

GUNSON RESOURCES LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDED 30th JUNE 2009

HIGHLIGHTS

COBURN ZIRCON DEVELOPMENT PROJECT

- Sedgman Metals – Internet Engineering chosen as the preferred engineering contractor for Project construction, after evaluation of 3 tenders received on 1st May.
- Sedgman Metals has commenced a 4 month Design Definition Study to reduce the capital and operating costs, as well as risk associated with execution of the Project.
- Metallurgical test work to confirm equipment selection and to develop an optimum mineral separation plant flow sheet is due to commence in early August.
- A sharp recovery in Chinese demand for zircon and the longer term supply outlook is supporting a continuation of the high price levels established in early 2009.

MOUNT GUNSON COPPER PROJECT

- A visually estimated 65 m at 1% copper intersected in the first hole of the 2009 drilling program, at Emmie Bluff Prospect.
- The second hole, testing a geophysical signature similar to that of other large iron oxide copper – gold deposits in South Australia, to commence on 1st August 2009.
- The above drilling program is being funded by Noranda Pacific Pty Limited (Noranda), a company within the Xstrata Copper Business Unit, which has been given a one year extension to complete the remaining \$1.2 million of its \$3.5 million earn – in expenditure required to attain a 51% equity in the Project.
- A feasibility study on the shallow MG 14 and Windabout copper deposits, now excised from the Noranda earn – in agreement, is nearing completion.

BURKIN NICKEL PROJECT

- A 50% drilling subsidy granted by the Western Australian Government for the proposed first pass 3 hole program due to start in mid August 2009.

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

Three construction tenders, all from Perth-based engineering groups, were received on 1st May and following a detailed evaluation, Sedgman Metals – Internet Engineering were selected as Gunson's preferred engineering contractor for the Project.

Gunson was impressed with the ability of the Perth based subsidiary of ASX listed Sedgman Limited to improve the existing design work completed on the Project since 2003. Sedgman has been commissioned to carry out a 4 month Design Definition Study, the objectives of which are to reduce the capital and operating costs, and risk associated with the execution of the Project. Particular focus is on parts of the Project where identified opportunities or uncertainties exist, one example being the dry mineral separation plant (MSP), the location of which was changed from China to the Coburn mine site during the tendering process.

1.1 Government Approvals

Comments on the draft Groundwater Mounding Management Plan, sent to State regulators in mid October 2008, were received at the end of the quarter.

Meetings with regulators from the Western Australian Departments of Environment/Conservation and Water to discuss finalisation of the draft Plan are being held on 30th and 31st July 2009 respectively. Approval of the Groundwater Mounding Management Plan is required prior to the commencement of mining operations.

1.2 Design Definition Study

Sedgman Metals' subsidiary Intermet Engineering commenced this study in mid June. To date, preliminary MSP process design has been completed and retrieval of ore body samples from storage to make up a bulk sample for further metallurgical test work is nearing completion. The purpose of the test work is to confirm equipment selection for the gravity separation (WCP) circuit, which will produce the heavy mineral concentrate, and to develop an optimum mineral separation (MSP) flow sheet to produce quality final heavy mineral products. One reason for the additional mineral separation test work was the decision earlier this year to locate the MSP at the mine, rather than in China. Spiral equipment from Australian and overseas suppliers will be compared for cost effectiveness during the gravity separation work.

A review of the mining process, with particular emphasis on the pumping of slurried ore into the WCP, has revealed potential for operating cost savings. The review has suggested that pumping distances may be increased, thereby reducing the number of WCP relocations as mining progresses along the ore body.

1.3 Financing

A second visit was made to the Middle East in late May, with considerable interest in the Project being shown. In conjunction with Abu Dhabi based Australian consulting firm Templeton Galt, a schedule of meetings with a wide range of investment groups in the United Arab Emirates is being developed for the period immediately following the end of the summer holidays in late September. The meetings are to be scheduled for early October.

Discussions with potential investors in China are continuing.

1.4 Zircon Market

At a Global Zircon Conference held on the Chinese island of Hainan between 15th-17th July, leading market consultants TZMI showed a zircon price forecast for the next several years averaging \$US 950 per tonne *FOB*. Although sharply reduced global zircon consumption was experienced in the first half of 2009, demand in the Chinese provinces benefiting from the government's economic stimulus package has increased rapidly over the past few months.

In addition, the supply of zircon-rich concentrates into China from Indonesia this year has been much lower than the previous two years. This reduced supply from Indonesia is unlikely to change in the foreseeable future and because most of the easily accessed alluvial material has already been removed, production costs have increased significantly.

An interesting observation from a senior executive from the world's third largest zircon producer Exxaro, which has an 18% market share, was that in his 15 years in the industry, he had not seen such a small list of new zircon projects in the global development pipeline.

The combination of increased demand driven by urbanisation in developing countries and the longer term supply outlook supports the Company's optimistic view of the Coburn Project.

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

2.1 Emmie Bluff Drilling Program

Diamond drilling of gravity geophysical targets in the Emmie Bluff Prospect area, in the north western part of the Project, commenced on 20th June.

The first hole in this program, MGD 55, tested the 400 m wide peak zone of the Emmie Bluff gravity anomaly first identified by Mount Isa Mines (MIM) in the early 1980s. MIM drilled 3 widely spaced holes to test this anomaly (Figure 1) and all of these holes intersected extensive hematite alteration with associated sub economic copper-gold mineralisation, the best intersection being 15 m @ 1.2% copper and 0.03 g/t gold between 937 – 952 m in hole SAE 6.

Hole MGD 55 was sited on new, more detailed gravity geophysical data collected earlier this year, the interpretation of which suggested that old MIM hole SAE 3 was close to but did not intersect the gravity peak zone. It was completed at 1,108 m on 29th July and intersected strongly hematitic basement rocks from 736 m, beneath interbedded sandstone and shale units of the cover sequence.

Basement comprises metamorphosed, altered hematite and chlorite rich sedimentary rocks with trace sulphides to 918 m, then increasing pyrite and the copper sulphide chalcopryrite from 918 to 1,000 m. The interval between 935 and 1,000 m is particularly hematite and sulphide rich, with a visual estimate of 3% chalcopryrite or approximately 1% copper overall. Narrower zones of higher grade copper mineralisation were noted. Below 1,015 m, the dominant rock type is sandstone, with minor conglomerate beds.

The mineralised core from MGD 55 is being trucked to Adelaide for sampling and assay, with assay results expected in late August.

In the meantime, the drill rig is moving some 2.8 km to the west of MGD 55, to test a residual gravity high west of the Con Ryan magnetic anomaly tested with hole SAE 7 by MIM in 1990 (Figure 2). SAE 7 was stopped at 1,222 m, an estimated 80 m above the magnetic source. The new hole, MGD 56, is located about 750 m west of SAE 7 and its anticipated depth is 1,300 m.

Juxtaposition of a shallower gravity anomaly adjacent to the Con Ryan magnetic anomaly is considered to be a favourable location for iron oxide associated copper-gold mineralisation.

2.2 Exploration Beyond Emmie Bluff Prospect

A major infill gravity geophysical program over six target areas for iron oxide associated copper-gold deposits, including Emmie Bluff, was completed during the quarter. Data from the Emmie Bluff area was used to define the drilling targets discussed above and data from the remaining areas helped to better define previously known gravity anomalies which lacked detailed readings and/or relatively unreliable old data.

Seven IP geophysical traverses averaging 4 km long were then carried out over gravity targets in the Chianti and Chianti North areas, where the basement depth was considered to be sufficiently shallow for effective drill hole targeting with IP data. No conspicuous anomalies are evident, although four weak responses at the deepest levels penetrated by the survey are associated with gravity highs.

2.3 Agreement with Noranda Pacific Pty Limited

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.

Noranda is funding the exploration program described in 2.1 and 2.2 above and at the end of June 2009, had spent \$2.3 million, \$1.2 million short of its minimum expenditure target during the Option Period.

2.4 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 has been completed, although the assays from the final phase: a "locked cycle" test designed to produce a much higher grade copper concentrate, are still awaited.

Once the "locked cycle" assays have been received, cost and revenue assumptions can be finalised for the feasibility study.

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, lower grade but geologically similar Windabout copper deposit is being considered in the present feasibility study. Windabout is approximately ten times larger than MG 14.

3. BURKIN NICKEL PROJECT (100%) WESTERN AUSTRALIA

On 29th June, the Company announced that it had been offered a 50% drilling subsidy for its proposed first pass drilling program reported in March 2008.

Western Australian Government funding to be granted for the proposed 3 hole diamond drilling program totals \$75,000, half the estimated drilling cost and a funding agreement was signed on 16th July. A drill rig is contracted to commence the program in mid August and it will comprise 3 widely spaced vertical holes, each 400 metres deep. In all cases, the targets are strongly magnetic zones considered prospective for large, high grade nickel-copper deposits that were interpreted from results of a detailed low level airborne magnetic survey completed in December 2007. The magnetic anomalies are considered to be the signature of a large Proterozoic mafic-ultramafic intrusive complex lying beneath shallow Eucla Basin cover rocks as little as 100 metres deep.

Gunson's Burkin project is one of 35 successful applications approved for co-funding and the Western Australian Government is commended for its Exploration Incentive program during a very difficult period for the Industry.

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

An infill TEM geophysical survey completed in late April has defined an attractive drill target which comprises a strong conductive zone at least 200 metres long, open to the north east. This target is at approximately 100 metres depth and was first reported as an airborne TEM conductor in July 2008. It is located in a regional fold structure within a belt of magnetic units interpreted to be Proterozoic mafic and ultramafic rocks prospective for nickel sulphides. An application for drilling approval was lodged with South Australian state regulators in mid June and a revised application based on their preliminary comments is being prepared for submission in August.

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

Following the definition of the drill target described in the previous quarterly report, a request for an aboriginal heritage survey was submitted to the NT regulators in May. A budget for this survey, to be coordinated by the NT Aboriginal Areas Protection Authority has been approved and the survey should be completed during the September quarter.

In the meantime, BHP Billiton declined its once-off right to farm in to the Project, in accordance with a 2003 project generation agreement outlined on page 15 of Gunson's 2003 Annual Report.

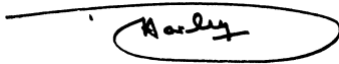
6. SHARE PLACEMENT

On 10th July 2009, a placement of 11.3 million shares at 10 cents each was completed, raising \$1.13 million. Most of the shares were placed with sophisticated and professional clients of Bell Potter Securities Limited, with a lesser amount to sophisticated and professional clients of Intersuisse Limited.

The 11.3 million new shares issued in the placement have increased the Company's issued capital to 149,320,297.

7. FINANCIAL

At 30th June 2009, the Company had \$451,000 in cash and short term deposits. Exploration expenditure during the quarter was \$434,000 and forecast exploration expenditure for the September quarter is \$500,000.



D N HARLEY
MANAGING DIRECTOR

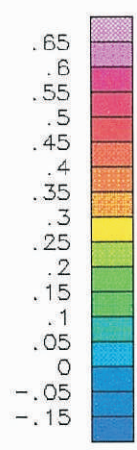
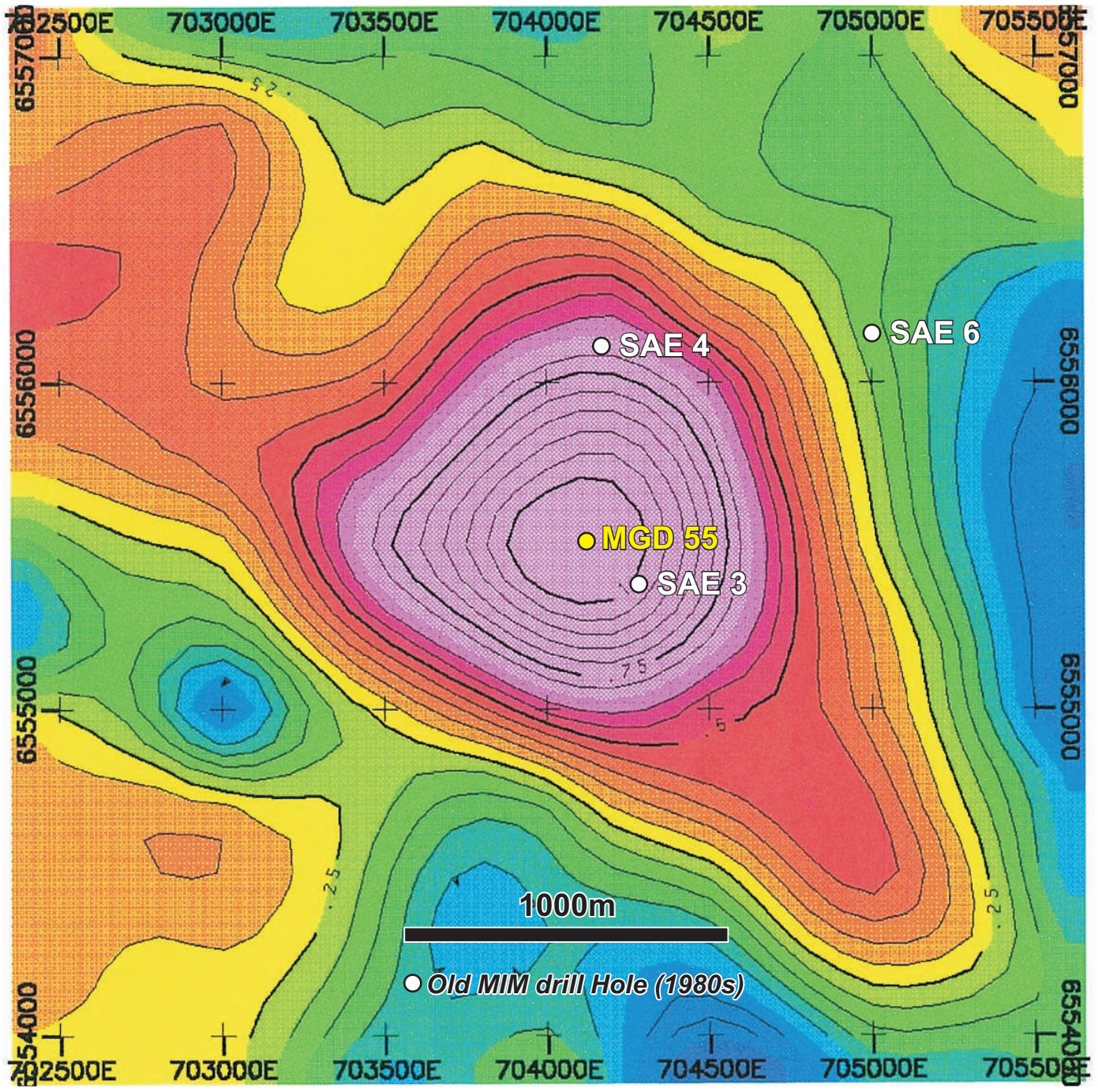
31st July 2009

Figure 1 Emmie Bluff Residual Gravity and Drilling
Figure 2 Con Ryan Residual Gravity and Drilling

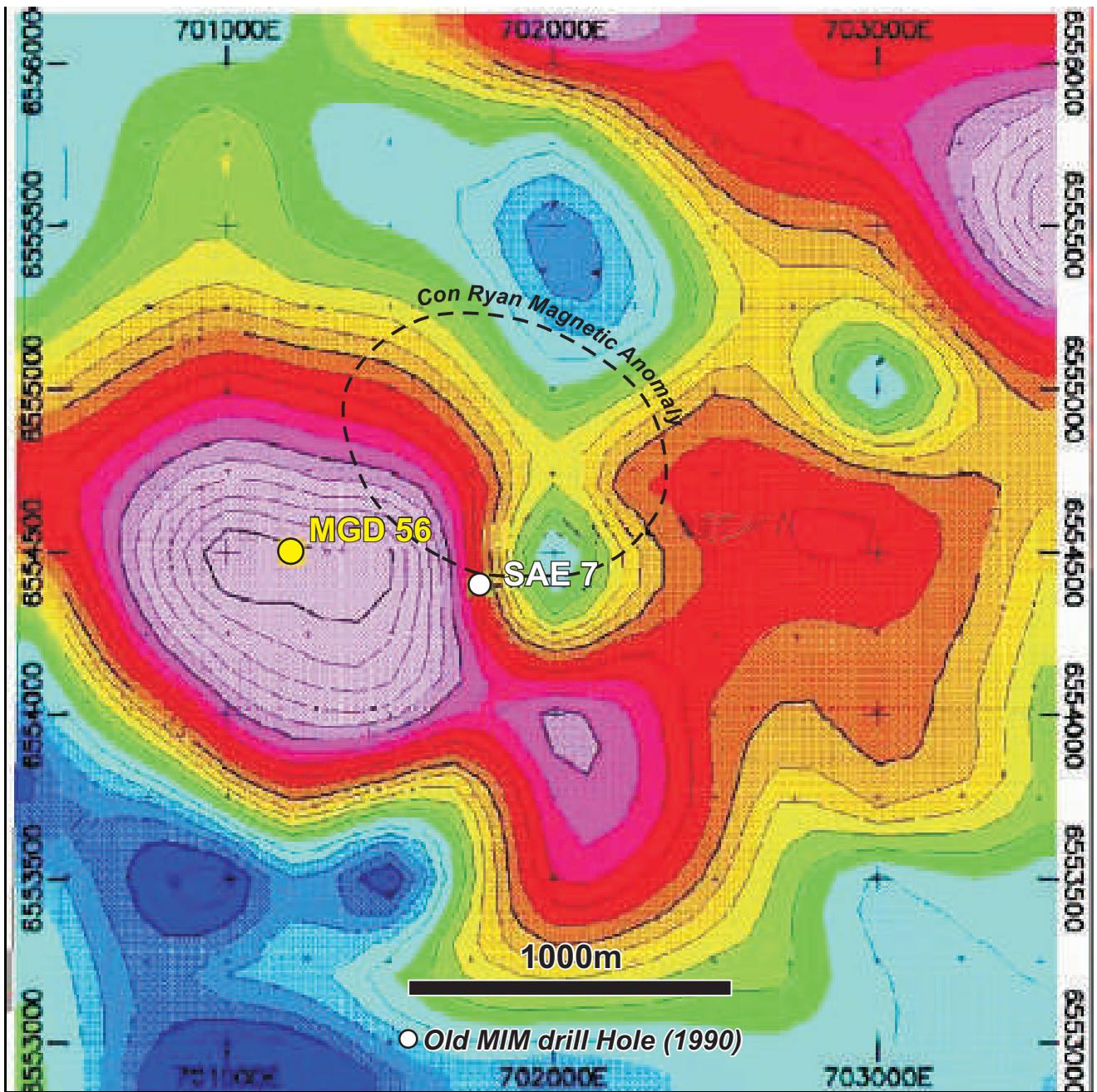
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ATTRIBUTION

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.



Gunson Resources Ltd	
Mount Gunson Copper Project South Australia Emmie Bluff Prospect Residual Gravity Anomaly and Drilling	
File : Emmie Bluff Residual Gravity_Drilling.cdr	
Date : 31 Jul 2009	Figure 1



Gunson Resources Ltd

**Mount Gunson Copper Project
South Australia
Con Ryan Anomaly
Residual Gravity and Drilling**

File : Con Ryan Residual Gravity_Drilling MGD56.cdr

Date : 29 July 2009

Figure 2

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")

30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12.months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a)exploration and evaluation	(434)	(1,373)
(b) development	-	-
(c) production	-	-
(d) administration	(53)	(487)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Research and Development Rebates)	-	313
1.8 Other (Other income)	-	25
Net Operating Cash Flows	(482)	(1,495)
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 (carried forward)	(482)	(1,495)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(482)	(1,495)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	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)	(5)	(71)
Net financing cash flows		(5)	939
Net increase (decrease) in cash held		(487)	(556)
1.20	Cash at beginning of quarter/year to date	938	1,007
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	451	451

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	33
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of Director salaries and fees.

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 June 2009. Xstrata Copper, via its subsidiary Noranda Pacific Pty Limited, has a cumulative expenditure of \$2,327,610. The initial option earn – in requirement is \$3.5 million, by 15th June 2010.

+ See chapter 19 for defined terms.

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
Total	500

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	451	938
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	451	938

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	L09 / 15	Coburn Project Outright Ownership	100%	0
6.2 Interests in mining tenements acquired or increased	Nil	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.

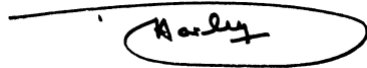
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +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				
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> 30/11/2010 30/11/2010 04/05/2012 04/05/2012
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 (totals only)		
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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 give a true and fair view of the matters disclosed.



Sign here:

Managing Director

Date: 31st July 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* applies 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.