



## FACSIMILE MESSAGE

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Subject:	<b>MOUNT GUNSON COPPER PROJECT</b>

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Please find attached a progress report on drilling at Elaine Prospect on the Mount Gunson Project.

**D N HARLEY**  
Managing Director



**ASX RELEASE**

**PROGRESS REPORT ON DRILLING  
AT MOUNT GUNSON, SOUTH AUSTRALIA**

Diamond drill hole MGD 27, designed to test the possibility of a near vertical copper ore zone close to the northern end of the 10 kilometre long Elaine Zone geophysical anomaly was completed on 22<sup>nd</sup> May. This hole is the first one sole funded by Billiton Exploration Australia Pty Ltd as part of the Mt Gunson Joint Venture initiated on 9<sup>th</sup> April 2001.

The hole was collared on the same section as previous drilling late last year and earlier this year (Figure 1), and the results are consistent with earlier indications that the geophysical anomaly is caused by iron oxide associated copper-gold mineralisation.

The best copper mineralisation in the hole is wider and better grade than in previous drilling and appears to lie "up dip" to the east of that encountered near the base of the previous wedge hole, MGD 26-W1 (Figure 1). Assay results and other details of MGD 27 are listed in Appendix 1. The best intersection is a 15 metre interval between 865-880 metres which averaged 0.3% copper, including 2 metres at 0.7% copper between 878-880 metres. This mineralisation is associated with strong chlorite alteration with accessory magnetite and fluorite, overprinting earlier red rock alteration.

**INTERPRETATION**

The earlier interpretation of a large dense mass of hematite and sulphides above and slightly east of the wedge hole and extending up to the base of the cover sequence is not supported by MGD 27. At this locality, it is now considered that the dense body is a steep zone of magnetite and sulphides with a top near 750 metres vertical depth and a horizontal width of 250 metres, the high grade core of which is interpreted to be 100 metres wide (Figure 1). The magnetite-sulphide body is associated with red rock alteration and breccia, which narrow upwards on this section. Narrowing of the alteration zone up dip may be due to its proximity to the northern tail of Elaine Zone as indicated by geophysical data and consequently it may widen rapidly to the south.

**NEXT DRILL HOLE**

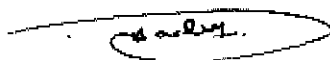
The next hole of the drilling program, MGD 28, will test a much stronger and wider part of the same magnetic anomaly about 2 kilometres to the south. Drilling is due to start on 1<sup>st</sup> June.

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## **PERSPECTIVE**

The results from MGD 27 should be viewed in the following context:

- drilling to date has demonstrated that Elaine Zone is the geophysical expression of a discrete zone of iron oxide associated copper-gold mineralisation.
- the holes completed to date have tested Elaine Zone at its northern extremity. Further drilling along the 10 kilometre long strike length of the Zone is warranted and will recommence later this week.
- it took nine deep drill holes before a substantial intersection of high grade copper mineralisation was discovered at Olympic Dam in the mid 1970's.



**D N Harley**  
**Managing Director**

**29<sup>th</sup> May 2001**

### **Investor enquiries:**

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### **Attachments:**

- Figure 1 – Elaine Prospect – Cross Section
- Appendix 1 – Details of Hole MGD 27

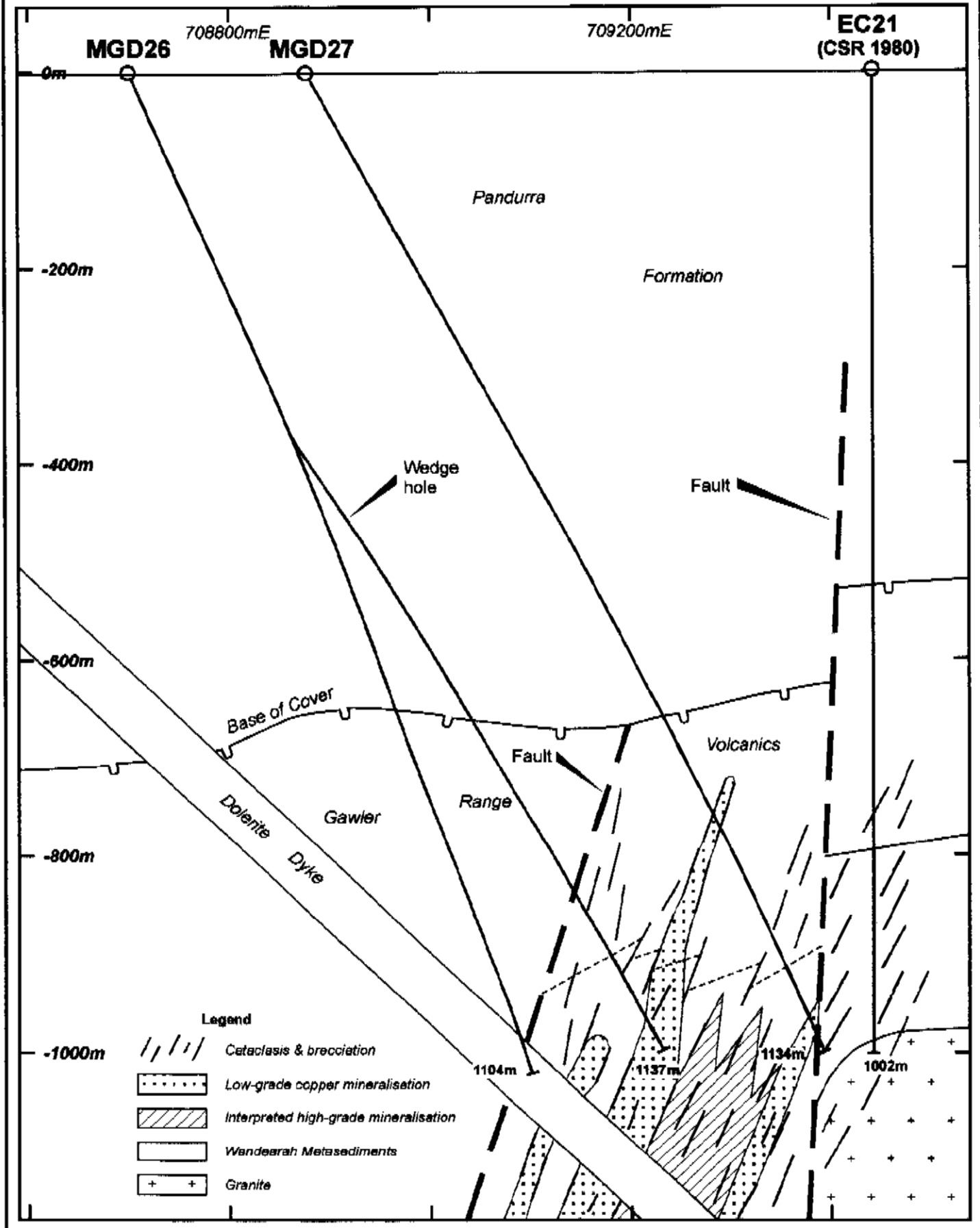
## **ATTRIBUTION**

*The information contained in this report is based on, and accurately reflects, information compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has over five years experience in the field of activity being reported on.*

# Gunson Resources Limited

Figure 1

## MOUNT GUNSON PROJECT - ELAINE PROSPECT : CROSS SECTION



## APPENDIX 1

### DETAILS OF HOLE MGD 27

#### Average Basement Metal Values

From (m)	To (m)	Copper (ppm)	Gold (ppb)	Silver (ppm)	Uranium (ppm)
743	850	36	2	0.3	5.6
850	865	889	6	0.7	4.9
865	880	3033	53	1.3	5.4
878	880	7145	187	0.9	4.4
880	945	289	20	0.3	5.9
945	1000	*	*	*	*
1000	1060	69	3	*	*
1060	1134	*	*	*	*

\* Assays awaited, but unlikely to exceed values between 865 – 880 metres.

#### Other Details

Cover – basement contact	743 metres
Gawler Range Volcanics	743 - 1036 metres
Wandearah Metasediments	1036 - 1134 metres
Strong brecciation	1010 - 1134 metres