



AUSTRALIAN STOCK EXCHANGE



GUN000026

FACSIMILE MESSAGE

To:	Australian Stock Exchange Limited
Facsimile:	1300 300 021
From:	D N Harley
Date:	26 th October 2001
Pages:	12
Ref:	COR A2
Subject:	QUARTERLY REPORT – SEPTEMBER 2001

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Attached is our Quarterly Report for the three months ended 30th September 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
30th SEPTEMBER 2001****HIGHLIGHTS**

- Electrical geophysical surveys and geological interpretation during the quarter have defined two high priority targets on the Mount Gunson copper project. One of these is scheduled for drilling during the December quarter.
- A detailed low altitude aeromagnetic survey over the Amy Zone heavy mineral sand deposit on the Coburn Project has defined a considerable number of magnetic anomalies interpreted to be zones of enhanced grade. These anomalies are largely untested by the previous widely spaced drilling program.
- Significant progress has been made in resolving land access issues on the Shell Lakes nickel sulphide project and grant of title is expected in late 2001.
- Drilling on the Onslow gold-copper project has encountered geochemically anomalous basement rocks associated with weak hematite-carbonate alteration.



1. MOUNT GUNSON COPPER PROJECT, SOUTH AUSTRALIA

Substantial shareholder and Joint Venture partner Billiton Exploration Australia Pty Ltd, now a wholly owned subsidiary of BHP Billiton, continued to sole fund exploration on the project during the quarter. To date, the Mt Gunson Joint Venture, of which the Company is the operator, has spent just over two thirds of Billiton's minimum expenditure commitment of \$675,000. Billiton has the right to earn a 70% interest in the Project by spending \$6 million over five years from 9 April 2001.

1.1 New Interpretation

A wishbone shaped gravity-magnetic geophysical anomaly which has Elaine Zone as its western branch and Vessel Zone as its eastern branch, has been highlighted by a new geophysical interpretation during the quarter. (Figure 1). Where it has been intersected by drilling on Elaine Zone, this feature is a steep zone of iron oxide associated copper-gold mineralisation 100-300 metres wide. It has an overall strike length of 15 kilometres and has only been intersected by 4 drill holes on two cross sections 2 kilometres apart.

The cover over Vessel Zone is estimated to be shallower than most of Elaine Zone, in the range of 450-600 metres. For comparison, cover depths over the Olympic Dam deposit average some 350 metres.

1.2 Electrical Geophysical Survey

Following the intersection of low sulphide and thus sub economic copper-gold mineralisation in drilling of Elaine Zone in the June quarter, a CSAMT electrical geophysical survey designed to detect high sulphide concentrations along Elaine and Vessel Zones was completed.

This survey revealed a discrete anomaly approximately 600 metres long by up to 300 metres wide in the central part of Vessel Zone. Some less obvious signatures over other areas are to be surveyed in the December quarter.

1.3 New Drilling Targets

Two priority drilling targets have been defined, one on the Elaine Zone and one on Vessel Zone. The target on Elaine Zone is named Midway Prospect and comprises a pronounced bend in this zone between drill holes MGD 27 and MGD 28 (Figure 1).

A similar bend is known to localise mineralisation at the Ernest Henry copper-gold mine in northwest Queensland and infill CSAMT to guide follow up drilling is in progress.

The other priority target is Vista Prospect on the Vessel Zone and subject to aboriginal heritage clearance scheduled for early November, is the preferred first choice for drilling prior to Christmas.

A third area of interest, comprising a residual gravity high near the northern end of Elaine Zone about a kilometre north of hole MGD 27 has been named Junction Prospect, because it lies near the junction of the Elizabeth Creek and Cattlegrid faults (Figure 1). Infill CSAMT is planned before drilling is considered.

2. COBURN MINERAL SAND PROJECT – WESTERN AUSTRALIA

A low altitude aeromagnetic survey was completed over the Amy Zone heavy mineral sand deposit and surrounding areas in late August. This survey was flown at a 200 metre line spacing across Amy Zone but two sub-areas approximately 3 kilometres long by 4 kilometres wide were flown in more detail at 50 metre line spacing.

The processed results of the aeromagnetic survey were received at the end of the quarter. Interpretation is still in progress but previously undetected zones of enhanced grade and low overburden within Amy Zone are indicated. These zones comprise clusters of sinuous northerly trending ribbons averaging 50 metres wide and 400 metres long, although some ribbons appear to be up to 2 kilometres long.

A drilling program to test the above interpretation is being planned for next field season.

3. ONSLOW GOLD-COPPER PROJECT – WESTERN AUSTRALIA

First pass diamond drilling of the Munderoo South gravity-magnetic geophysical anomaly was completed at the end of the quarter. This program comprised a single diamond drill hole, OND 1, designed to test an interpreted demagnetised zone on the eastern limb of the Munderoo South anomaly. Alteration accompanying gold-copper mineralisation was considered a possible explanation for the demagnetised zone in basement rocks, supported by a coincident gold in soil anomaly.

Hole OND 1 was angled at 70° ENE and after passing through flat lying cover sediments of the Carnarvon Basin, it entered basement at 311 metres. Partly altered mafic schists of the Lower Proterozoic Morrissey Metamorphics comprised the basement rock unit in the hole, which was stopped at 441 metres.

Assay results from the basement portion of OND 1 revealed geochemically anomalous copper, uranium, lead and zinc values up to 207, 19, 512 and 312 ppm respectively. These and rock property data from the drill core will be evaluated before further work is planned.

4. SHELL LAKES NICKEL PROJECT – WESTERN AUSTRALIA

Grant of title for the five exploration licence applications (ELA's) which comprise this project has been delayed by native title and conservation issues.

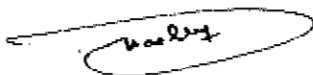
Three of the five ELA's attracted no objections through the native title process and negotiations on the remaining two are well advanced. The conservation issue has been resolved, following clarification of State Government policy during the quarter. This policy involves the grant of tenement applications over nature reserves which were lodged prior to the change of government earlier this year.

As a consequence, title for the five ELA's is expected in late 2001.

After grant of title, airborne and ground geophysical surveys and an air core drilling program are planned. Discussions with potential joint venture partners with a view to funding this and ongoing work are in progress. This work is to include evaluation of high quality diamond exploration targets which are ready for drilling.

5. Financial

At 30th September, the Company had \$1.6 million in cash and short term deposits. Exploration expenditure for the quarter was \$109,000 excluding externally funded expenditure on the Mount Gunson Project. Forecast exploration expenditure for the December quarter is \$100,000.



D N HARLEY
Managing Director
26 October 2001



QUARTERLY REPORT FOR SEPTEMBER 2001

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Attachments:

- Figure 1: Plan of the Elaine and Vessel Zones

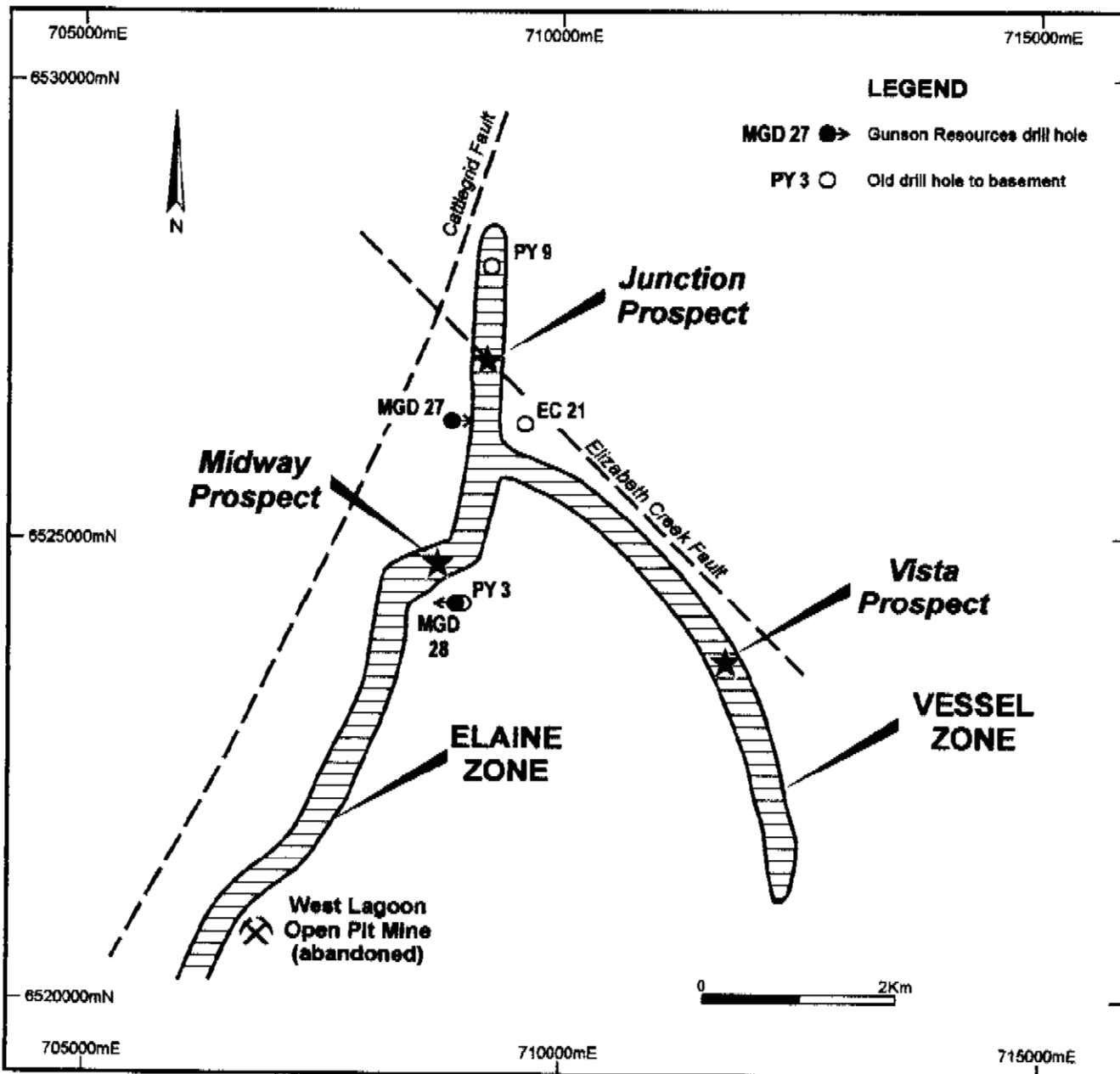
ATTRIBUTION

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 AND VESSEL ZONES



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")

30 th September 2001

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (.3months) \$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	(109)	(109)
(b) development		
(c) production		
(d) administration	(76)	(76)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	7
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) JV Mgmt Fees	21	21
Net Operating Cash Flows	(157)	(157)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets		
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		
1.13 Total operating and investing cash flows (carried forward)	(157)	(157)

+ 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)	(157)	(157)
	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		
	Net financing cash flows		
	Net increase (decrease) in cash held	(157)	(157)
1.20	Cash at beginning of quarter/year to date	1762	1762
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1605	1605

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	40
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

Nil

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

Billiton Exploration Australia have made contributions totalling \$607K 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 9 th April 2001 to earn a 51% interest, otherwise they do not earn any equity.
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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	100
4.2 Development	
Total	100

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	205	262
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details) Term Deposit	1400	1500
Total: cash at end of quarter (item 1.22)	1605	1762

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:



(Director/Company secretary)

Date: 26 October 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.