

AUSTRALIAN STOCK EXCHANGE



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**GUNSON RESOURCES LIMITED**

ABN 32 090 603 642

FACSIMILE MESSAGE

To:	Australian Stock Exchange Limited
Facsimile:	1300 300 021
From:	D N Harley
Date:	27 th April 2001
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Subject:	QUARTERLY REPORT – MARCH 2001

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Attached is our Quarterly Report for the three months ended 31st March 2001, along with the Mining Exploration Entity Quarterly Report (Appendix 5B).

D N HARLEY
Managing Director



GUNSON RESOURCES LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDED
31st MARCH 2001

HIGHLIGHTS

- The potential for a large new zone of Olympic Dam style mineralisation at Elaine Prospect on the Mount Gunson copper project in South Australia has been upgraded by drilling during the quarter.
- The drilling results have encouraged the major international mining company Billiton to sole fund the next phase of drilling at Mount Gunson, which commenced on 26th April. This drilling will comprise four deep diamond holes as part of a \$675,000 exploration program over the next four months.
- Billiton has the right to earn a 70% interest in the Mount Gunson Project by spending \$6 million over a five year period from 9th April 2001, after which Gunson Resources may elect to be carried into production with a 20% interest.
- Results from a recently completed ground magnetic survey on the Coburn mineral sand project have defined several promising targets for high grade mineralisation which are to be tested with a drilling program commencing in May.

1. MOUNT GUNSON COPPER PROJECT, SOUTH AUSTRALIA

This project has been the main focus of the Company's activity during the quarter. Promising results from drilling at Elaine Prospect have attracted substantial shareholder Billiton to sole fund a \$675,000 drilling program which commenced on the 26th April.

1.1 Wedge Hole Results

Wedge hole MGD 26-W1 at Elaine Prospect was completed on 12th February. This hole passed through the western contact of a major mineralised breccia zone at 953 metres and was stopped in this zone at 1137 metres after the rig, rated to a depth of 1000 metres, was unable to continue. Assay data from the hole are summarised in table 1 and a cross section is shown on Figure 1.

Copper sulphide mineralisation as chalcopyrite is considerably more abundant in this breccia zone than its western fringe. The fringe zone was encountered in the entire basement portion of the first hole, MGD 26, and the upper part of the wedge hole. The highest copper value in the breccia zone is 0.5% over a 2 metre interval close to the end of the wedge hole between 1130-1132m, associated with 0.2 g/t gold and 1.8 g/t silver (Table 1) but much higher copper grades are possible to the east based on the following observations:

- the overall iron oxide and sulphide content encountered in the drilling to date is much less than predicted in the geophysical modelling. Rock property data measured from the wedge hole supports the interpretation that a large mass of hematite and sulphide lies above and slightly east of the end of the wedge hole, in the 200 metre wide "window" between this wedge and the old CSR drill hole, EC 21 (Figure 1).
- high grade ore zones at the Olympic Dam mine are commonly up to 100 metres wide and are surrounded by envelopes of similar weakly mineralised breccia.
- the favourable breccia zone at Elaine Prospect is now interpreted to extend eastwards for 200 metres to hole EC 21 (Figure 1).

1.2 Major Zone of Interest

The overall interpretation now indicates that Elaine Prospect is part of major near vertical iron oxide rich breccia zone in the basement rocks at least 250 metres wide known as the Elaine

Zone. Elaine Zone is expressed geophysically as a zone of gravity and magnetic anomalies which extend southward for approximately 10 kilometres, beneath the old open pit copper mines of the Mount Gunson mining centre. An old CSR drill hole, PY3, located approximately 2 kilometres to the south of Elaine Prospect and a few hundred metres east of the Elaine Zone geophysical anomaly provides evidence of iron oxide associated copper-gold mineralisation along strike, with an intersection of 2 metres at 0.7% copper.

1.3 Billiton Decision to Fund Further Drilling

In March, the Company exceeded its commitment to spend \$800,000 on exploration at Mount Gunson and in accordance with the Billiton Subscription Agreement, Billiton have elected to sole fund further drilling by initiating the Mount Gunson Joint Venture effective from 9th April 2001. Gunson Resources is the manager of the Joint Venture during the exploration phase.

The Company is pleased that Billiton has elected to fund further drilling of the Elaine Zone, which has potential for a major copper deposit that would satisfy Billiton's investment criteria for a high volume, low cost and long life mining operation. Billiton has the right to earn a 70% interest in the Project by spending \$6 million over a five year period from 9th April 2001, after which Gunson Resources may elect to be carried into production with a 20% interest.

1.4 New Drilling Program

A new phase of drilling for Olympic Dam style mineralisation along the promising 10 kilometre long Elaine Zone geophysical anomaly commenced on 26th April. This program will comprise four deep diamond drill holes at several locations along Elaine Zone, as shown on Figure 2. The first of these holes, MGD 27, designed to test the interpreted ore zone between the recently completed wedge hole and old CSR drill hole EC 21, is in progress at 100 metres. (Figure 1). The estimated down hole depth to the top of the target zone in this hole is 640 metres.

The total cost of the four hole drilling program outlined above is estimated at \$675,000 and is expected to be completed by September. If the results of the drilling are sufficiently encouraging, a further \$425,000 has been budgeted to cover an additional three holes to be completed by the end of 2001.



2. COBURN MINERAL SAND PROJECT – WESTERN AUSTRALIA

A ground magnetic survey completed in early April along the previous east-west drill traverses across Amy Zone has revealed some promising targets for high grade mineralisation, which are scheduled for drill testing in May.

None of these anomalies appear to have been effectively tested by the previous widely spaced drilling program. The strongest anomaly occurs in the southern part of Amy Zone and is at least 3 kilometres long and 100 metres wide. A longer but narrower anomaly about 7 kilometres in length is prominent in the northern part of the survey area.

A more extensive airborne magnetic survey to define additional high grade zones will be considered after the results of the forthcoming drilling program have been evaluated.

3. ONSLOW COPPER-GOLD PROJECT – WESTERN AUSTRALIA

Discussions with major mining companies regarding the funding of a first pass drilling program continued during the quarter.

4. RUBY PLAINS NICKEL PROJECT – WESTERN AUSTRALIA

This project is being relinquished as there was little interest in testing the very deep magnetic targets defined last year.

5. SHELL LAKES NICKEL PROJECT – WESTERN AUSTRALIA

Grant of the project tenement applications has been delayed by the previous State Government wishing to complete a native title agreement with the Spinifex People, who reside some 30 kilometres west of the main target area. This agreement, which recognises the Spinifex People as the sole native title holders of the main target area on the project, has now been concluded and negotiations with them are scheduled to commence shortly.

Discussions have been held with relevant ministers of the new State Government regarding their policy on exploration and mining in nature reserves. Approximately two thirds of the Company's tenement applications lie within the western part of the Great Victoria Desert Nature Reserve, which may be affected by the New Government policy.

6. FINANCIAL

At 31st March, the Company had \$2,040,000 in cash and short term deposits. Exploration expenditure for the quarter was \$265,000 and forecast expenditure on exploration excluding externally funded expenditure is \$300,000. A statement of cash flows is attached.



D N HARLEY
Managing Director
27th April 2001

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Attachments:

- Figure 1: Elaine Prospect – Cross Section
- Figure 2: Elaine Zone – Plan
- Table 1: Assays from MGD 26-W1
- Cash Flow Statement

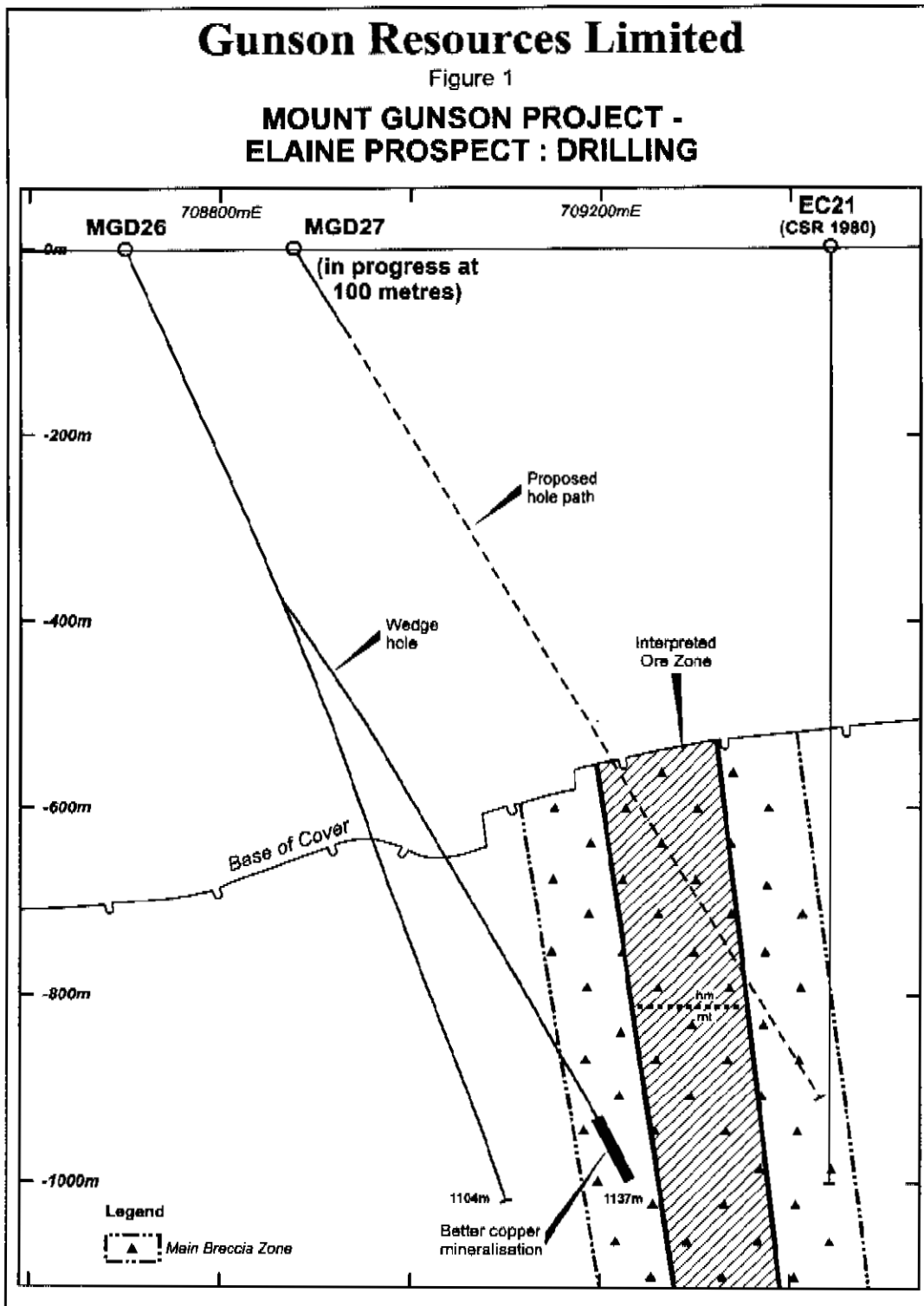
ATTRIBUTION

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

QUARTERLY REPORT FOR MARCH 2001



Gunson Resources Limited

Figure 2

MOUNT GUNSON PROJECT - PROPOSED DRILL HOLES

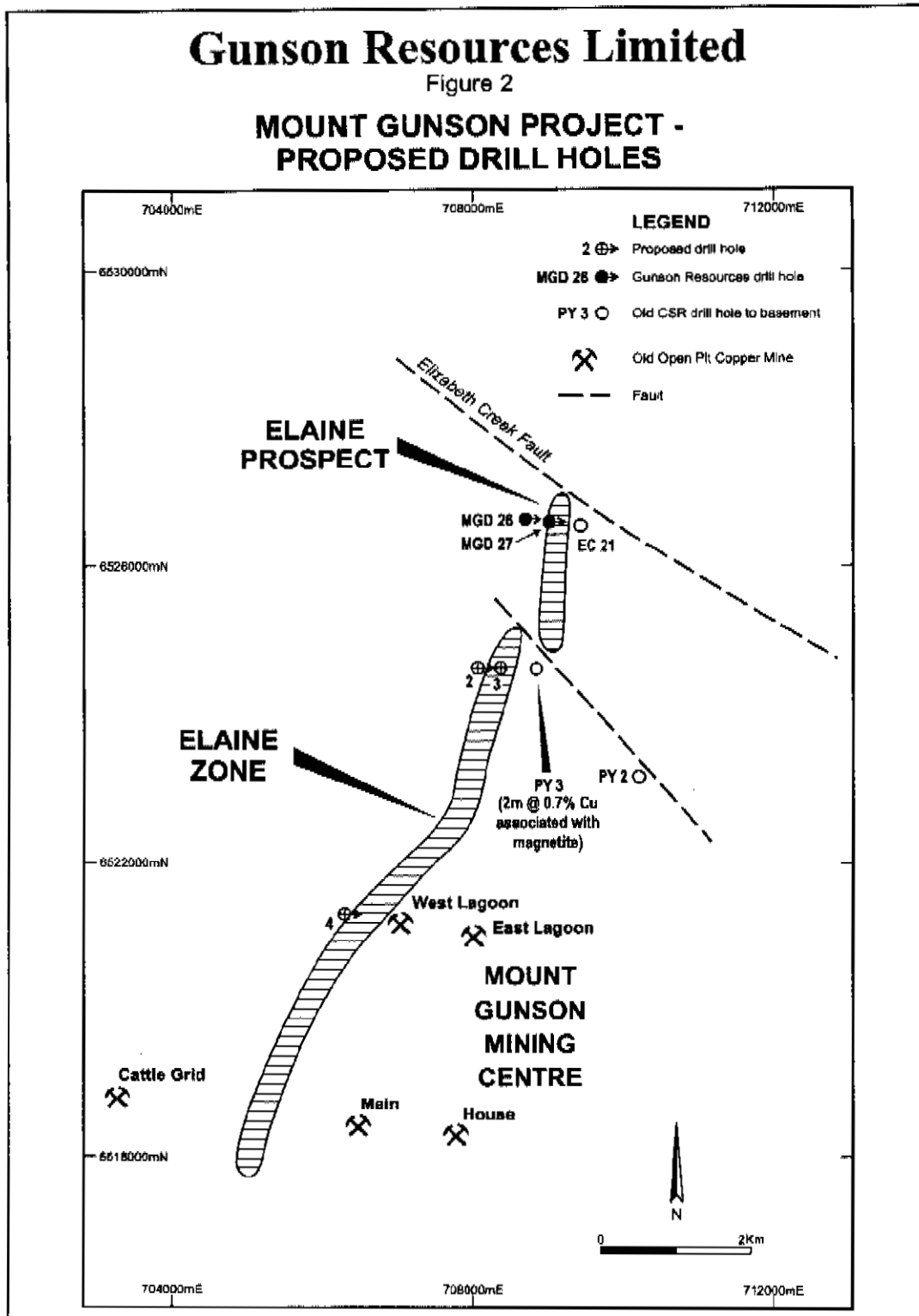


Table 1. Average Metal Values from Basement Rock Zones in Hole MGD 26-W1

Zone	From (m)	To (m)	Copper (ppm)	Gold (ppb)
Fringe	743	953	88	5
Breccia	953	1065	249	11
Breccia	1065	1083	833	33
Breccia	1083	1102	1490	50
Breccia	1102	1130	440	14
Breccia	1130	1132	4957	206
Breccia	1132	1137	680	17

Zone	From (m)	To (m)	Silver (ppm)	Uranium (ppm)
Fringe	743	953	0.6	5
Breccia	953	1060	0.3	10
Breccia	1060	1083	0.4	8
Breccia	1083	1102	0.6	10
Breccia	1102	1130	0.5	8
Breccia	1130	1132	1.8	5
Breccia	1130	1137	0.3	3

Note: Samples were composited as follows:

743 – 760m 2 metres

760 – 1070m 5 metres

1070 – 1100m 1 metre

1100 – 1137m 2 metres

Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. 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")

31 st March 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	(265)	(1021)
(b) development		
(c) production		
(d) administration	(89)	(277)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	45	117
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(309)	(1181)
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)	(309)	(1184)

+ See chapter 19 for defined terms.

1/7/98*

Appendix 5B Page 1

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(309)	(1184)
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		(309))	(1209)
1.20	Cash at beginning of quarter/year to date	2349	3249
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2040	2040

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

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

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

+ 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	300
4.2 Development	
Total	300

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	340	49
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details) Term Deposit	1700	2300
Total: cash at end of quarter (item 1.22)	2040	2349

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	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:

DN Harley

(Director/Company secretary)

Date: *27 April 2001*

Print name:

DN 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.