

## **MOUNT GUNSON MG14 COPPER DEPOSIT – FEASIBILITY STUDY**

Directors are pleased to report that good progress has been made on the feasibility study announced on 21<sup>st</sup> April, to examine the potential development of the MG14 open pit copper deposit at Mount Gunson in South Australia.

The MG 14 deposit is a flat lying body about 25 metres below the surface, which has a JORC compliant indicated resource of 1.1 million tonnes grading 1.7% copper, with 0.04% cobalt and 17g/t silver. It is the shallowest deposit in the 52 million tonne Mount Gunson copper resource inventory listed on page 19 of Gunson's 2007 annual report.

### **1. Metallurgical Drilling Program**

A five hole wide diameter diamond drilling program is scheduled to commence on 19<sup>th</sup> July, to collect approximately 150 kilograms of mineralisation for metallurgical test work. The contractor, Watson Drilling, has extensive experience at conducting metallurgical drilling for both coal and metalliferous deposits.

All but one of the holes in the program are located in the shallower eastern part of the MG14 deposit, where mining is expected to commence and the location of the holes in relation to the existing drill holes is shown on the attached diagram, Figure 1.

The program should be completed in late July.

### **2. Metallurgical Test Work**

Test work on the drill core will be carried out at the Ian Wark Research Institute at the University of South Australia. This work will build on earlier metallurgical test work done between 1974 and 1996.

The object of the test work is to develop a cost effective flow sheet that will result in saleable copper and cobalt products.

### **3. Resource Block Model**

A new resource block model has been constructed from previous drilling data, allowing an updated reinterpretation of the mineralised zone. This interpretation will be further refined once the results of the metallurgical drilling are available.

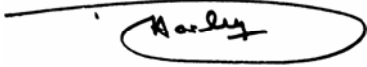
### **4. Mineral Claims**

Applications for three mineral claims covering the MG14 deposit, along with likely sites for mine infrastructure and overburden stockpiles, were lodged on 2<sup>nd</sup> July. In South

Australia, mineral claims are a necessary prerequisite for mining lease applications, which cannot be lodged until feasibility work is complete.

## 5. Conclusions

Considerable effort has been put into planning and arranging for contractors to carry out critical parts of the feasibility work. Work on the study will accelerate quickly after the metallurgical drilling program has been completed in late July.



**D N HARLEY**  
**MANAGING DIRECTOR**

**Attachment:** Figure 1 MG14 Prospect – Proposed Drill Hole Locations

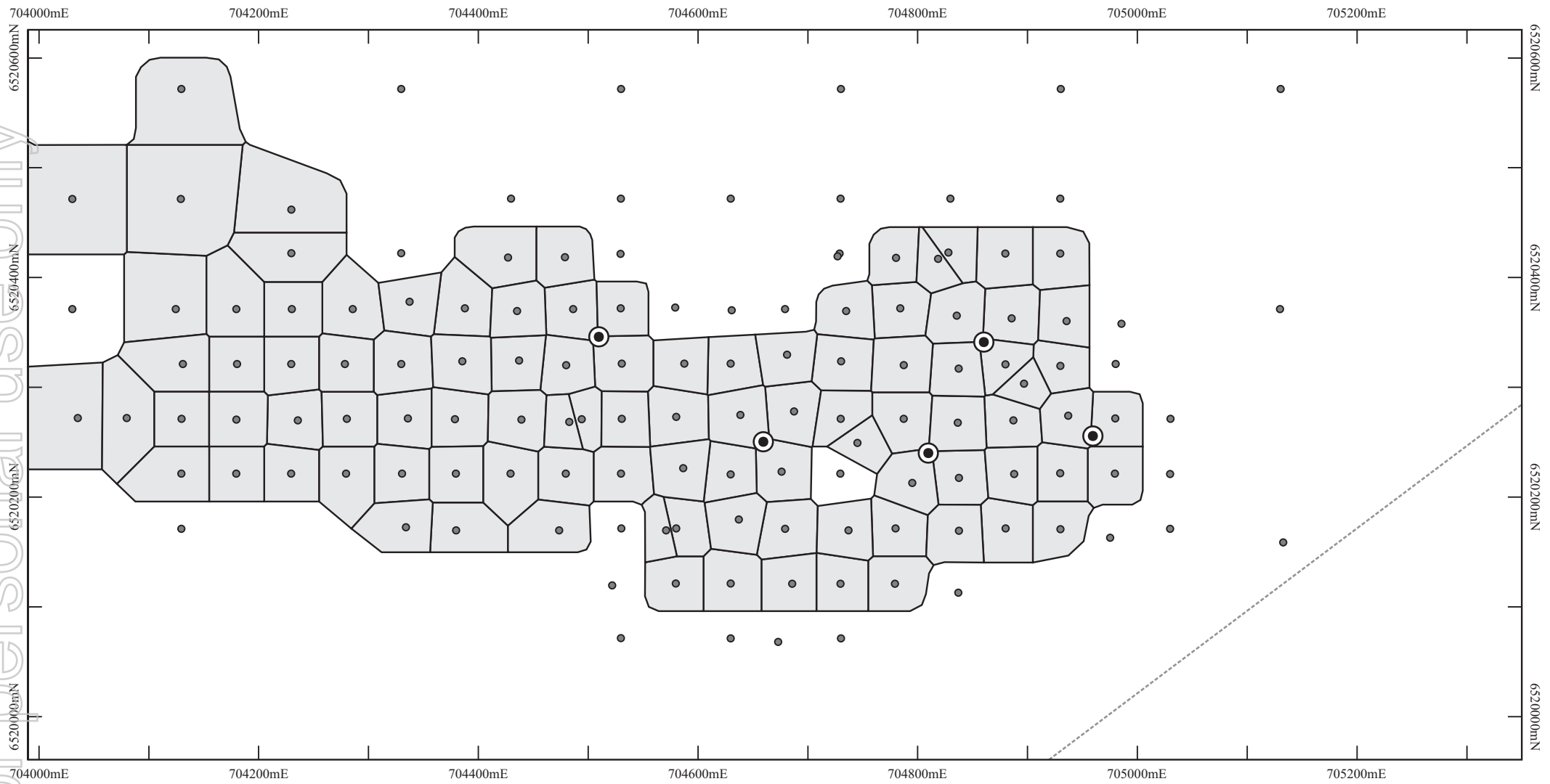
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**ATTRIBUTION**

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.

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Transverse Mercator Projection, Map Grid of Australia 1994  
Geocentric Datum of Australia 1994

-  Proposed metallurgical drill hole
-  Drill hole with intersection above 0.5% Cu
-  Track

<b>Gunson Resources Ltd</b>	
<b>Mount Gunson Project</b>	
<b>MG 14 Prospect</b>	
<b>PROPOSED DRILL HOLE LOCATIONS</b>	
Scale : 1 : 5,000	File : EWA fig1.cdr
Date : 14 Jul 2008	<b>Figure 1</b>