

ASX RELEASE
19th July 2006

**UPDATE ON THE MOUNT GUNSON
COPPER PROJECT – SOUTH AUSTRALIA**

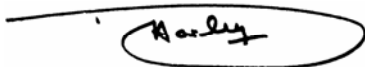
On 2nd May 2006, Gunson Resources (Gunson) announced that it had signed an Option/Joint Venture Agreement with Noranda Pacific Pty Ltd, the wholly owned subsidiary of Canadian major Falconbridge Limited.

This Agreement entitles Noranda Pacific to earn a 75% interest in the Mount Gunson Project by solely funding \$10 million of exploration expenditures over a six year period, subject to the satisfaction of certain conditions precedent. Gunson has now been advised that all conditions precedent have been fulfilled and that the commencement date of the Option Period was 15th June 2006.

Noranda Pacific has also advised that it has engaged a drilling contractor to commence a six hole, 3000 metre diamond drilling program at the Chianti Copper Prospect in mid August. The estimated cost of this program is \$0.75 million, two thirds of which is to be spent on drilling.

A new geophysical and structural geological interpretation of Chianti Prospect by Noranda Pacific has highlighted the prospectivity of this area, which was upgraded by the high grade copper intersection in hole MGD 34 announced on 17th January 2006. The mineralisation, comprising 2 metres at 3.4% copper from 549 metres depth, is hosted in altered hematitic granite breccia similar to other iron oxide associated copper – uranium – gold deposits in the Olympic Copper Province of South Australia.

Noranda Pacific's geophysical interpretation shows a large gravity anomaly at Chianti, approximately 7 kilometres long by 4 kilometres wide, within which the six widely spaced holes will be drilled. Naturally, results from the early holes may influence the location of subsequent holes in the drilling program but the proposed holes are shown on the attached diagram, Figure 1. The exact location of the drill holes may also be affected by an Aboriginal Heritage clearance scheduled for late July.



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Attachment

Figure 1: Mount Gunson Project – Chianti Prospect

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.

Gunson Resources Limited

Figure 1 MOUNT GUNSON PROJECT - CHIANTI PROSPECT

