

Two-prong approach taken on SA holdings

Strong local geology and a flexible joint venture program are proving a good formula for Gunson Resources Ltd as it searches for red metal in South Australia.

The junior has taken a two-pronged approach to its Mount Gunson copper project, concentrating its efforts on two small mineralised occurrences to the south of the tenements (MG14 and Windabout) while conducting exploration in the north at Emmie Bluff through its JV with the publicly-listed Xstrata.

The two southern deposits are the focus for a quick start-up program in which MG14 would be the first to produce ore.

To that end, prefeasibility work on the resource was completed in October, indicating a resource of around 18,700 tonnes that could generate a good yield for up to two years.

Meanwhile, Windabout would be kept in mind for the second stage of operations.

During the recent RIU Explorers Conference in Western Australia, Gunson managing director David Harley said

starting with two shallow deposits made good economic sense given the likelihood that the ore grade could be improved over time.

"The prefeasibility study ... showed that a mine program on this small deposit would have the potential to generate a cash surplus of \$21.5 million per annum over a two year period," explained.

"If we look at how much it would cost to build a plant – about \$41 million – we could pay it back in less than two years, and once MG 14 is exhausted, we have a larger mineral deposit 5 kilometres up the road.

"At the lower (recovery) grade of 67%, we'll have \$1.3 million earned after we've built the mine, and if you go up to 80% recovery, it's closer to \$17.3 million in your pocket. Then we've got the remaining years treating Windabout, and that's the focus of the bank feasibility study."

While the southern prospects work through the definitive feasibility stage, the northern site of Emmie Bluff is producing some impressive drilling

results, with the junior and its partner Xstrata Copper chasing VTEM anomalies to find the centre of what they believe is a huge resource.

"MIM drilled the area back in the 1980s, and they were aiming at the gravity highs, but they didn't hit the peak," Harley said.

"So we came in last year and did more detailed gravity, and we did drill the peak and tested it to get some interesting copper mineralisation with a lot of iron oxide.

"If we look at Emmie Bluff in perspective, Gunson has modelled the gravity and found that if you compare it to Olympic Dam, it's about a third the strength, and it's certainly stronger than the Carrapateena deposit to the east, and overall it's one of the most respected areas in that whole 500 km belt."

By Caroline Smith



David Harley

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- Production 260,000 oz gold pa, 200,000 tonnes copper pa, 27 year mine life.

Ramu Nickel Cobalt Project

- 20 year plus mine life, plus 20 year resource
- Highlands Pacific interest 8.56% carried to production, right to claw back to 11.3% free and to 20.55% at fair market value
- Production late 2010 – 31,150 tonnes nickel and 3,300 tonnes cobalt annually.

Exploration Projects

- Nong River (100% HPL) and Tifalmin (100% HPL), 20km NE of OK Tedi
- Wau-Bulolo near the Hidden Valley deposit.



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