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EL 3008

BERNARD HILL

ANNUAL AND FINAL REPORTS TO LICENCE EXPIRY/SURRENDER FOR THE PERIOD 5/9/2002 TO 4/9/2005

Submitted by
Gunson Resources Ltd
2005

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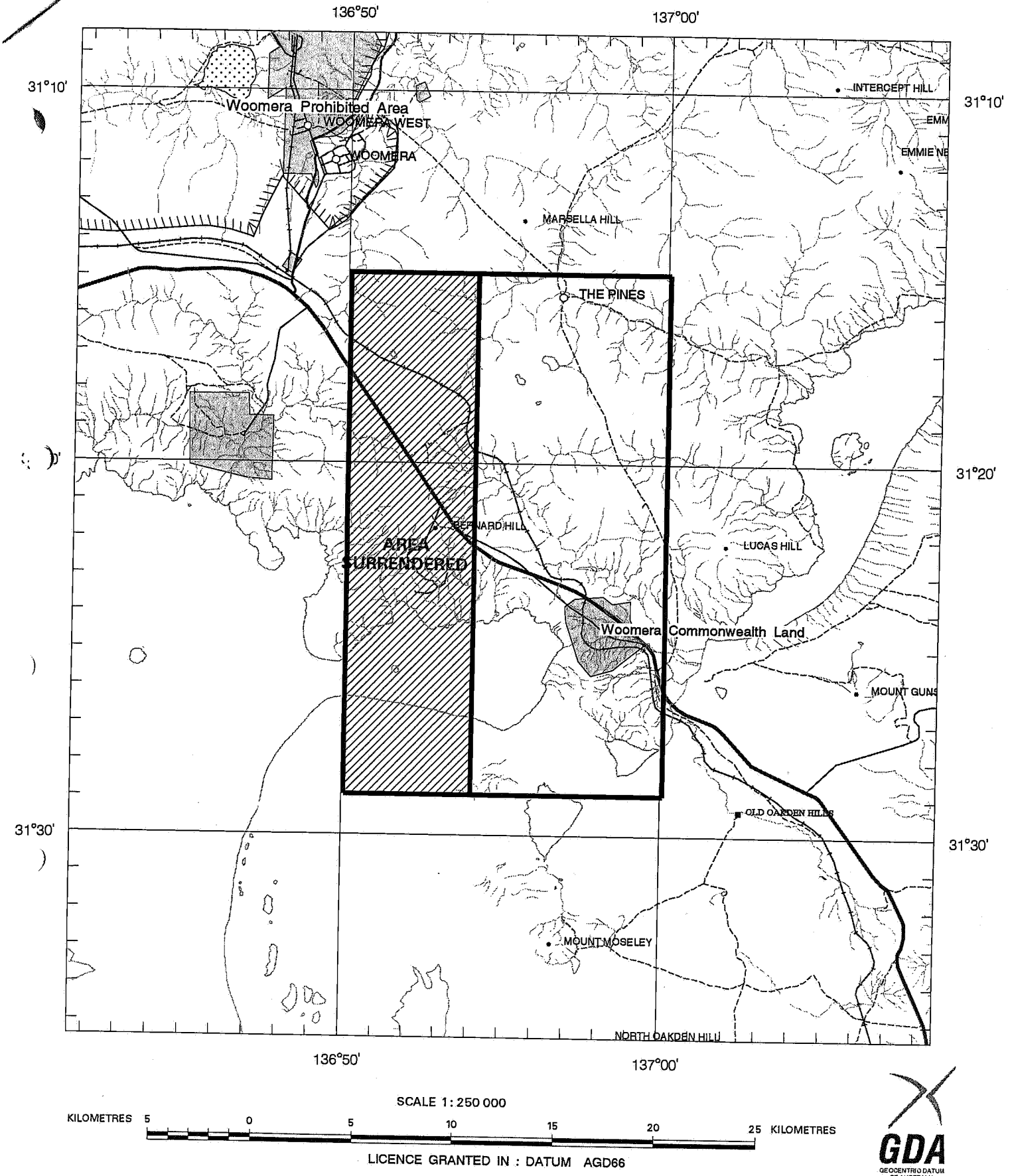
Government of South Australia
Primary Industries and Resources SA

SCHEDULE A



SCALE 1: 250 000

KILOMETRES 5 0 5 10 15 20 25 KILOMETRES

LICENCE GRANTED IN : DATUM AGD66

GDA GEOCENTRIC DATUM OF AUSTRALIA

APPLICANT : **GUNSON RESOURCES LTD**

FILE REF : **74/02** TYPE : **MINERAL ONLY** AREA : **236** km² (approx.)

1:250000 MAPSHEETS : **TORRENS**

LOCALITY : **BERNARD HILL AREA - Approximately 10 km southeast of Woomera**

DATE GRANTED : **05-Sep-2002** DATE EXPIRED : **04-Sep-~~2003~~ 2004**

EL NO : **3008**

GUNSON RESOURCES LIMITED

EL 3008 BERNARD HILL

First Annual Report on Exploration Activities

for the period

05 September 2002 to 04 September 2003

Distribution:
1 P I R S A
2 File: PRO M1-S1 (without appendices)
3 H L Paterson (without appendices)

H L Paterson
November 2003

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1 SUMMARY

Exploration Licence 3008 (Bernard Hill) was granted to Gunson Resources Ltd ("Gunson") on 5th September, 2002. Gunson is exploring EL 3008 primarily for stratiform copper mineralisation of the various styles present in the Mount Gunson area. The Mesoproterozoic basement has significant potential for analogues of the Olympic Dam style of mineralisation, and for gold mineralisation similar to recent discoveries at Challenger and elsewhere on the Gawler Craton, but is probably too deep in the area covered by EL 3008 for such targets to represent a realistic exploration possibility.

Work completed on EL 3008 in this first year of tenure has included:

- Geological assessment of potential for stratiform mineralisation, in conjunction with similar work completed on all tenements in the Mount Gunson Project
- Reconnaissance geochemical survey over stratiform copper target

Exploration expenditure incurred during Year 1 of EL 3008 amounted to $2,039. Under the terms of a letter dated 21st June, 2002, PIRSA approved amalgamation of expenditure for the five ELs then current in the Mount Gunson Project. This agreement stipulates a minimum combined expenditure of $450,000 in the year to 30th June, 2003. The agreement also required a net 15% area reduction of the combined tenement area to be completed on or before 30th June, 2003. A partial relinquishment of EL 3008 was effected in July 2003, in conformance with this agreement.

2 INTRODUCTION

Exploration Licence EL 3008 (Bernard Hill) was granted to Gunson on 5th September, 2002, for a period of two years.

The exploration licence originally covered some 400 square kilometres in the western part of the Torrens 1:250,000 mapsheet. A partial relinquishment was effected in July 2003, and the original area and the reduced area (236 sq kms) are shown on Figure 1. EL 3008 adjoins EL 2639, being explored by Gunson as part of the Mount Gunson project, which also includes EL 2756, EL 3022 and EL 3112.

This report describes work completed on EL 3008 during the first year of tenure, from 5th September 2002 to 4th September 2003.

3 REGIONAL SETTING

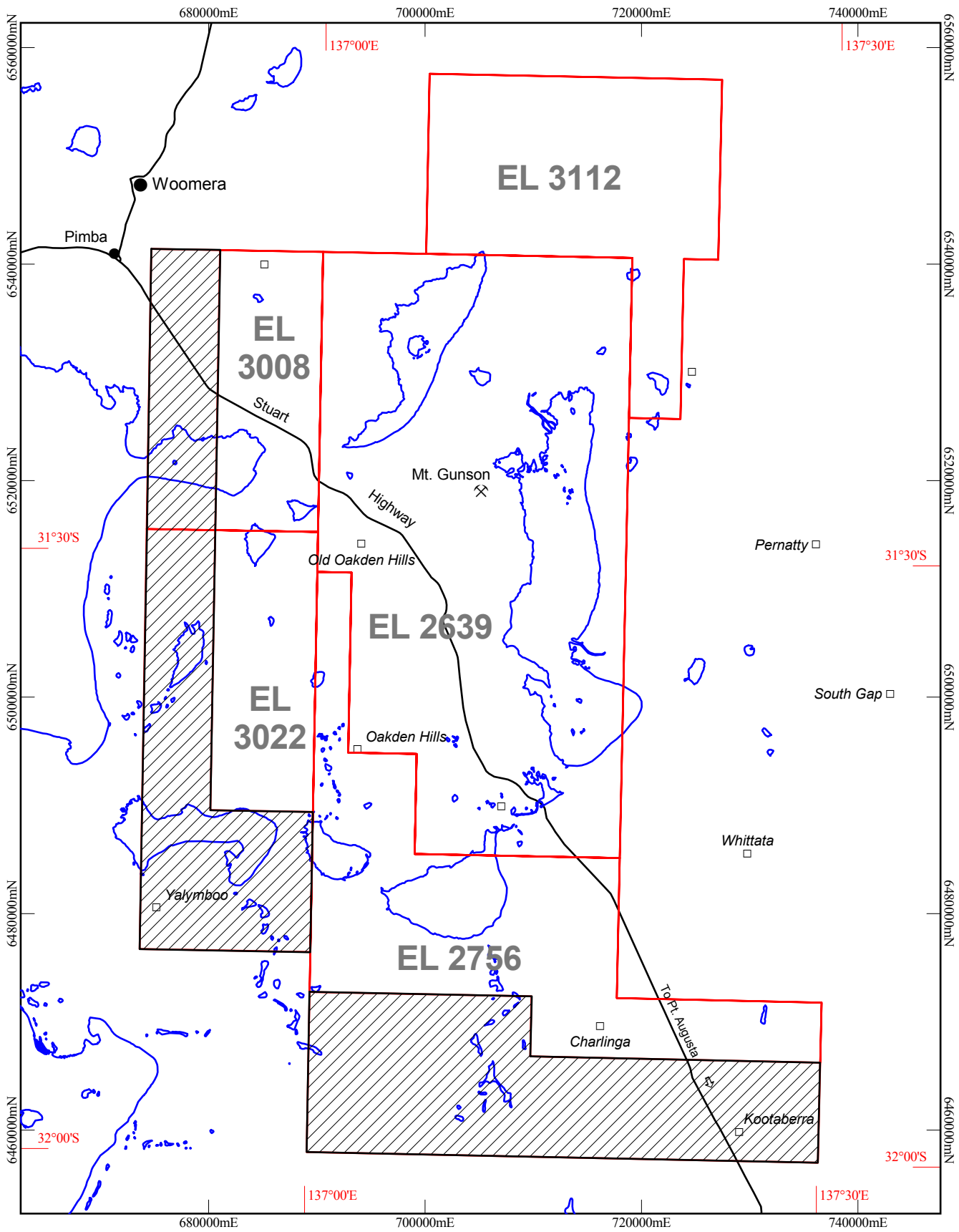
EL 3008 is located mostly on *Arcoona* Station, to the south-east of Woomera. The tenement lies within the Stuart Shelf geological province, with Mesoproterozoic and older basement lithologies covered by flat-lying shelf sediments of Neoproterozoic (Adelaidean) age. The Torrens Hinge Zone, which lies to the east of EL 3008, represents the transitional boundary between thick, folded sequences in the Adelaide Geosyncline and their thin, flat-lying platformal equivalents on the Stuart Shelf. The cover sequence is generally greater than 800 m thick within the tenement area.

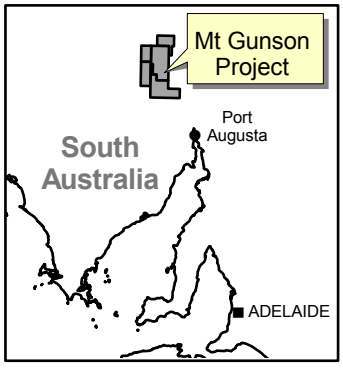
The north part of the EL is characterised by gibber-plain outcrop of the siliceous Arcoona Quartzite, and in the southern part the dominant surface lithology is the Tregolana Shale or Corraberra Sandstone.

4 PREVIOUS WORK

The area now represented by EL 3008 has been explored in the past by Gunson, as part of former EL 2248.

A calcrete-sampling program was completed over the area, but results were not encouraging, and with Gunson's focus on basement-hosted targets at that time the area was relinquished because of the unworkable depth to basement.





Area relinquished in June 2003

Transverse Mercator Projection,
Geocentric Datum of Australia, 1994

GUNSON RESOURCES LTD

Mount Gunson Project

PROJECT LOCATION PLAN

November 12, 2002	Plan: 2003-001
Scale 1 : 500,000	**Figure: 1**

5 EXPLORATION MODELS

Current exploration in the Mount Gunson project area is based on the potential of the area for hosting three separate types of mineralisation:

- stratiform copper mineralisation similar to that of the world-class Central African Copper Belt and White Pine deposit in Michigan. This style of mineralisation would be hosted in flat-lying sedimentary units of the Adelaidean sequence, with copper metal being sourced from the underlying Pandurra Formation redbeds or even from zones of extensive alteration and leaching in the pre-Pandurra basement. The deposits at Windabout and at MG 14, hosted in dolomitic black shales of the Tapley Hill Formation in each case, have similarities to this style of mineralisation. The mineralisation mined at the Cattlegrid deposit, while differing in detail from the classic stratiform copper models, probably represents a local variant of this type of deposit, related to a redox boundary and a zone of structural preparation.
- base-metal and gold mineralisation within brecciated and altered lithologies in the pre-Pandurra basement, as seen at the world-class Olympic Dam deposit. Variants of this style of mineralisation are seen elsewhere on the Stuart Shelf, and the tectonic and structural setting of the Mount Gunson area is favourable for repetitions of the Olympic Dam setting.
- gold mineralisation of any of the types being explored in the central and western Gawler Craton.

Within the area of EL 3008, where basement is believed to lie at depths greater than 800 m, the current focus is on stratiform copper mineralisation within the Adelaidean cover sequence.

6 WORK COMPLETED THIS YEAR

6.1 Stratiform Copper Targeting

During June 2002, a group of consultants was assembled to review the potential of the Mount Gunson Project tenements for stratiform copper. The group consisted of:

Dr D W Haynes, Douglas Haynes Discovery Pty Ltd
Mr Mark Dugmore
Dr Ken Cross
Dr J E Hanneson, Adelaide Mining Geophysics Pty Ltd
Mr Hamish Paterson, Hamish Paterson & Associates Pty Ltd

The study was based on the following precepts -

- Stratiform copper mineralisation was likely to be spatially related to the distribution of the Tapley Hill Formation (THF), occurring with the THF itself or locally within porous units adjacent to the THF
- Mineralisation is likely to be strongest where the THF is thin - there are plentiful examples of anomalous but subgrade copper at the upper and lower contacts of thick THF sequences, but potentially ore-grade intersections are more common where the THF is thin. This may be related to the thinner marginal (lagoonal?) facies of the THF having better reductant properties
- Mineralisation is likely to be younger than the lithification age of the THF - possibly related to Delamerian events.
- Basement structures are likely to be important in localising the mineralisation, either by restricting fluid flow into areas where reduction and deposition is more likely, or by providing access to the THF to metal-bearing brines circulating within the basement. A likely Delamerian age for the mineralisation would suggest that NW-trending faults are likely to have an association with copper deposits
- Structural disruption within the cover sequence can create fault traps and supratenuous anticlines, with mineralisation being related to the flanks of the anticlinal structures

- A thick substrate of hematite or magnetite-stable rocks is favourable, whether this is the arenite sequence of the Pandurra Formation or the underlying Gawler Range Volcanics.

Based on this model, eleven target areas were identified. These targets were then ranked according to the following criteria:

- Presence of untested preserved depositional margin of THF around a basement high consisting of Pandurra Formation and/or Gawler Range Volcanics. The presence of Whyalla Sandstone over a thin section of THF was taken as evidence of preservation of the original THF basin margin
- Presence of preserved THF pinchout within 200m of surface (this contour is poorly constrained in several of the target areas)
- A 'Basin Amplification' factor - targets on the eastern flank of the Pernatty Culmination were potentially open to large-scale fluid migration from the main Adelaidean basin lying to the east during the Delamerian compressional event
- Presence of through-going structures, particularly in an 045º and/or 320-330º orientation
- Copper anomalism in previous drilling
- THF less than 10m in thickness
- Potential for ~250m tonnes of mineralisation: calculations of orebody area based on likely thickness and grade parameters were used to determine whether existing drilling allowed room for an orebody of this size to be undetected

Other non-technical aspects were also taken into account in the ranking process. Because of difficulty in gaining approval from Native Title claimants for access to salt lake areas, targets remote from such environments were ranked higher than ones lying under or close to salt lakes. Similarly, targets lying with the Gunson Resources tenements were given a higher ranking.

Following the target definition and ranking, it was recognised that some target areas on EL 2639 were close to the western boundary of that EL and showed signs of extending onto the open ground. To protect any possible extension of these targets, EL 3008 was applied for (with EL 3022 to the south).

When some of the target areas were followed up by a reconnaissance geochemical survey, as described below, the sampling extended onto EL 3008.

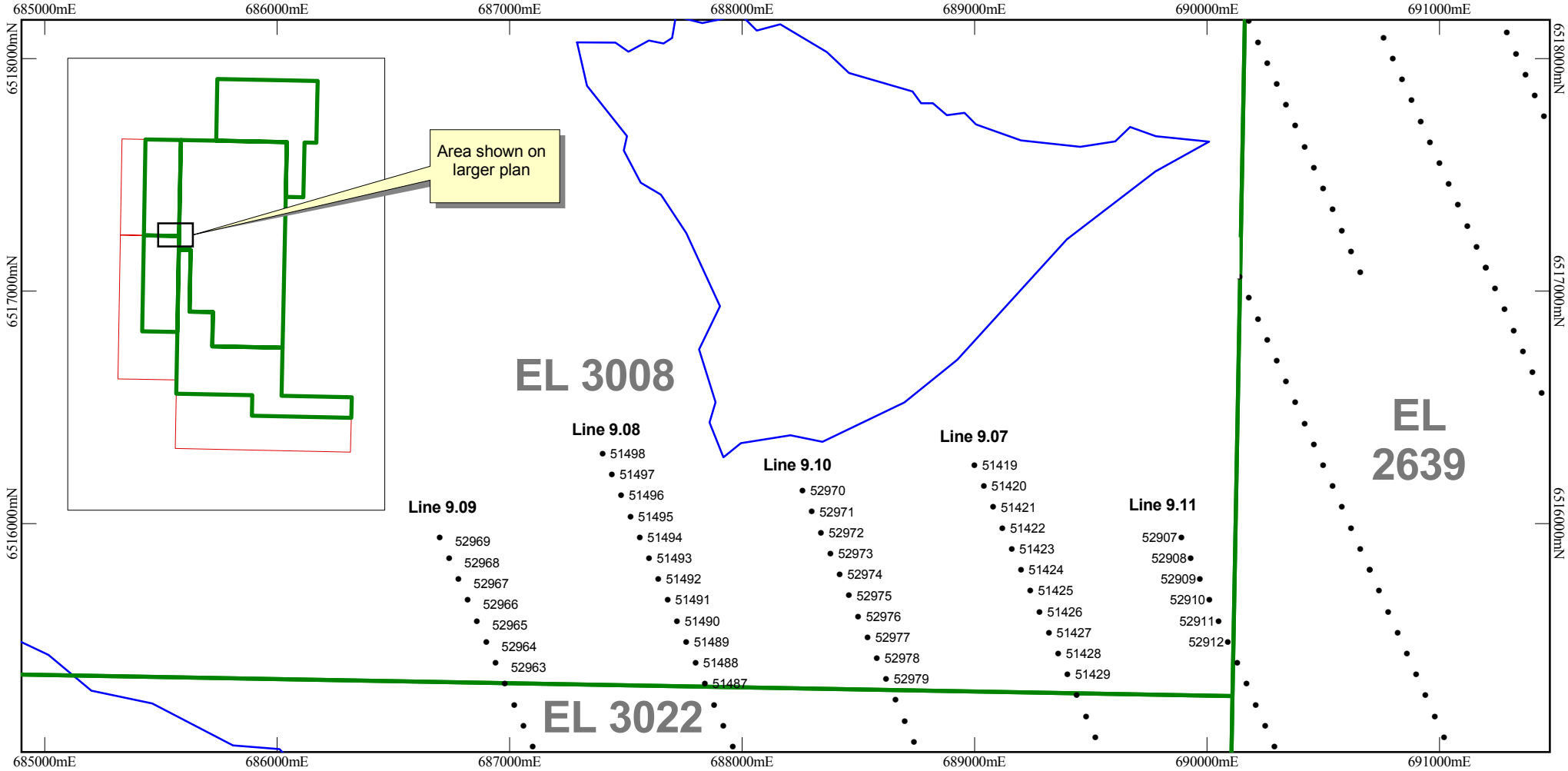
6.2 Geochemical Survey

On completion of the ranking process, it was decided to test a number of the target areas with broadly-spaced partial digest soil geochemistry. Sampling lines were laid out at 800m to 1km line spacing, with a nominal sample spacing of 100m. Where the sample lines crossed major structures, the sample spacing was closed to about 25m to test whether there was any indication of geochemical activity associated with these interpreted faults.

Only limited sampling was done on EL 3008, as extension of lines over Target Area 9 (on EL 3022). Locations of sample points are shown on Figure 2. The relevant sample and assay data are attached (and provided in digital form on a disk accompanying this report).

Since most of the reconnaissance geochemical work was done on adjoining tenements, particularly on EL 2639, more-comprehensive reports on this work have been submitted with the relevant Annual Report for EL 2639.

To date there has been no further work based on the results of the soil geochemistry, although infill sampling was completed on adjoining tenements. Recommendations for further infill geochemistry and for drill testing (not involving EL 3008) were put before the Joint Venture partner for consideration, but BHP Billiton chose to withdraw from the Mount Gunson Joint Venture early in 2003, and no follow-up work has been undertaken.



GUNSON RESOURCES LTD

Mount Gunson Project

EL 3008 Bernard Hill

SAMPLE LOCATION PLAN

November 19, 2003	Plan: 2003-026
Scale 1 : 25,000	**Figure: 2**

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

6.3 Review of Targets

Work completed elsewhere on the Mount Gunson Project tenements, particularly on EL 2639, has continued to add information to the knowledge of mineralised settings in the Mount Gunson area. As the understanding of mineralisation processes evolves, all parts of the combined project area are reviewed to ensure that settings of possible geological and/or geophysical interest are not overlooked.

7 FUTURE PROGRAM

Work on the Mount Gunson Project has been suspended for a period during 2003, while attempts are made to interest a new Joint Venture partner in the project. The management of Gunson has indicated that if a new partner has not been identified by 2004, the company will consider doing preliminary drill testing of some of the stratiform drill targets on its own account. It is not yet clear whether this drilling phase will involve any areas on EL 3008.

8 EXPENDITURE TO 04/09/2003

Category	1st Half	2nd Half	TOTAL
Consulting geologist	$64	----	$886
Consultant geochemist	$500	----	$591
Analytical charges	$512	----	$2,518
Rent, rates, government charges	----	$963	$963
TOTAL FOR YEAR 1	**$1,076**	**$963**	**$2,039**

Sample Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	GPS E	GPS N	Soil Type	Depth	Outcrop	Terrain	Comments
51419	689000	6516250	689004	6516249	TWS	0.2	None	Sand dunes	
51420	689040	6516160	689038	6516160	TWS	0.2	None	Sand dunes	
51421	689080	6516070	689080	6516068	TWS	0.2	None	Sand dunes	
51422	689120	6515980	689119	6515975	TWS	0.2	None	Sand dunes	
51423	689160	6515890	689152	6515882	TWS	0.2	None	Sand dunes	
51424	689200	6515800	689197	6515797	TWS	0.2	None	Sand dunes	
51425	689240	6515710	689241	6515709	TWS	0.2	None	Sand dunes	
51426	689280	6515620	689280	6515616	TWS	0.2	None	Sand dunes	
51427	689320	6515530	689327	6515525	TWS	0.2	None	Sand dunes	
51428	689360	6515440	689350	6515426	TWS	0.2	None	Sand dunes	
51429	689400	6515350	689400	6515361	TWS	0.2	None	Sand dunes	

Line : 9.07 **11 Sample Points** **Prospect:** Area 9 **Sampled by:** M Huntley, Euro

11 Samples, including 0 duplicates **(0 NS sites)** **Date Sampled:** 22/08/2002 **Tenement(s):** EL 2639, EL 3008, EL 3022

D> = Duplicate sample *All coordinates are MGA 94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.07** Page 1 of 1

Sample Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	GPS E	GPS N	Soil Type	Depth	Outcrop	Terrain	Comments
51498	687400	6516300	687409	6516295	TWS	0.2	None	Sand dunes	
51497	687440	6516210	687448	6516211	TWS	0.2	None	Sand dunes	
51496	687480	6516120	687474	6516116	TWS	0.2	None	Sand dunes	
51495	687520	6516030	687512	6516022	TWS	0.2	None	Sand dunes	
51494	687560	6515940	687568	6515939	TWS	0.2	None	Sand dunes	
51493	687600	6515850	687606	6515854	TWS	0.2	None	Sand dunes	
51492	687640	6515760	687644	6515758	TWS	0.2	None	Sand dunes	
51491	687680	6515670	687675	6515674	TWS	0.2	None	Sand dunes	
51490	687720	6515580	687718	6515581	TWS	0.2	None	Sand dunes	
51489	687760	6515490	687757	6515488	TWS	0.2	None	Sand dunes	
51488	687800	6515400	687800	6515401	TWS	0.2	None	Sand dunes	
51487	687840	6515310	687838	6515311	TWS	0.2	None	Sand dunes	

Line : **9.08** **12 Sample Points** **Prospect:** Area 9 **Sampled by:** M Huntley, Euro

12 Samples, including 0 duplicates **(0 NS sites)** **Date Sampled:** 22/08/2002 **Tenement(s):** EL 3008, EL 3022

D> = Duplicate sample *All coordinates are MGA 94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.08** Page 1 of 1

Sample Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	GPS E	GPS N	Soil Type	Depth	Outcrop	Terrain	Comments
52969	686700	6515940	686693	6515944	RSC	0.2	Sst rubble	Steep slope	Rocky hillside
52968	686740	6515850	686731	6515847	RSC	0.2	Sst rubble	Steep slope	Rocky hillside
52967	686780	6515760	686780	6515762	RSC	0.2	Sst rubble	Steep slope	Rocky hillside
52966	686820	6515670	686820	6515664	TWS	0.2	None	Sand dunes	
52965	686860	6515580	686855	6515577	TWS	0.2	None	Sand dunes	
52964	686900	6515490	686903	6515489	TWS	0.2	None	Sand dunes	
52963	686940	6515400	686940	6515398	TWS	0.2	None	Sand dunes	

Line : **9.09** **7 Sample Points** **Prospect:** Area 9 **Sampled by:** M Huntley, Euro

7 Samples, including 0 duplicates **(0 NS sites)** **Date Sampled:** 24/10/2002 **Tenement(s):** EL 3008, EL 3022

D> = Duplicate sample *All coordinates are MGA 94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.09** Page 1 of 1

Sample Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	GPS E	GPS N	Soil Type	Depth	Outcrop	Terrain	Comments
52970	688260	6516140	688256	6516135	TWS	0.2	None	Sand dunes	
52971	688300	6516050	688295	6516045	TWS	0.2	None	Sand dunes	
52972	688340	6515960	688334	6515968	TWS	0.2	None	Sand dunes	
52973	688380	6515870	688375	6515863	TWS	0.2	None	Sand dunes	
52974	688420	6515780	688419	6515781	TWS	0.2	None	Sand dunes	
52975	688460	6515690	688462	6515690	TWS	0.2	None	Sand dunes	
52976	688500	6515600	688500	6515597	TWS	0.2	None	Sand dunes	
52977	688540	6515510	688535	6515505	TWS	0.2	None	Sand dunes	
52978	688580	6515420	688580	6515420	TWS	0.2	None	Sand dunes	
52979	688620	6515330	688619	6515326	TWS	0.2	None	Sand dunes	

Line : **9.10** **10 Sample Points** **Prospect:** Area 9 **Sampled by:** M Huntley, Euro

10 Samples, including 0 duplicates **(0 NS sites)** **Date Sampled:** 24/10/2002 **Tenement(s):** EL 3008, EL 3022

D> = Duplicate sample *All coordinates are MGA 94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.10** Page 1 of 1

Sample Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	GPS E	GPS N	Soil Type	Depth	Outcrop	Terrain	Comments
52907	689890	6515940	689890	6515937	TWS	0.2	None	Sand dunes	
52908	689930	6515850	689934	6515846	TWS	0.2	None	Sand dunes	
52909	689970	6515760	689974	6515762	TWS	0.2	None	Sand dunes	
52910	690010	6515670	690005	6515666	TWS	0.2	None	Sand dunes	
52911	690050	6515580	690039	6515583	TWS	0.2	None	Sand dunes	
52912	690090	6515490	690089	6515489	TWS	0.2	None	Sand dunes	

Line : **9.11** **6 Sample Points** **Prospect:** Area 9 **Sampled by:** M Huntley, Euro

6 Samples, including 0 duplicates **(0 NS sites)** **Date Sampled:** 24/10/2002 **Tenement(s):** EL 2639, EL 3008

D> = Duplicate sample *All coordinates are MGA 94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.11** Page 1 of 1

Assay Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	Ag	Cu	Co	Pb	Zn	Ni	Cd	Fe	Mn
	UNITS		ppb	ppm	ppb	ppm	ppb	ppm	ppb	ppm	ppm
	DETECTION		0.05	0.005	0.5	0.002	1	0.005	0.1	0.1	0.01
	METHOD		TL1/MS	TL1/MS	TL1/MS	TL1/MS	TL1/AAS	TL1/MS	TL1/MS	TL1/AAS	TL1/AAS
51419	689000	6516250	1.56	1.022	16.0	0.011	97	0.233	1.8	28.5	0.20
51420	689040	6516160	0.57	0.528	27.7	0.031	180	0.101	1.6	75.9	0.19
51421	689080	6516070	1.35	0.448	20.8	0.035	256	0.121	5.2	67.8	0.54
51422	689120	6515980	2.44	1.706	27.5	0.015	289	0.191	4.9	47.1	0.40
51423	689160	6515890	1.22	0.367	38.1	0.050	254	0.114	1.6	107.6	0.33
51424	689200	6515800	0.78	0.398	25.1	0.020	154	0.088	1.5	48.5	0.35
51425	689240	6515710	1.42	0.844	23.1	0.029	324	0.156	5.1	75.9	0.49
51426	689280	6515620	1.57	0.195	17.6	0.015	129	0.07	1.2	43.5	0.33
51427	689320	6515530	0.84	0.352	20.4	0.012	96	0.086	1.3	26.5	0.34
51428	689360	6515440	0.33	0.344	20.6	0.017	254	0.077	2.1	36.5	0.64
51429	689400	6515350	0.85	0.317	33.2	0.014	118	0.077	1.9	26.9	0.52

11 Samples: **Line 9.07** **Prospect:** Area 9 **Tenement:** EL 2639, EL 3008, EL 3022

D> = Duplicate Sample *Coordinates listed are in MGA94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:	
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.07**	Page 1 of 1

Assay Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	Ag	Cu	Co	Pb	Zn	Ni	Cd	Fe	Mn
	UNITS		ppb	ppm	ppb	ppm	ppb	ppm	ppb	ppm	ppm
	DETECTION		0.05	0.005	0.5	0.002	1	0.005	0.1	0.1	0.01
	METHOD		TL1/MS	TL1/MS	TL1/MS	TL1/MS	TL1/AAS	TL1/MS	TL1/MS	TL1/AAS	TL1/AAS
51498	687400	6516300	1.45	0.504	18.3	0.010	95	0.095	1.2	27.6	0.24
51497	687440	6516210	0.48	0.264	42.1	0.116	318	0.106	0.5	161.8	0.15
51496	687480	6516120	1.72	0.740	36.6	0.022	183	0.145	2.0	70.4	0.24
51495	687520	6516030	0.91	0.496	28.0	0.022	178	0.134	0.9	83.0	0.20
51494	687560	6515940	0.84	0.452	42.7	0.138	400	0.126	0.8	169.4	0.27
51493	687600	6515850	0.81	0.360	23.5	0.057	392	0.096	4.4	76.3	0.62
51492	687640	6515760	1.17	0.771	25.8	0.061	622	0.219	7.0	105.3	0.98
51491	687680	6515670	1.13	0.912	34.7	0.031	399	0.210	4.2	99.6	0.28
51490	687720	6515580	1.64	0.807	3.9	<0.002	30	0.130	1.1	2.0	0.05
51489	687760	6515490	1.21	0.844	24.1	0.016	256	0.158	2.4	54.6	0.34
51488	687800	6515400	1.71	1.171	11.9	0.005	65	0.306	1.8	11.4	0.18
51487	687840	6515310	1.32	0.763	8.1	0.003	50	0.150	1.2	7.2	0.10

12 Samples: **Line 9.08** **Prospect:** Area 9 **Tenement:** EL 3008, EL 3022

D> = Duplicate Sample *Coordinates listed are in MGA94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:	
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.08**	Page 1 of 1

Assay Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	Ag	Cu	Co	Pb	Zn	Ni	Cd	Fe	Mn
	UNITS		ppb	ppm	ppb	ppm	ppb	ppm	ppb	ppm	ppm
	DETECTION		0.05	0.005	0.5	0.002	1	0.005	0.1	0.1	0.01
	METHOD		TL1/MS	TL1/MS	TL1/MS	TL1/MS	TL1/AAS	TL1/MS	TL1/MS	TL1/AAS	TL1/AAS
52969	686700	6515940	4.13	2.956	45.5	<0.004	21	0.553	1.8	4.2	0.05
52968	686740	6515850	4.22	4.022	58.9	0.002	25	0.410	0.9	4.6	0.07
52967	686780	6515760	13.33	3.327	46.1	0.002	75	0.630	2.4	6.5	0.07
52966	686820	6515670	2.58	1.075	11.2	<0.004	9	0.438	1.3	5.6	0.03
52965	686860	6515580	0.81	0.520	18.8	0.009	71	0.115	3.1	22.9	0.24
52964	686900	6515490	1.07	1.005	29.9	0.010	66	0.270	1.8	27.4	0.27
52963	686940	6515400	0.80	0.906	26.8	0.013	106	0.152	1.5	44.1	0.27

7 Samples: Line 9.09 **Prospect:** Area 9 **Tenement:** EL 3008, EL 3022

D> = Duplicate Sample *Coordinates listed are in MGA94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:	
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.09**	Page 1 of 1

Assay Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	Ag	Cu	Co	Pb	Zn	Ni	Cd	Fe	Mn
	UNITS		ppb	ppm	ppb	ppm	ppb	ppm	ppb	ppm	ppm
	DETECTION		0.05	0.005	0.5	0.002	1	0.005	0.1	0.1	0.01
	METHOD		TL1/MS	TL1/MS	TL1/MS	TL1/MS	TL1/AAS	TL1/MS	TL1/MS	TL1/AAS	TL1/AAS
52970	688260	6516140	0.56	0.383	26.0	0.094	539	0.094	2.5	97.7	0.73
52971	688300	6516050	0.26	0.247	21.6	0.050	269	0.078	1.8	74.7	0.57
52972	688340	6515960	0.24	0.286	35.6	0.022	215	0.120	1.3	95.7	0.26
52973	688380	6515870	0.94	0.638	27.4	0.019	145	0.127	3.6	36.1	0.36
52974	688420	6515780	1.12	1.026	30.4	0.015	161	0.198	2.9	61.4	0.29
52975	688460	6515690	0.84	0.500	14.9	0.004	27	0.130	1.0	7.4	0.19
52976	688500	6515600	0.76	0.566	23.1	0.016	141	0.146	1.8	50.4	0.30
52977	688540	6515510	1.13	1.308	23.9	0.021	391	0.185	3.5	69.4	0.39
52978	688580	6515420	1.29	0.966	33.2	0.024	307	0.129	2.7	123.8	0.29
52979	688620	6515330	0.93	0.830	32.5	0.020	175	0.152	2.6	68.6	0.29

10 Samples: Line 9.10 **Prospect:** Area 9 **Tenement:** EL 3008, EL 3022

D> = Duplicate Sample *Coordinates listed are in MGA94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:	
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.10**	Page 1 of 1

Assay Data Sheet - Soils

GUNSON RESOURCES LTD

Sample No	MGA E	MGA N	Ag	Cu	Co	Pb	Zn	Ni	Cd	Fe	Mn
UNITS			ppb	ppm	ppb	ppm	ppb	ppm	ppb	ppm	ppm
DETECTION			0.05	0.005	0.5	0.002	1	0.005	0.1	0.1	0.01
METHOD			TL1/MS	TL1/MS	TL1/MS	TL1/MS	TL1/AAS	TL1/MS	TL1/MS	TL1/AAS	TL1/AAS
52907	689890	6515940	1.60	0.680	26.0	0.014	82	0.16	0.6	38.0	0.16
52908	689930	6515850	1.40	0.960	29.0	0.020	214	0.20	4.8	47.7	0.42
52909	689970	6515760	1.10	0.480	29.0	0.029	149	0.10	1.6	67.5	0.24
52910	690010	6515670	1.40	0.510	42.0	0.034	170	0.13	4.3	59.0	0.42
52911	690050	6515580	1.10	0.470	25.0	0.012	117	0.10	2.4	22.0	0.68
52912	690090	6515490	1.40	1.330	42.0	0.051	211	0.20	3.2	63.5	0.19

6 Samples: **Line 9.11** **Prospect:** Area 9 **Tenement:** EL 2639, EL 3008

D> = Duplicate Sample *Coordinates listed are in MGA94 (ie generated from GDA94)*

Project:	Program:	Laboratory:	Assay Request:	Date:	Line No:	
Mount Gunson	Gunson PE Soils 2002	Genalysis	6255 - 6257	21-11-2002	**9.11**	Page 1 of 1

GUNSON RESOURCES LIMITED

EL 3008 BERNARD HILL

Second Annual Report on Exploration Activities

for the period

05 September 2003 to 04 September 2004

Distribution:
1 P I R S A
2 File: PRO M1-S1 (without appendices)
3 H L Paterson (without appendices)

H L Paterson
June 2005

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1 SUMMARY

Exploration Licence 3008 (Bernard Hill) was granted to Gunson Resources Ltd ("Gunson") on 5th September, 2002. Gunson is exploring EL 3008 primarily for stratiform copper mineralisation of the various styles present in the Mount Gunson area. The Mesoproterozoic basement has significant potential for analogues of the Olympic Dam style of mineralisation, and for gold mineralisation similar to recent discoveries at Challenger and elsewhere on the Gawler Craton, but is probably too deep in the area covered by EL 3008 for such targets to represent a realistic exploration possibility.

Under the terms of a letter dated 16st July, 2003, PIRSA approved amalgamation of expenditure for the five ELs then current in the Mount Gunson Project. This agreement stipulates a minimum combined expenditure of $2450,000 in the year to 30th June, 2003. The agreement also required a net 25% area reduction of the combined tenement area to be completed on or before 30th June, 2004. A partial relinquishment of EL 3008 was effected in July 2003, in conformance with this agreement.

Work completed on EL 3008 in this second year of tenure has involved only a minor review of previous data prior to the partial relinquishment.

Exploration expenditure incurred during Year 2 of EL 3008 amounted to only $256.

2 INTRODUCTION

Exploration Licence EL 3008 (Bernard Hill) was granted to Gunson on 5th September, 2002, for a period of two years.

The exploration licence originally covered some 400 square kilometres in the western part of the Torrens 1:250,000 mapsheet. A partial relinquishment (to 236 sq kms) was effected in July 2003, and a further relinquishment to 35 sq kms was finalised in July 2004. The previous area and the reduced area of EL 3008 are shown on Figure 1. EL 3008 adjoins EL 3264, being explored by Gunson as part of the Mount Gunson project, which also includes EL 2756, EL 3022 and EL 3112.

This report describes work completed on EL 3008 during the second year of tenure, from 5th September 2003 to 4th September 2004.

3 REGIONAL SETTING

EL 3008 is located mostly on *Arcoona* Station, to the south-east of Woomera. The tenement lies within the Stuart Shelf geological province, with Mesoproterozoic and older basement lithologies covered by flat-lying shelf sediments of Neoproterozoic (Adelaidean) age. The Torrens Hinge Zone, which lies to the east of EL 3008, represents the transitional boundary between thick, folded sequences in the Adelaide Geosyncline and their thin, flat-lying platformal equivalents on the Stuart Shelf. The cover sequence is generally greater than 800 m thick within the tenement area.

The north part of the EL is characterised by gibber-plain outcrop of the siliceous Arcoona Quartzite, and in the southern part the dominant surface lithology is the Tregolana Shale or Corraberra Sandstone.

4 PREVIOUS WORK

The area now represented by EL 3008 has been explored in the past by Gunson, as part of former EL 2248.

A calcrete-sampling program was completed over the area, but results were not encouraging, and with Gunson's focus on basement-hosted targets at that time the area was relinquished because of the unworkable depth to basement.

5 EXPLORATION MODELS

Current exploration in the Mount Gunson project area is based on the potential of the area for hosting three separate types of mineralisation:

- stratiform copper mineralisation similar to that of the world-class Central African Copper Belt and White Pine deposit in Michigan. This style of mineralisation would be hosted in flat-lying sedimentary units of the Adelaidean sequence, with copper metal being sourced from the underlying Pandurra Formation redbeds or even from zones of extensive alteration and leaching in the pre-Pandurra basement. The deposits at Windabout and at MG 14, hosted in dolomitic black shales of the Tapley Hill Formation in each case, have similarities to this style of mineralisation. The mineralisation mined at the Cattlegrid deposit, while differing in detail from the classic stratiform copper models, probably represents a local variant of this type of deposit, related to a redox boundary and a zone of structural preparation.
- base-metal and gold mineralisation within brecciated and altered lithologies in the pre-Pandurra basement, as seen at the world-class Olympic Dam deposit. Variants of this style of mineralisation are seen elsewhere on the Stuart Shelf, and the tectonic and structural setting of the Mount Gunson area is favourable for repetitions of the Olympic Dam setting.
- gold mineralisation of any of the types being explored in the central and western Gawler Craton.

Within the area of EL 3008, where basement is believed to lie at depths greater than 800 m, the current focus is on stratiform copper mineralisation within the Adelaidean cover sequence.

6 WORK COMPLETED THIS YEAR

No field work has been undertaken on EL 3088 during the current year of tenure. In June 2004, when partial relinquishment of tenements within the Mount Gunson Project area was under consideration, a review of prospectivity within EL 3008 was undertaken. This involved perusal of known information on the depth and nature of the Tapley Hill Formation pinchout in the tenement area.

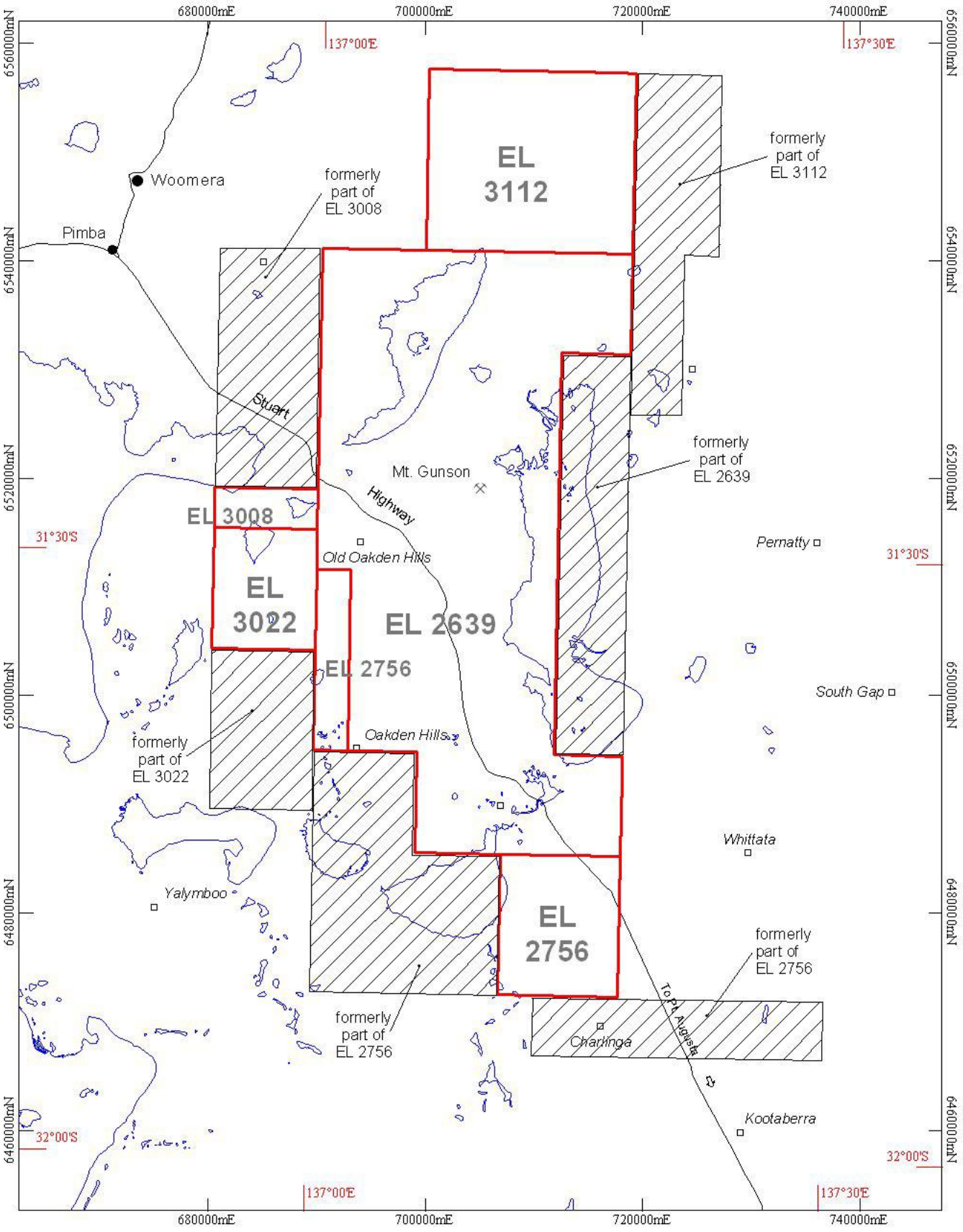
Only a small portion of the tenement was retained, as a buffer to higher-ranked pinchout on EL 3022 and EL 3264.

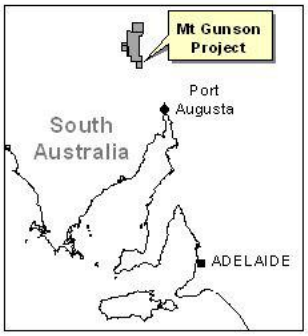
7 FUTURE PROGRAM

Drilling undertaken on EL 3022 at the Moseley Dam prospect has showed that the area of Tapley Hill Formation onlap onto the basement high in the area of EL 3022 and EL 3008 has untested potential for stratiform copper mineralisation. Drilling follow-up is planned for the Moseley Dam prospect, and while no immediate work is planned for EL 3008, any encouragement obtained from the work on the adjoining tenements would immediately elevate the status of EL 3008.

8 EXPENDITURE TO 04/09/2004

Category	1st Half	2nd Half	TOTAL
Consulting geologist	$256	----	$256
TOTAL FOR YEAR 1	**$256**	**$0**	**$256**





Area relinquished in July 2004

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

GUNSON RESOURCES LTD

Mount Gunson Project

PROJECT LOCATION PLAN

November 12, 2004	Plan: 2004-009
Scale 1 : 500,000	**Figure: 1**

GUNSON RESOURCES LIMITED

EL 3008 BERNARD HILL

Third (and Final) Annual Report on Exploration Activities

for the period

05 September 2004 to 04 September 2005

Distribution:
1 PIRSA
2 File: PRO M1-S1 (without appendices)
3 H L Paterson (without appendices)

H L Paterson
November 2005

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Exploration Licence 3008 (Bernard Hill) was granted to Gunson Resources Ltd ("Gunson") on 5th September, 2002. Gunson is exploring EL 3008 primarily for stratiform copper mineralisation of the various styles present in the Mount Gunson area. The Mesoproterozoic basement has significant potential for analogues of the Olympic Dam style of mineralisation, and for gold mineralisation similar to recent discoveries at Challenger and elsewhere on the Gawler Craton, but is probably too deep in the area covered by EL 3008 for such targets to represent a realistic exploration possibility.

Under the terms of a letter dated 16th July, 2003, PIRSA approved amalgamation of expenditure for the five ELs then current in the Mount Gunson Project. This agreement required a net 25% area reduction of the combined tenement area to be completed on or before 30th June, 2004. A partial relinquishment of EL 3008 was effected in July 2004, in conformance with this agreement.

Work completed on EL 3008 in this third year of tenure has involved only a minor review of previous data prior to the decision not to renew. No field work has been done on this area.

Exploration expenditure incurred during Year 3 of EL 3008 amounted to $1,334.

2 INTRODUCTION

Exploration Licence EL 3008 (Bernard Hill) was granted to Gunson on 5th September, 2002, for an initial period of two years.

The exploration licence originally covered some 400 square kilometres in the western part of the Torrens 1:250,000 mapsheet. A partial relinquishment (to 236 sq kms) was effected in July 2003, and a further relinquishment to 35 sq kms was finalised in July 2004. The previous area and the reduced area of EL 3008 are shown on Figure 1. EL 3008 adjoins EL 3264, being explored by Gunson as part of the Mount Gunson project, which also includes EL 2756, EL 3022 and EL 3112.

This report describes work completed on EL 3008 during the third year of tenure, from 5th September 2004 to 4th September 2005. Separate Annual Reports were submitted to cover exploration activity during Years 1 and 2 of the Exploration Licence.

3 REGIONAL SETTING

EL 3008 is located mostly on *Arcoona* Station, to the south-east of Woomera. The tenement lies within the Stuart Shelf geological province, with Mesoproterozoic and older basement lithologies covered by flat-lying shelf sediments of Neoproterozoic (Adelaidean) age. The cover sequence is generally greater than 800 m thick within the tenement area.

The dominant surface lithology within the EL is Tregolana Shale or Corraberra Sandstone, underlain by a considerable thickness of Whyalla Sandstone, Tapley Hill Formation (THF), and Pandurra Formation.

4 PREVIOUS WORK

The area now represented by EL 3008 has been explored in the past by Gunson, as part of former EL 2248.

A calcrete-sampling program was completed over the area, but results were not encouraging, and with Gunson's focus on basement-hosted targets at that time the area was relinquished because of the unworkable depth to basement.

5 EXPLORATION MODELS

Current exploration in the Mount Gunson project area is based on the potential of the area for hosting three separate types of mineralisation:

- stratiform copper mineralisation similar to that of the world-class Central African Copper Belt and White Pine deposit in Michigan. This style of mineralisation would be hosted in flat-lying sedimentary units of the Adelaidean sequence, with copper metal being sourced from the underlying Pandurra Formation redbeds or even from zones of extensive alteration and leaching in the pre-Pandurra basement. The deposits at Windabout and at MG 14, hosted in dolomitic black shales of the Tapley Hill Formation in each case, have similarities to this style of mineralisation. The mineralisation mined at the Cattlegrid deposit, while differing in detail from the classic stratiform copper models, probably represents a local variant of this type of deposit, related to a redox boundary and a zone of structural preparation.
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Within the area of EL 3008, where basement is believed to lie at depths greater than 800 m, the current focus is on stratiform copper mineralisation within the Adelaidean cover sequence.

6 WORK COMPLETED THIS YEAR

No field work has been undertaken on EL 3088 during the current year of tenure. In June 2004, when partial relinquishment of tenements within the Mount Gunson Project area was under consideration, a review of prospectivity within EL 3008 was undertaken. This involved perusal of known information on the depth and nature of the Tapley Hill Formation pinchout in the tenement area.

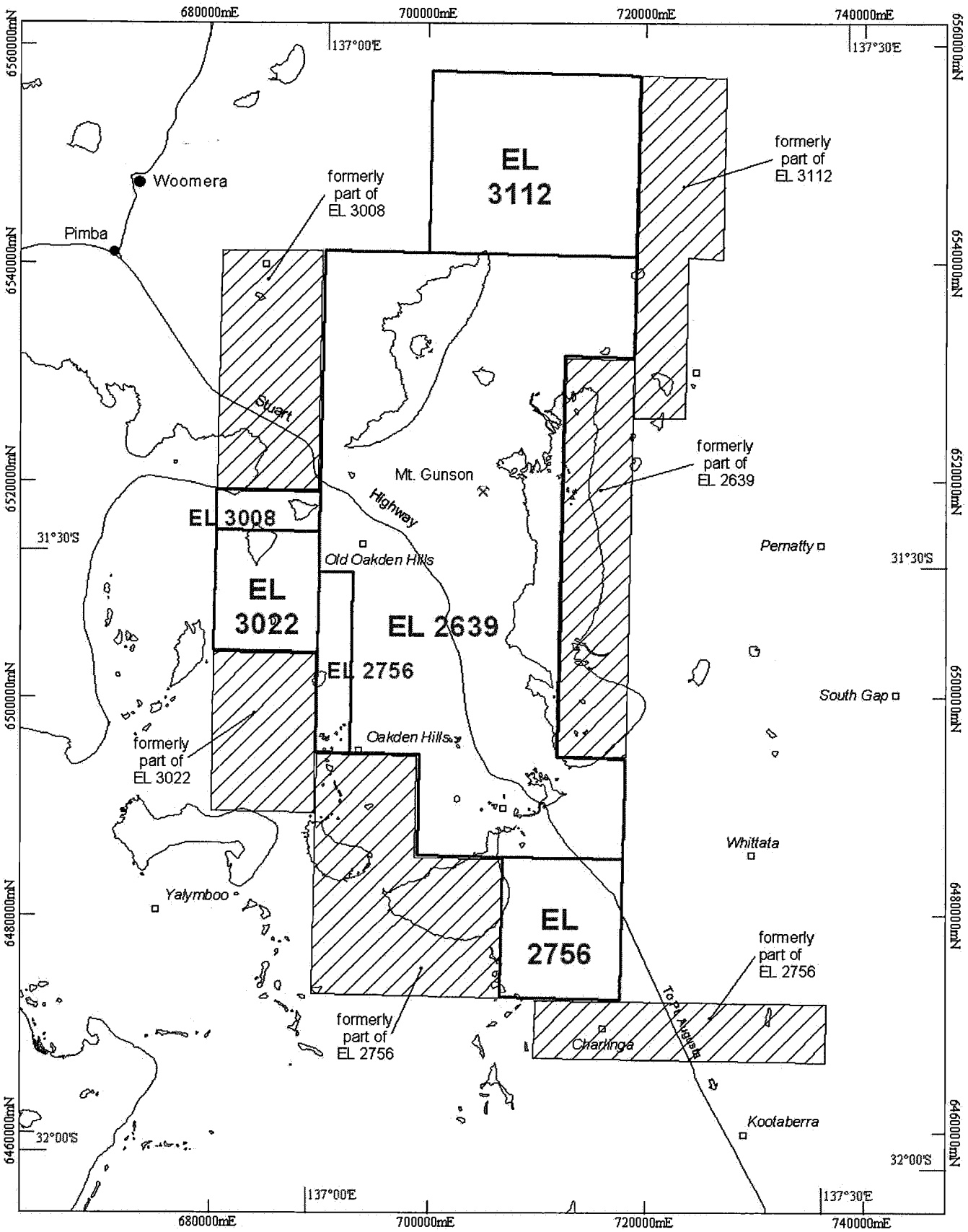
Only a small portion of the tenement was retained, as a buffer to higher-ranked THF pinchout on EL 2756, EL 3022, and EL 3264.

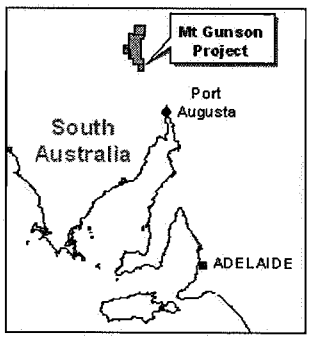
7 FUTURE PROGRAM

The area held under EL 3008 has little potential for hosting stratiform copper mineralisation, despite the untested potential of the Moseley Dam area on EL 3022 to the south. No further work is planned for this area, and in mid-2005 the decision was made to not renew the licence when it reached its anniversary date.

8 EXPENDITURE TO 04/09/2005

Category	1st Half	2nd Half	TOTAL
Consulting geologist	$798	$536	$1,344
TOTAL FOR YEAR 3	**$798**	**$536**	**$1,334**
TOTAL FOR YEAR 2	**$256**	**$0**	**$256**
TOTAL FOR YEAR 1	**$3,095**	**$963**	**$4,058**
TOTAL EXPENDITURE	**$4,149**	**$1,499**	**$5,648**





Area relinquished in July 2004

Transverse Mercator Projection,
Map Grid of Australia 1994
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GUNSON RESOURCES LTD

Mount Gunson Project

PROJECT LOCATION PLAN

November 12, 2004	Plan: 2004-009
Scale 1: 500,000	**Figure: 1**