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ASX RELEASE
20th July 2011

**COMMENCEMENT OF 2011 DRILLING AT
EMMIE BLUFF COPPER PROSPECT, MOUNT GUNSON**

The Company is pleased to advise that the first hole of the 2011 deep diamond drilling program funded by Xstrata Copper subsidiary Noranda Pacific Pty Limited (Noranda) commenced today. This hole, MGD 68, at Emmie Bluff Prospect, is located approximately 1.3 kilometres south-east of hole MGD 55 drilled in mid 2009, that intersected two narrow zones of higher grade copper-gold mineralisation in basement rocks, comprising 7m @ 2.2% copper with 0.5 g/t gold from 974m and 1m @ 4.4% copper with 1.3 g/t gold from 1006m respectively.

The location of the new hole was chosen on the basis of its position on the flank of a major north-west trending gravity geophysical anomaly some 5 kilometres long (Figure 1). The peak of this anomaly was tested by MGD 55 and research into the relationship between significant copper-gold mineralisation and gravity highs has shown that the best mineralisation occurs on the flanks rather than the peaks of these geophysical anomalies.

The top of the basement target zone in MGD 68 is expected at 800 metres depth and based on previous drilling rates, the hole should enter the target zone in mid August. A second hole is planned for approximately 2 kilometres along strike to the north-west of MGD 68, as shown on the attached diagram, Figure 1.

Noranda has the right to earn an additional 24% interest in the Project (in addition to the 51% it currently holds) by spending an additional \$6.5million (for a cumulative amount of \$10 million) on exploration by mid June 2013. At the end of March 2011, Noranda had spent a total of \$4.26 million.

D H HARLEY
MANAGING DIRECTOR

Figure 1 Emmie Bluff Prospect – Residual Gravity and Basement Drilling

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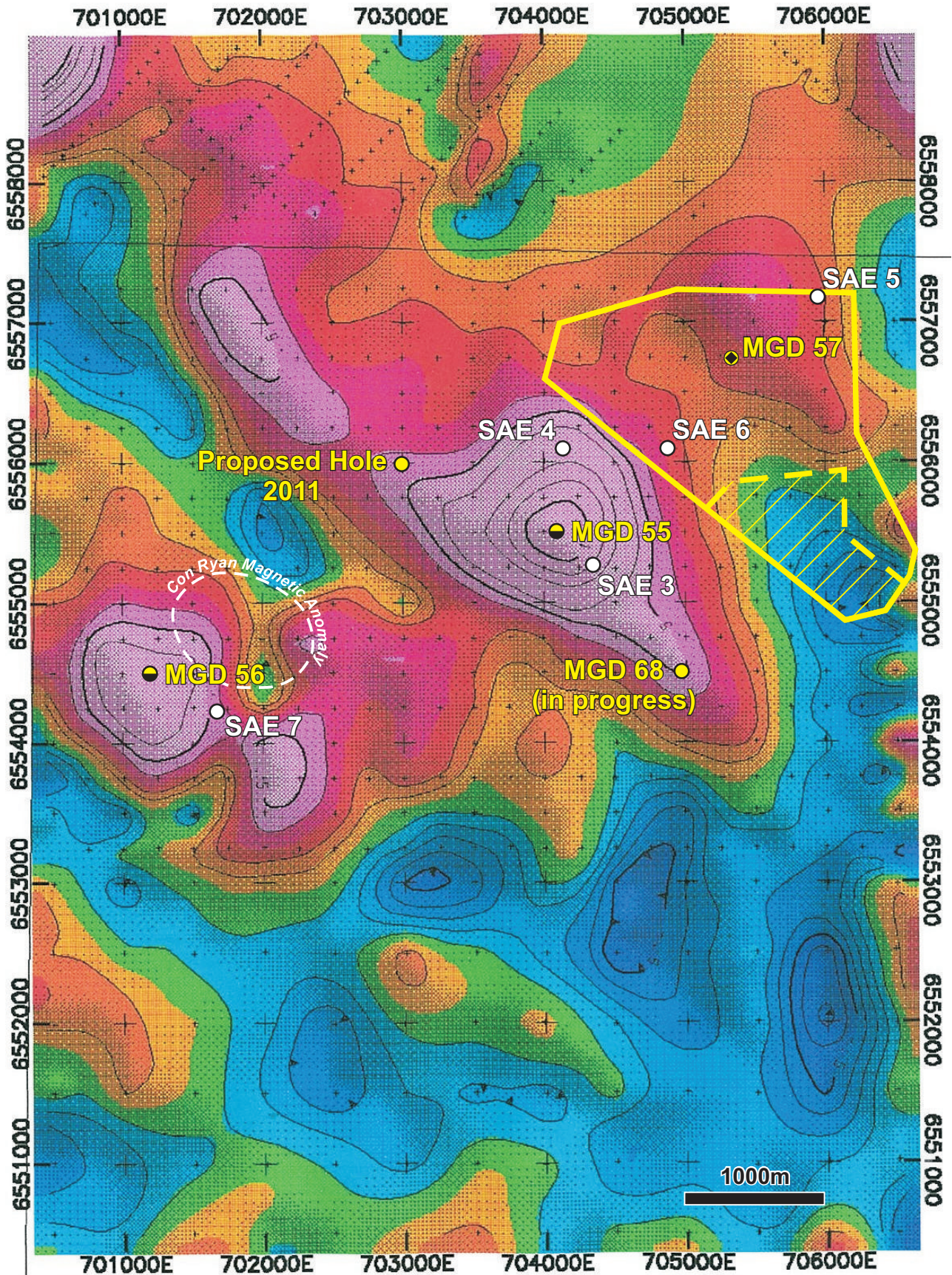
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ATTRIBUTION

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.



REFERENCE

- 2011 diamond drill hole
- 2010 diamond drill hole
- 2009 diamond drill hole
- Old MIM diamond drill hole 1980s
- Copper resource in Cover Sequence
- Higher grade zone

Gunson Resources Ltd	
Mount Gunson Project Emmie Bluff Prospect Residual Gravity and Basement Drilling	
Scale : 1:40,000	File : Emmie Bluff Gravity & Basement Drilling.cdr
Date : 9 Jul 2011	Figure 1