

18th December 2006

**DRILLING FOR COPPER AT MOUNT GUNSON,
SOUTH AUSTRALIA**

Arrangements have been confirmed for a diamond drilling program to test three iron oxide associated copper-uranium-gold prospects within basement rocks in the northern part of the Mount Gunson Project. Two of the three prospects (Figure 1) have not been previously tested by drilling and the third is Chianti Prospect, where the Company announced in January 2006 an intersection of 2 metres averaging 3.4% copper at 550 metres depth, within basement rocks similar to those at the nearby Carrapateena Prospect.

Contractor Wallis Drilling is scheduled to commence the 3,000 metre program in late January 2007.

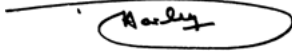
The first hole of the program is planned for Emmie East Prospect, an east-west trending gravity anomaly approximately 4 kilometres long, in a favourable structural setting. This prospect lies some 5 kilometres east of Emmie Bluff Prospect, tested by Mount Isa Mines Limited between 1984-1995. Emmie Bluff Prospect comprises a large body of copper-uranium-gold mineralisation within basement rocks at 900 metres depth, overlain by a flat lying sheet of younger copper mineralisation at 400 metres depth containing an inferred resource of 24 million tonnes averaging 1.3% copper and 0.06% cobalt. There is potential for both styles of copper mineralisation at Emmie East.

Chianti North Prospect is to be the focus of drilling after Emmie East, where a discrete circular gravity anomaly 2 kilometres across has been identified. This anomaly lies in a favourable structural setting, within a basement high approximately 300 metres deep.

The remaining drilling will be on the north western side of Chianti Prospect, which was substantially upgraded by the Company's drilling program completed in January 2006.

Aboriginal heritage clearances were given by the first of two registered native title claimants on 16th December and clearance by the second group is scheduled for early January.

The above drilling program is being funded by Noranda Pacific Pty Ltd, a member of the Xstrata plc Group of companies, who have the right to earn a 51% interest in the Mount Gunson Project by spending \$3.5M on exploration within 3 years of 15th June 2006. The drilling at Chianti Prospect has been granted funding to the level of \$75,000 by the South Australian Government under their Plan for Accelerating Exploration (PACE) Initiative – Round 4, announced on 1st December 2006.



**D N HARLEY
MANAGING DIRECTOR**

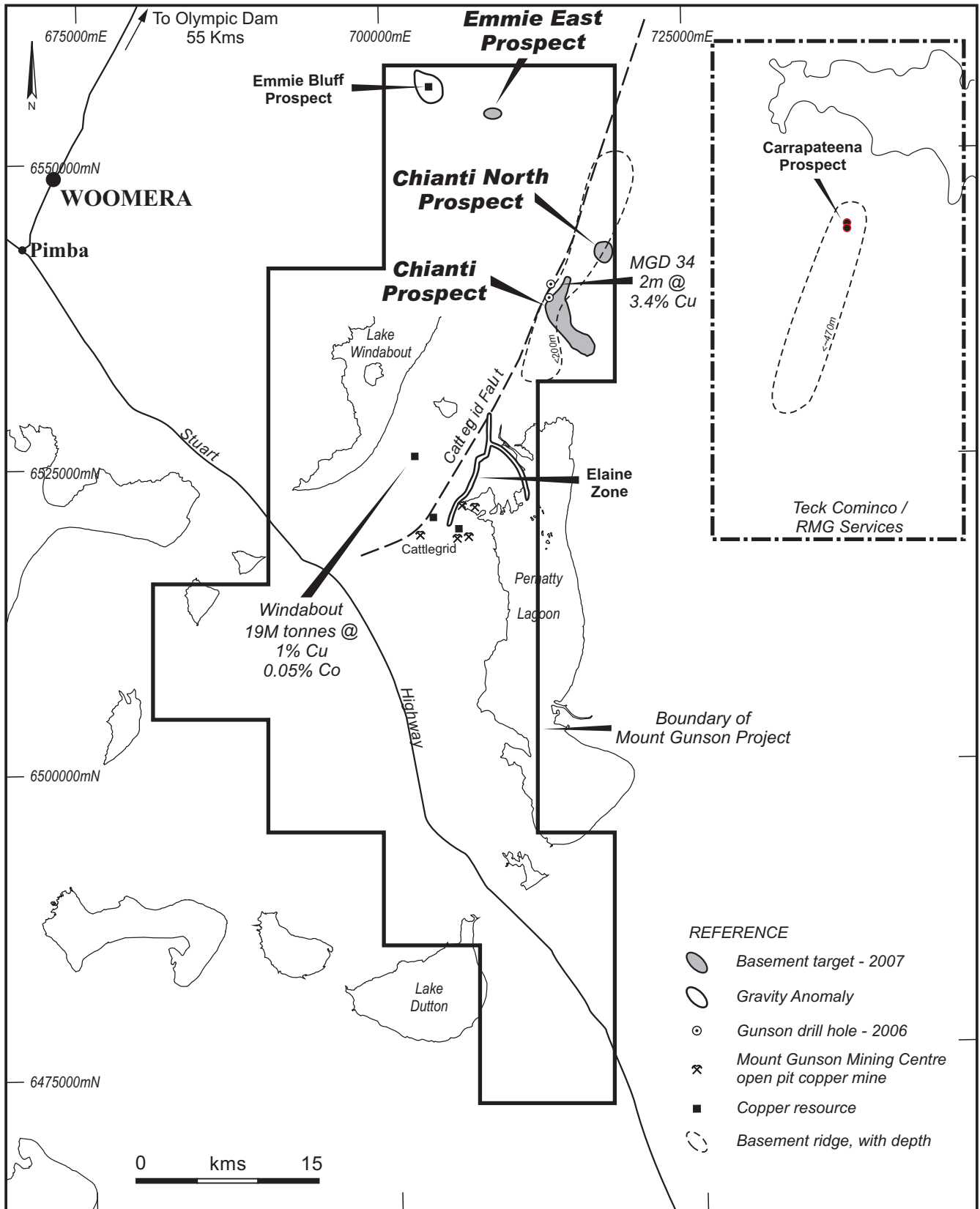
Figure 1: Mount Gunson Target Areas – Early 2007 Drilling

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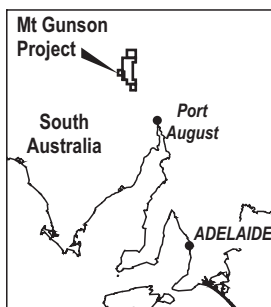
ATTRIBUTION

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.



REFERENCE

-  Basement target - 2007
-  Gravity Anomaly
-  Gunson drill hole - 2006
-  Mount Gunson Mining Centre open pit copper mine
-  Copper resource
-  Basement ridge, with depth



Gunson Resources Ltd	
MOUNT GUNSON TARGET AREAS	
- Early 2007 Drilling Program	
Scale : NTS	
Date : 15 Dec. 2006	File : MG Target Areas 2007.cdr