

**ASSAY RESULTS AND DRILLING UPDATE –  
CHIANTI COPPER PROSPECT, MOUNT GUNSON,  
SOUTH AUSTRALIA**

**1. Assay Results**

Higher than expected copper grades over a 2 metre interval between 549 – 551 metres have been revealed in the first batch of assay results from hole MGD 34 at Chianti Prospect, on the Mount Gunson Project. This interval averaged 3.4 % copper and 0.2 g/t gold.

The main reason for the better than expected grade is the presence of the high tenor copper mineral bornite, which was not noted during the first pass geological logging reported on 20<sup>th</sup> December 2005. Traces of bornite were also noted between 448-452 metres depth in percussion hole MGP 31, drilled 400 metres to the east of MGD 34 in 2002.

Copper results from the remainder of the core split for assay between 530 – 561 metres are weakly to strongly anomalous, the best values being immediately above and below the high grade zone between 549 – 551 metres. A 6 metre intersection around and including this zone averages 1.4 % copper between 548 – 554 metres, with less than 0.1 g/t gold. Uranium assays for this zone have been requested but are not expected until February. Results from the remainder of the basement portion of the hole should be available at the end of this month.

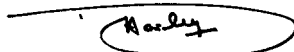
**2. Drilling Update**

The second of the two hole program at Chianti Prospect was completed yesterday at a depth of 561 metres. This hole, MGD 35, located just over a kilometre south of MGD 34, passed through the cover-basement contact at 337 metres, into variably brecciated hematite rich granite. A fine grained mafic dyke cuts the granite between 403 – 424 metres and a strong hematite – quartz breccia zone occurs between 506 – 512 metres. No copper sulphides were observed in the hole but the core will be assayed to check for dark coloured copper minerals such as chalcocite, which are difficult to identify with the naked eye. The hematite content of the basement granites averages 10 %, slightly less than in hole MGD 34.

**3. Further Drilling**

The drill rig has been released from the Project today and a more suitable rig is scheduled to commence the remainder of the Company's Mount Gunson drilling program, at Moseley Dam Prospect, next week. This program comprises six holes totalling 700 metres, half of which is shallow non-diamond drilling.

Further drilling at Chianti Prospect will await a geophysical study focused on the northern portion of the area, where the potential for high grade copper mineralisation in the basement has been significantly upgraded, particularly close to the Cattlegrid Fault west of MGD 34. A priority of the geophysical study will be to explain the gravity anomaly, the source of which is not obvious in the drill core from MGD 34 and 35.



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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.