

## **COBURN ZIRCON PROJECT UPDATE**

The Company is pleased to announce, in relation to its 100% owned Coburn Zircon Project ("Project") in Western Australia that:

1. Further to the permitting update provided in the Company's March 2011 quarterly report, the Western Australian Environment Minister has now approved a one year extension of the 5 year time limit on substantial commencement of construction.
2. Drilling to obtain a representative bulk sample from proposed Pit A has been completed and processing of an estimated 7 tonnes of bulk sample will commence next week. Pit A is the first open pit scheduled for production, and this further bulk sample material will provide additional zircon and titanium mineral samples for potential offtake customers.
3. Assaying of samples from the infill / extensional drilling program reported on 20 May 2011 is underway, with approximately 10% now complete. These assays are expected to facilitate an upgrade to the inferred resource in the northern third of the Project and to test potential ore extensions to the south east of proposed open Pit E.

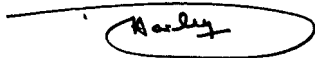
The permit extension, bulk sample and infill drilling all address important information and/or risk areas for Gunson's ongoing discussions with potential funding providers for the development of the Project. Technical, legal and financial due diligence by several potential strategic partners is now well advanced, and the Company continues to progress discussions with other funding providers.

The zircon and titanium mineral price rises for the third quarter of 2011 recently announced by Iluka Resources Ltd, are ahead of the price forecasts used in the Coburn financial model, which are based on the most recent forecasts of industry experts TZMI. The Company will provide an update on the Coburn Project economics after TZMI releases its next price forecast update, which is expected in late July 2011.

Gunson believes that the price rises are sustainable and "structural" in nature, reflecting the ongoing demand growth and lack of new supply of both zircon and titanium mineral products. This view is supported by comments by major mineral sand producer, Iluka, in a June 2011 presentation to investors. Iluka reported that it is "allocating" (i.e. rationing) volumes to customers, that "even in the low demand scenario, a considerable deficit is forecast", and "further price increases (are) possible and sustainable".

This view is supported by TZMI in its June 2011 monthly Mineral Sands Report which notes the following significant market information:

- Senior industry participants on both the supply and demand side of the mineral sand markets cannot remember a time when pricing pressures were so high, despite some spikes in the past. Pricing power is now clearly with the producers, supported by a supply shortage rather than an event-driven deficit.
- In an interview with the President of Dupont Titanium Technologies, the world's largest pigment producer, he predicts that the tightness in supply of high-grade titanium dioxide ore is expected to last for at least 3 to 5 years.

A handwritten signature in black ink, enclosed in a hand-drawn oval. The signature appears to read "Harley".

**D H HARLEY  
MANAGING DIRECTOR**

**Further enquiries, please contact:**

**David Harley**, Managing Director

Phone: (08) 9226 3130

Email: [enquiries@gunson.com.au](mailto:enquiries@gunson.com.au)

Website: [www.gunson.com.au](http://www.gunson.com.au)

**David Waterhouse**, Waterhouse Investor Relations

Phone: + 61 3 9670 5008

Mobile: 0407 880 937

Email: [dwaterhouse@waterhouseir.com.au](mailto:dwaterhouse@waterhouseir.com.au)