

COBURN ZIRCON PROJECT TENDERS

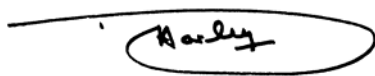
Preparation of tenders for construction of the Coburn Project by 3 Perth based engineering groups is nearing completion. Following a request by one group for a two week extension of time, the new closing date for receipt of construction proposals has been set as Friday, 1st May 2009.

One important recommendation arising from the tendering process has been to locate the mineral separation plant at the mine, not in China as previously proposed. Factors which led to this recommendation by one of the Perth based engineering groups and supported by a well respected Chinese engineering company introduced by The Balloch Group, are as follows:

- Savings in supervision and engineering costs during construction
- Increased control over product quality
- Simplification of cash flow and tax accounting
- The significant depreciation of the Australian dollar against the Chinese RMB
- Flexibility in marketing to non-Chinese customers.

Once the construction tenders have been received, they will be evaluated by the Company's engineering consultant and in-house staff, followed by negotiations on pricing with the proponents. A final decision on the preferred contractor is likely in June. In the meantime discussions with potential investment partners in China and the Middle East will continue. It has been encouraging that interest from companies and investors in both these regions has been strong.

Gunson is being assisted in the Middle East by Abu Dhabi based Australian consulting firm Templeton Galt, who facilitated meetings with potential end users and investors during a visit by Gunson to the United Arab Emirates in March. A follow up visit is scheduled for late May.



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ATTRIBUTION

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D N Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.