

GUNSON RESOURCES LIMITED
QUARTERLY REPORT FOR THE PERIOD ENDED
31st MARCH 2009

HIGHLIGHTS

COBURN ZIRCON DEVELOPMENT PROJECT

- Three Perth based engineering companies are currently finalising their construction tenders for the Project, now due on 1st May 2009.
- An important recommendation from the tendering process to date is location of the mineral separation plant at the mine, not in China as previously proposed.
- A final decision on the preferred construction group is expected in June 2009, after evaluation of the 3 tenders and negotiations with the tenderers during May and June.
- Discussions with potential investors and offtake partners in China and, since late March 2009, in the Middle East have revealed strong interest in financing the Project from several well credentialed groups.

MOUNT GUNSON COPPER PROJECT

- Flotation metallurgical test work on the MG 14 deposit is nearing completion, with a provisional concentrate grade of 19.3% copper and 0.6% cobalt from a bulk sample of ore from the 2008 drilling.
- A large infill gravity geophysical program over six target areas for deep iron oxide associated copper-gold deposits has been approved by the Company's joint venture partner Noranda Pacific Pty Limited, part of the Xstrata Copper Business Unit.
- The infill gravity program started on 29th April at the Emmie Bluff Prospect and if a suitable target is revealed, drilling is envisaged in June.

TENNANT CREEK GOLD - COPPER PROJECT

- A large gravity geophysical anomaly has been defined in a geologically favourable area in the centre of the 38 square km Gosse 5 exploration licence.
- This anomaly, estimated to be 200 m deep, has an east-west orientation, a strike length of 2 km and average width of about 600 m. It is to be drilled in mid 2009.

1. COBURN ZIRCON DEVELOPMENT PROJECT (100%) WESTERN AUSTRALIA

Following a request by one of the 3 Perth based engineering groups preparing tenders for Project construction, the closing date for receipt of tenders was extended by 2 weeks to 1st May 2009.

One important recommendation arising from the tendering process to date has been to locate the mineral separation plant (MSP) at the mine, not in China as previously proposed. Factors which led to this recommendation by one of the Perth based engineering groups and

supported by a well respected Chinese engineering company introduced by Beijing investment bank The Balloch Group, are as follows:

- Savings in supervision and engineering costs during construction
- Increased control over product quality
- Simplification of cash flow and tax accounting
- The significant depreciation of the Australian dollar against the Chinese RMB
- Flexibility in marketing to non-Chinese customers.

Once the construction tenders have been received, they will be evaluated by the Company's engineering consultant and in-house staff, followed by negotiations on pricing with the proponents. A final decision on the preferred contractor is likely in June.

1.1 Government Approvals

Finalisation of the Application for a second Non Substantial Change from the Public Environmental Review (NSCA2), lodged in early December 2008, has been delayed by the likelihood of locating the MSP at the mine, as discussed above. As it is now proposed to incorporate the MSP in an enlarged Ilmenite Plant building already included in NSCA2, no major issues with approval are expected.

Approval of the Groundwater Mounding Management Plan, required prior to the commencement of open pit mining operations, is still awaited.

1.2 Financing

Discussions regarding an investment in the Project with companies in China continued during the quarter and in March, a visit was made to potential end users and investors in the United Arab Emirates. Gunson is being assisted in the Middle East by Abu Dhabi based Australian consulting firm Templeton Galt and a follow up visit is scheduled for late May.

Strong interest has been shown in the Project from potential investors and end users in China, including two large companies introduced by The Balloch Group. Due diligence by one of these companies has been in progress for 6 months, whereas the other company, with an annual requirement of nearly 30,000 tonnes of zircon, began reviewing the Project on 22nd April. There has been no further contact with Chinese company CTIEC, because its pre condition for investment in the Project - to be awarded the mine construction contract, is unacceptable to Gunson.

Meetings with selected financial institutions regarding both debt and equity funding recommenced in February.

1.3 Zircon Market

Market leader Iluka Resources Limited announced a 20% reduction to its 2009 zircon production on 7th April, to better balance supply with reduced demand. In Iluka's view, customer inventories have reduced substantially and in February 2009, China imported 8,000 tonnes of zircon, compared with the monthly average in 2008 of 37,500 tonnes. This level appears to be unsustainably low and zircon prices in China and the Middle East are holding above \$US1,000 per tonne.

2. MOUNT GUNSON COPPER PROJECT (100%) SOUTH AUSTRALIA

2.1 Feasibility Study

As for the previous 3 quarters, the main focus on the Project continued to be the MG 14 feasibility study.

During the quarter, flotation tests on samples of core from the wide diameter drilling program completed in July last year were carried out at the Ian Wark Research Institute of the University of South Australia. The testwork comprised two separate phases; the first on composite samples from the mineralised zone in each of the 5 drill holes and the second phase on a bulk sample from 4 of these holes. Mineralisation from the fifth hole, MGD 54, was omitted from the bulk sample because it was seen as metallurgically different from the others.

The second and most important phase 2 tests on the bulk sample have not yet been completed but 74% of the contained copper was recovered into a concentrate grading 19.3% copper and 0.6% cobalt. Cobalt recovery into the concentrate was significantly better than copper, at 94.5%.

Once the flotation testwork has been completed, the options of selling or toll refining the concentrates will be examined, to guide further work on the feasibility study.

2.2 Exploration Agreement with Noranda Pacific Limited

Noranda Pacific Pty Limited (Noranda), a company within the Xstrata Copper Business Unit, has the right to earn 51% of the Project by spending \$3.5 million in 3 years from 15th June 2006. Up to 31st March 2009, Noranda had spent \$2.2 million, leaving \$1.3 million to be spent in less than 2 months from the date of this report. As reported previously, Noranda and Gunson have agreed to complete a Variation Agreement, giving Noranda a one year extension of its earn-in period in exchange for excision of the shallow copper deposits at MG 14 and Windabout. This Agreement should be executed in May.

In the meantime, Noranda has approved the commencement of a major infill gravity geophysical program over six target areas for iron oxide associated copper-gold deposits. This program commenced on 29th April, with readings over the incompletely tested Emmie Bluff gravity anomaly, which measures 2.5 x 1.8 km in area. It was tested with 4 widely spaced drill holes by Mount Isa Mines Limited subsidiary Carpentaria Exploration between 1984 and 1989. The best intersection in these holes was 15 m @ 1.2% copper, hosted by hematized granite between 937-952 m in vertical drill hole SAE 6. The object of the infill gravity survey is to define hematite rich pipes within the broader gravity feature and if a suitable target is revealed, drilling in June 2009 is envisaged.

Once the infill gravity program has been completed, induced polarisation (IP) traverses will be planned over selected gravity anomalies, commencing in June.

3. FOWLER'S BAY NICKEL PROJECT (100%) SOUTH AUSTRALIA

Adverse weather conditions delayed the small infill TEM survey scheduled for February but it finally commenced on 28th April. The results should be available in early May and once they have been interpreted, a decision on first pass drilling will be made.

4. TENNANT CREEK GOLD/COPPER PROJECT (100%) NORTHERN TERRITORY

A 347 station gravity survey was completed over the largest of the two Project exploration licences, some 70 km east of the Tennant Creek townsite. Results from this survey have defined an attractive drill target in the centre of the 38 square km licence, which comprises an east-west trending gravity anomaly approximately 2km long by an average of 600 m wide

and approximately 200m deep. The maximum amplitude of the anomaly is around 1 milligal and it appears to lie within a weakly magnetic halo, interpreted as a demagnetised ironstone unit with a hematite core. Drilling of the gravity anomaly is planned for mid 2009.

In accordance with a 2003 agreement between Gunson and BHP Billiton, BHP Billiton is to be offered its once off right to farm in to the Project, after which it will have 30 days to make a decision.

5. BURKIN NICKEL PROJECT (100%) WESTERN AUSTRALIA

Planning of a first pass drilling program to test the nickel sulphide targets reported in the Company's quarterly report for March 2008 has recommenced. Application is being prepared for a drilling subsidy under the Western Australian Government's Exploration Incentive Scheme announced on 3rd April, 2009. The Scheme comes into effect in the 2009/2010 financial year and applications for funding in this first year close on 15th May 2009.

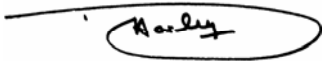
6. SHARE PURCHASE PLAN AND PLACEMENTS

Between 2nd February and 4th March 2009, \$1,009,693 was raised from two placements and a Share Purchase Entitlement Offer, all to existing shareholders at 5.5 cents per share. The Share Purchase Entitlement Offer reached 73% of its \$1 million target, resulting in the issue of 13,328,045 shares. An additional 5,030,000 shares were issued in the placements.

The 18,358,045 new shares issued during the quarter increased the Company's issued capital to 138,020,297 fully paid ordinary shares.

7. FINANCIAL

At 31st March 2009, the Company had \$938,000 in cash and short term deposits. Exploration expenditure during the quarter was \$243,000 and two thirds of the \$108,000 administration charges were capital raising costs. Forecast exploration expenditure for the June quarter is \$200,000.



D N HARLEY
MANAGING DIRECTOR

29th April 2009

Investor Enquiries:
Telephone: (08) 9226 3130
Facsimile: (08) 9226 3136
Email: enquiries@gunson.com.au
Website: www.gunson.com.au

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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Gunson Resources Limited

ABN

32 090 603 642

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(243)	(939)
(b) development	-	-
(c) production	-	-
(d) administration	(108)	(434)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	-	-
1.7 Other - (R&D rebate)	-	313
1.7 Other - Other income	5	25
Net Operating Cash Flows	(343)	(1,013)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (brought forward)	(343)	(1,013)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(343)	(1,013)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,010	1,010
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	(66)	(66)
	Net financing cash flows	944	944
	Net increase (decrease) in cash held	601	(69)
1.20	Cash at beginning of quarter/year to date	337	1,007
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	938	938

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

--

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Mount Gunson Copper Project to the end of March 2009. Xstrata Copper, via its subsidiary Noranda Pacific Pty Limited, has a cumulative expenditure of \$2,202,641. The initial option earn-in requirement is \$3.5 million by 14 June 2009, although a one year extension to this deadline is to be recorded in a Variation Agreement.
--

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-

+ See chapter 19 for defined terms.

3.2 Credit standby arrangements	-	-
---------------------------------	---	---

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	938	337
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	938	337

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	138,020,297	138,020,297		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	18,358,045	18,358,045	5.5 cents	5.5 cents
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	1,800,000 1,800,000 400,000 400,000		<i>Exercise price</i> 30 cents 35 cents 35 cents 40 cents	<i>Expiry date</i> 30/11/10 30/11/10 04/05/12 04/05/12
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

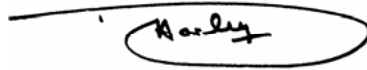
+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
------	---	--	--

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Managing Director

Date: 29 April 2009

Print name: David Harley.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.