



**GUNSON RESOURCES LIMITED**



*David Harley*

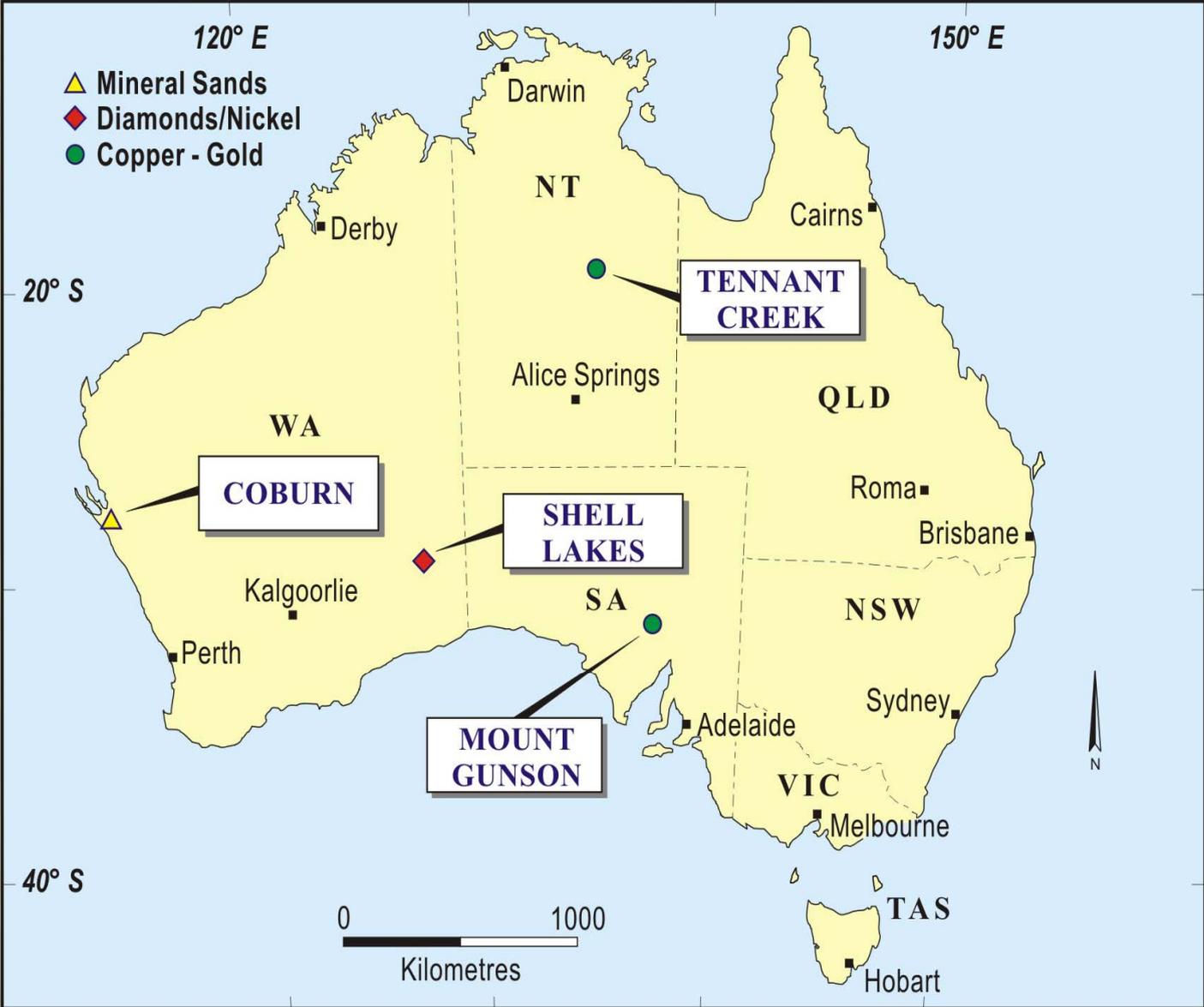
*February 2004*

# Corporate Summary



- **Listed May 2000**
- **Shares** **64.3M**
- **Cash** **\$4.4M**
- **Unlisted Options** **7.9M**
- **Share Price** **\$0.38**
- **Fully Diluted Cap.** **\$27.4M**

# Project Location Map



Officer Basin  
Gawler Craton

Cooper Pedy

OLYMPIC  
COPPER-GOLD  
PROVINCE



Challenger

Prominent Hill

Adelaide Geosyncline

Stuart Shelf

Olympic Dam

Tarcoola

Woomera

MOUNT GUNSON  
PROJECT

# South Australian Copper Belt

Port  
Augusta



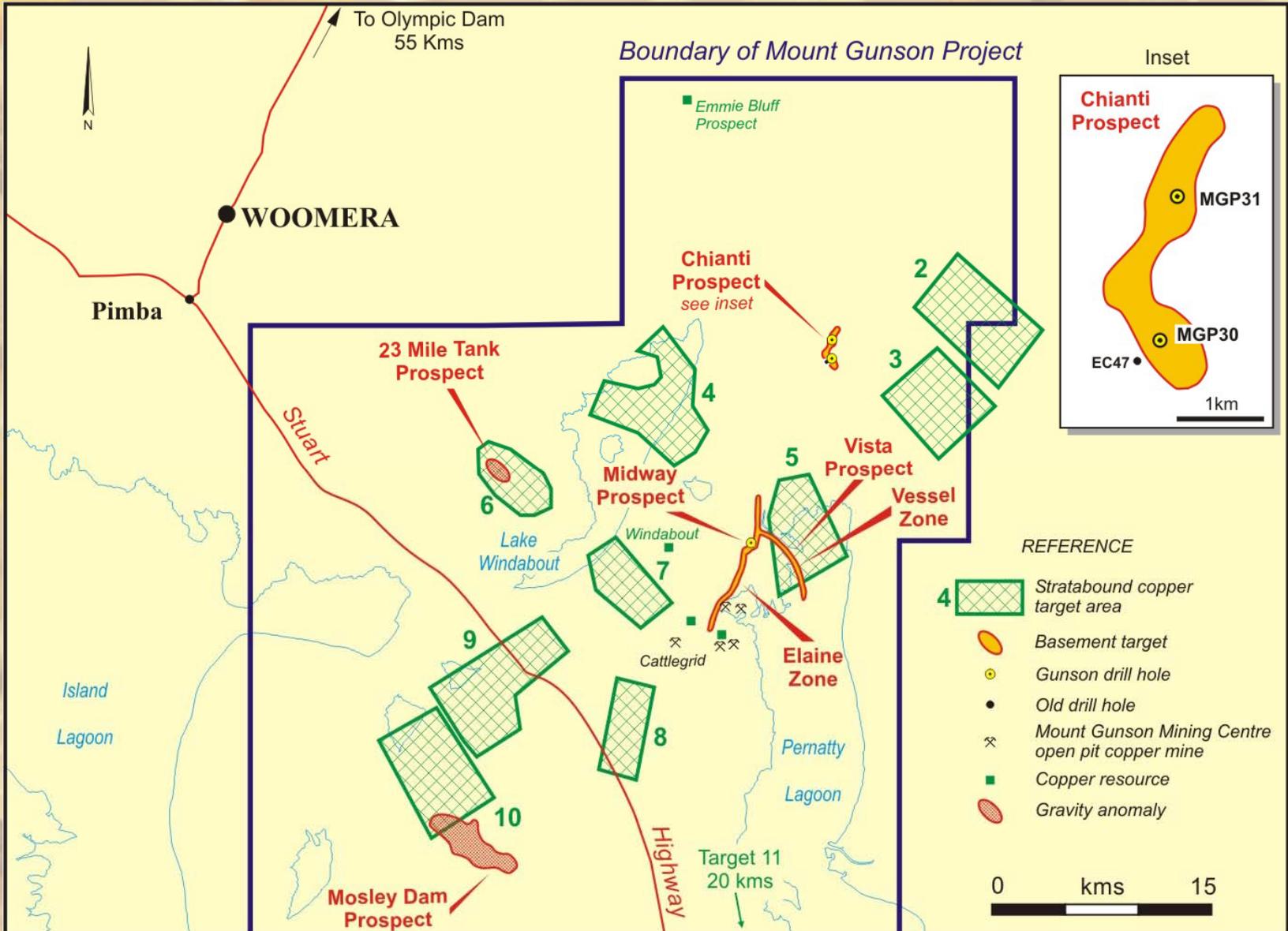
100 kms

Walleroo  
Moonta

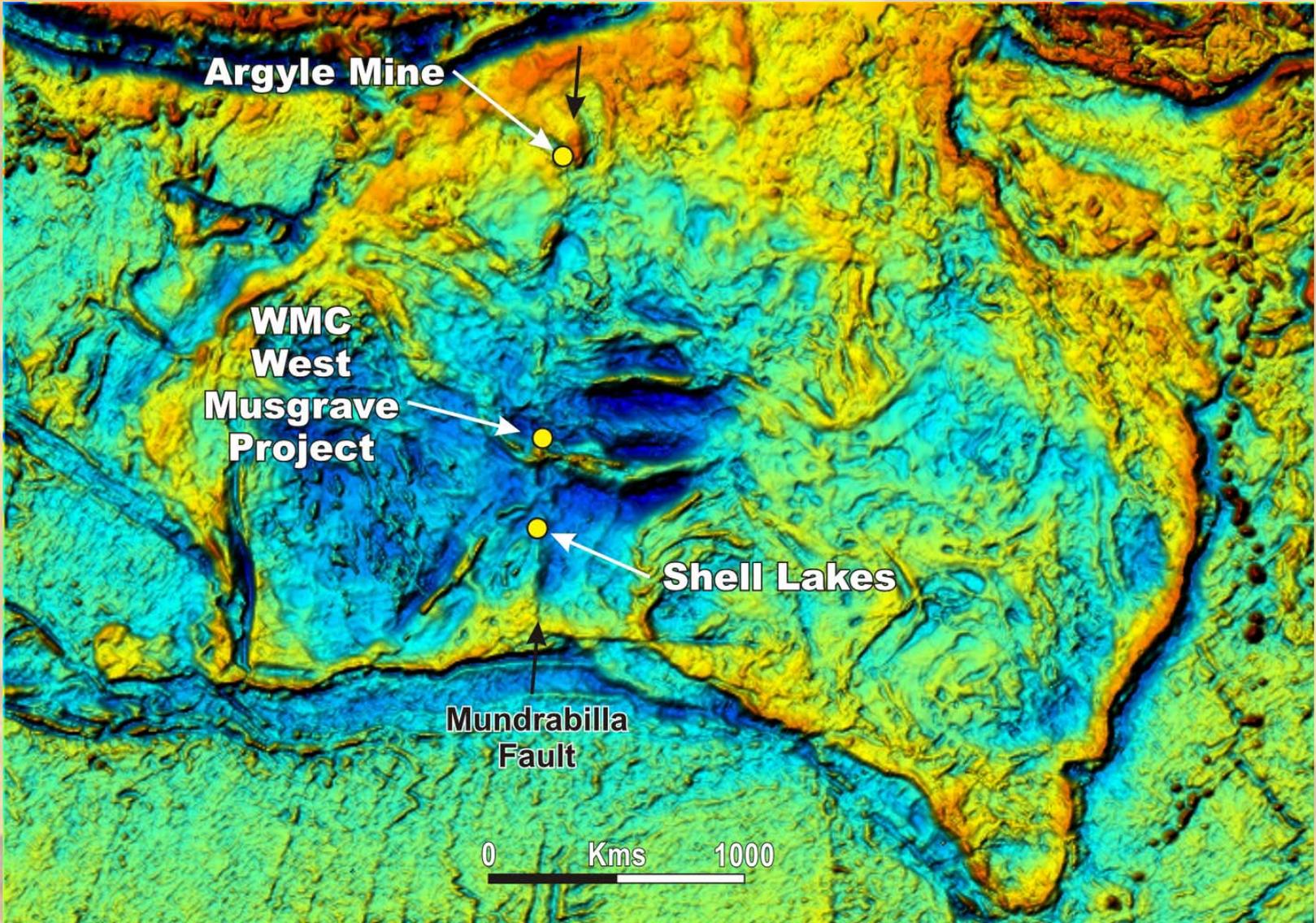
ADELAIDE



# Mount Gunson Target Areas



# Shell Lakes Project



**Argyle Mine**

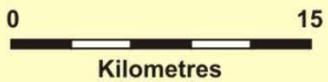
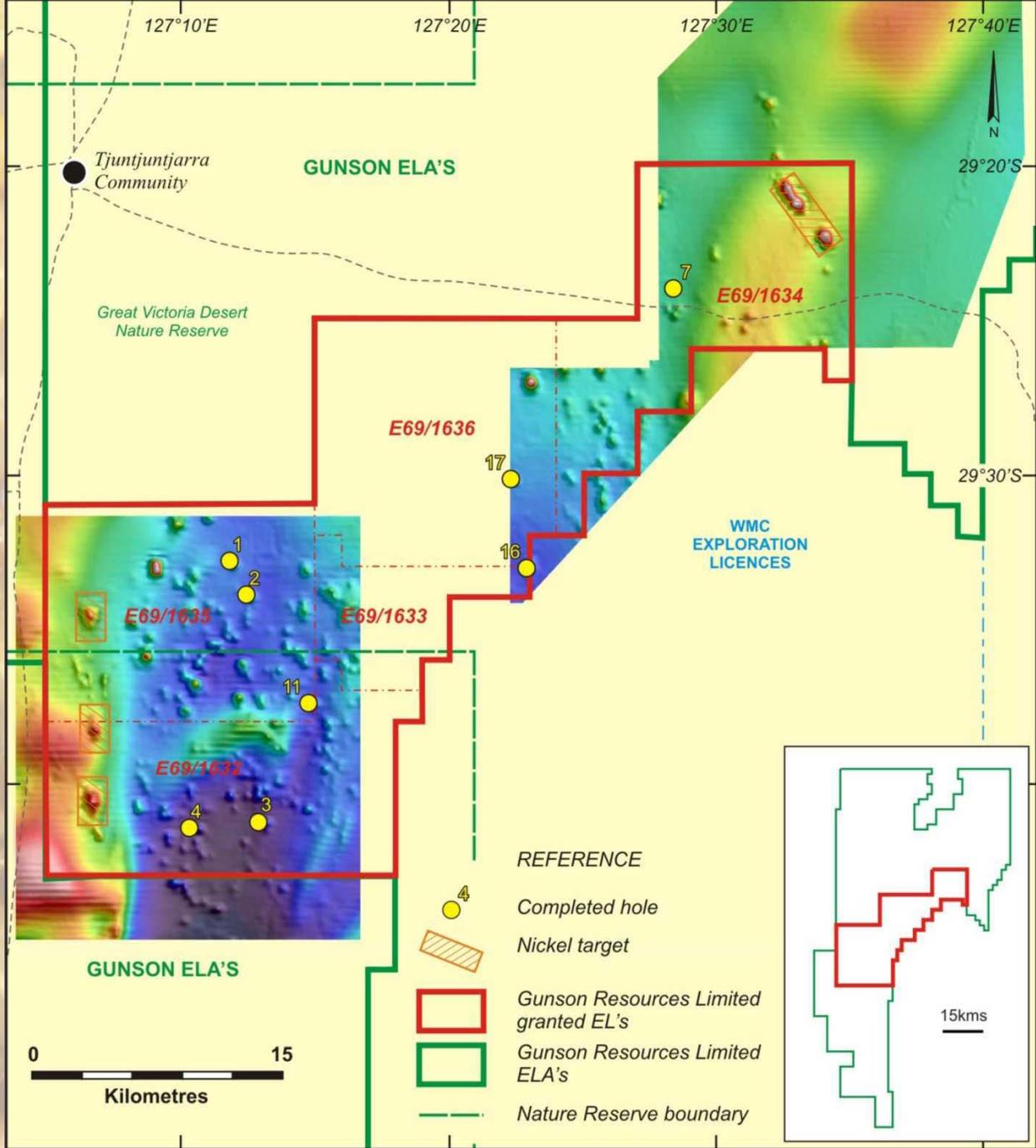
**WMC  
West  
Musgrave  
Project**

**Shell Lakes**

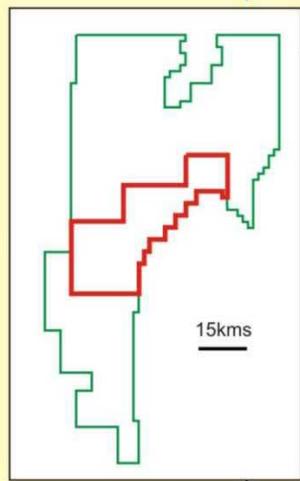
**Mundrabilla  
Fault**

0 Kms 1000

# Shell Lakes Project



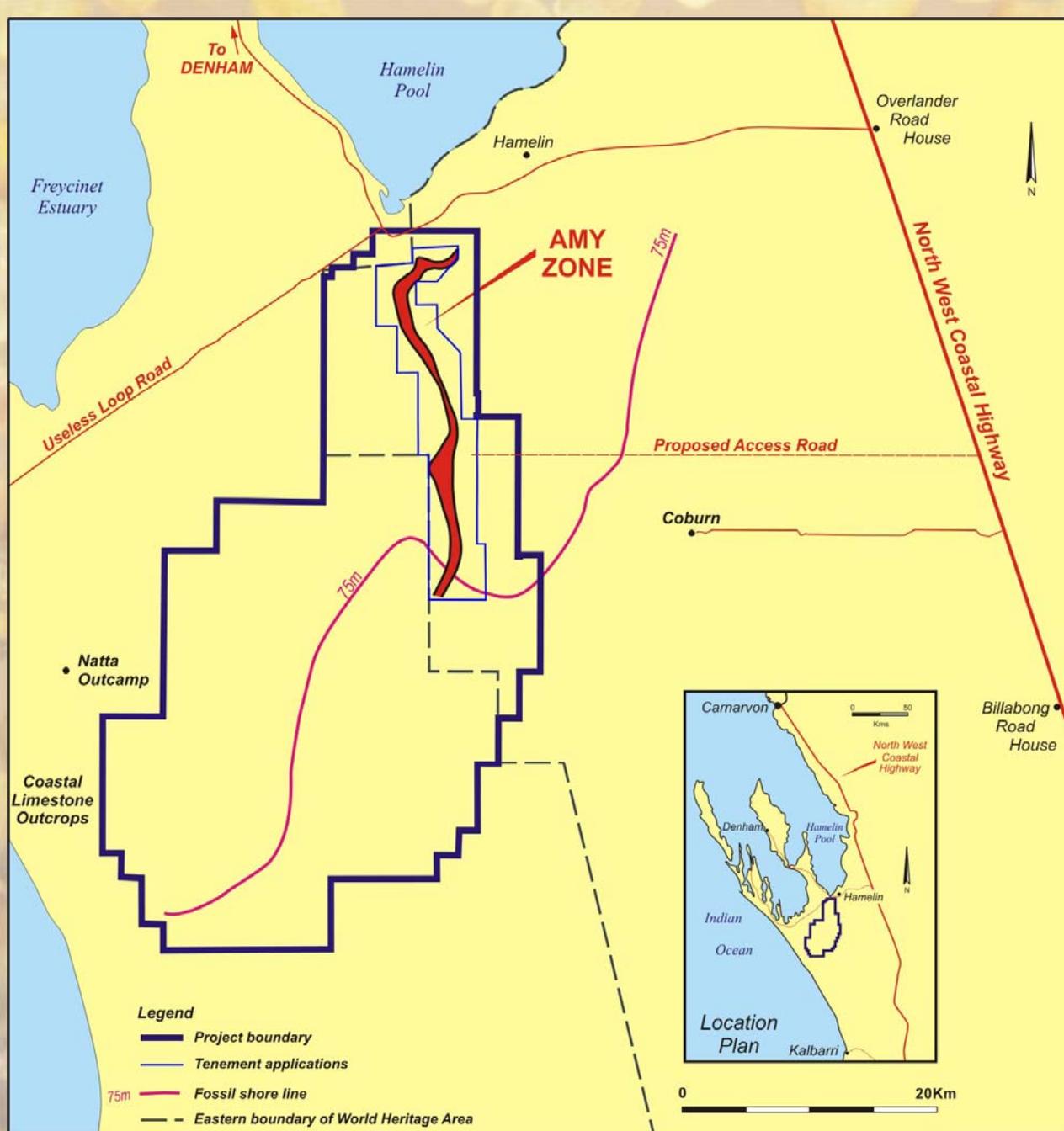
- REFERENCE**
-  Completed hole
  -  Nickel target
  -  Gunson Resources Limited granted EL's
  -  Gunson Resources Limited ELA's
  -  Nature Reserve boundary





# Coburn – Regional Setting

# Coburn Project Amy Zone Orebody



# Amy Zone - Inferred Resource



**Tonnes: 690 million \***

**Grade: 1.35% HM**

**Tonnes HM: 9.3 million**

**Slimes: <3%**

**Oversize 1%**

**\* Includes 133Mt indicated resource  
at Amy Zone South**

# Project Timetable



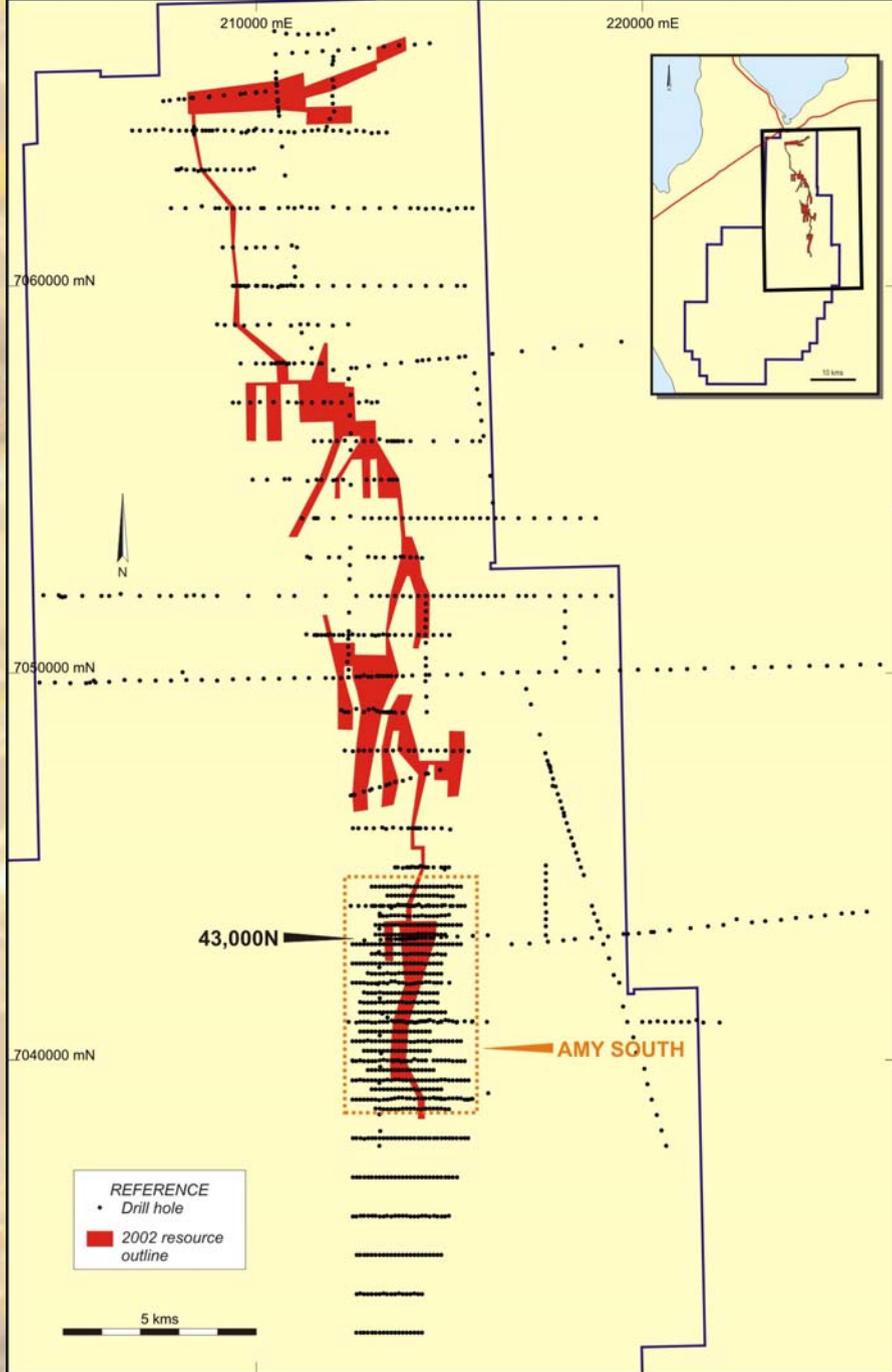
- **Bankable Study start** **Jul 2003**
- **Bankable Study completed** **Mar 2004**
- **Funding confirmed** **Jun 2004**
- **Construction to commence** **Late 2004**
- **Operations commissioning** **Late 2005**

# Coburn BFS Contributors

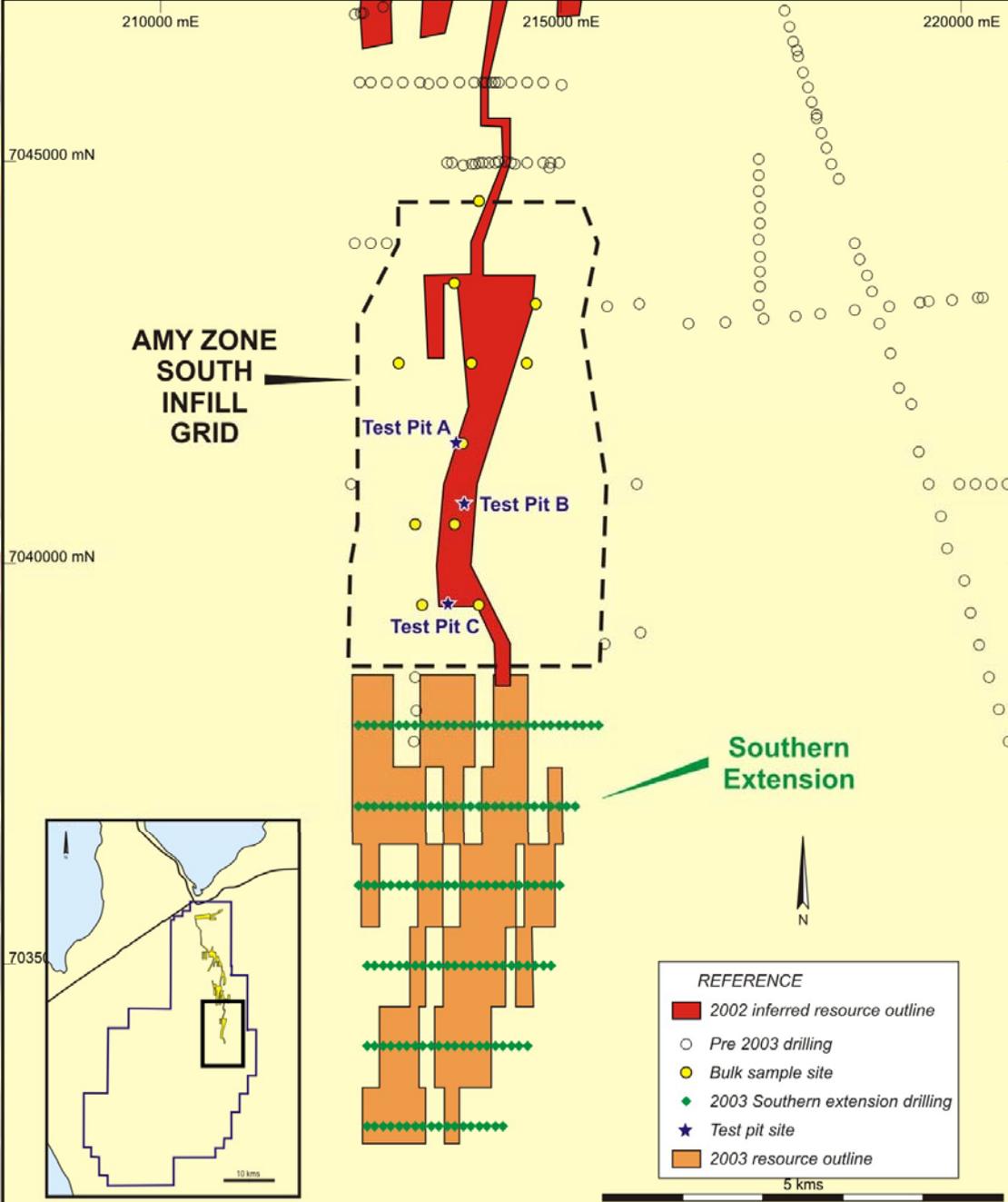


<b>Managers:</b>	<b>Stephen Miller</b>	<b>(Ex Iluka RM – Eneabba)</b>
	<b>Craig Munro</b>	<b>(Ex Aquarius Platinum F.D.)</b>
<b>Metallurgy:</b>	<b>Roche Mineral Technologies</b>	
	<b>Paul Butler</b>	<b>(GRAVCON)</b>
<b>Ore Reserves:</b>	<b>Paul Leandri</b>	<b>(Ex RGC)</b>
	<b>MacDonald Speijers</b>	
<b>Environmental:</b>	<b>URS</b>	
<b>Engineering:</b>	<b>Kerman / HBH Engineering + Roche</b>	
<b>Power:</b>	<b>Energy Developments Ltd</b>	
<b>Earthmoving:</b>	<b>Piacentini and Son</b>	

# Amy Zone Resource and Amy South

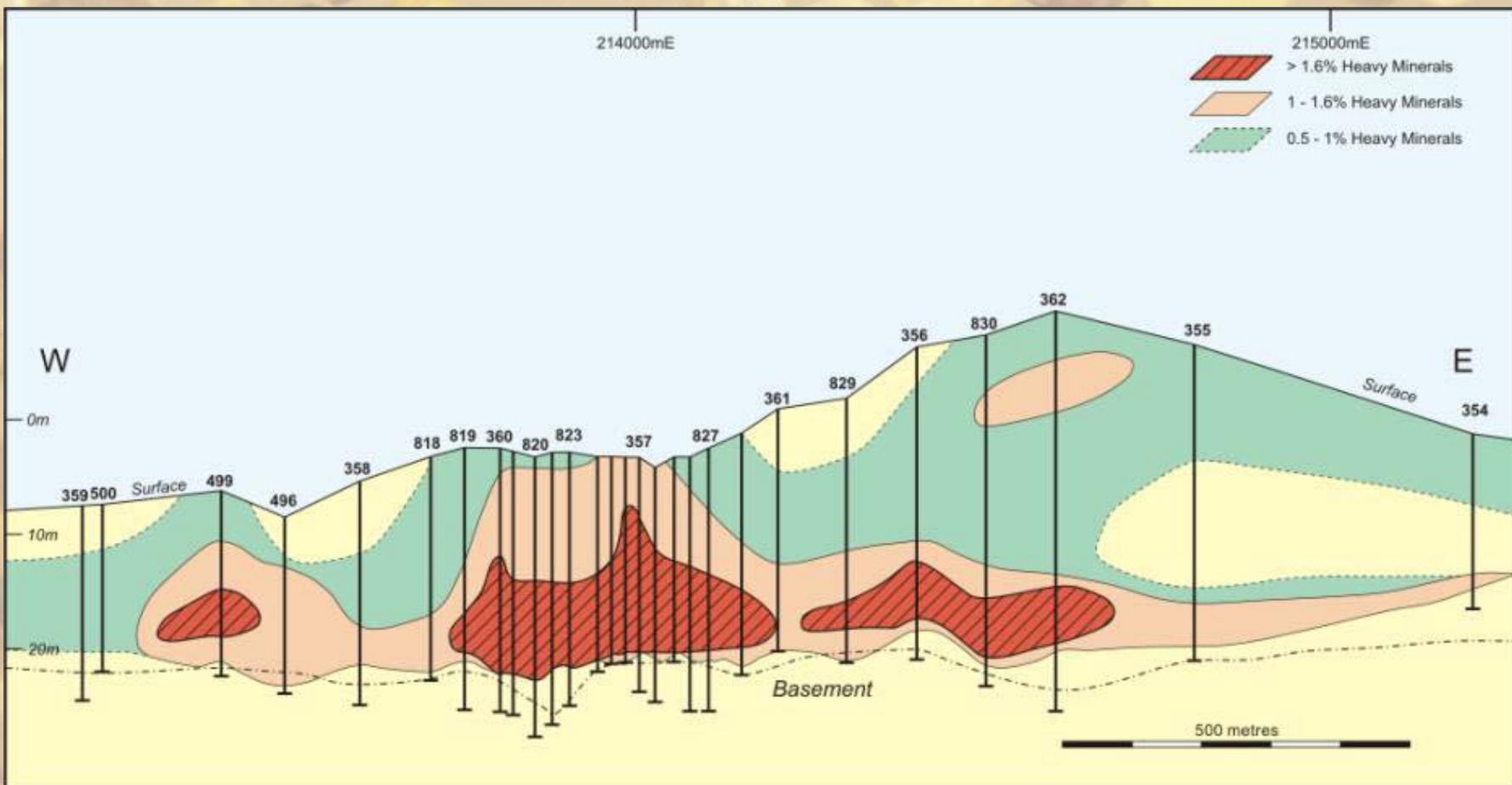


# Amy Zone South Drilling 2003

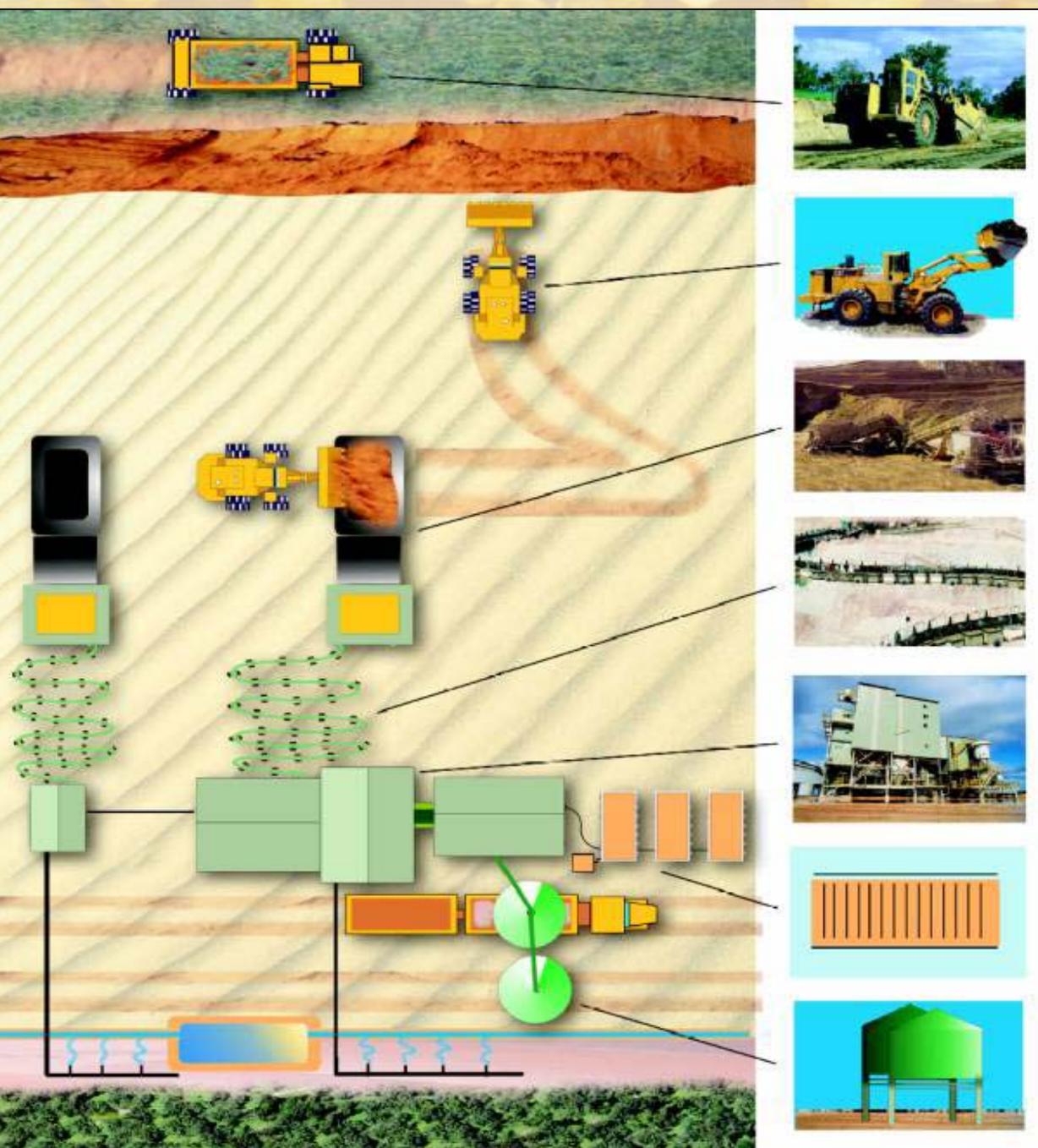




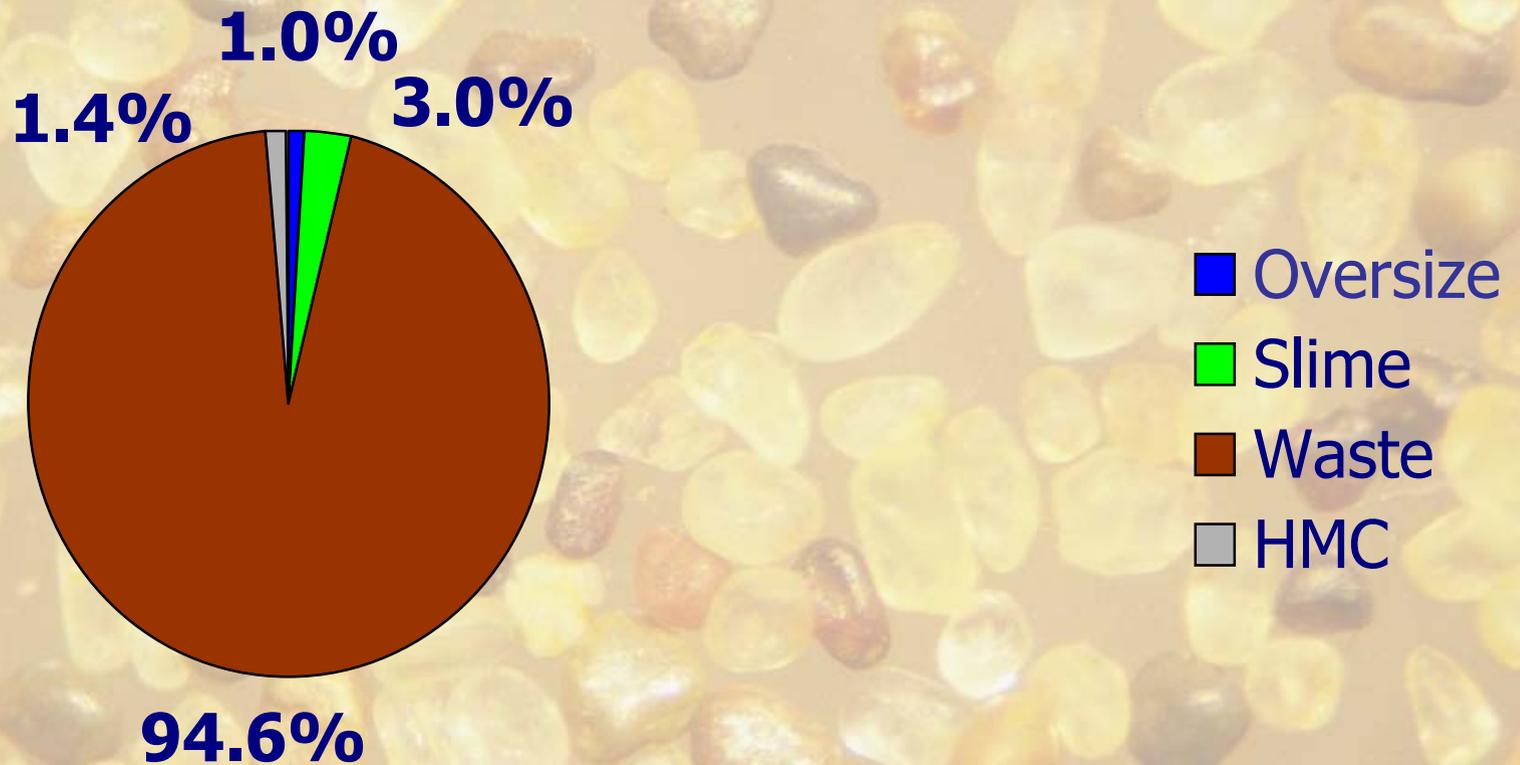
# Amy Zone South Cross Section



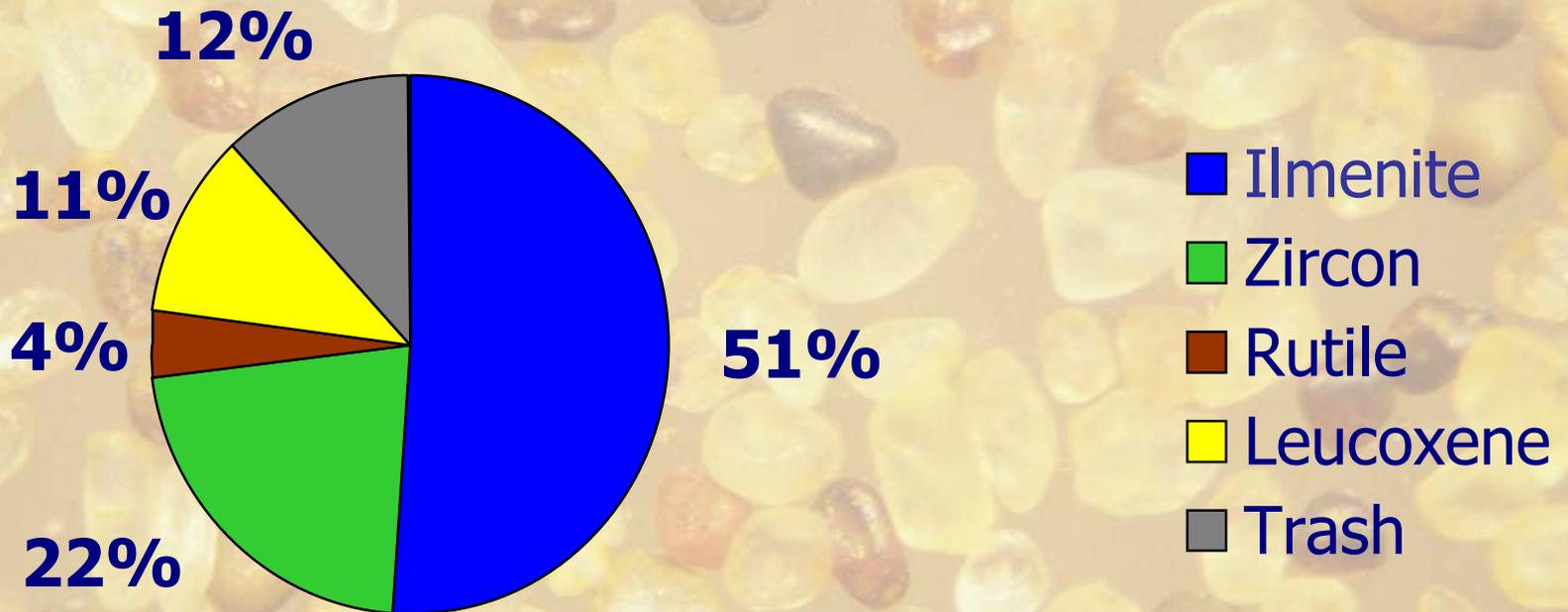
# Coburn mining, concentrating and rehabilitation operations



# Coburn Mineral Sands Ore



# Coburn Heavy Mineral Assemblage

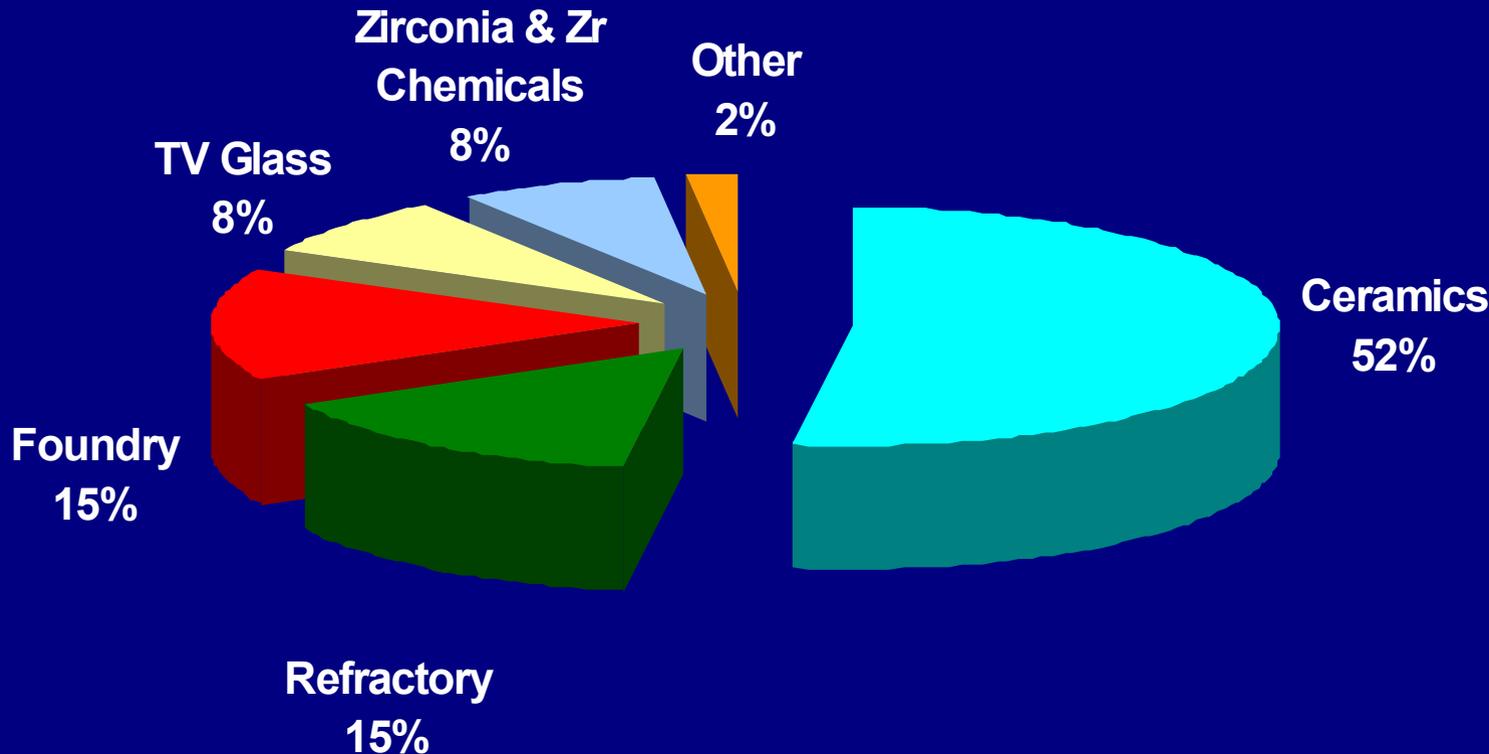


**Trash materials made up of up to 61 trace elements**

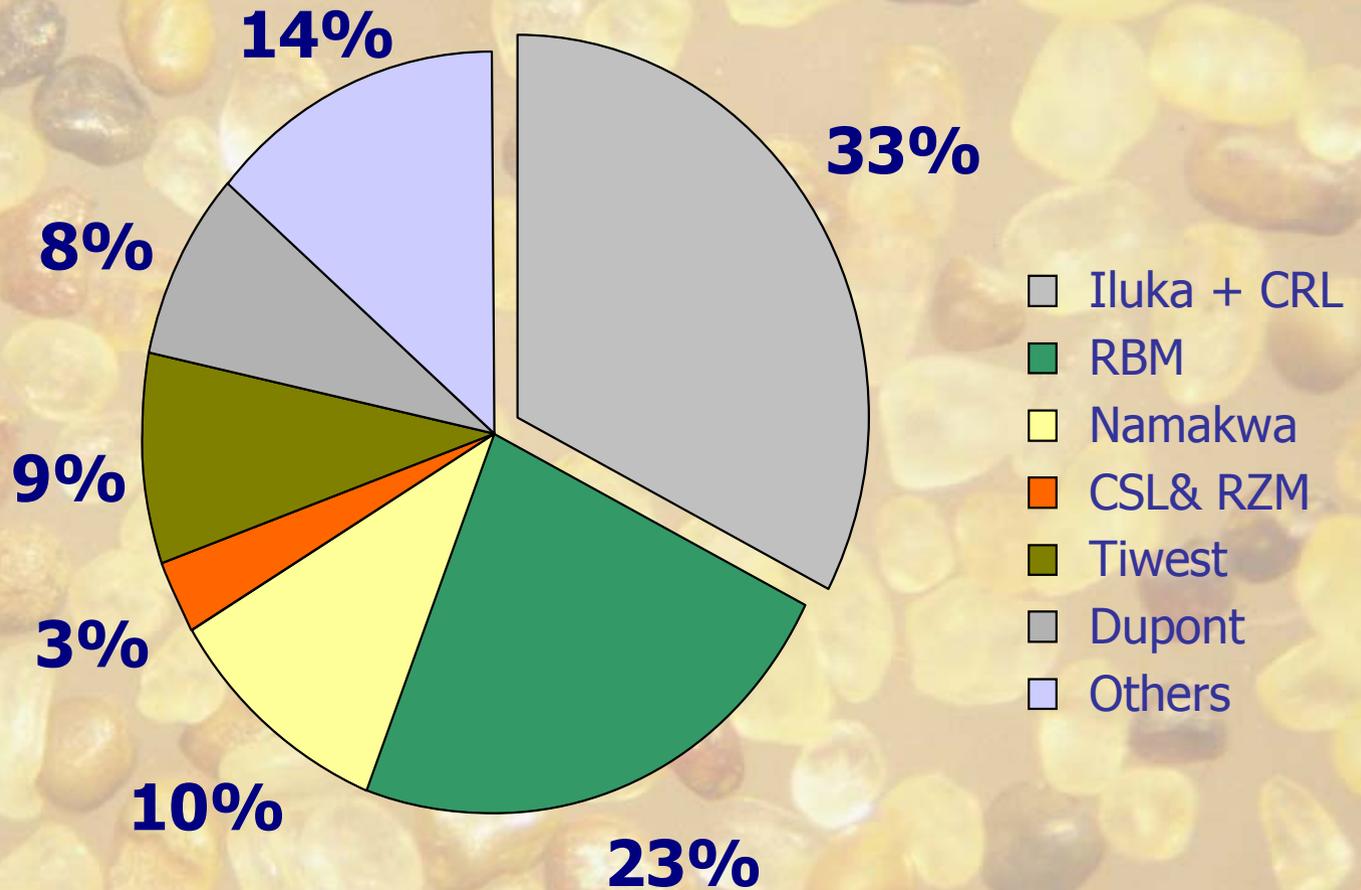


# Zircon Consumption by End Use Market 2002

Total Consumption in 2002 ~ 1.1 million tonnes



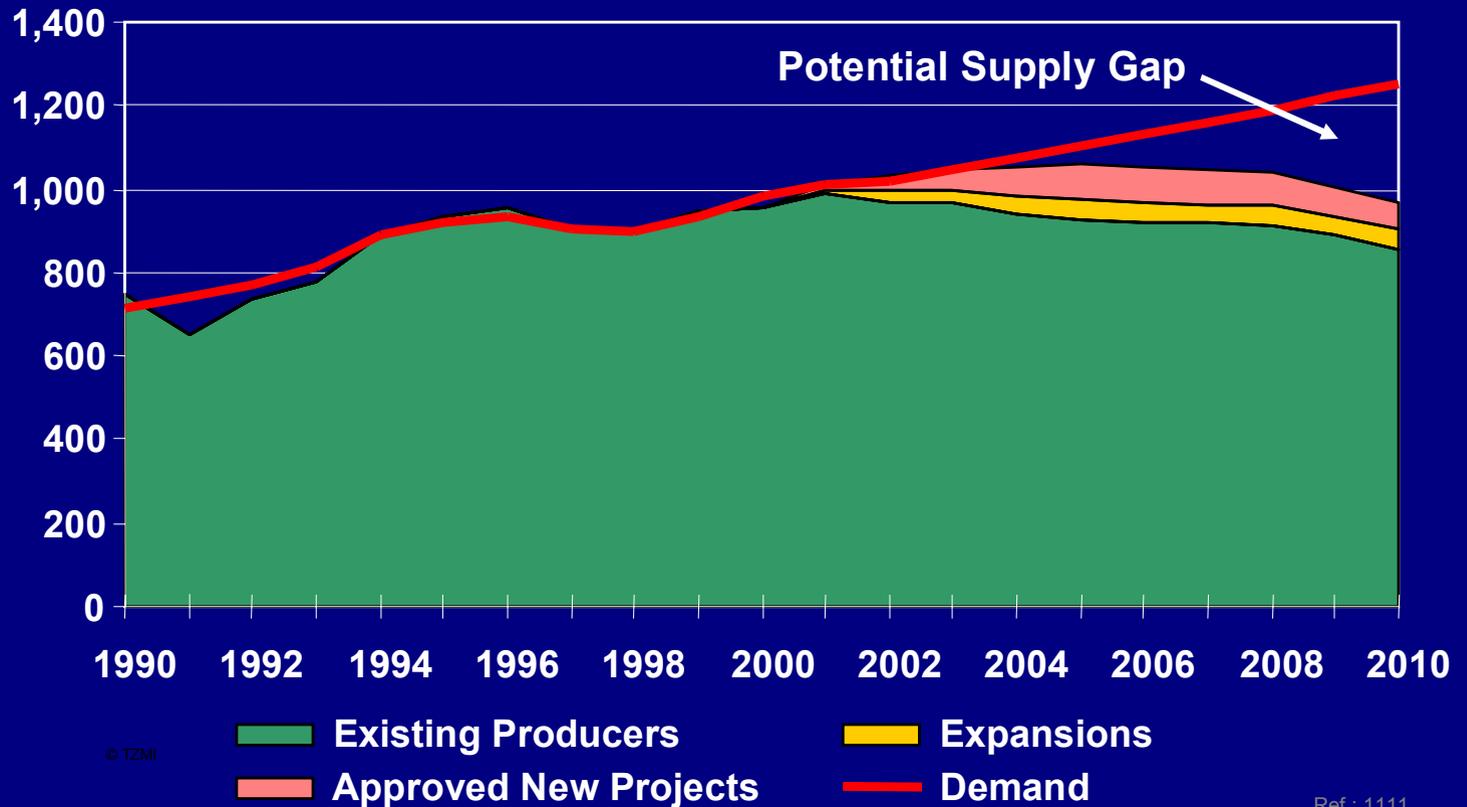
# Zircon Producers





# Zircon Supply/Demand Outlook to 2010

'000 Tonnes



© TZMI

May 1st  
2003

Ref : 1111

# PFS Review - Revenue, Cost and Return Estimates



<b>Total revenue</b>	<b>\$1,405 M</b>
<b>Total operating costs</b>	<b>\$1,007 M</b>
<b>Operating cash surplus</b>	<b>\$399 M</b>
<b>Cost / tonne HMC</b>	<b>\$157</b>
<b>IRR after tax</b>	<b>23%</b>
<b>NPV (8%)</b>	<b>\$64 M</b>
<b>Exchange Rate</b>	<b>\$0.65</b>

# PFS Review – Operating Costs/Revenues per Tonne HMC



<b>Mining &amp; Concentrating</b>	<b>\$96</b>
<b>Transport of HMC</b>	<b>\$20</b>
<b>MSP Processing</b>	<b>\$19 *</b>
<b>Marketing &amp; Royalties</b>	<b>\$12 *</b>
<b>Administration etc</b>	<b><u>\$10</u> *</b>
<b>Total</b>	<b>\$157</b>
<b>Product Revenue</b>	<b>\$220 •</b>
<b>Cash Operating Surplus</b>	<b>\$63</b>

\* Would be eliminated/reduced in incremental case

• Lower in incremental case

# PFS Review - Initial Capital Costs



• Site Infrastructure	\$1.2 M
• Concentrator	\$21.4 M
• Pre Strip etc	\$3.8 M
• Mineral separation plant	<u>\$25.7 M</u>
Sub Total	\$52.1 M
• 20% EPCM/Contingency	<u>\$10.0 M</u>
Total	\$62.1 M

# PFS Review - Production & Revenue



## PRODUCTION & REVENUE MIX - Life of Mine

PRODUCT	PRODUCT VALUE	PRODUCT MIX	REVENUE MIX
ILMENITE	US \$80 /Tonne	63.2%	28.8%
ZIRCON	US \$400 /Tonne	25.6%	54.1%
RUTILE	US \$450 /Tonne	6.4%	16.3%
LEUCOXENE	US \$165 /Tonne	4.8%	4.5%

Grade 60 – 62% TiO<sub>2</sub>, premium synthetic rutile feed with low radioactive elements:  
Uranium + Thorium < 180 PPM

# Improvements to Date: PFS Review to BFS

- 1. Resource -** 32% increase overall  
64% increase at Amy South grid
- 2. Mining -** Potential significant saving  
(27% of cost)
- 3. Concentrating -** Recoveries better  
(34% of cost)
- 4. Environment -** Risk reduced by flora/fauna studies
- 5. Market -** Zircon up 34%
- 6. Flexibility -**

	<b>PFS</b>		<b>PFS</b>
	<b>Incremental</b>		<b>Stand Alone</b>
<b>NPV</b>	<b>\$81M</b>	<b>NPV</b>	<b>\$44M</b>
<b>IRR</b>	<b>44%</b>	<b>IRR</b>	<b>21%</b>

# Zircon Price Outlook



	<b>CY02A</b>	<b>CY03E</b>	<b>CY04E</b>	<b>CY05E</b>	<b>CY06E</b>
Zircon price (US\$/t)	<b>377</b>	<b>403</b>	<b>475</b>	<b>470</b>	<b>474</b>

Source: JP Morgan estimates February 2004

# Conclusions



- **Coburn BFS completed in 5 weeks**
- **Good scope to improve financial returns from NPV \$64M, IRR 23%**
- **Zircon market particularly strong**
- **Drilling for copper at Mount Gunson and possibly nickel at Shell Lakes in June quarter 2004**



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*February 2004*