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UPDATE ON NICKEL SULPHIDE EXPLORATION PROJECTS

Since the Company's quarterly report was released last week, further progress has been made on the two nickel sulphide exploration projects in South Australia and Western Australia respectively.

At Fowlers Bay in South Australia, an infill TEM geophysical survey completed in late April has defined an attractive drill target which comprises a strong conductive zone at least 200 metres long, open to the north east. This target is at approximately 100 metres depth and was first reported as an airborne TEM conductor in July 2008. It is located in a regional fold structure within a belt of magnetic units interpreted to be Proterozoic mafic and ultramafic rocks prospective for nickel sulphides. An application for drilling approval is being prepared for lodgement with South Australian state regulators.

At Burkin in Western Australia, application for a 50% drilling subsidy under the Western Australian Government's Exploration Incentive Scheme was lodged on 6th May. The scheme comes into effect in the 2009/2010 financial year and Gunson's proposed drilling program comprises three diamond drill holes, each to 400 metres depth, to test targets beneath shallow Eucla Basin sedimentary cover defined from an aeromagnetic survey flown in December 2007. These targets were announced to ASX on 27th March 2008.

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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.