

ASX RELEASE
1st March 2011

COMMENCEMENT OF DIAMOND DRILLING ON THE FOWLERS BAY NICKEL SULPHIDE PROJECT

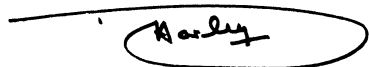
Diamond drilling of the strong bedrock Transient Electromagnetic (TEM) target in the northern part of the Project exploration licence (Figure 1) commenced on 24th February 2011 and the first hole, FBD 1, is currently in progress at 210 metres (m).

To minimise the risk of caving in the upper part of the hole, FBD 1 is being drilled vertically, aimed to intersect the steep south-easterly dipping TEM conductive zone at a depth of approximately 220 m. The top of basement was intersected at 50 m, below sediments of the Eucla Basin that host the Iluka Resources Ltd. Jacinth – Ambrosia zircon deposits some 60 kilometres to the north (Figure 1). This Eucla Basin cover sequence contains a 3 m thick lignite coal bed between 22–25 m in FBD 1. However, there was no sample return in the 50 m rotary pre collar below 25 m and thus, the heavy mineral sand potential between 25 and 50 m was not adequately tested by this hole.

The main basement rock types in FBD 1 are granitic and mafic gneisses, some of the granitic gneisses showing cataclastic textures typical of a major fault zone. It is likely that the TEM conductor is parallel or sub parallel to the foliation in the gneisses, which in turn is almost parallel with the drill core axis.

A second hole, FBD 2, is planned at an angle of 60 degrees north – west, to establish the thickness of the TEM conductor some 50 m along strike to the south – east.

The exploration target at Fowlers Bay is craton margin Proterozoic nickel sulphide deposits on the western side of the Gawler Craton, within a belt of northerly trending ultramafic rocks hosted by faulted gneisses. The TEM conductor being tested by FBD 1 lies in a regional north – easterly trending fold in this belt, interpreted from magnetic data. The basement rocks observed to date in the hole are consistent with this geological setting.

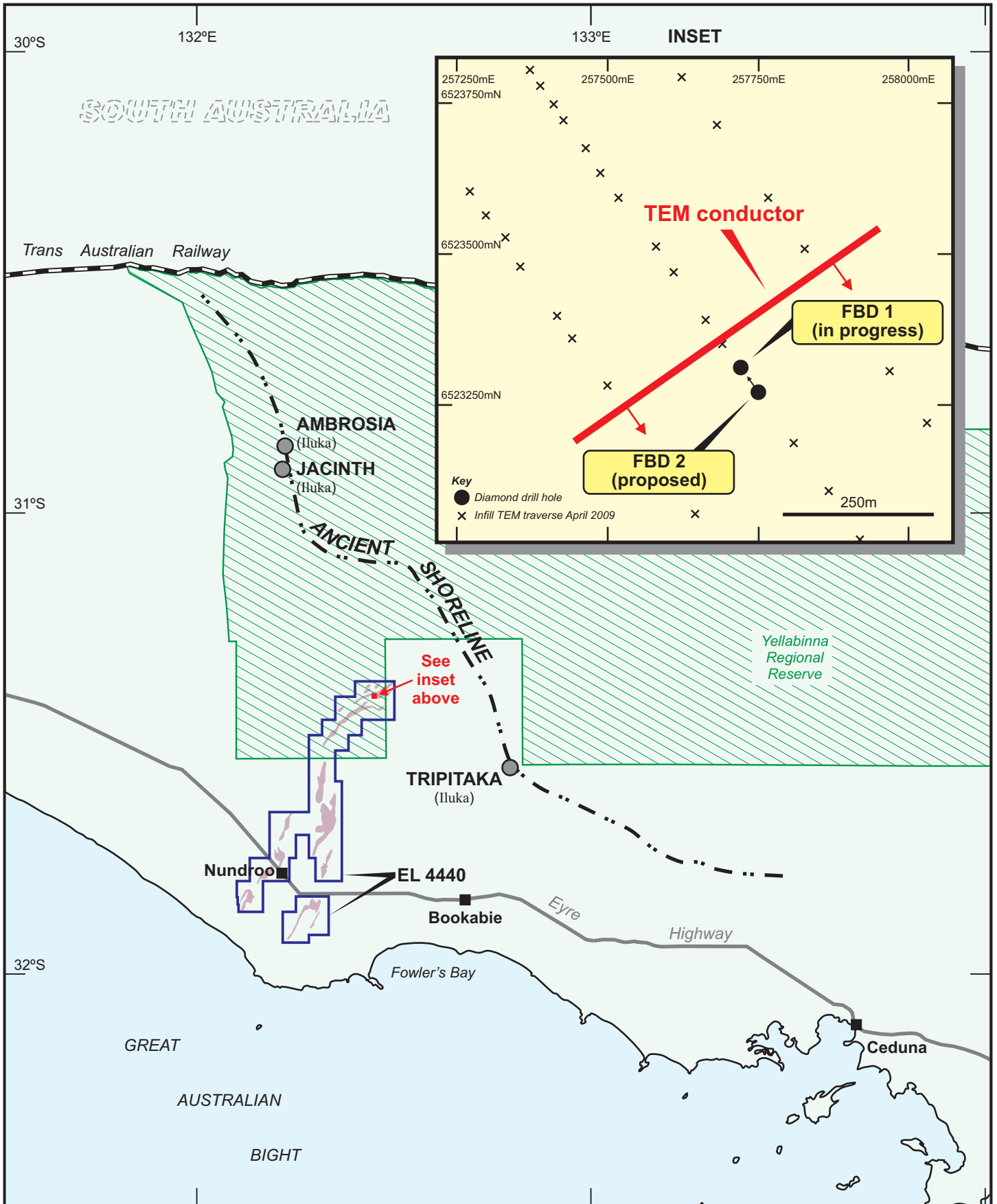


D N HARLEY
MANAGING DIRECTOR




Figure 1. Fowlers Bay Project – Diamond Drill Holes

Investor enquiries:

Telephone: (08) 9226 3130
Facsimile: (08) 9226 3136
Email: enquiries@gunson.com.au
Website: www.gunson.com.au
Address: PO Box 1217, West Perth
Western Australia 6872



Legend

-  Gunson Resources exploration licence
-  Zircon rich heavy mineral sand deposit
-  Interpreted ultramafic rock unit



Gunson Resources Ltd

**Fowler's Bay Project - S.A.
Diamond Drill Holes**

Scale : 1:1,250,000

File : FB Diamond Drill Holes.cdr

Date : 1 Mar 2011

Figure 1