

ASX RELEASE

21st December 2007

**EXCITING NEW GEOPHYSICAL ANOMALY
ENCOURAGES FORTHCOMING COPPER DRILLING CAMPAIGN AT
MOUNT GUNSON, SOUTH AUSTRALIA**

Five electrical geophysical traverses at Chianti Prospect earlier this month have defined apparently coincident TEM (Transient Electro-Magnetic) and IP (Induced Polarisation) anomalies in a favourable geological setting for iron oxide associated copper-gold mineralisation within basement rocks. Drilling of this anomalous zone, which has not been tested by previous drilling, will commence in mid January 2008.

The TEM and IP geophysical techniques were designed to detect sulphide mineralisation and for this reason the Company is very encouraged by the results of the recent traverses, the location of which are shown on the attached diagram. Only 1 of 3 planned IP traverses and 4 of the 10 TEM traverses were completed before the 2007 Christmas – New Year break but these provided sufficient data to reveal a coherent TEM anomaly some 500m wide on the 3 northernmost TEM traverses, spaced 200m apart. The TEM anomaly is open to the north and lies about 400m below the surface. Hole MGD 44, the nearest drill hole to the anomaly some 250m to the south west, entered basement at 292m depth.

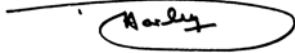
The IP anomalous zone lies 200m to the north along the strike projection of the TEM anomaly, at an estimated depth of at least 300m. It is classified as moderate in intensity and is estimated to be some 400m wide and open at depth.

Further TEM and IP field programs to complete the planned traverses shown on the attached diagram are scheduled to commence in mid January, 2008. A down hole TEM survey in MGD 34, designed to follow up the intersection of 2m @ 3.4% copper in this hole, will also be carried out while the TEM crew is on site. The results of these programs are expected to guide further drill targeting if the results of the first hole are sufficiently encouraging.

Three other target areas for iron oxide associated copper-gold mineralisation in basement rocks have been chosen for drill testing in early 2008, subject to further computer modelling of the gravity and magnetic data used to define them. Drilling of these target areas is to follow on from the work at Chianti Prospect discussed above.

Exploration is being funded by Xstrata Copper, who through its company Noranda Pacific Pty Ltd, has the right to earn a 51% interest in the Mount Gunson Project by spending \$3.5 million in 3 years from 15th June 2006.

Xstrata Copper had spent just over \$1 million up to the end of November, 2007.



D N HARLEY
MANAGING DIRECTOR

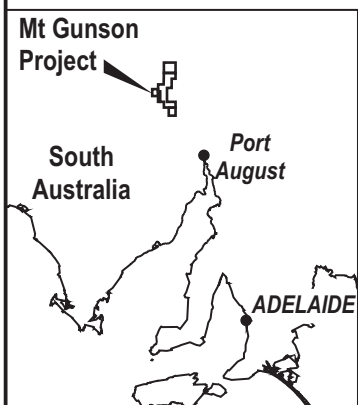
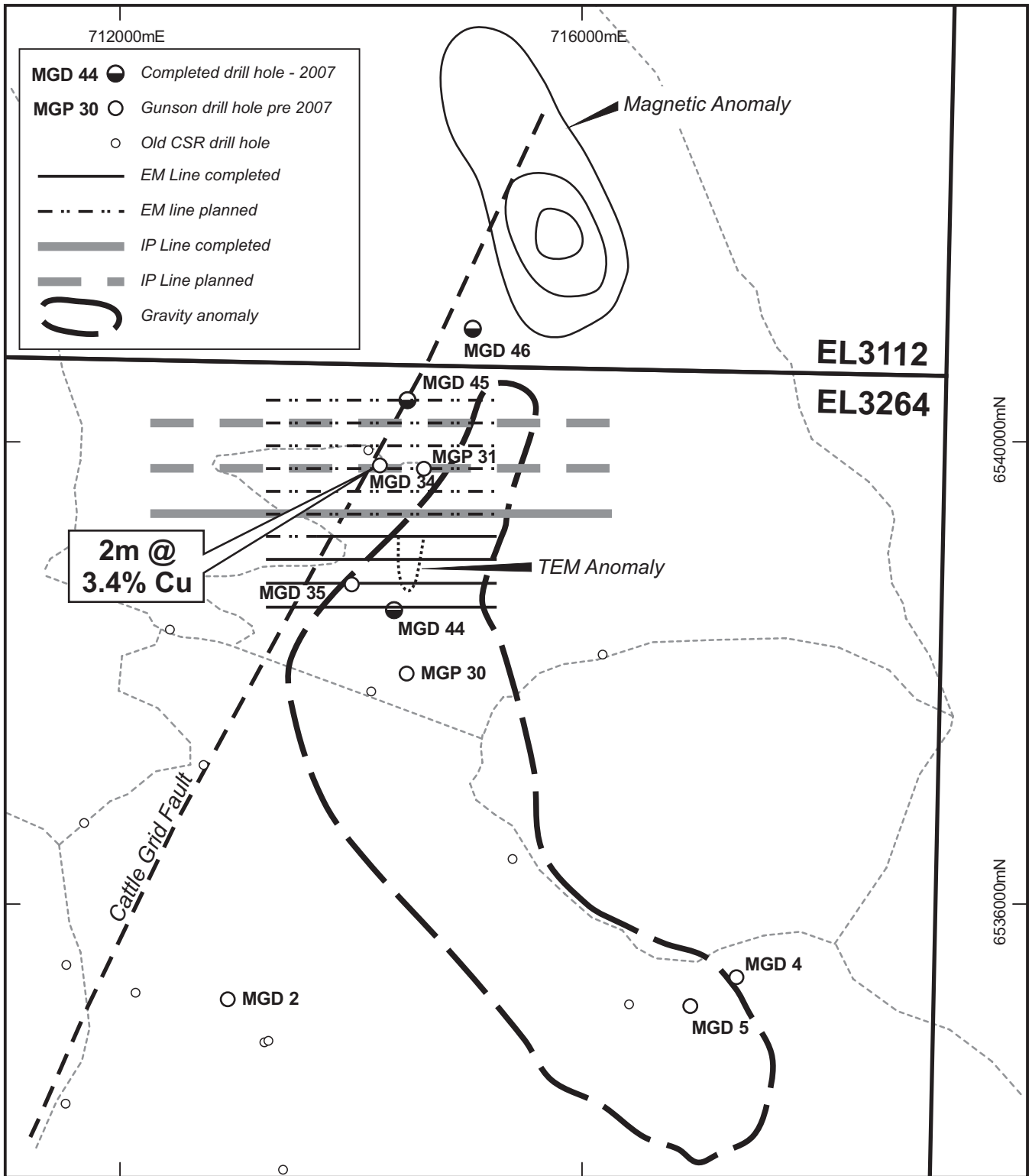
Attachment: Chianti Prospect – Geophysics and Drilling

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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.



Gunson Resources Ltd	
MOUNT GUNSON PROJECT	
Chianti Prospect	
Geophysics and Drilling	
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