

**GUNSON RESOURCES LIMITED**  
**QUARTERLY REPORT FOR THE PERIOD ENDED**  
**31<sup>st</sup> MARCH 2007**

**HIGHLIGHTS**

**COBURN**

- All Coburn Zircon Project pre construction government approvals received.
- Coburn DFS (Definitive Feasibility Study) nearly completed, with results now due by late May 2007. Nearly 80% of the capital expenditure figures received to date comprise fixed price EPC tenders, which will attract minimal contingencies.
- Marketing of the Coburn heavy minerals to be enhanced by separation of a 62% TiO<sub>2</sub> ilmenite product at the mine and refining of the zircon rich non magnetic concentrate in a Company controlled plant in China.
- Discussions in progress with Chinese zircon offtake parties, with a view to attracting an entry premium and a substantial contribution towards Project capital funding, in return for a minority equity position in the Project and long term access to most of the zircon output from the Coburn mine.

**MOUNT GUNSON**

- Four deep diamond drill holes completed at Mount Gunson to test for iron oxide associated copper-uranium-gold deposits in the basement. Encouraging geology and minor copper mineralisation observed in the first hole at Chianti Prospect, where a high tenor copper sulphide intersection was announced in January 2006.

**1. COBURN ZIRCON PROJECT (100%: WESTERN AUSTRALIA)**

Major progress has been made with the Project during and immediately after the quarter, with the receipt in late March of all critical government approvals for the commencement of construction, and completion of most aspects of the DFS in late April.

Management is now focused on attracting a major zircon offtake partner and equity investor to assist in funding the capital cost of the proposed mine development.

**1.1 Government Approvals**

Advice that all ten of the environmental management plans required prior to construction had been approved by the Western Australian Department of Environment and Conservation was received on 16<sup>th</sup> March 2007. The other pre-construction approvals listed in the Company's previous quarterly report were received on the dates outlined below:

1. ***Non Substantial Change from the 2005 Public Environmental Review***  
– from the Commonwealth Department of Environment and Heritage on

6<sup>th</sup> March 2007 and the Western Australian Environmental Protection Authority (EPA) on 21<sup>st</sup> March 2007.

2. ***Shark Bay Shire Council*** Development Application approved on 28<sup>th</sup> March 2007, subject to a building licence being obtained.
3. ***Mining Proposal 1: Access Road and Support Infrastructure*** – conditional approval from the Department of Industry and Resources, DoIR, on 26<sup>th</sup> March 2007, subject to the Company lodging unconditional bank guarantees to cover environmental performance bonds.

The above approvals came nearly four years after the Coburn Project mine development proposal was first discussed with the EPA in May 2003, although it was not formally referred to them until September 2003.

Focus on the approvals process has now shifted to obtaining consent from Main Roads WA for the intersection of the mine road and the North West Coastal Highway, completion of a groundwater mounding management plan required before mining can commence and the remaining stages of the mining approvals required by the DoIR.

## 1.2 Resource Estimates

For the DFS, the northern third of the Amy Zone that was removed from the environmental approvals process was not included in the resource and reserve calculations below, although the Company still holds title to this part of the deposit. Gunson intends to submit application for environmental approval to mine this area after mining is established in the southern area.

Resource estimates have been based on some 3100 drill holes completed in the southern area between 2000 and 2006. The drill traverse spacing in the southernmost 5.5 kilometres (km) of the Zone is 125 metres (m), sufficient for estimation of a **measured** resource by JORC standards. Proceeding northwards, the next 6 km is drilled on 250 m spaced traverses sufficient for an **indicated** resource; the next 2.5 km on 500 m traverse spacing still sufficient for an **indicated** resource figure and the remaining 6.5 km is drilled on 1 km spaced traverses which only qualify it for the **inferred** resource category.

Total resources for the southern portion of the Amy Zone inside the area approved for mining are **576 million tonnes averaging 1.3% heavy minerals**, as outlined in Table 1 below:

**Table 1. Coburn Heavy Mineral Resources**

Resource Category	Million Tonnes	Average Grade % Heavy Mineral	Cut-off Grade % Heavy Mineral
Measured	119	1.3	0.8
Indicated	300	1.2	0.8
Inferred	157	1.4	0.8
<b>Total</b>	<b>576</b>	<b>1.3</b>	<b>0.8</b>

The measured and indicated resource estimates above were made by McDonald Speijers and the inferred resource estimate by Company geologist Paul Leandri.

In addition to the 576 million tonne resource above, **an inferred resource of 261 million tonnes averaging 1.4% heavy minerals** has been estimated from widely spaced drilling in the northern third of Amy Zone by Paul Leandri.

### 1.3 Ore Reserves

Consultants Snowdens and McDonald Speijers have both prepared pit optimisation block models on the measured and indicated resources stated above. From this information, Gunson's geological and mining team have defined a mine path and compiled the following proven and probable ore reserves:

**Table 2. Coburn Ore Reserves**

Resource Category	Million Tonnes	Average Grade % Heavy Mineral	Strip Ratio Waste: Ore
Proven	51	1.3	0.85:1
Probable	73	1.3	0.79:1
<b>Total</b>	<b>124</b>	<b>1.3</b>	<b>0.82:1</b>

For the remainder of Amy Zone within the area approved for mining, Company geologist Paul Leandri has used a two dimensional model to estimate from the inferred resource, a **potentially mineable portion of 140 million tonnes averaging 1.3% heavy minerals**.

### 1.4 Metallurgy/Toll Refining

Metallurgical test work during the quarter has confirmed the improvement in mineral product quality and separation within all the three mineral separation facilities in which the attritioned non magnetic concentrate was tested.

This work has been particularly successful in defining a process route in the proposed Ilmenite Plant, whereby a saleable ilmenite product can be produced at the mine along with an attritioned non magnetic concentrate that is much easier to treat. The Ilmenite Plant will exploit the difference in magnetic properties of the heavy minerals, cleaning out a major portion of the non valuable heavy minerals and some residual quartz sand. A final magnetic ilmenite product will result containing 62% TiO<sub>2</sub>, to be sold *f.o.b. (free on board)* at Geraldton, along with a non magnetic concentrate for separation into final zircon and high value titanium dioxide mineral products.

Although the Company investigated toll treatment of its heavy mineral concentrates through existing facilities in Western Australia, the high cost and inflexibility of these plants made them uncompetitive with the proposed purpose built plant in China discussed below.

### 1.5 DFS (Definitive Feasibility Study)

The DFS has been brought to a stage where some of the main results can be summarised. Final results will be the subject of a separate announcement in late May. Principal conclusions of the DFS to date are summarised below:

**a) Mining Method**

As reported previously, the bucket wheel excavator mining method chosen for the BFS in 2004 was abandoned in favour of a bulldozer trap method in 2006, due to the greater flexibility and reduced downtime of the latter method. Although the bulldozer trap method has a higher unit cost, its greater flexibility and lower technical risk outweighed the bucket wheel excavator system.

The WCP (wet concentrator plant) has been designed with a small footprint, suitable for relocation by low loader along the ore body approximately every year as mining progresses from south to north. Tailings from the WCP are to be pumped back to the pit void for back filling and rehabilitation, most of the water being recovered by a cyclone system for re use in the WCP.

Costing for the mining has been provided by JMS Engineering, who the Company mandated to help finalise a definitive mining plan in August 2006.

**b) Heavy Mineral Production and Sales**

At a mining rate of 2,200 tonnes per hour or nearly 17 million tonnes per year at the ore reserve grade of 1.3% heavy minerals, the Project has been designed to produce the following tonnages of heavy mineral products from one WCP:

Product	Annual Tonnage	Key Specifications	Uranium & Thorium (ppm)
Zircon	38,000	65% ZrO <sub>2</sub>	<400
Ilmenite	74,000	62% TiO <sub>2</sub>	<175
Hi Ti	17,000	87% TiO <sub>2</sub>	<200

The ilmenite product is attractive because of its high titanium dioxide and relatively low uranium-thorium contents and is to be sold on a *f.o.b.* basis at the port of Geraldton.

**c) Minesite Power/Water Supply**

Power for the minesite is to be from a fixed build/own/operate power station located next to the Ilmenite Plant and mine office complex. This facility is to be based on diesel generators converted to run jointly on diesel and natural gas (dual fuel). The natural gas is to be trucked as LNG from Karratha.

Water for the mine is to be pumped from brackish groundwater aquifers some 200 to 400 metres below the surface. A production bore completed in 2004 near the proposed power station indicates that 3 water bores would be desirable and a reverse osmosis plant has been budgeted to provide water for the 130 person accommodation village, and the Ilmenite Plant. Recycling of water will be a feature of the operation.

**d) Chinese MSP (Mineral Separation Plant)**

Fineton International Limited, in conjunction with Outokumpu Technology Pty Ltd and Gunson, have designed and costed an MSP which has the capacity to treat 75,000 tonnes of non magnetic concentrates per annum. This plant is to be located near the city of Qujiang, some 150 km north of Guangzhou, the city formerly known as Canton. The principal of Fineton International Limited owns a wharf at Guangzhou and the non magnetic concentrate is to be barged up the Pearl and North rivers to Qujiang for refining. Finished mineral product is to be sold ex the plant gate.

**e) Capital Costs**

As would be expected in the current economic climate in Western Australia, estimates of capital costs for the Project are considerably higher than those reported in the BFS over two years ago. Further, the 2004 BFS capital cost estimates did not include provision for dry mineral separation facilities such as the Ilmenite Plant and Chinese MSP because it was assumed up until 2006 that the mine product would be sold as a concentrate.

Capital expenditure figures for the Project are nearly complete but some items have been delayed due to the current unprecedented demand on contractors serving the mining industry. Nearly 80% of the total value of capital estimates received to date comprise fixed price EPC tenders which will attract minimal contingencies.

Finalisation of the capital figures will be delayed until the latter part of May, to allow time for the receipt and evaluation of an EPC tender for the WCP/MUP from a large Chinese engineering company. Together, the WCP and MUP comprise nearly half of the estimated Project capital cost.

**f) Construction Period**

The Company's managing contractor, GR Engineering, has estimated that the Project will take 58 weeks (13.5 months) to develop, from contract award to the completion of all commissioning, apart from the Ilmenite Plant, which will require a 12 week commissioning period from weeks 52 to 64. The scope for bringing forward the start of work on the Ilmenite Plant to allow completion of its commissioning by week 58 will be investigated over the coming month.

## **1.6 Financial Evaluation**

Financial modelling of the Project has continued as the DFS has evolved but final modelling will be delayed until the remaining capital expenditure figures, in particular the WCP/MUP, have been received in the latter half of May.

One significant contrast to the BFS outcome announced in December 2004 is that the Project financial model will not be based on a doubling of production in year 3 of the mine. This decision was influenced by the removal in 2005, at the EPA's suggestion, of the northern third of the original mining proposal.

## **1.7 Funding Strategy**

Gunson has been focused in 2007 on joining with a large offtake partner keen to secure long term supplies of zircon for their downstream manufacturing facilities.

The Company's preferred arrangement is for an offtake partner to pay a premium for a minority equity interest in the Project, which would make a significant contribution to the Project capital cost. This premium would recognise Gunson's expenditure to date of nearly \$14 million, that considerable value has been added during several feasibility studies completed since 2003 and most importantly, that the Project has the necessary government approvals to commence construction.

Once the project entry premium has been paid, the offtake partner would be entitled to an agreed proportion of the annual zircon production and a minority contributing equity in the Project. Payment of the remaining Project capital costs would be in accordance with equity interests.

## **1.8 Conclusions**

By delaying completion of the DFS until late May, the Company is confident that a more robust outcome will result.

In the meantime, discussions with potential Chinese zircon offtake partners will continue with a view to attracting funding of a significant proportion of the capital cost of the mine, in exchange for a minority equity position and long term access to the majority of the zircon production.

Discussions with two large Chinese companies are in progress, with a view to securing such an arrangement. To give these companies priority to most of the zircon output from Coburn, the arrangements for US\$6 million in pre payments for zircon supplies announced in March 2006 have been allowed to lapse by mutual agreement with the two Chinese companies concerned. However, both companies remain keen to purchase zircon on 5 year offtake contracts, despite losing their key customer status.

The outlook for the zircon market continues to be robust, with demand from China and India particularly strong.

## **2. MOUNT GUNSON COPPER PROJECT (100%: SOUTH AUSTRALIA)**

### **2.1 Drilling Program**

The drilling program sole-funded by Xstrata Copper subsidiary Noranda Pacific Pty Ltd commenced on 13<sup>th</sup> February and was suspended on 28<sup>th</sup> April to allow evaluation of the results to date. The objective of this program was to test three iron oxide associated copper-uranium-gold prospects within basement rocks in the northern part of the Mount Gunson Project. Only two of the prospects have been drilled to date, leaving Chianti North Prospect still to be tested.

Xstrata Copper has the right to earn a 51% interest in the Mount Gunson Project by spending \$3.5M on exploration within 3 years of 15<sup>th</sup> June 2006. To the end of March 2007, they had spent \$187,162.

Progress of the drilling program has been outlined in 3 public announcements in March and April and a summary of the drilling is presented below:

Hole No	Prospect	Drill Collar Inclination	Basement Depth (m)	Hole Depth (m)
MGD 42	Emmie East	70° NE	939	1023
MGD 44	Chianti	Vertical	292	607
MGD 45	Chianti	60° SE	533	801
MGD 46	Chianti	60° SE	550	795
			<b>Total Metres</b>	<b>3226</b>

**(a) MGD 42**

Basement considerably deeper than expected, comprising pervasively hematite-altered Gawler Range Volcanics. These rocks contain occasional flecks of purple-black fluorite, a common accessory mineral in iron oxide associated copper-uranium-gold deposits. No sulphides were observed and brecciation is minor and localised.

Assays of the basement core have shown anomalous copper values up to 916 ppm near the base of the hole. There was no evidence in the core for the cause of the gravity geophysical anomaly MGD 42 was aimed at.

Note that MGC 43 was a shallow water bore drilled near MGD42.

**(b) MGD 44**

The basement rock sequence in this hole is the most prospective of all the four holes completed in the 2007 drilling program. Hematitic Gawler Range Volcanics, veined and brecciated by dark grey hematite, occur from the top of the basement to 390 metres, underlain by thinly bedded locally hematitic and sericitic tuffaceous rocks to 451 metres. The Volcanics from 292-451 metres have been split for assay and results are expected in early May.

Below 451 metres, there is a complex mix of chloritised dolerite, intrusive sub volcanic dacites and strongly altered, possible Hiltaba age granite, with a granitic zone containing rounded quartz cobbles up to 8 centimetres across between 589-592 metres. Apart from the zone between 589-592 metres, the granite is not brecciated. The hole was stopped in altered granite at 607 metres.

From a geological point of view, the rocks described above are encouraging, suggesting an interface between near-surface intrusive and extrusive (above surface) volcanics. Such an environment is considered to be more favourable for high tenor copper mineralisation characteristic of the upper zone of iron oxide associated copper deposits in this belt.

Evidence of high tenor copper mineralisation has been seen previously at Chianti in drill holes MGD 34 and MGP 31 completed in 2006 and 2002 respectively (see attached map). Bornite, a high tenor copper sulphide was observed in both of these holes and MGD 34 intersected 2 metres of 3.4% copper from 549 metres.

**(c) MGD 45**

Basement was encountered from 533 metres in this hole, which comprised possible Hiltaba age granite to 721 metres, then intercalated granite and dolerite to the final depth of 801 metres. Traces of the copper sulphide chalcopyrite were

observed in the dolerite zones and in a zone of brecciated granite between 783 – 787 metres. The granite and dolerite are strongly altered but the only significant breccia zone is the one described above.

**(d) MGD 46**

The basement comprised alternating hematitic granite and brecciated dolerite, with two distinct granite types. One is a coarse-grained granite similar to that seen in other holes in the current program. The second is a finer-grained unit of uncertain age and association. Further studies will be undertaken to assist the interpretation of these granite bodies. Both are intruded by fine-grained chloritic dolerite dykes, with the dyke contacts often showing minor brecciation. No copper sulphides were observed.

## **2.2 Regional Context**

The drill intersection announced last week by Canadian major Teck Cominco of 905 metres averaging 2.1% copper at its Carrapateena Prospect, some 20 kilometres east of Chianti Prospect, has stoked the already strong interest in the Mount Gunson district.

As the Company has observed previously, the basement geology at Chianti has some strong similarities to Carrapateena, both prospects occurring on NNE trending basement ridges of strongly altered granite interpreted to be considerably older than the Olympic Dam granites. At both prospects, the copper mineralisation appears to be associated with younger granites of Olympic Dam age.

Of particular significance to Chianti Prospect, where only 7 holes have been drilled into the basement in the main area of interest, is that Teck Cominco have completed over 50 drill holes at Carrapateena. Because of the structural complexity of the copper-gold mineralisation, they have only recently begun to understand the 3 dimensional geometry of the ore shoots and it is a tribute to their persistence that the 905 metre intersection discussed above has resulted.

Similar persistence will be required if the potential of Chianti Prospect is to be properly evaluated.

## **2.3 Windabout Copper Prospect**

Xstrata Copper have advised that they have not carried out any work on the technical and financial data from this deposit sent to them in early November, 2006. Windabout is an open pit prospect with an indicated resource of 18.7 million tonnes averaging 1.8% copper equivalent, within 70 metres of the surface.

## **3. TENNANT CREEK GOLD-COPPER PROJECT (100%:NORTHERN TERRITORY)**

The Central Lands Council (CLC) has advised that the traditional owners have rejected negotiations on another of the company's four exploration licence applications on aboriginal land. This leaves only one application available for negotiation.

A revised draft agreement on this remaining licence is still awaited, despite indications from the CLC that it would be provided in early 2007.

#### 4. FINANCIAL

At 31<sup>st</sup> March, the Company had \$2.8 million in cash and short term deposits. Exploration expenditure for the quarter was \$716,000 and forecast exploration outlays for the June 2007 quarter are \$400,000.



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

**30<sup>th</sup> April 2007**

**Attachment: Chianti Prospects Drilling Program – 2007**

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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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Gunson Resources Limited

ABN

32 090 603 642

Quarter ended ("current quarter")

31 March 2007

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(716)	(4,079)
(b) development	-	-
(c) production	-	-
(d) administration	(349)	(907)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	71
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - R&D rebates	281	281
Other income	20	20
<b>Net Operating Cash Flows</b>	<b>(735)</b>	<b>(4,614)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(8)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(2)</b>	<b>(8)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(737)</b>	<b>(4,622)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(737)	(4,622)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,000	5,335
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share Issue costs	-	-
	<b>Net financing cash flows</b>	<b>3,000</b>	<b>5,335</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,263</b>	<b>713</b>
1.20	Cash at beginning of quarter/year to date	517	2,067
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,780</b>	<b>2,780</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	113
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of directors salaries and fees during the quarter

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Mount Gunson Project. Noranda Pacific has spent \$187,162 cumulative to end March 2007. Minimum \$3.5M earn-in expenditure required by 14 June 2009.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	500
4.2	Development	-
<b>Total</b>		<b>500</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	2,780	2,780
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>2,780</b>	<b>2,780</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	G09/6	100%	-
		G09/7	100%	-
		G09/8	100%	-
		All at Coburn – unwanted infrastructure tenements.		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

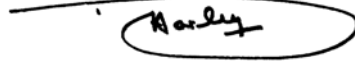
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	108,701,416	108,701,416		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	11,111,630	11,111,630	27 cents	27 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	100,000 1,800,000 1,800,000	- - -	<i>Exercise price</i> 20 cents 30 cents 35 cents	<i>Expiry date</i> 16/12/07 30/11/10 30/11/10
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
Managing Director

Date: 30 April 2007

Print name: David N Harley

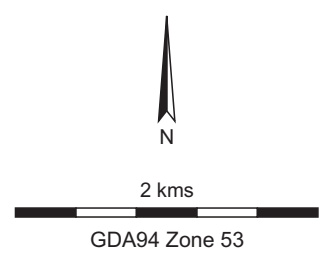
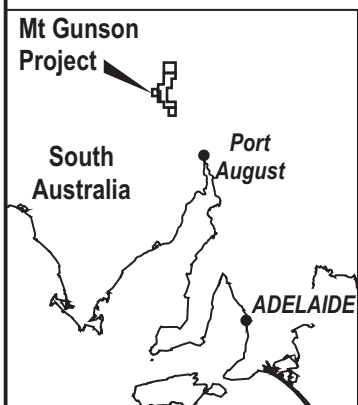
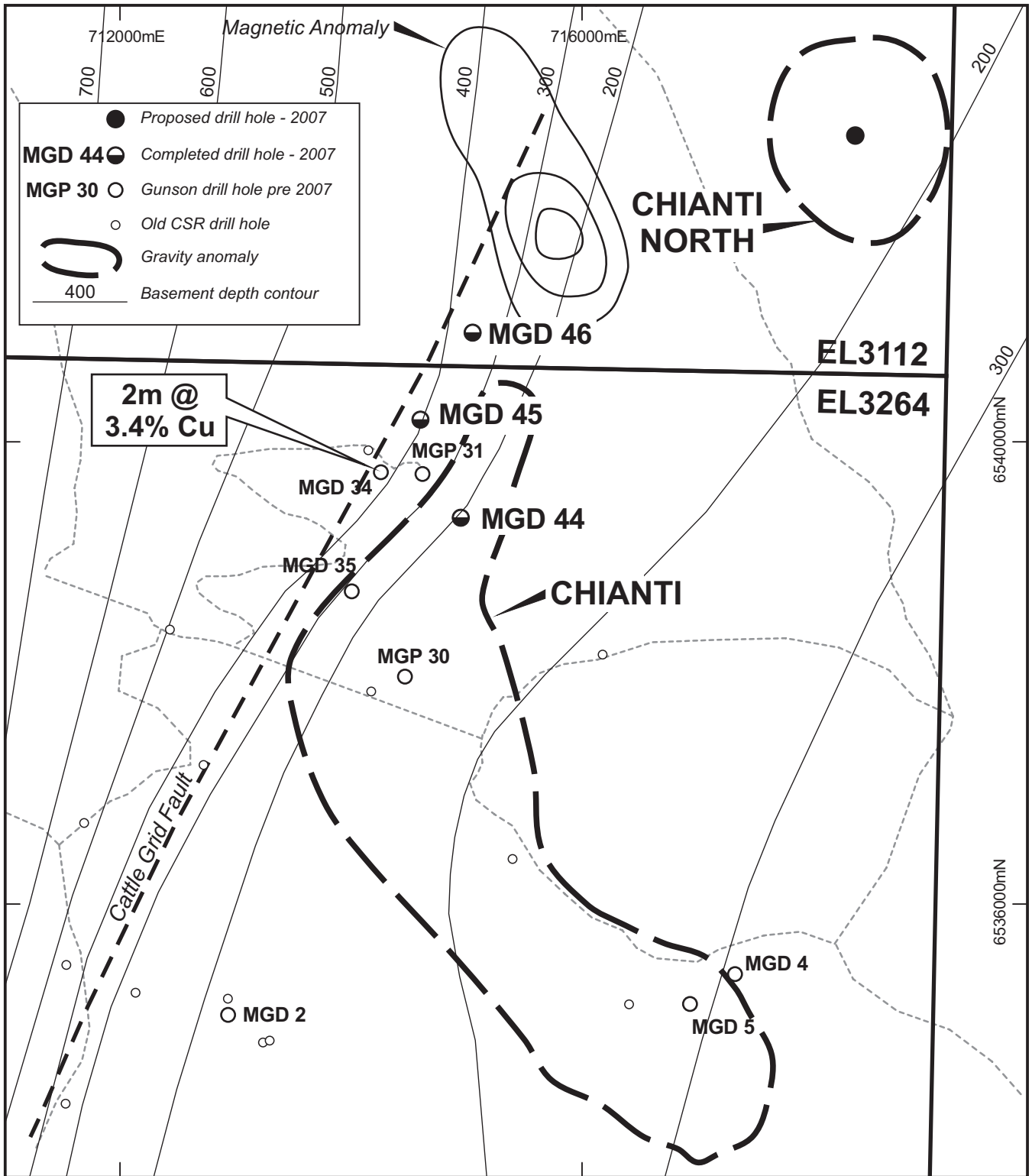
## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.



<b>Gunson Resources Ltd</b>	
<b>MOUNT GUNSON PROJECT</b>	
<b>Chianti Prospects</b>	
<b>Drilling Program - 2007</b>	
Scale : NTS	File : Chianti Prospect Drilling Program 2007 04.cdr
Date : 30 Apr. 2007	