



GUNSON RESOURCES LI

GUNSON RESOURCES LIMITED



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1 July 2003

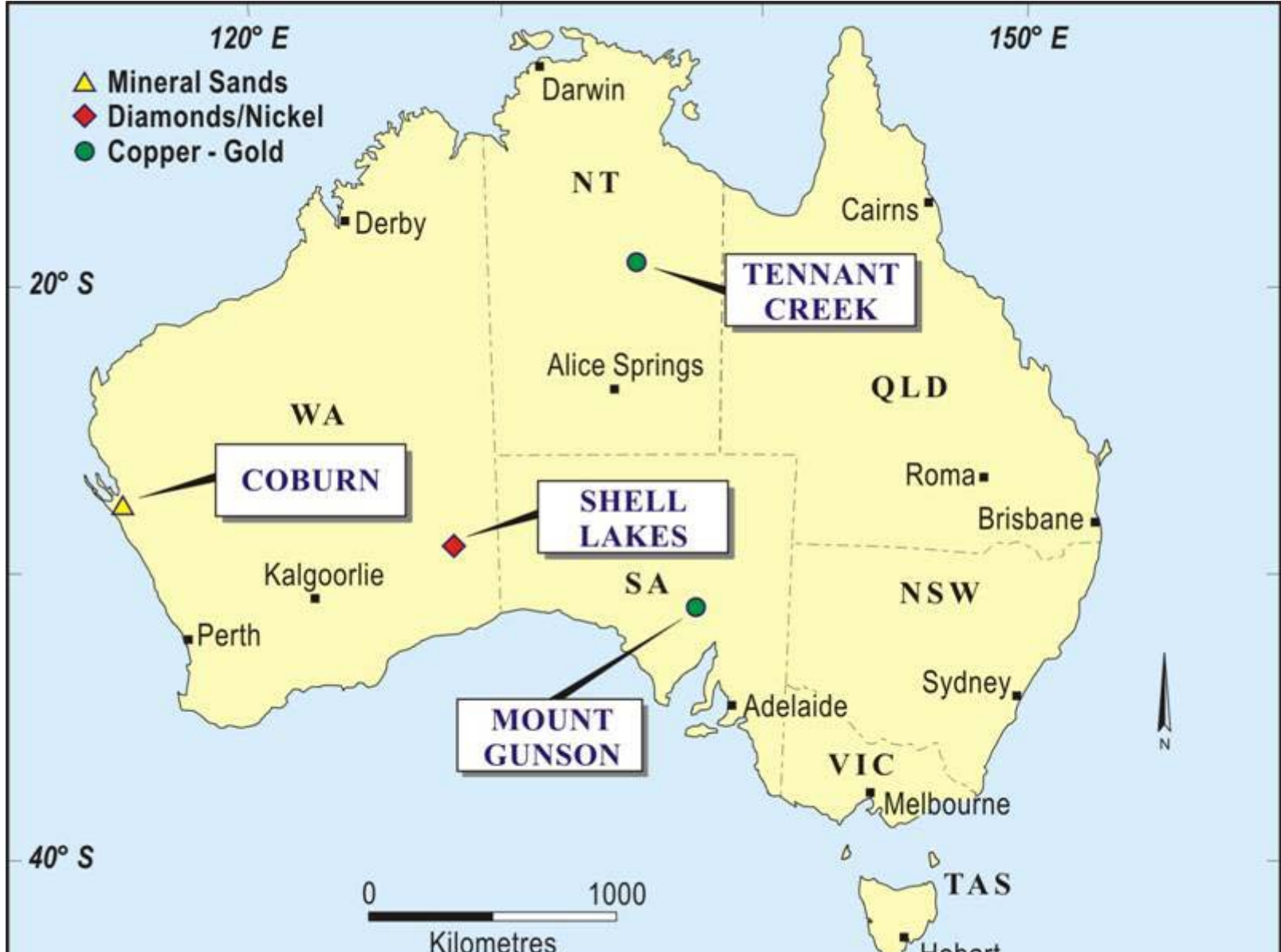
Corporate Summary



- **Listed 17 May 2000**
- **Shares issued** **37.4M**
- **Cash** **\$1.5M**
- **Share Price** **\$0.11**
- **Market Cap (undiluted)** **\$4.11M**

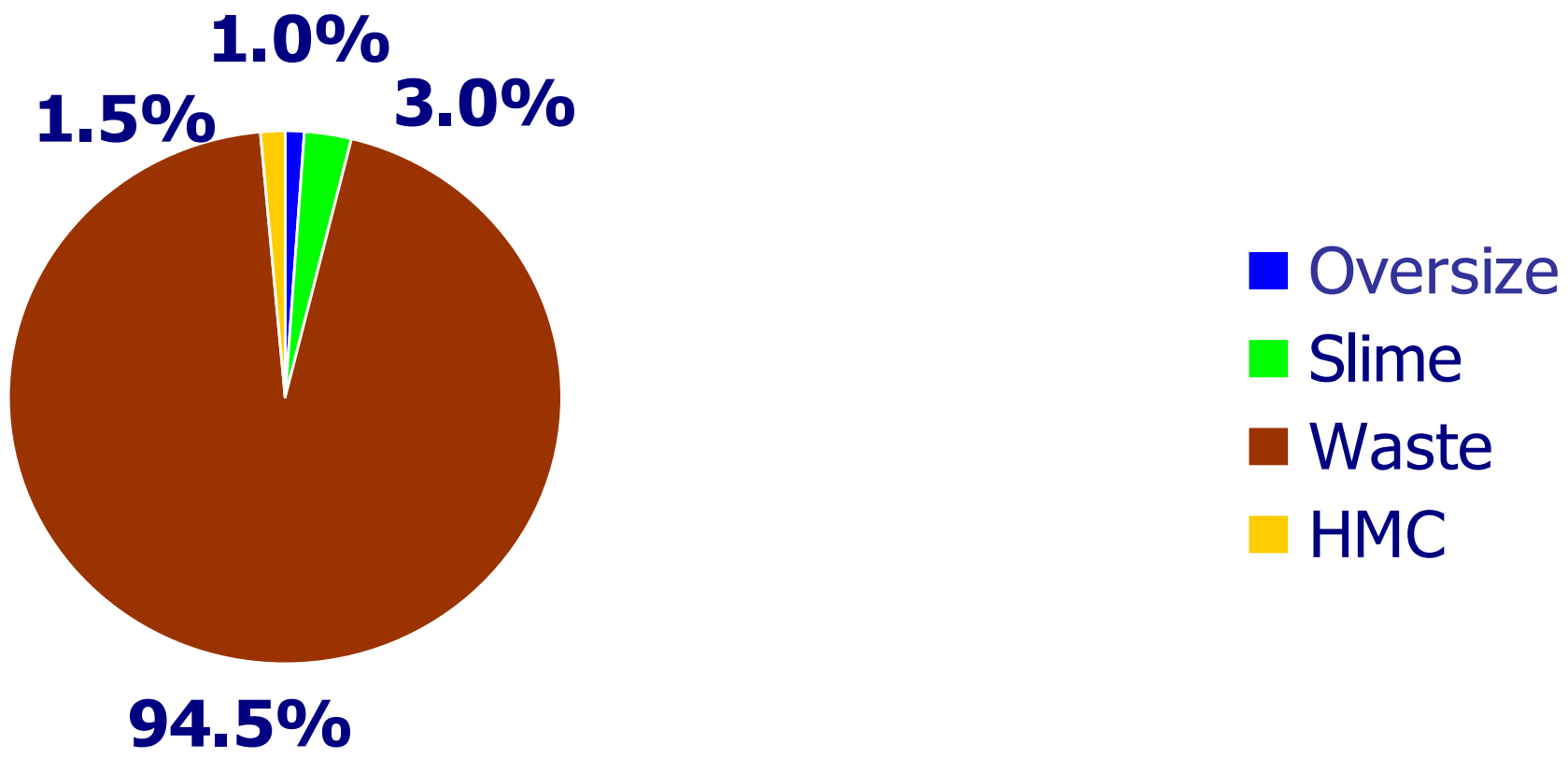
(1 July 2000)

Project Location Map



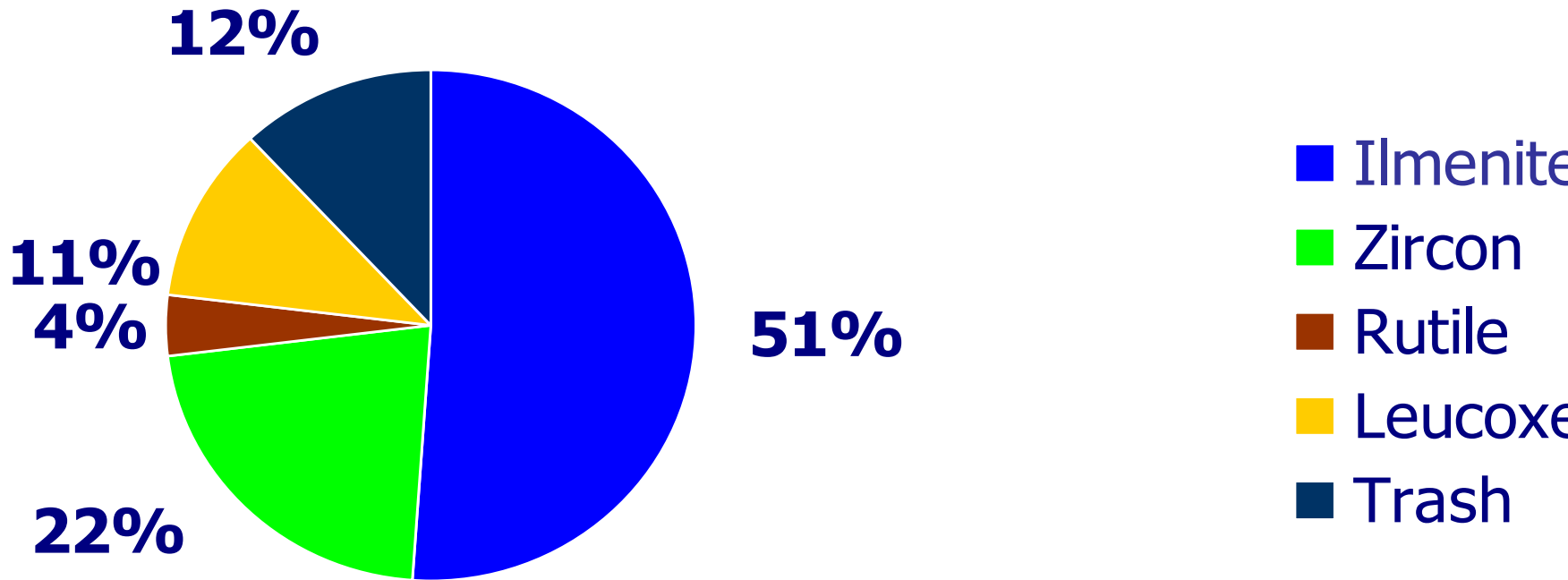
Mineral Sands Ore

Run of Mine Ore



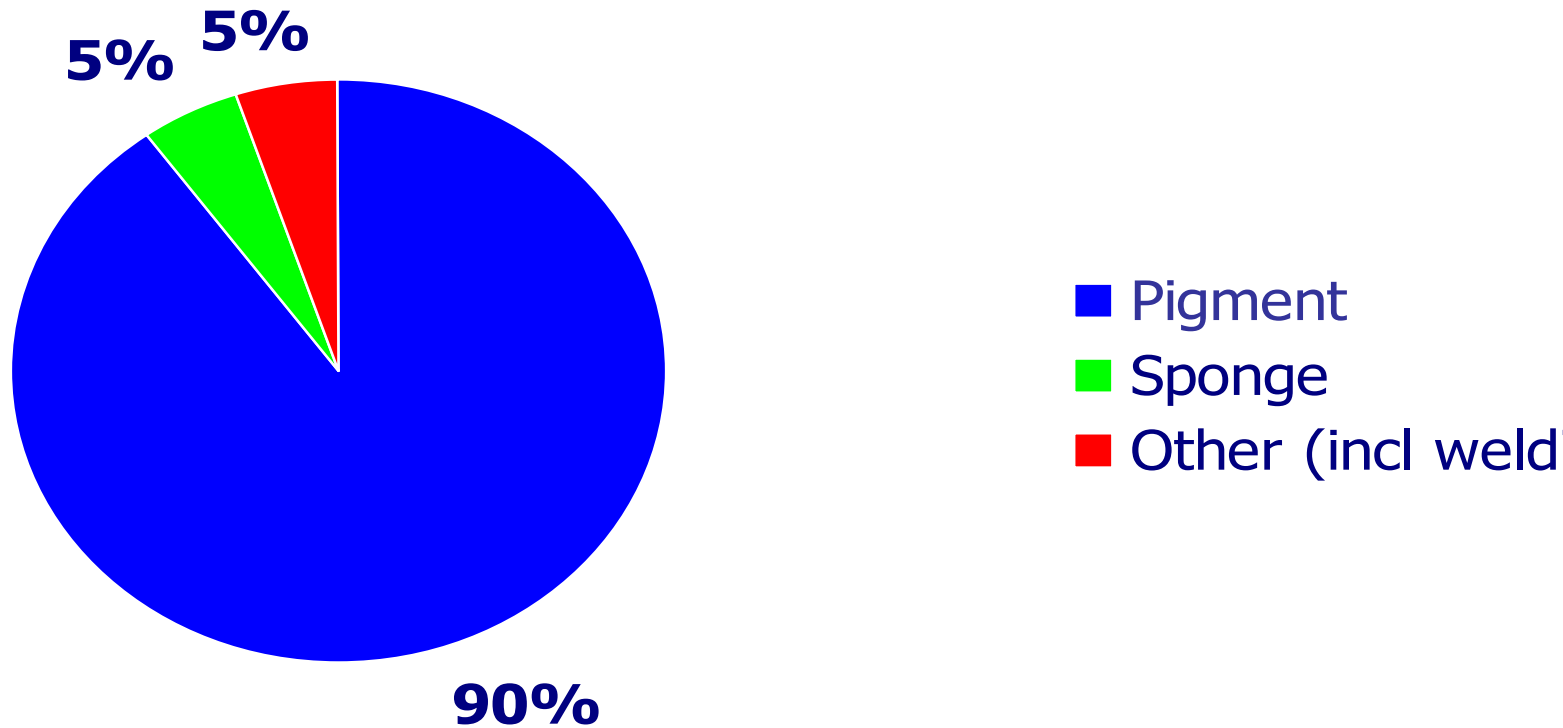
Heavy Mineral Sands

HMC Assemblage

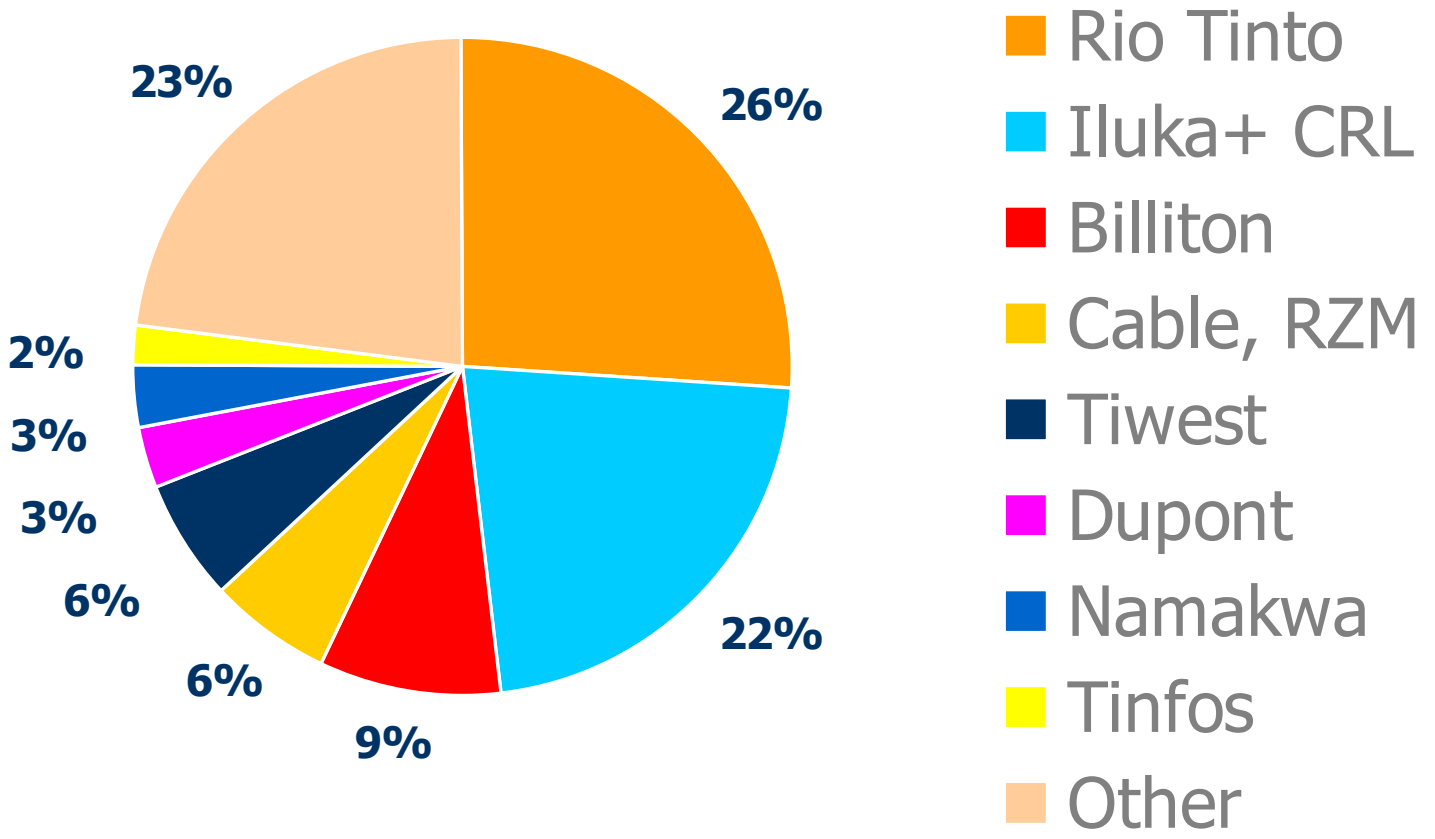


Trash materials made up of up to 61 trace elements

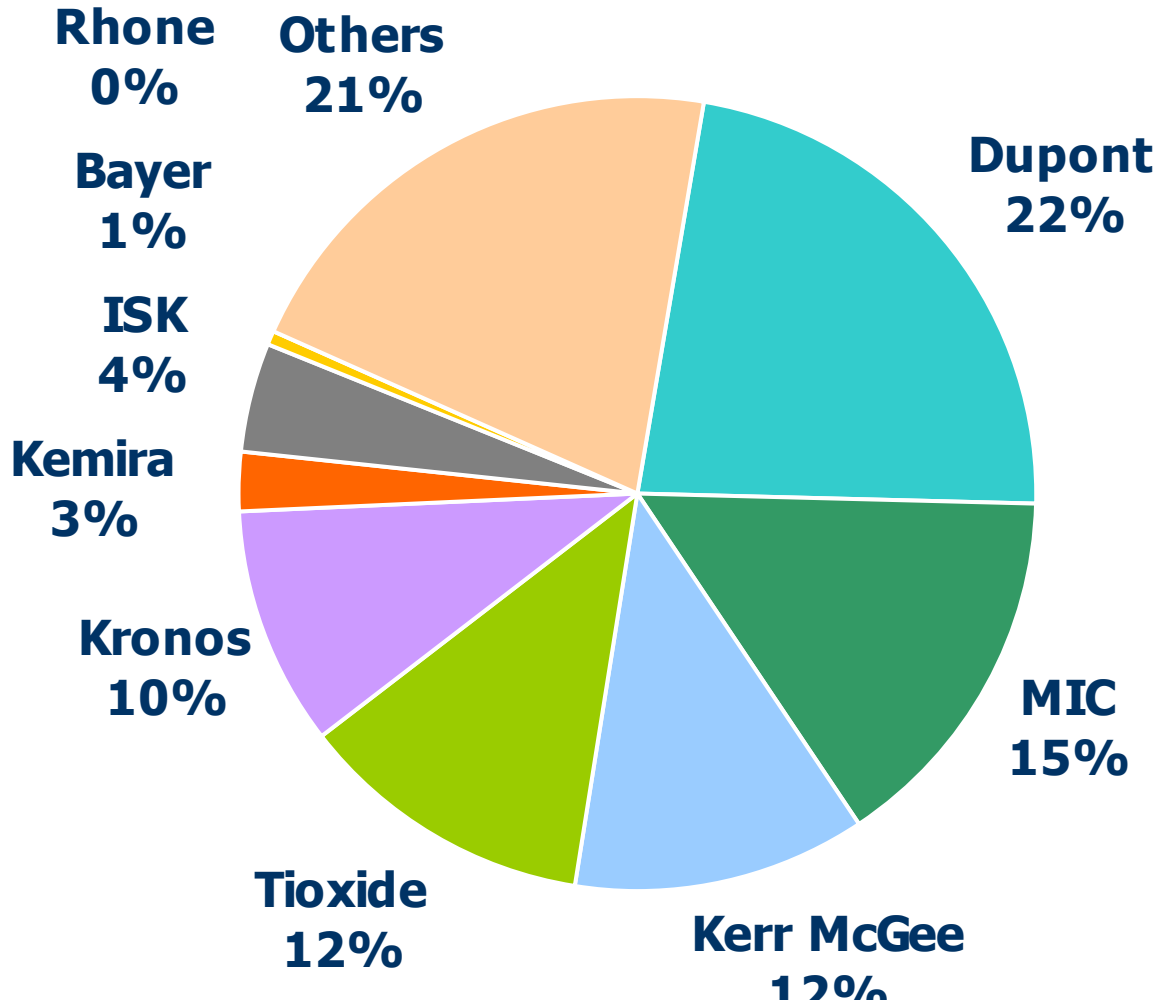
Titanium Mineral Consumption



Total Market Share

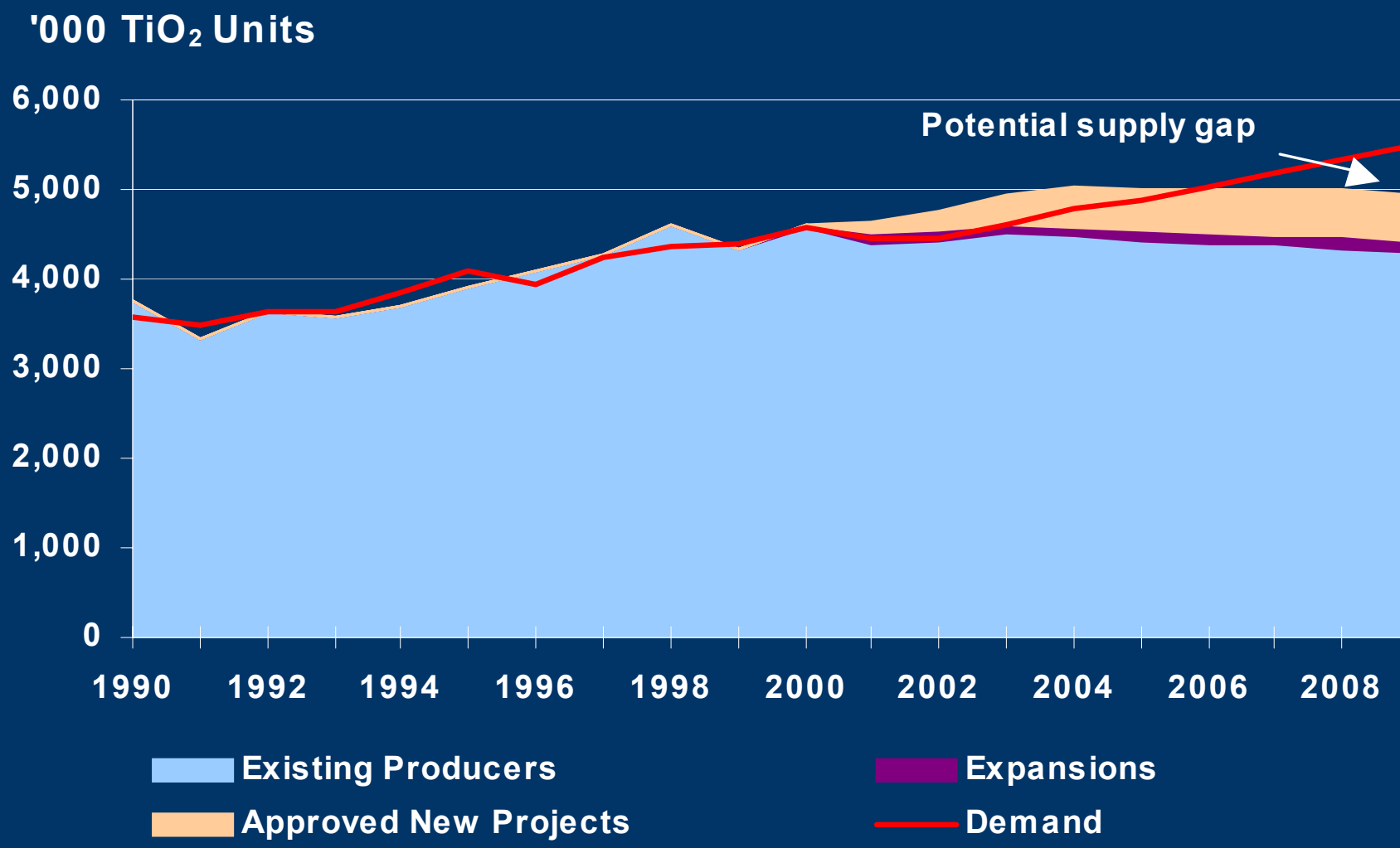


TiO2 Pigment Capacity by Equity





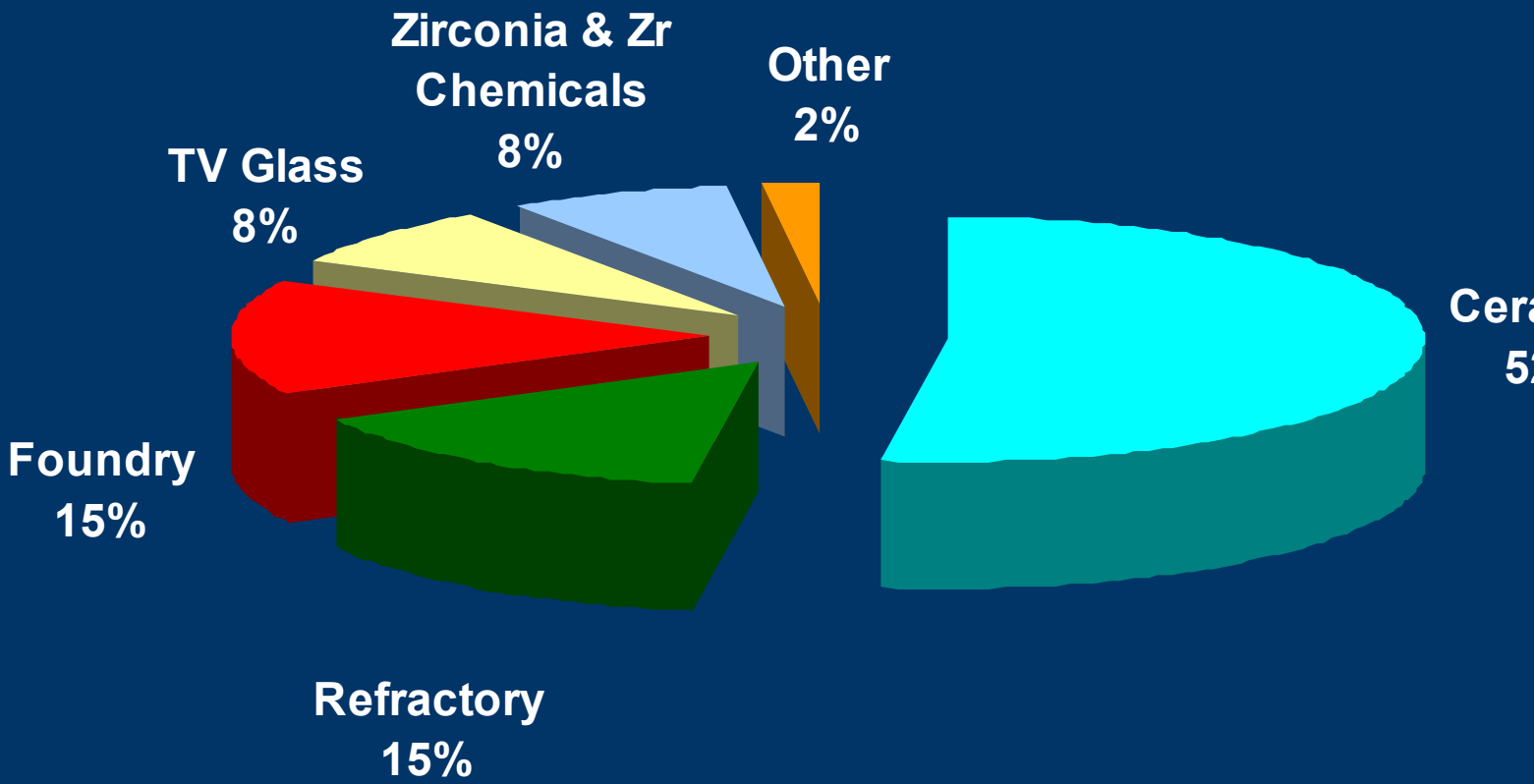
Overall Supply Demand for Feedstocks to 2010



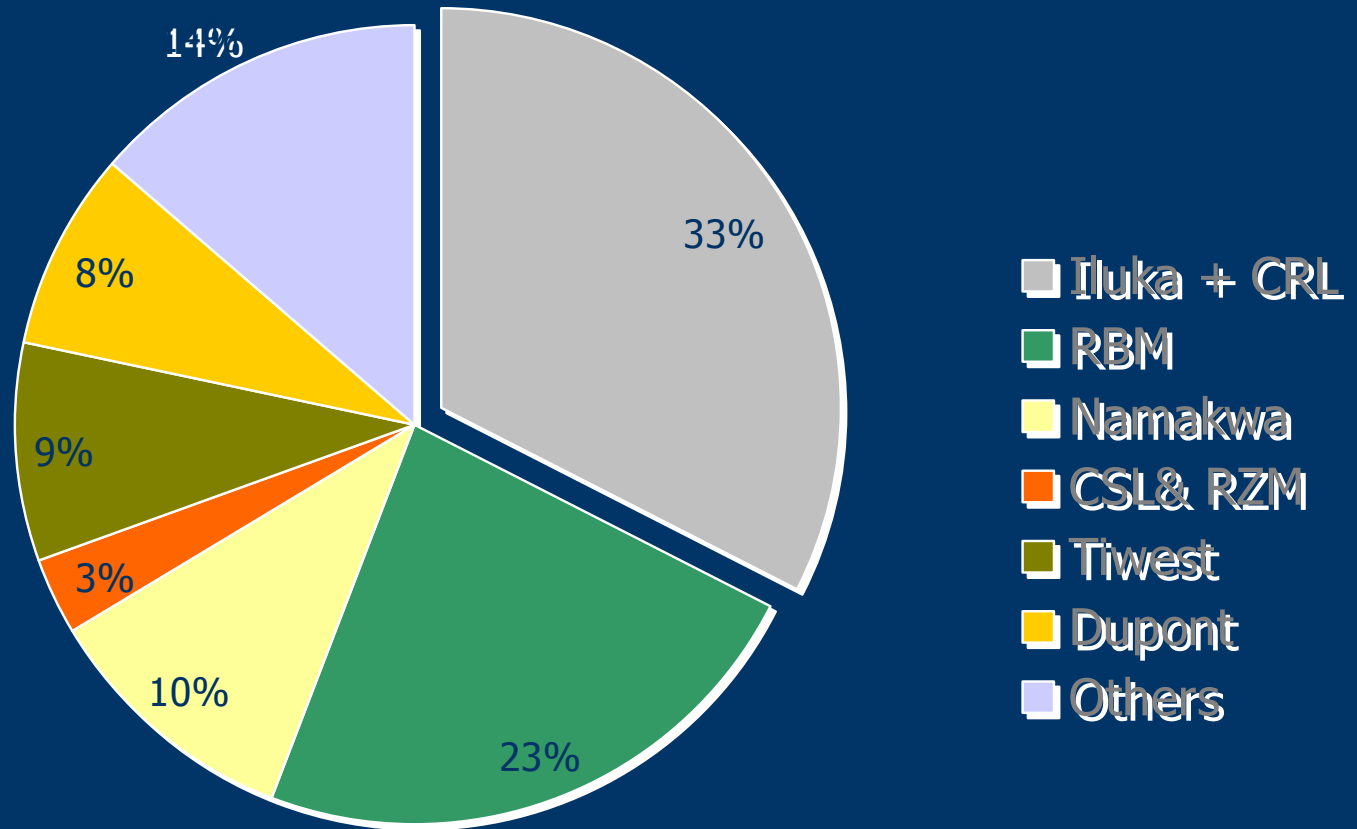


Zircon Consumption by End Use Market 2002

Total Consumption in 2002 ~ 1.1 million tonnes



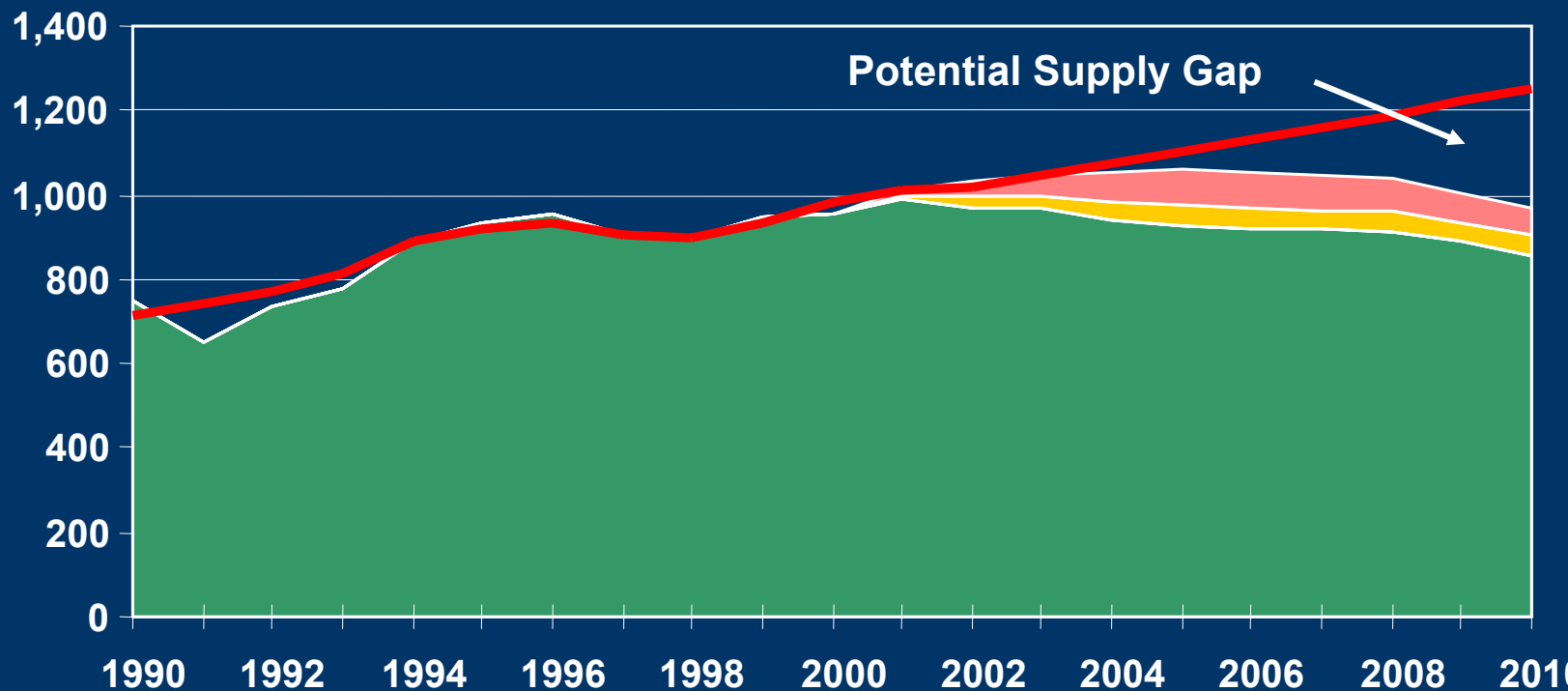
Zircon Producers





Zircon Supply/Demand Outlook to 2010

'000 Tonnes



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- Existing Producers
- Expansions
- Approved New Projects
- Demand

Coburn Project

Regional Setting





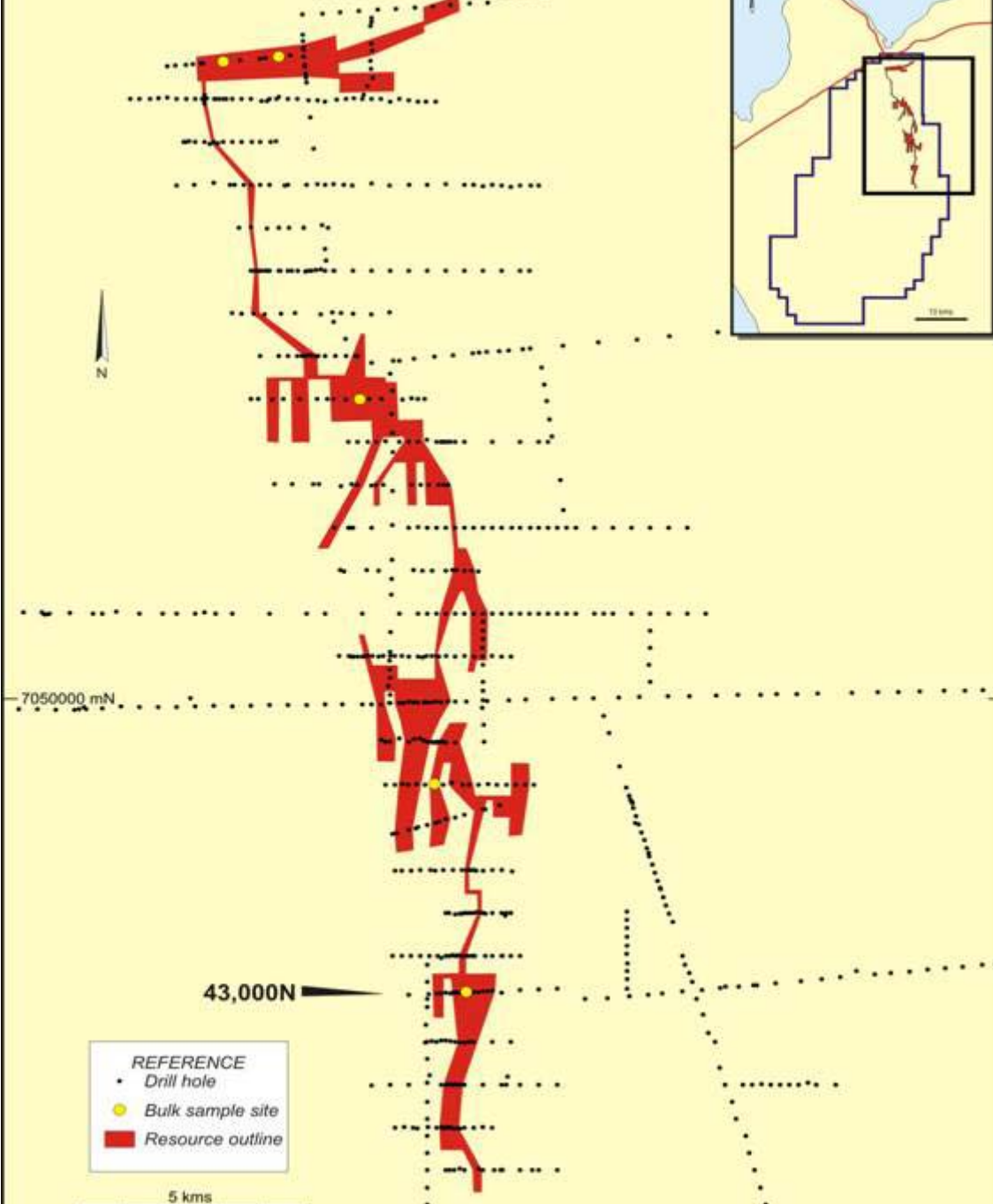
Coburn Target Areas

Amy Zone Inferred Resource

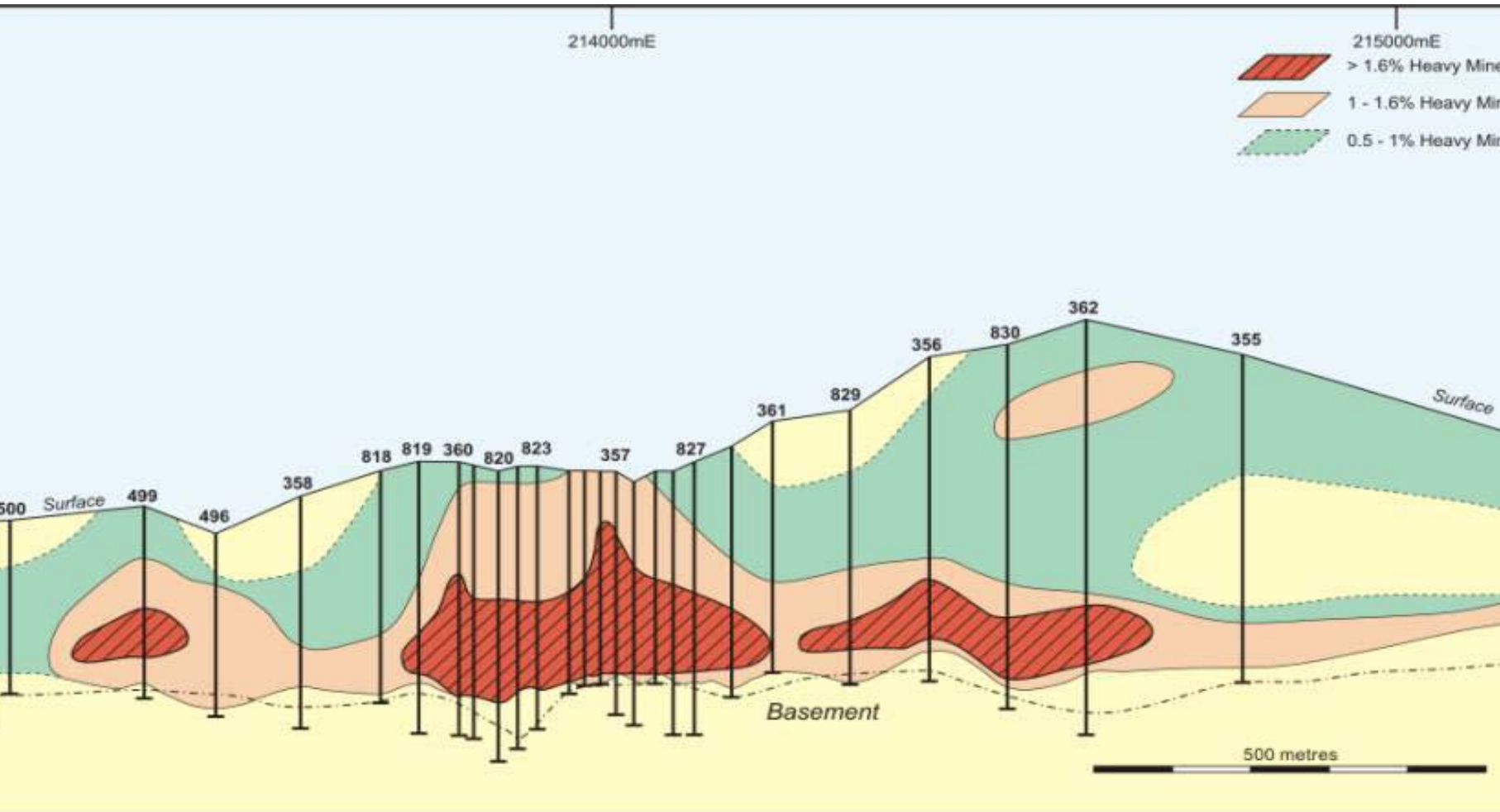


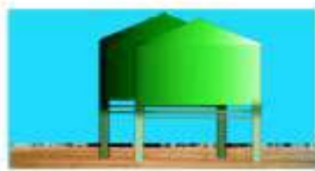
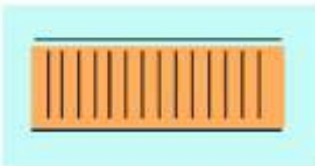
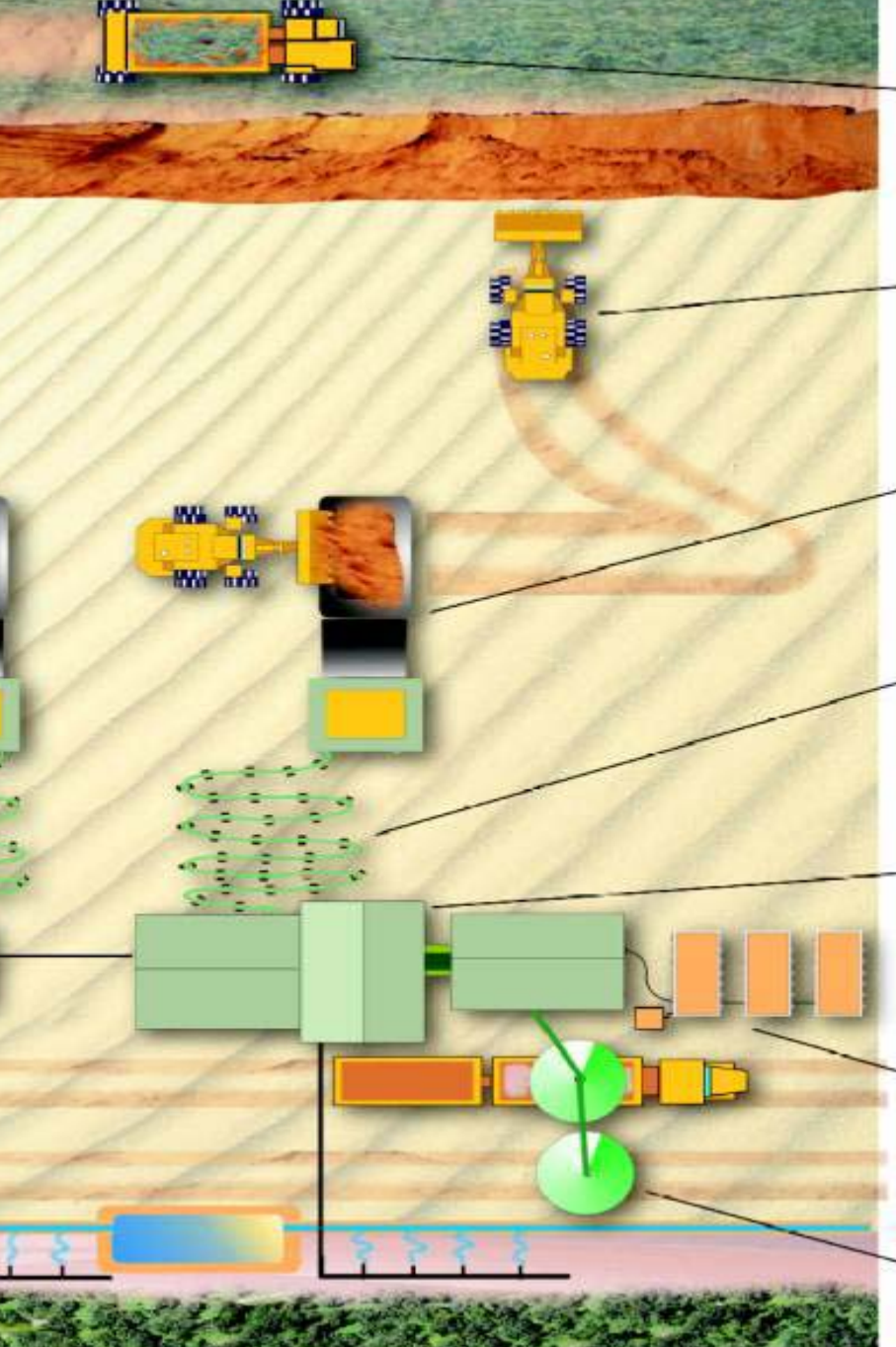
Tonnes:	516 million
Grade:	1.4% HM
Tonnes HM:	7 million
Slimes:	<3%
Mineralogy:	51% Ilmenite (>60% TiO₂)
	22% Zircon
	11% Leucoxene
	4% Rutile
	12% Trash

Amy Zone Resource



Amy Zone – Cross Section 43,000N





Coburn mining, concentration and rehabilitation operations

Preliminary Revenue, Cost and Return Estimates



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

Dry Mining

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

Dry Mining Production & Revenue



PRODUCTION & REVENUE MIX - Years 1 to 5

PRODUCT	PRODUCT VALUE	PRODUCT MIX	REVENUE MIX
ILMENITE	US \$80 /Tonne	61.6%	27.7%
ZIRCON	US \$400 /Tonne	30.6%	61.4%
RUTILE	US \$450 /Tonne	3.5%	8.8%
LEUCOXENE	US \$165 /Tonne	4.3%	4.0%

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% TiO₂ premium SR feed low
Uranium & Thorium < 165 PPM**

Study Timetable



- **Bankable Study – commence** **Jul 2003**
- **Bankable Study – complete** **Jan 2004**
- **Funding confirmed** **Mid 2004**
- **Construction to commence** **Late 2004**
- **Operations commissioning** **Late 2005**

Relative Project Valuations



	<u>MAGNETIC</u>	<u>COBURN</u>
Resource	133 Mt @ 4.8%	516 Mt @ 1.4%
Contained Heavy Mineral	6.4 Mt	7 Mt
mine Life	10 years	19 years
Annual Revenue	\$72.5 M	\$77.4 M
Cost / tonne HMC	\$145	\$157
NPV (post tax)	\$46 M	\$64 M
IRR	46%	23%
Debt	70%	60%
Company Valuation	\$22 M	\$4 M

Coburn Project - Conclusions



- **Pre Feasibility Review has confirmed that Coburn can sustain a high volume, low cost, long life mine**
- **Total revenue \$1.4 Billion, operating cash surplus \$399 M**
- **Project after tax returns attractive**
 - NPV after tax 63.8M**
 - IRR 22.9%**
- **54% of revenue from zircon – strong outlook**
- **Excellent exploration upside**

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- **Share price at NPV valuation** **\$1.70**