

COMPLETION OF VARIATION DEED AND COMMENCEMENT OF DRILLING
MOUNT GUNSON COPPER PROJECT

HIGHLIGHTS

- **A Deed of Variation was executed on 5th June 2009, giving Noranda Pacific Pty Ltd (Noranda), a company within the Xstrata Copper Business Unit, an additional year to meet its \$3.5 million earn in requirement to attain a 51% interest in the Project.**
- **The Deed of Variation also provides for excision of the MG 14 and Windabout copper deposits in the cover sequence, currently the subject of a feasibility study, from the Noranda earn in agreement. Noranda's main focus is exploration for much larger and deeper iron oxide associated copper – gold deposits in basement rocks.**
- **Preliminary results from the uncompleted feasibility study on MG 14 indicate that a mine development could be financially attractive at current copper prices.**
- **An extensive infill gravity survey, funded by Noranda, over six target areas has defined attractive drilling targets around Emmie Bluff Prospect. The infill work has also better defined previously known gravity anomalies which are to be screened with IP geophysical traverses over the next several weeks.**
- **Drilling of 2 targets around Emmie Bluff Prospect is scheduled to commence in late June.**

1 Deed of Variation

A Deed of Variation amending the terms of the Mount Gunson Option and Joint Venture Agreement between Gunson and Noranda Pacific Pty Limited (Noranda), a company within the Xstrata Copper Business Unit, was executed on 5th June 2009. This Deed records the following variations to the original Agreement:

- The Option Period in which Noranda must incur expenditure of \$3.5 million to earn a 51% interest in the Farm-In Tenements is extended by 12 months from 15th June 2009 to 15th June 2010.
- Areas centred on the MG 14 and Windabout copper deposits are now excluded from the Farm-In Tenements to a depth of 250 metres below the surface (Excised Area).
- Within the MG 14 and Windabout areas, Noranda has the right to explore for mineralisation below 250 metres depth and has the First Right of Refusal over the Excised Area in the event that Gunson wishes to sell or transfer the Excised Area to a third party.

2 MG 14 Feasibility Study

Since May 2008, a feasibility study into the potential development of the MG 14 copper deposit has been in progress. Flotation metallurgical testwork on core samples obtained from MG 14 in July 2008 is nearing completion and preliminary results from the study to date indicate that a mine development could be financially attractive at current copper prices.

As stated in the Company's 2008 Annual Report, MG 14 has a two year mine life at the proposed production rate of 0.5 to 0.75 million tonnes per year. To improve the financial return from the proposed mining operation, subsequent production from the nearby and geologically similar Windabout copper deposit is being considered in the present feasibility study. Windabout is approximately ten times larger than MG 14.

3 Gravity Geophysical Survey

An extensive infill gravity geophysical program over six target areas for deep iron oxide associated copper-gold deposits was completed on 16th May 2009.

Results from this program have indicated that the previous 4 holes which intersected basement around Emmie Bluff Prospect between 1984 and 1990 were not drilled in the optimum locations. Consequently, the drilling program described below is being initiated to test 2 high priority targets defined by interpretation of the new gravity data in combination with previous exploration results.

Gravity readings from the remaining target areas have better defined some promising anomalies, which are to be prioritised by induced polarisation (IP) geophysical traverses commencing later this month.

4 Drilling Program

Two geophysical targets in the Emmie Bluff Prospect area have been selected for drilling, commencing in late June.

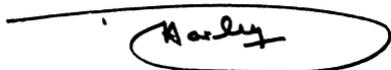
- **Emmie Bluff Gravity High**

The flanks of this north west trending anomaly about 4 km long were tested in the 1980s by 3 widely spaced drill holes: SAE 3, 4 and 6, all of which intersected extensive hematite alteration with associated copper-gold mineralisation. The best intersection was 15m @ 1.2% copper and 0.03 g/t gold, between 937 – 952m in hole SAE 6.

MGD 50, the first hole of the 2009 drilling program, is designed to test for a pipe-like body of copper-gold mineralisation associated with strong hematite alteration. The semi circular gravity high is approximately 400 metres in diameter and the nearest old drill hole, SAE 3 lies 220 metres to the south east of MGD 50, to be collared in the centre of the gravity high. The best intersection in hole SAE 3 was 18m @ 0.7% copper and 0.07 g/t gold, associated with massive hematite between 886 – 904m and the top of basement was at 752m.

- **Con Ryan Anomaly**

This near – coincident gravity and magnetic anomaly lies 2.5 kilometres west of MGD 50 and was tested with one drill hole, SAE 7, in 1990. SAE 7 did not test the gravity anomaly and was stopped at 1,222m, approximately 100 metres above the interpreted source of the magnetic body. The exact location of the new test hole has yet to be decided.



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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.