



FACSIMILE MESSAGE

To:	Australian Stock Exchange Limited
Facsimile:	1300 300 021
From:	D N Harley
Date:	13 th July 2001
Pages:	14
Ref:	COR A2
Subject:	QUARTERLY REPORT – JUNE 2001

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Attached is our Quarterly Report for the three months ended 30th June 2001, along with the Mining Exploration Entity Quarterly Report (Appendix 5B).

D N HARLEY
Managing Director

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GUNSON RESOURCES LIMITED
QUARTERLY REPORT FOR THE PERIOD ENDED
30th JUNE 2001

HIGHLIGHTS

- Two deep diamond drill holes, sole funded by the Company's substantial shareholder and Joint Venture partner Billiton, were completed on the Mount Gunson copper project during the quarter.
- Both holes tested the northern part of the Elaine Zone geophysical anomaly over approximately 20% of its 10km strike length, confirming that the geophysical anomaly is due to a steep zone of iron oxide associated copper gold mineralisation between 100-200 metres wide.
- Although the mineralisation intersected in both holes is sub economic, the alteration mineral assemblage indicates strong potential for a major copper-gold deposit and further drilling by the Joint Venture is planned.
- Results from orientation drilling of ground magnetic anomalies for high grade heavy mineral sand zones on the Coburn project have encouraged the Company to fly a major aeromagnetic survey next month to guide further drilling.



1. MOUNT GUNSON COPPER PROJECT, SOUTH AUSTRALIA

This project has continued to be the main focus of the Company's activity, with ongoing work now being sole funded by substantial shareholder and Joint Venture partner Billiton.

1.1 Drilling Program

Two deep inclined diamond drill holes were completed during the quarter, both designed to test for copper-gold mineralisation in the northern part of the Elaine Zone geophysical anomaly. A plan showing the locations of these holes and cross sections of each are attached as figures 1-3. Further details are outlined below:

Hole Number	Total Depth	Date Completed	Vertical depth to Basement
MGD 27	1,134 m	22 nd May	660 m
MGD 28	1,155 m	1 st July	750 m

Hole MGD 27 was designed to test for a large dense mass of hematite and sulphides above and slightly east of wedge hole MGD 26-W1 on the same cross section (Figure 2). The second hole, MGD 28, tested a much stronger and wider part of the Elaine Zone magnetic anomaly 2 kilometres to the south (Figure 3).

1.2 Drilling Results

Both holes confirmed earlier indications that the Elaine Zone geophysical anomaly is due to iron oxide associated copper-gold mineralisation.

MGD 27

The best mineralisation in this hole is a 15 metre interval between 865-880 metres averaging 0.3% copper, including 2 metres at 0.7% copper between 878-880 metres. Strong chlorite alteration accompanies this mineralisation, along with accessory magnetite and fluorite, all of which overprint associated red rock alteration.

The intersection described above 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 wedge hole, MGD 26-W1 (Figure 2).



MGD 28

This hole intersected the strongest alteration yet observed in Elaine Zone, with pervasive red rock alteration and steadily increasing magnetite downward from 900 metres. Minor copper sulphide mineralisation first appeared at 925 metres but assays revealed anomalous but low copper values. The best intervals were a 3 metre zone averaging 0.15% copper between 982-985 metres and a 2 metre zone in magnetite rich breccia which averaged 0.09% copper between 1,151 – 1,153 metres. The style of alteration and mineralisation in the latter zone supports the Company's view that Elaine Zone is capable of hosting large high grade ore shoots but on this drill section the best potential is at depth within the modelled source of the main magnetic anomaly (Lower Magnetic Body on Figure 3).

1.3 Interpretation

The drilling to date has indicated that Elaine is a steep zone of iron oxide associated copper-gold mineralisation 100–300 metres across, the top of which widens out in a toadstool shape in cross section but where intersected in drilling to date is sub economic. However, Elaine Zone has good potential for high grades at depth and, possibly, in shallower shoots extending up to the base of cover between the two drill sections. It is still untested along 80% of its strike length to the south (Figure 1).

1.4 Further Drilling

Drilling has been suspended for a short period to enable additional geophysical data to be collected on Elaine Zone and for some drill access issues to be resolved.

In the meantime, Billiton has reaffirmed its commitment to the \$675,000 exploration program they approved in April. Approximately half of these funds have been spent to date.

1.5 Additional High Priority Drill Target

A strong coincident gravity-magnetic anomaly interpreted to be at relatively shallow depth has been revealed approximately 5 kilometres south east of hole MGD 28 on Elaine Zone. Detailed interpretation of this feature, known as the Vessel anomaly (Figure 1) is in progress.



1.6 Ground Reduction

In accordance with an agreement with the South Australian Government outlined in the Company's prospectus, a 15% reduction in the total area of the project exploration licences was made at the end of the quarter. The reduced area of the project is 3,360 square kilometres.

2. COBURN MINERAL SAND PROJECT – WESTERN AUSTRALIA

An orientation drilling program designed to test ground magnetic anomalies for high grade mineralisation commenced on 13th May. This program comprised 117 holes for 3,926 metres, at an average hole depth of 33.5 metres. The drilling was largely confined to the east-west drill traverses across the Amy Zone mineralisation completed last year, as these were the only lines along which ground magnetics had been read.

Results of the drilling have shown some correlation of magnetic anomalies with higher grade mineralisation but the quality of the magnetic data had been affected by proximity to fence lines and other interference effects. Consequently, it was decided to postpone further drilling until better and more comprehensive magnetic data can be collected from a very low level aeromagnetic survey. The first available aircraft for this survey has been scheduled for mid August and drilling is expected to recommence in September.

Some selected intersections of mineralisation from the above drilling program based on laboratory analysis are listed in table 1 below:

Hole Number	Traverse	From (m)	To (m)	Intersection
CBC 495	7,043,000N	10	20	10m @ 2.8%
CBC 530	7,052,000N	33	37	4m @ 5.8%
CBC 547	7,058,000N	38	44	6m @ 2.9%

3. ONSLOW COPPER PROJECT – WESTERN AUSTRALIA

Planning for a first pass drilling program scheduled for late August is in progress.

4. SHELL LAKES NICKEL PROJECT – WESTERN AUSTRALIA

Efforts have been stepped up to expedite grant of the Company's five exploration licence applications.

**QUARTERLY REPORT FOR JUNE 2001****5. FINANCIAL**

At 30st June, the Company had \$1,762,000 in cash and short term deposits. Exploration expenditure for the quarter was \$199,000, excluding externally funded expenditure on the Mount Gunson Project. Forecast Company expenditure for the September quarter is \$250,000

D N HARLEY
Managing Director
13th June 2001

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Attachments:

- Figure 1: Elaine Zone – Plan
- Figure 2: Elaine Zone – Cross Section 26,600N
- Figure 3: Elaine Zone – Cross Section 24,600N
- Cash Flow Statement

ATTRIBUTION

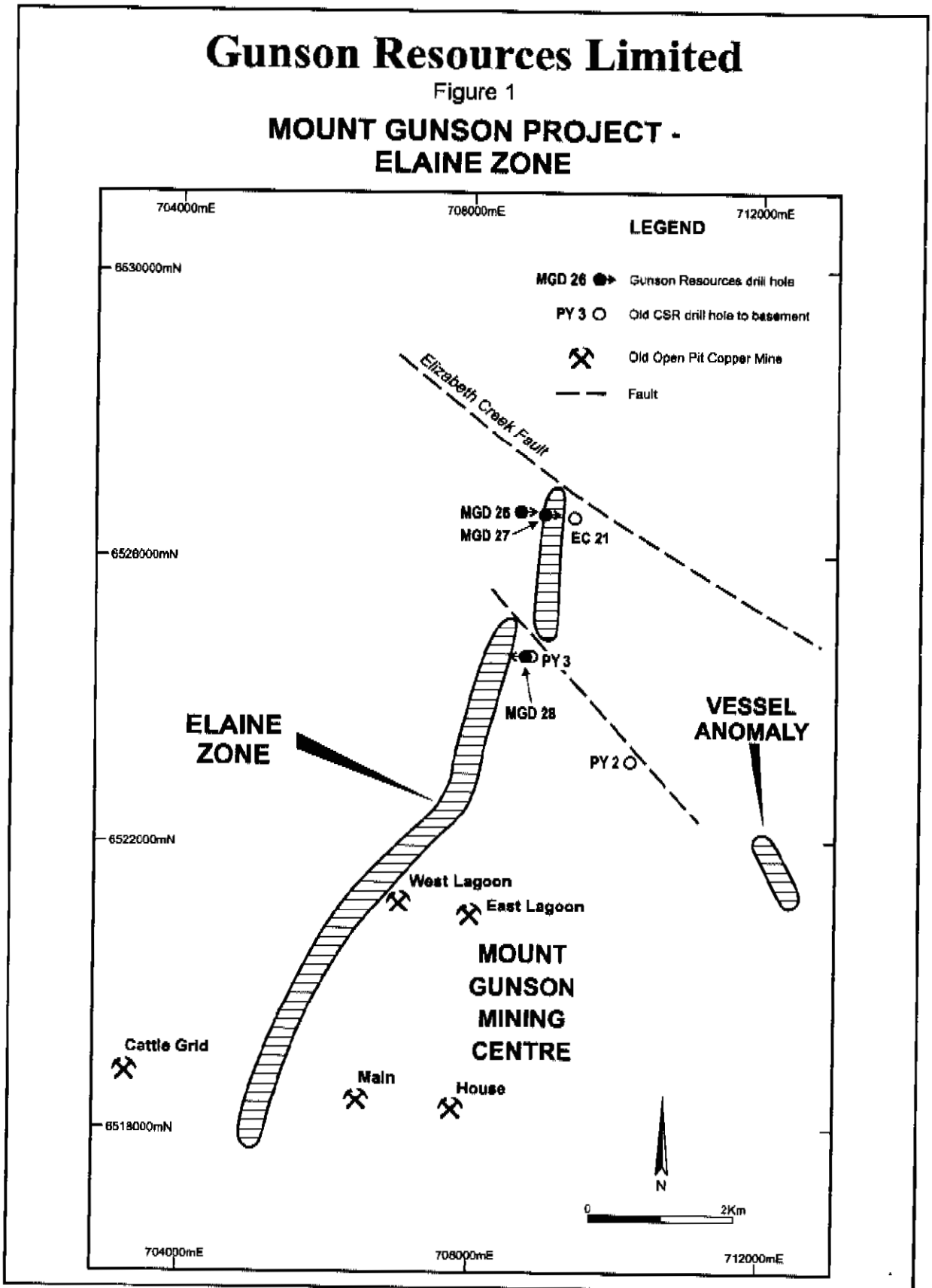
The information contained in this report is based on, and accurately reflects, information compiled by Mr D N Harley, a corporate member of the Australasian Institute of Mining and Metallurgy, who has over five years experience in the field of activity being reported on



Gunson Resources Limited

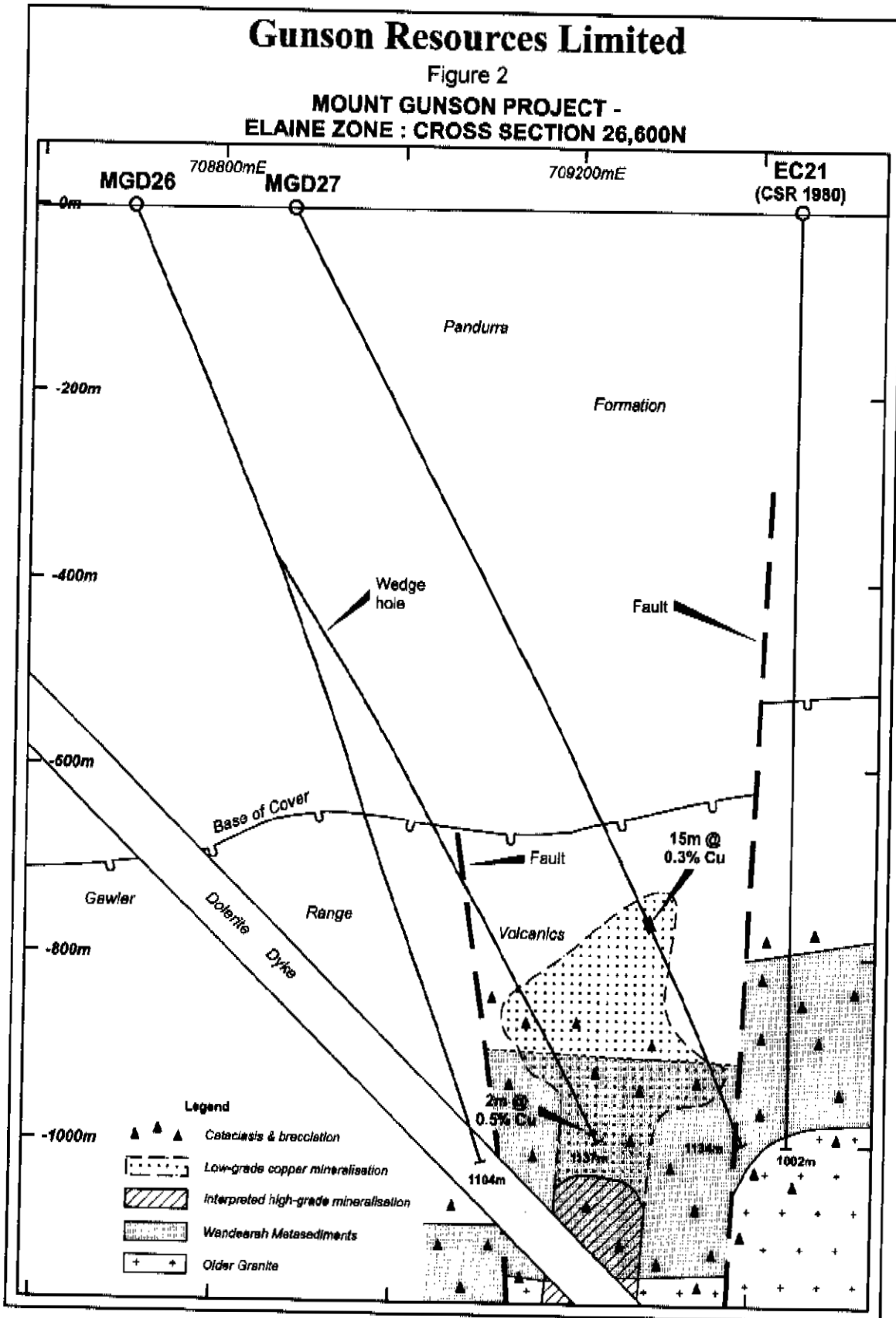
Figure 1

MOUNT GUNSON PROJECT - ELAINE ZONE





QUARTERLY REPORT FOR JUNE 2001





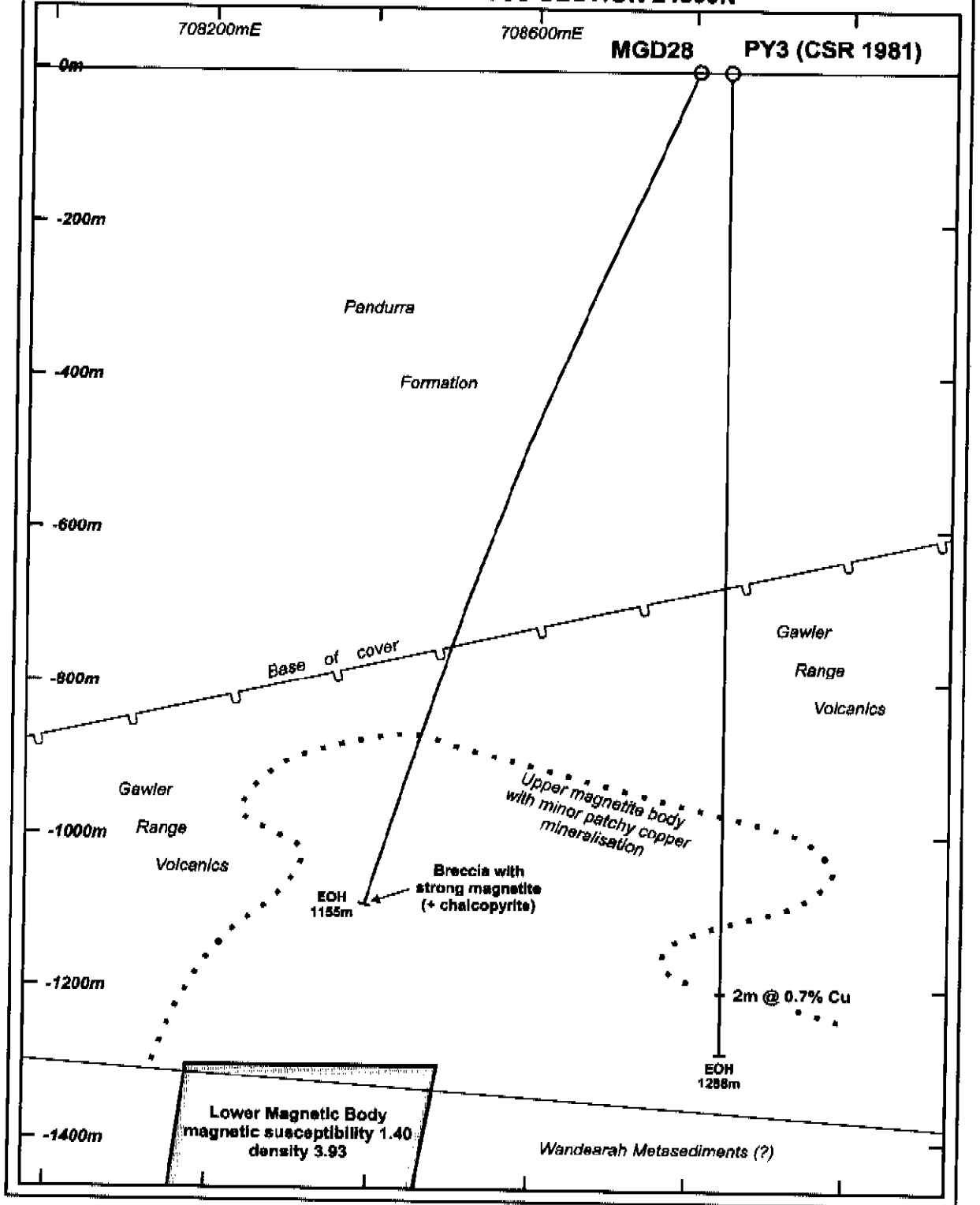
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QUARTERLY REPORT FOR JUNE 2001

Gunson Resources Limited

Figure 3

MOUNT GUNSON PROJECT - ELAINE ZONE : CROSS SECTION 24600N



Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/98. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

GUNSON RESOURCES LIMITED

ACN or ARBN

090 603 642

Quarter ended ("current quarter")

30 th June 2001

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(199)	(1220)
(b) development		
(c) production		
(d) administration	(104)	(381)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	22	139
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) JV Mgmt Fees	3	3
Net Operating Cash Flows	(278)	(1459)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets		(3)
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		(3)
1.13 Total operating and investing cash flows (carried forward)	(278)	(1462)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(278)	(1452)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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 (provide details if material) Capital Raising		(25)
	Net financing cash flows		
	Net increase (decrease) in cash held	(278))	(1487)
1.20	Cash at beginning of quarter/year to date	2040	3249
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1762	1762

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	49
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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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

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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

<p>Billiton Exploration Australia have made contributions totalling \$401K to the Mt Gunson Joint Venture between Gunson Resources and Billiton Exploration Aust to establish their share of the JV. They must spend a minimum of \$2.5 million in 2 years from 9th April 2001 to earn a 51% interest, otherwise they do not earn any equity.</p>
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+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	Nil	
3.2 Credit standby arrangements	Nil	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	
Total	150

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	262	340
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details) Term Deposit	1500	1700
Total: cash at end of quarter (item 1.22)	1762	2040

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	Ruby Plains ELA's 80/2585 - 2587	100%	Nil
6.2	Interests in mining tenements acquired or increased	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>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	32,668,005 Fully Paid	31,504,002		
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>	Nil			
7.6 Changes during quarter				
7.7 Options <i>(description and conversion factor)</i>	Class A 375,000 3,125,000 Class B 375,000 3,125,000		Exercise price 20 cents 20 cents 25 cents 25 cents	Exercise Period 12/5/01 – 12/5/05 12/5/02 – 12/5/05 12/5/01 – 12/5/05 12/5/02 – 12/5/05
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 Debentures <i>(totals only)</i>	Nil			
7.12 Unsecured notes <i>(totals only)</i>	Nil			

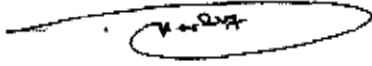
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date: 13 July 2001.

Print name:

D N 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* apply 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.

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+ See chapter 19 for defined terms.