,137)</u>	<u>(264,738)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(1,607)	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		<u>(1,607)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		-	4,000,000
Payment of share issue costs		-	(486,091)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		<u>-</u>	<u>3,513,909</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>(1,512,744)</u>	<u>3,249,171</u>
Cash at the beginning of the financial year		3,249,171	-
CASH AT THE END OF THE FINANCIAL YEAR	4	<u>1,736,427</u>	<u>3,249,171</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Review Board.

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial statements.

(a) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Where the abandoned area has previously been revalued, the previous revaluation increment is reversed against the Asset Revaluation Reserve.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(b) Recoverable Amount

Non - current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted to their present value.

(c) Property, Plant & Equipment

Depreciation and amortisation

Items of property, plant and equipment are depreciated/amortised using the diminishing value method over their estimated useful lives to the Company. The depreciation rates used for each class of asset for the current period are as follows:

- Plant & equipment 20% - 33%

Assets are depreciated or amortised from the date the asset is ready for use. Depreciation costs are capitalised to Exploration and Evaluation where the assets are used exclusively for such activities.

(d) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating result before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting years in which items of revenue and expense are included in the determination of the operating result before income tax and taxable income are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the year in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

(e) Employee Entitlements

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and includes related costs.

(f) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(g) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services already received, whether or not yet billed to the Company. Trade accounts payable are normally settled within 30 days.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Share Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(j) Earnings Per Share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense and after preference dividends by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the profit from ordinary activities after related income tax expense and after preference dividends adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

(k) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(l) Joint Ventures

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

Interest in the joint venture partnership is carried at the lower of the equity-accounted amount and recoverable amount in the financial report.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. The lease incentive liability in relation to the non-cancellable operating lease is being reduced on an imputed interest basis over the lease term (5 years) at the rate implicit in the lease. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(n) Comparative Figures

As the Company was incorporated on 23 December 1999, the comparative amounts are for the period 23 December 1999 to 30 June 2000.

As a result of applying the revised accounting standard AASB 1018 Statement of Financial Performance, Revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts were restated or reclassified to ensure comparability with the current reporting period.

	2001	2000
	\$	\$

2. REVENUE AND EXPENSE FROM ORDINARY ACTIVITIES

The operating results before income tax has been determined after:

Revenues From Operating Activities

Interest received	138,430	12,698
Management Fees (Mt Gunson JV)	2,881	
	141,311	12,698

Expenses from Operating Activities

Depreciation	2,137	-
Operating lease rentals	16,152	8,665
Other operating expense	320,299	118,472
	338,588	127,137

Comparative Figures

As the Company was incorporated on 23 December 1999, the comparative amounts are for the period 23 December 1999 to 30 June 2000.

3. INCOME TAX

The prima facie tax, on operating profit differs from the income tax provided in the financial statements as follows:

Prima facie income tax benefit calculated at 34% on the operating loss.	(67,074)	(41,197)
Increase in income tax due to tax effect of permanent differences	-	-
Adjustment to future income tax benefit and provision for deferred income tax for change in company tax rate to 30% (2000: 34%)	(2,289)	-
Estimated future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out below will occur		
- Tax losses	69,363	41,197
Income Tax Expense	-	-

	2001	2000
	\$	\$
Deferred tax assets and liabilities		
Current tax payable	-	-
Provision for deferred income tax – current	-	-
Provision for deferred income tax – non-current	-	-
Future income tax benefit – non-current	-	-
Income tax losses		
Future income tax benefit arising from tax losses of the Company not brought to account at balance date as realisation of the benefit is not regarded as virtually certain.	98,476	41,197

4. CASH

Cash at bank	236,427	249,171
Cash on deposit	1,500,000	3,000,000
	<u>1,736,427</u>	<u>3,249,171</u>

5. RECEIVABLES

Goods and services tax	17,595	-
Other receivables	8,213	7,450
	<u>25,808</u>	<u>7,450</u>

6. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

Exploration costs brought forward	2,805,589	-
Expenditure incurred on exploration	1,132,303	351,989
Expenditure incurred on acquisition of tenements	80,000	2,453,600
	<u>4,017,892</u>	<u>2,805,589</u>

Previous Year

On 12 March 2000 and pursuant to an agreement with Stuart Petroleum NL ("Stuart") the Company acquired from Stuart the Mount Gunson Tenements, the Coburn Tenements and the Mount Tabor Tenements for a consideration of \$2,453,600, which was satisfied by the issue of 12,268,000 Shares at a price of 20 cents per share.

Amortisation of Exploration and Evaluation Costs

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining tenements. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Interest in Joint Ventures

The Company has a joint venture on the Mount Gunson Project with BHP Billiton. Under the terms of the joint venture the Company has a "free carried" interest, having spent \$800,000 on exploration at Mount Gunson. BHP Billiton is funding the next exploration phase to a minimum of \$675,000 as part of its earn-in requirement to sole fund \$2.5 million of exploration expenditure over 2 years from 9 April 2001. If BHP Billiton withdraws or does not complete this earn-in requirement, it will not retain any equity in the Mount Gunson Project. During the year the Company spent \$562,235 (2000:\$237,765) on exploration activities at Mount Gunson which were capitalised. Subsequently the Company's joint venture partner BHP Billiton spent \$274,246 on sole funding the next phase of exploration at Mount Gunson during the year.

2001	2000
\$	\$

7. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment, at cost	3,792	2,185
Accumulated depreciation	(2,137)	-
Total written down value	1,655	2,185

Movements in Carrying Amounts

Plant and Equipment		
Balance at the beginning of the year	2,185	-
Additions	1,607	2,185
Depreciation expense	(2,137)	-
Carrying amount at the end of year	1,655	2,185

8. PAYABLES

Trade creditors	74,551	171,824
Other creditors and accruals	1,786	68,327
	76,337	240,151

Accounts payable are all payable in Australian dollars and non interest bearing and normally settled on 30 day terms.

9. PROVISIONS

Employee entitlements	4,058	5,577
	4,058	5,577

10. CONTRIBUTED EQUITY

Issued and Paid Up Capital

32,668,005 ordinary shares fully paid	6,013,102	5,933,103
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Movement of fully paid ordinary shares during the period were as follows:

	2001		2000	
	Number of Shares	\$	Number of Shares	\$
Movements in shares on issue				
Opening Balance	32,268,005	5,933,103	-	-
Initial Allotment 23 December 1999	-	-	5	1
Shares issued to Stuart Petroleum NL	-	-	12,268,000	2,453,600
Shares issued to Billiton Exploration Australia Pty Ltd	-	-	2,500,000	500,000
Shares Issued pursuant to Prospectus dated 15 March 2000			17,500,000	3,500,000
Shares issued on 1 October 2000 for the purchase of tenements	400,000	80,000		
Less: share issue expenses	-	-	-	(520,498)
	32,668,005	6,013,102	32,268,005	5,933,103

Share Options

The Company has on issue at year end 7,000,000 (2000: 7,000,000) options over unissued shares. There were no movements during the year (2000: 7,000,000).

No. of options

375,000	Class A options issued – Exercise price 20 cents Exercise period 12/5/01- 12/5/05
3,125,000	Class A options issued – Exercise price 20 cents Exercise period 12/5/02 - 12/5/05
375,000	Class B options issued – Exercise price 25 cents Exercise period 12/5/01 - 12/5/05
3,125,000	Class B options issued – Exercise price 25 cents Exercise period 12/5/02 - 12/5/05
<u>7,000,000</u>	

Terms and Conditions of Contributed Equity

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

NOTES TO AND FORMING PART OF THE **FINANCIAL STATEMENTS**

2001 2000
\$ \$

11. RESERVES AND ACCUMULATED LOSSES

Accumulated Losses

Accumulated loss at the beginning of the financial year	114,436	-
Net loss for the year	197,277	114,436
Accumulated loss at the end of the financial year	311,713	114,436

12. REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Directors' remuneration

Income paid or payable, or otherwise made available, in respect of the financial period to all directors of Gunson Resources Limited, directly or indirectly, from the entity or any related party:

	211,680	62,171
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The number of Directors of Gunson Resources Limited whose income (including superannuation contributions) falls within the following bands is:

	Number	Number
\$0 - \$9,999	-	4
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	-
\$50,000 - \$59,999	-	1
\$170,000 - \$180,000	1	-

(b) Prescribed benefits approved at General Meeting

Prescribed benefits given during the financial year by Gunson Resources Limited or to a prescribed superannuation fund in connection with the retirement of a person from a prescribed office in relation to the entity. These amounts are disclosed in aggregate, as the directors believe that the provision of full particulars would be unreasonable, having regard to the number of persons involved.

	-	-
--	---	---

(c) Executives' remuneration

Income paid or payable to executives of Gunson Resources Limited whose income is \$100,000 or more. Other than Mr DN Harley, there were no other executives of the Company.

	172,800	50,752
--	---------	--------

	2001	2000
	\$	\$

13. AUDITORS REMUNERATION

Amounts received or due and receivable by the auditors of Gunson Resources Limited for:

- an audit or review of the financial statements of the entity	2,015	4,500
- other services	1,090	-
	3,105	4,500

14. EVENTS SUBSEQUENT TO BALANCE DATE

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

15. EARNINGS PER SHARE

Basic earnings per share (cents)	(0.6)	(1.38)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	32,270,969	8,321,752

Diluted earnings per share is not disclosed as it is not materially different from basic earnings per share.

16. SEGMENT INFORMATION

The Company operates in the mineral exploration industry in Australia only.

17. RELATED PARTY TRANSACTIONS

a) Directors

The directors of Gunson Resources Limited during the financial period were:

William H Cunningham
David N Harley
Peter C Harley

b) Equity Interests of Directors

At balance date the relevant interest of each Director in ordinary fully paid shares and options of the Company were:

	2001		2000	
	No. of Shares	No. of Options	No. of Shares	No. of Option
William H Cunningham	50,000	250,000	50,000	250,000
David N Harley	275,000	5,000,000	150,000	5,000,000
Peter C Harley	102,000	1,000,000	102,000	1,000,000

During the year, there were no acquisitions or disposals of shares or options. During the previous year ended 30 June 2000, Directors and their related entities acquired 302,000 shares under the initial public offer of 15 March 2000 on the same terms as other applicants, and 6,250,000 options (A and B class.)

18. EXPENDITURE COMMITMENTS

The following tables summarise the Company's exploration expenditure commitments on granted tenements for the financial year 2001/2002 and beyond.

(a) Coburn

Tenement	Date Granted	Annual Covenant
EL 09/939	18 June 1999	\$63,000
EL 09/940	18 June 1999	\$63,000
EL 09/941	18 June 1999	\$63,000
EL 09/996	18 July 2000	\$63,000
	TOTAL	\$252,000

Note that 50% area reductions must be made after years 3 and 4 respectively, with corresponding reductions in expenditure to a minimum of \$20,000 for each tenement.

(b) Mount Gunson

All four exploration licences at Mount Gunson are the subject of an agreement with the SA Department of Primary Industry and Resources under which the Company must spend a minimum of \$450,000 on exploration in the 2001/2002 financial year. Expenditure after this time will depend on the area retained under exploration licences.

BHP Billiton are currently sole funding exploration on this project, pursuant to the joint venture agreement. Their commitment to spend a minimum of \$675,000 on the Project from 9 April 2001 will ensure that the 2001/2002 minimum expenditure is met.

(c) Mount Tabor

The single exploration permit comprising this project has a minimum covenant of \$6,000 and has been renewed for a final year to 14 July 2002.

(d) Onslow

The Onslow Project exploration licence, EL 08/1150, granted on 10 August 2000 has an annual covenant of \$20,700.

(e) Shell Lakes

Five exploration licence applications have been applied for and when granted the annual covenant will be \$272,000.

(f) Consolidated Expenditure Commitments on Granted Tenements

In order to retain the rights of tenure to its granted exploration tenements, the Company is required to meet the minimum statutory expenditure requirements outlined above but may reduce these at any time by reducing the area of the tenements.

Not later than 1 year	\$803,700
Later than 1 year but not later than 2 years	\$848,700
Later than 2 years but not later than 5 years	\$1,500,000
Total	\$3,152,400

These figures assume that due to statutory tenement area reductions in year 2, Coburn minimum expenditure is reduced to \$150,000, Mount Gunson expenditure is reduced to \$400,000 and the Shell Lakes EL applications are granted part way through year 1.

19. FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

The Company's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

30 June 2001	Weighted average interest rate	Floating interest	Fixed interest maturing in less than 1 period	Non-interest bearing	Totals
		\$	\$	\$	\$
Financial Assets					
Cash	4.7	236,427	1,500,000	-	1,736,427
Accounts Receivable				25,808	25,808
Total Financial Assets		236,427	1,500,000	25,808	1,762,235
Financial Liabilities					
Accounts Payable		-	-	76,335	76,335
Total Financial Liabilities				76,335	76,335
Net Financial Assets (30 June 2001)		236,427	1,500,000	(50,527)	1,685,900

NOTES TO AND FORMING PART OF THE **FINANCIAL STATEMENTS**

30 June 2000	Weighted average interest rate	Floating interest \$	Fixed interest maturing in less than 1 period \$	Non- interest bearing \$	Totals \$
Financial Assets					
Cash	5.9	249,171	3,000,000	-	3,249,171
Accounts Receivable		-	-	7,450	7,450
Total Financial Assets		249,171	3,000,000	7,450	3,256,621
Financial Liabilities					
Accounts Payable		-	-	240,112	240,112
Total Financial Liabilities		-	-	240,112	240,112
Net Financial Assets (30 June 2000)		249,171	3,000,000	(232,662)	3,016,509

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and the notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments it has entered into.

Net Fair Values

For all assets and liabilities, their net fair value approximates their carrying values.

No financial assets and financial liabilities are traded on organised markets in standardised form.

	2001 \$	2000 \$
Reconciliation of net financial assets to net assets		
Net financial assets	1,685,900	3,016,509
Deferred Exploration and Evaluation	4,017,892	2,805,589
Property, plant & equipment	1,655	2,185
Provisions	(4,058)	(5,577)
Net Assets	5,701,389	5,818,667

	2001	2000
	\$	\$
20. CASH FLOW INFORMATION		
Reconciliation of the operating loss after tax to the net cash flows from operations.		
Operating loss after income tax	(197,277)	(114,436)
Non cash items		
Depreciation	2,137	-
Changes in assets and liabilities		
Increase in receivables	(18,358)	(7,450)
Exploration Costs Capitalised	(1,212,303)	(351,989)
Increase(decrease) in trade creditors and accruals	(85,336)	209,137
Net cash flow from/(used in) operating activities	(1,511,137)	(264,738)
Reconciliation of Cash		
Cash balance comprises;		
Cash at hand	236,427	249,171
Short term deposits	1,500,000	3,000,000
	1,736,427	3,249,171

Financing facilities available

As at 30 June 2001 the Company had no financing facilities available.

Non Cash financing and Investing Activities

On 1 October 2000 the Company acquired the Onslow Copper Project by the issue of 400,000 Shares. Apart from this transaction, there were no other non-cash financing or investing activities during the year ended 30 June 2001.

21. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2001.

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Gunson Resources Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



D.N. Harley

Managing Director

25 September 2001

Perth, Western Australia

INDEPENDENT AUDIT REPORT



267 St Georges Terrace
Perth Western Australia 6000
PO Box 7426 Cloisters Square
Perth Western Australia 6850
Tel: 08 9360 4200 Fax: 08 9481 2524
DX 63515 Mill Street
Email: bdo@bdowa.com.au
Website: bdoaustralia.com.au

To the members of Gunson Resources Limited

SCOPE

We have audited the financial statements of Gunson Resources Limited for the financial year ended 30 June 2001, as set out on pages 18 to 32 including the Directors' Declaration.

The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of Gunson Resources Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

BDO

Chartered Accountants

A handwritten signature in cursive script, reading 'G F Brayshaw', written over a horizontal line.

G F Brayshaw

Partner, Perth

25 September 2001

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 24 September 2001.

1. Distribution Of Equity Securities

The numbers of shareholders, by size of holding, in each class of share are:

	Ordinary shares		Options	
	No. of Holders	No. of Shares	No. of Holders	No. of Options
1 – 1,000	200	141,806	-	-
1,001 – 5,000	430	1,265,822	-	-
5,001 – 10,000	282	2,545,105	-	-
10,001 – 100,000	461	14,940,935	-	-
100,001 and over	34	13,774,337	6	7,000,000
	<u>1,407</u>	<u>32,668,005</u>	<u>6</u>	<u>7,000,000</u>
The number of shareholders holding less than a marketable parcel of shares are:	670	1,642,483		

2. Substantial Shareholdings (Ordinary Shares)

Commonwealth Custodial Services Limited	3,117,990
Billiton Exploration Australia Pty Ltd	2,500,000

3. Twenty Largest Shareholders – Ordinary Shares quoted on ASX

Name	Fully Paid Shares Held	%
Commonwealth Custodial Services Limited	3,177,990	9.54
Billiton Exploration Australia Pty Ltd	2,500,000	7.65
Stuart Petroleum NL	740,003	2.27
Perpetual Custodians Limited	588,600	1.80
Reynolds (Nominees) Pty Limited	415,501	1.27
Adelaide Mining Geophysics Pty Ltd	400,000	1.22
Roy Woodall	400,000	1.22
Maria Polymeneas	395,000	1.21
Tommaso Mascaro	350,000	1.07
Daleregent Pty Ltd	350,000	1.07
Cogent Nominees Pty Limited	300,000	0.92
Ssoma Pty Ltd	300,000	0.92
Roger Brian Clarke & Barbara Joan Clarke	250,000	0.77
Hancroft Pty Ltd	250,000	0.77
Papl Moodco Pty Ltd	250,000	0.77
TBIC Pty Ltd	250,000	0.77
Medleylawn Pty Ltd	240,000	0.73

SHAREHOLDER INFORMATION

Name (cont'd)	Fully Paid Shares Held	%
Saga Trading Pty Ltd	223,313	0.68
Belmark Investments Pty Ltd	200,000	0.61
Datalink Investments Pty Ltd	200,000	0.61
TOTAL OF TOP 20 SHAREHOLDERS	11,720,407	35.9%
Total ordinary shares quoted on ASX	31,904,002	

4. Largest Holders of Options

Name	Number of A Class Options Held	Number of B Class Options Held
Daleregent Pty Ltd	2,500,000	2,500,000
Faiban Pty Ltd	500,000	500,000
Roger Hamilton	150,000	150,000
Hamish Paterson	150,000	150,000
W H Cunningham & Associates	125,000	125,000
J E & D L Hanneson	75,000	75,000

All the above options are unlisted . The Company has no listed options.

5. Voting Rights

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
- (b) On a poll, each shareholder is entitled to one vote for each fully paid share.

6. Taxation Status

The Company is taxed as a public company.

7. Restricted Securities

Name	Number of Shares Held	Number of Options "A" Class Held	Number of Options "B" Class Held
Stuart Petroleum NL	740,003		
Houmar Nominees Pty Ltd	16,000		
Neville Wayne Martin	8,000		
Daleregent Pty Ltd		2,500,000	2,500,000
Faiban Pty Ltd		500,000	500,000
Roger Hamilton		150,000	150,000
Hamish Paterson		150,000	150,000
W H Cunningham & Associates		125,000	125,000
J E & D L Hanneson		75,000	75,000
TOTALS	764,003	3,500,000	3,500,000

The above fully paid shares are restricted until 17 May 2002.

SHAREHOLDER INFORMATION

The terms of issue of the Management Options are:

- (a) The exercise price of each A Class Management Option is 20 cents each.
- (b) The exercise price of each B Class Management Option is 25 cents each.
- (c) Any shares pursuant to the exercise of any of the Management Options are issued on the same terms as all of the other existing shares, and will rank in all respects on equal terms with the other existing Shares.

The exercise period of the Management Options issued to WH Cunningham, DN Harley and PC Harley is 12 May 2002 to 12 May 2005.

8. Statement in accordance with ASX Listing Rule 4.10.19

The Company believes that for the period 1 July 2000 to 30 June 2001, it used its cash and assets in a form readily convertible to cash in a way consistent with its business objectives.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the principal corporate governance procedures of Gunson Resources Limited ("Gunson").

The Board of Directors (Board) supports a system of corporate governance to ensure that the management of Gunson is conducted to maximise shareholder wealth in a proper and ethical manner.

COMMUNICATIONS WITH SHAREHOLDERS

The Board aims to ensure that shareholders are kept informed of all major developments affecting Gunson. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting which they are encouraged to attend

In addition, all reports, including quarterly reports and releases made by Gunson throughout the year with respect to its exploration activities are distributed widely via the Australian Stock Exchange and on the Company's website.

BOARD RESPONSIBILITIES

The Board considers that the essential responsibilities of the directors are to oversee Gunson's exploration activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of Gunson's business is delegated to the Managing Director, who is accountable to the Board. The key responsibilities of the Board include to:

- Appoint and review the performance of the Managing Director;
- Develop with management and approve strategy, planning, exploration programs and major capital expenditure;
- Arrange for effective budgeting and financial supervision;
- Ensure that appropriate audit arrangements are in place;
- Ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately;
- Report to shareholders;

BOARD COMPOSITION

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas.
- The Board should not comprise a majority of executive Directors.
- Directors should bring characteristics which allow a mix of qualifications, skills and experience both nationally and internationally.

CORPORATE GOVERNANCE STATEMENT

The Board will review its composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The performance of all Directors will be reviewed by the Chairman each year. Directors whose performance is unsatisfactory will be asked to retire.

BOARD WORKINGS

The Board meets at least ten times a year to consider the business of Gunson, its financial performance and other operational issues.

With the approval of the Chairman, any directors can seek independent advice, at Gunson's expense.

The Board will review the remuneration and policies applicable to Non Executive Directors and the Managing Director on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

BOARD COMMITTEES

The Board where appropriate may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

AUDIT COMMITTEE

An Audit Committee is to be established as soon as mining activities are instigated and in the meantime the Board will perform this function. The role of the Committee is to provide a direct link between the Board and the external auditors.

It will also give the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

The responsibilities of the Audit Committee will include:

- monitoring compliance with regulatory requirements;
- improving the quality of the accounting function;

CORPORATE GOVERNANCE STATEMENT

- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- liaising with external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Audit Committee will review the performance of the external auditors on an annual basis and meet with them at least twice during the year. Nomination of auditors will be at the discretion of the Committee.

BUSINESS RISKS

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas of risk identified initially and which will be regularly considered at Board meetings include sovereign risk, foreign currency and commodity price fluctuations, performance of activities, human resources, the environment, statutory compliance and continuous disclosure obligations.

ETHICAL STANDARDS

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

NOTICE OF MEETING

Notice is hereby given that the Second Annual General Meeting of members of the Company will be held at 10.00am on Friday 16 November 2001 at The Western Australian Club (Inc.), 101 St Georges Terrace, Perth, WA to consider and, if thought fit, to pass the following resolutions:

Agenda

GENERAL BUSINESS

Financial Statements

To receive the financial statements and the reports of the Directors and Auditors for the year ended 30 June 2001.

Election of Director

To receive and consider the following as an ordinary resolution:

"That in accordance with Article 58.1 of the Company's Constitution, Mr PC Harley retires by rotation as a director and being eligible, offers himself for re-election".

OTHER BUSINESS

To transact any other business which may be brought forward in conformity with the Company's constitution

PROXY INFORMATION

In accordance with section 249L of the Corporations Act 2001, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise,
- If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office: 9 Havelock Street, West Perth WA 6005
Facsimile Number: (08) 9226 3136

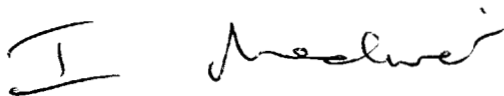
NOTICE OF MEETING

VOTING ENTITLEMENT

Gunson Resources Limited (as convenor of the Meeting) has determined that a person's entitlement to vote at the Meeting will, in accordance with Section 1109N of the Corporations Act 2001, be the entitlement of that person set out in the register of members as at "the end of day" or "close of business" on the 14th day of November 2001.

This means that any holder registered at the end of the day on the 14th day of November 2001 is entitled to attend and vote at the Meeting.

By Order of the Board



Ian Alexander Macliver,
Company Secretary

26 September 2001
Perth, Western Australia

FORM OF PROXY

Gunson Resources Limited

PO Box 1217, West Perth WA 6872. Facsimile (08) 9226 3136.

I/We

Of _____

being a member/members of Gunson Resources Limited (ABN 32 090 603 642) hereby
appoint _____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting, as my/our proxy at the Annual
General Meeting of the Company to be held at 10.00am on 16 November 2001, and at
the adjournment thereof and to vote for me/us on my/our behalf in respect of all/the
following

* _____

_____ of my/our shares in the following manner:

	For	Against
Election of Director – PC Harley	<input type="checkbox"/>	<input type="checkbox"/>

Dated this _____ day of _____ 2001

Signature of Member/s

Notes:

1. Each proxy form and the power of attorney or a certified copy thereof (if any) under which it is signed must be received by the Company at: 9 Havelock Street, West Perth, Western Australia, 6005, facsimile number (08) 9226 3136, not later than 48 hours before the appointed time of the Meeting.
2. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Law or under the hand of its attorney.
3. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
4. *If two proxies are appointed you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made.

