

ASX RELEASE
12th December 2005

**COMMENCEMENT OF
DRILLING AT THE MOUNT GUNSON
COPPER PROJECT, SOUTH AUSTRALIA**

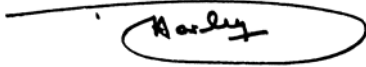
Diamond drilling commenced on 10th December at Chianti Prospect, to test the western side of the weak northerly trending gravity geophysical anomaly shown on the attached diagram, Figure 1. This vertical hole, MGD 34, was collared approximately 400 metres west of vertical percussion hole MGP 31, drilled in 2002 to test the peak of the gravity anomaly. Despite the poor sample quality and up hole contamination in MGP 31, traces of the copper sulphides chalcopyrite and bornite were observed in chip samples of the basement rock. The basement rock in MGP 31 comprised altered haematitic granite and altered fine to medium grained mafic units of probable pre Hiltaba age, believed to be of similar age and alteration style to the host rocks at Carrapateena Prospect, some 20 kilometres to the east. At Carrapateena, the second of two diamond drill holes completed in mid 2005 intersected 67 metres at 3% copper between 476-543 metres depth.

In Gunson's 2005 Annual Report, it was noted that

The Carrapateena mineralisation is associated with a weak gravity geophysical anomaly shorter in strike length than the weaker Chianti gravity anomaly. Both prospects occur on NNE trending basement highs in lower Proterozoic granites of similar alteration style. These lower Proterozoic granites are considerably older than the Hiltaba granites genetically associated with the Olympic Dam deposit but there is evidence at both Chianti and Carrapateena Prospects that the main alteration and copper mineralisation is of Hiltaba age. Significant alteration and iron oxide associated copper mineralisation occur about 15 kilometres south of Chianti Prospect, along the NNE trending Cattlegrid Fault at Elaine Zone.

The commencement of drilling on 10th December followed a lengthy and extensive search for a suitable rig to complete the Company's drilling program at Chianti and Moseley Dam prospects, which were approved for 50% funding by the South Australian Government under their PACE initiative in September 2004. The drilling program is expected to take at least six weeks to complete, with the drilling contractor scheduled to suspend operations for the Christmas break between 20th December 2005 and 5th January 2006. Hole MGD 34 is

presently at a depth of 117 metres and is expected to enter the basement target zone at approximately 400 metres. The target zone includes a broad but weak MIMDAS induced polarisation (IP) geophysical anomaly which does not extend eastward to MGP31.



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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.

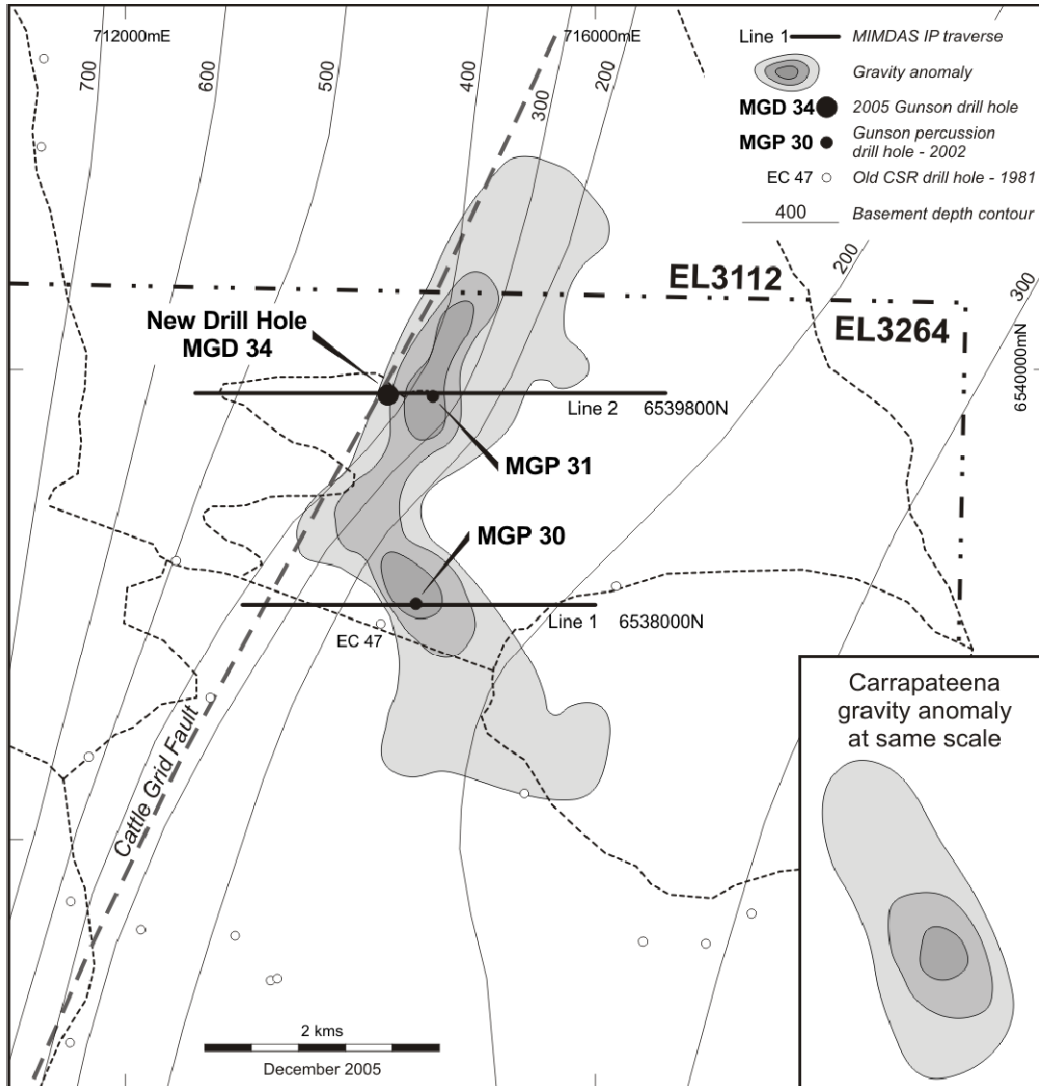


Figure 1 - Chianti Prospect