



GUNSON RESOURCES LIMITED



David Harley

May 2004

Corporate Summary



- **Listed May 2000**
- **Shares** **64.3M**
- **Cash** **\$4.2M**
- **Unlisted Options** **7.9M**
- **Share Price** **\$0.20**
- **Fully Diluted Cap.** **\$14.4M**

Gunson Board of Directors

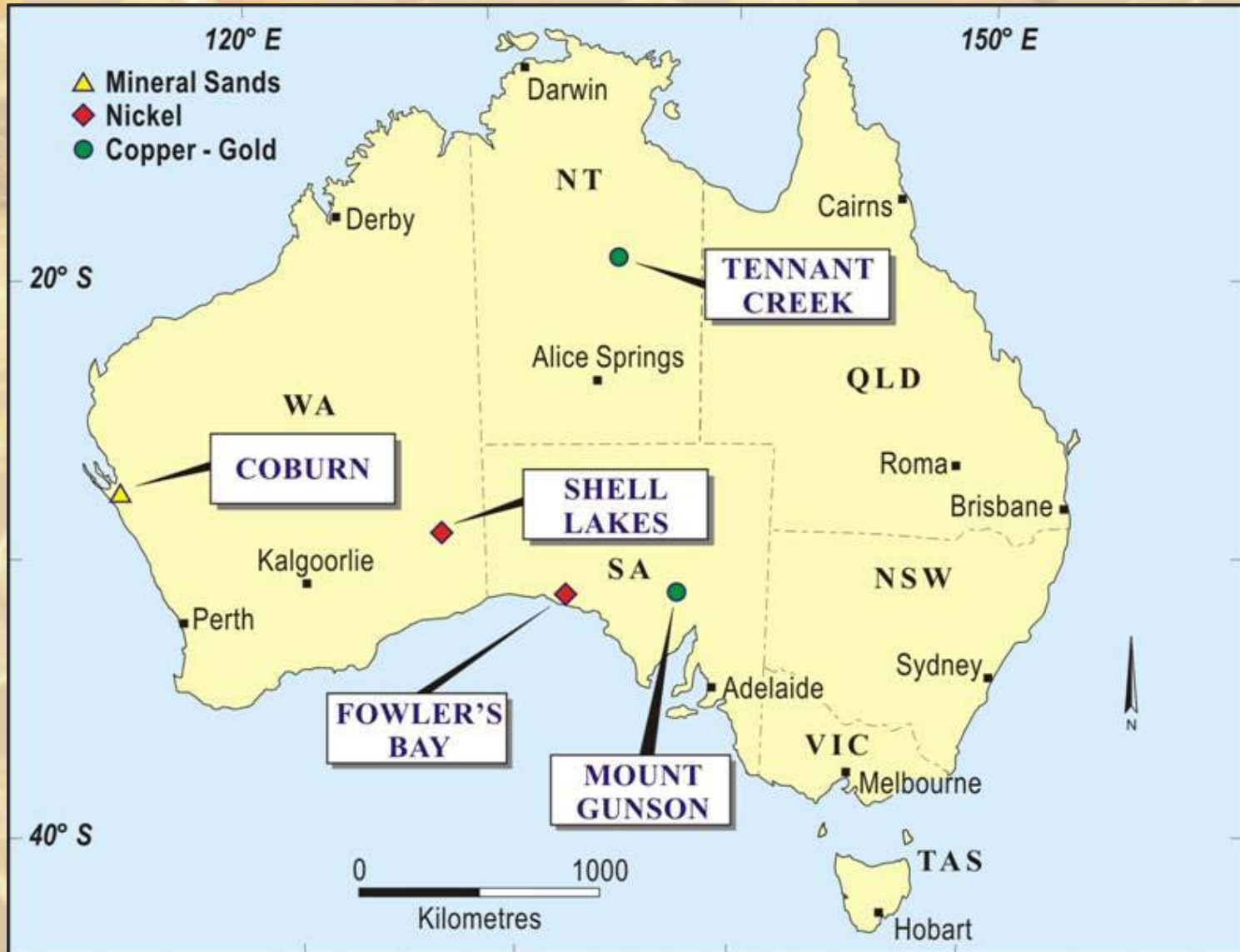


Chairman: Bill Cunningham (Ex WMC – nickel marketing)

Managing: David Harley (WMC 24 years 1972-1995
GM Minerals Exploration
Australia/East Asia 1990-1995
Chairman, Gallery Gold 1998-2003)

Non Exec: Peter Harley Chairman – iinet
Non Exec – Perilya
- Foundation Capital

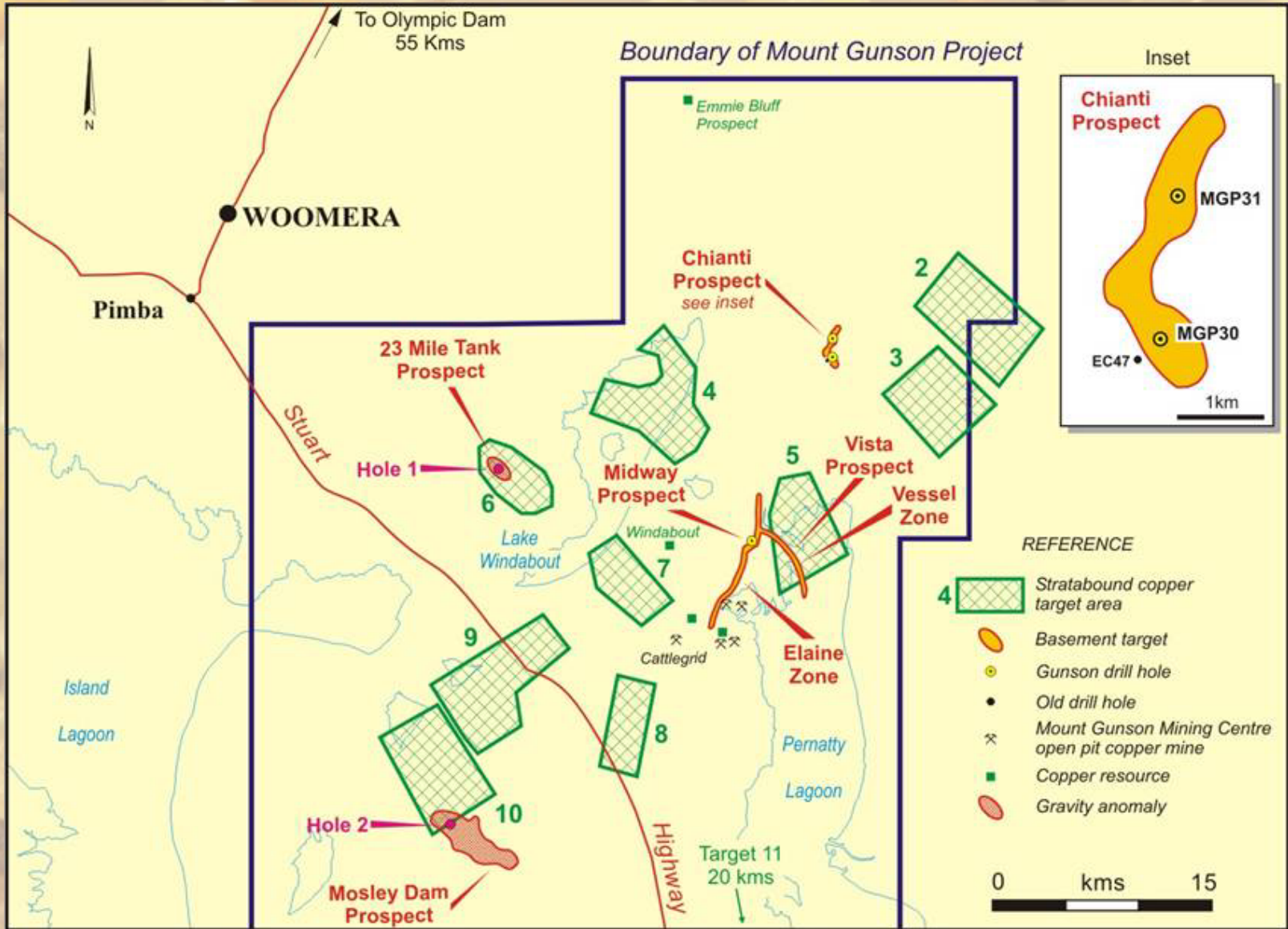
Project Location Map



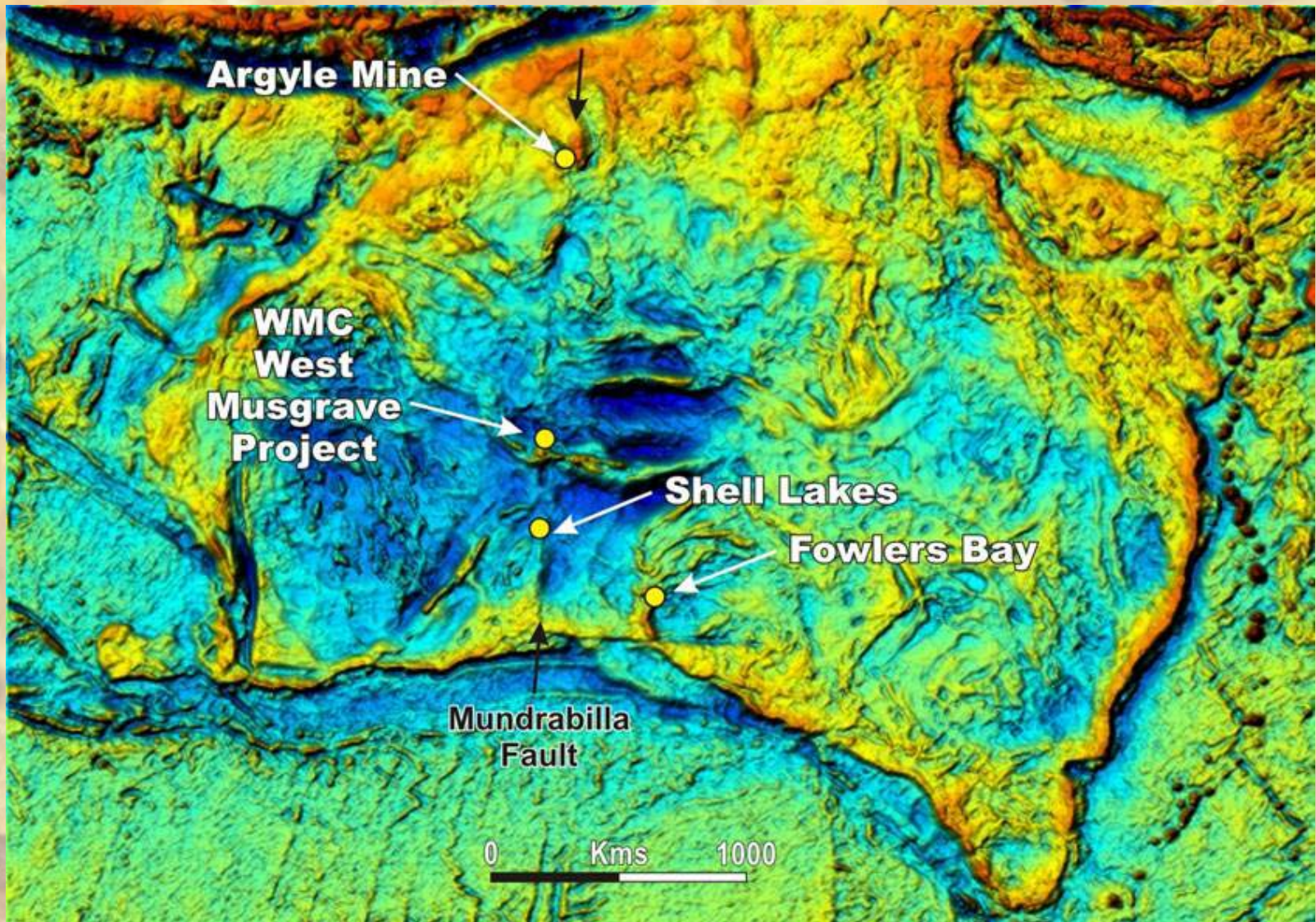


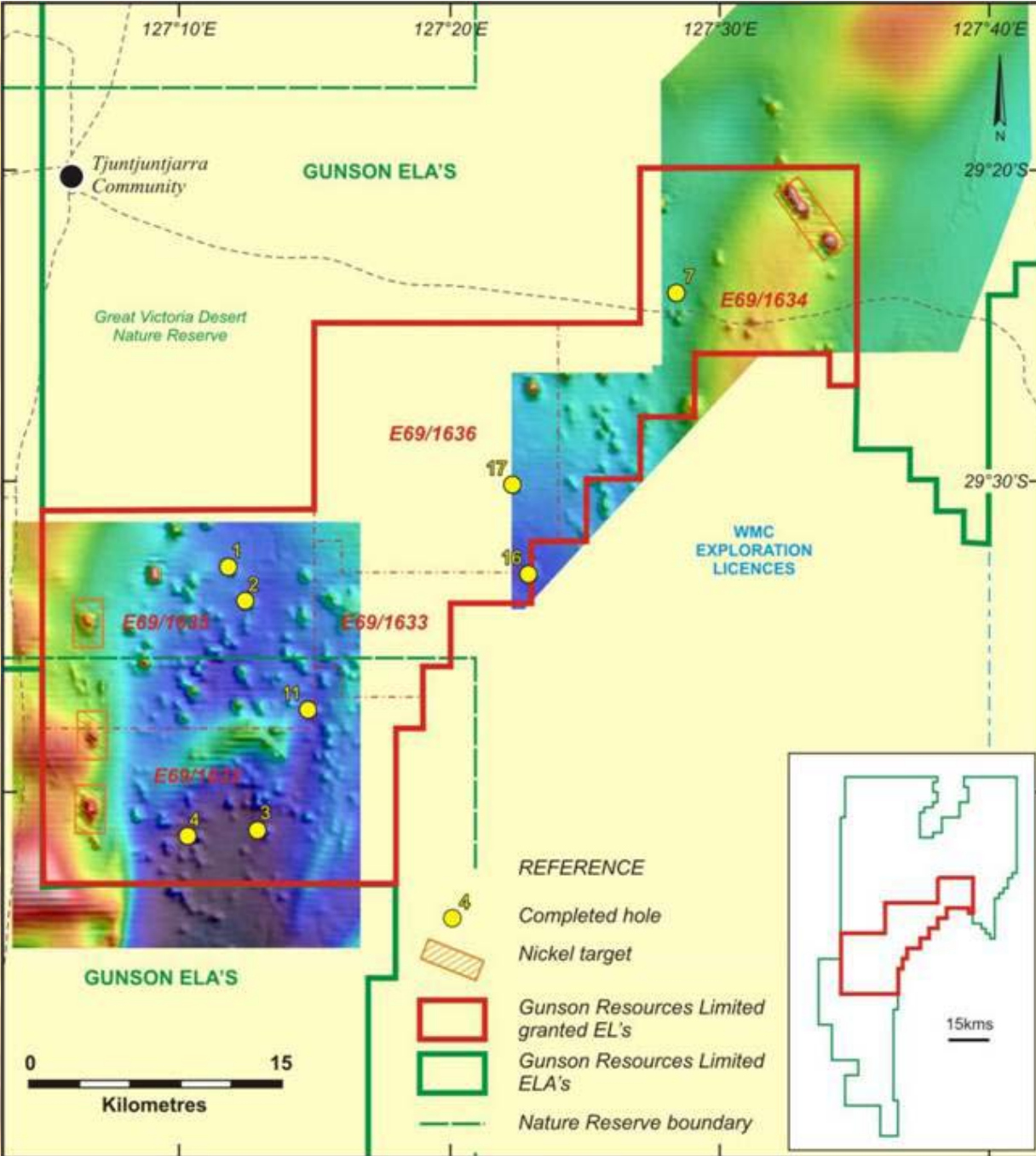
South Australian Copper Belt

Mount Gunson Target Areas



Gunson Nickel Projects



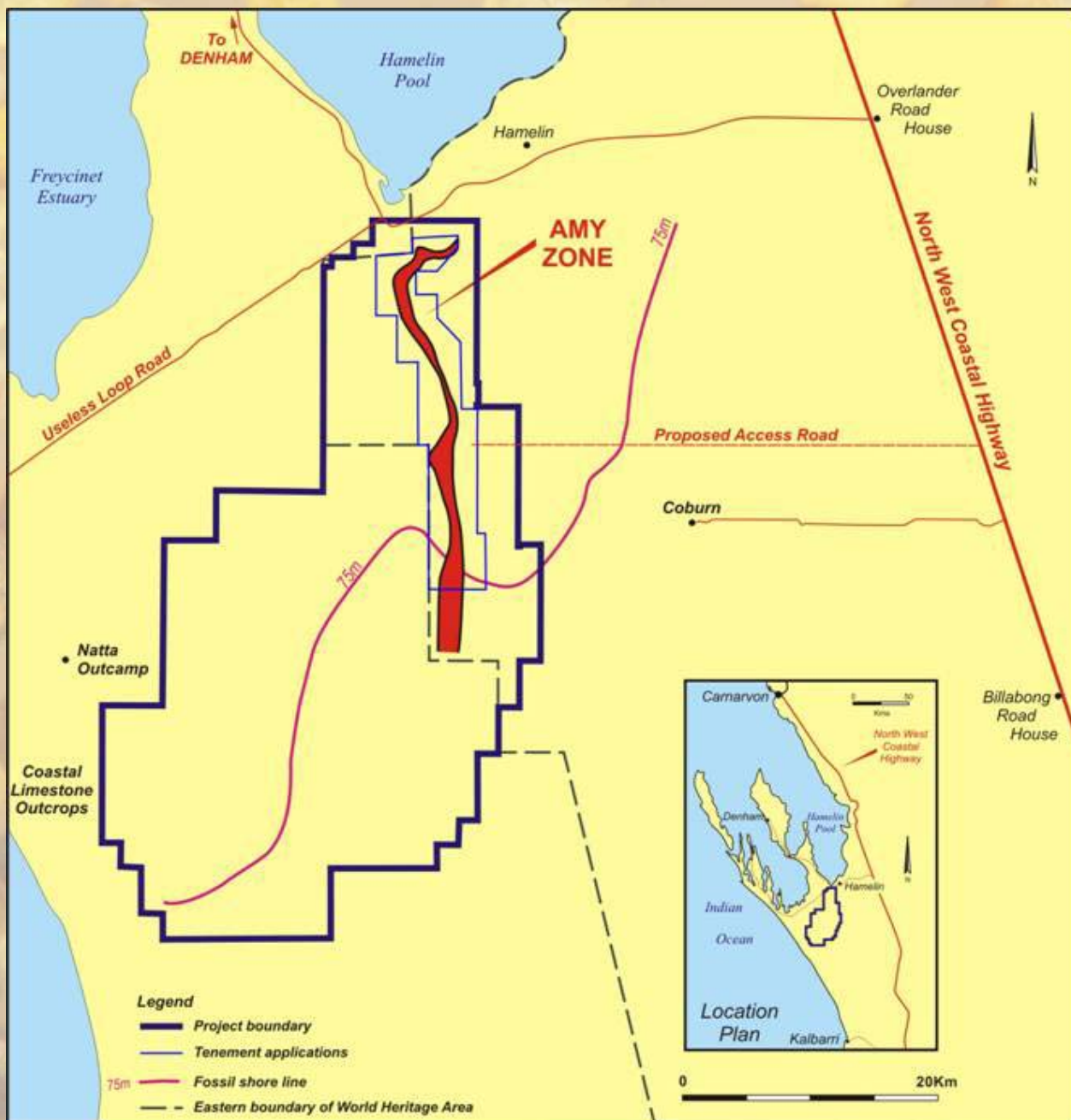


Shell Lakes Project



Coburn – Regional Setting

Coburn Project Amy Zone Orebody



Amy Zone - Inferred Resource



Tonnes: 690 million *

Grade: 1.35% HM

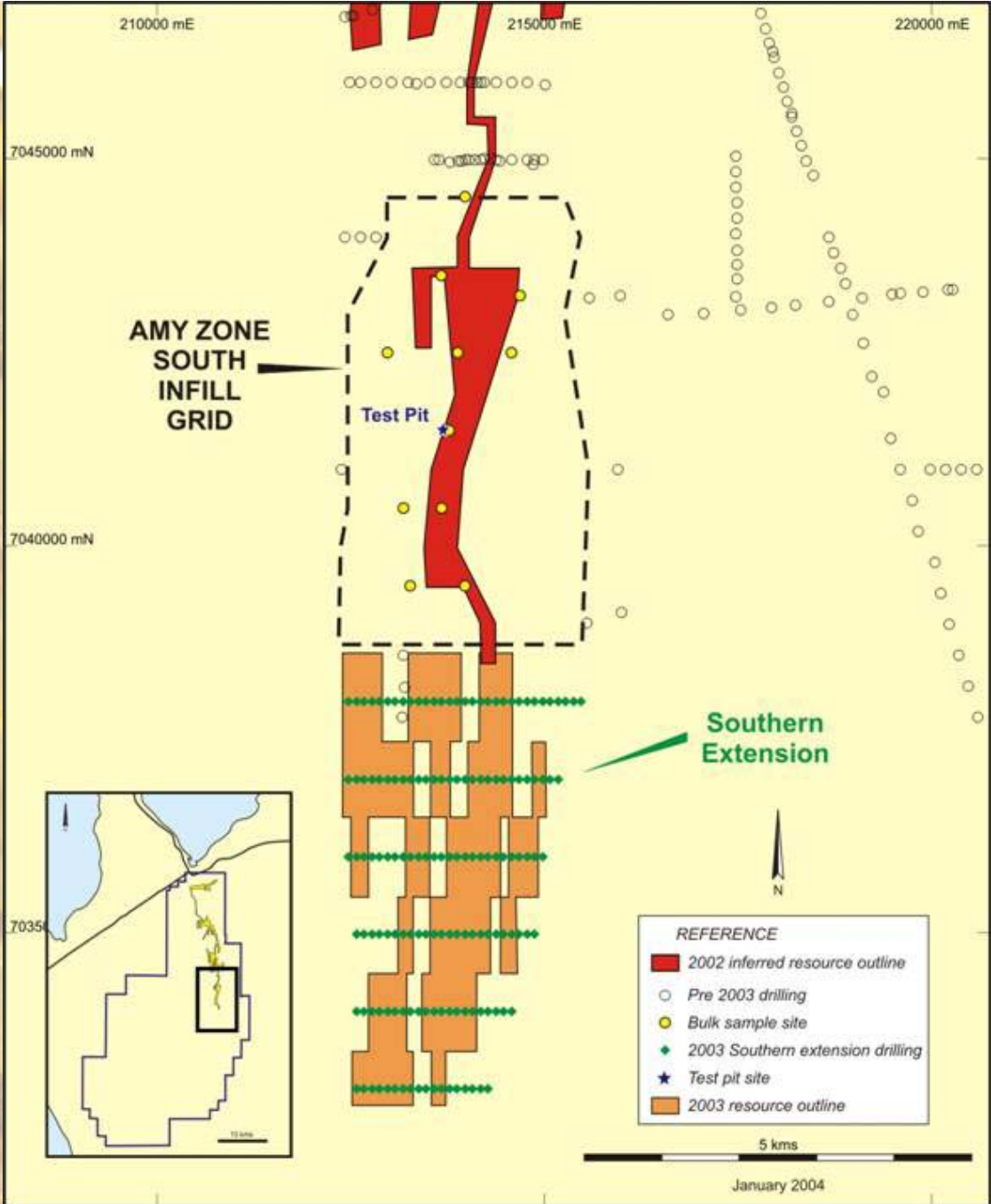
Tonnes HM: 9.3 million

Slimes: <3%

Oversize 1%

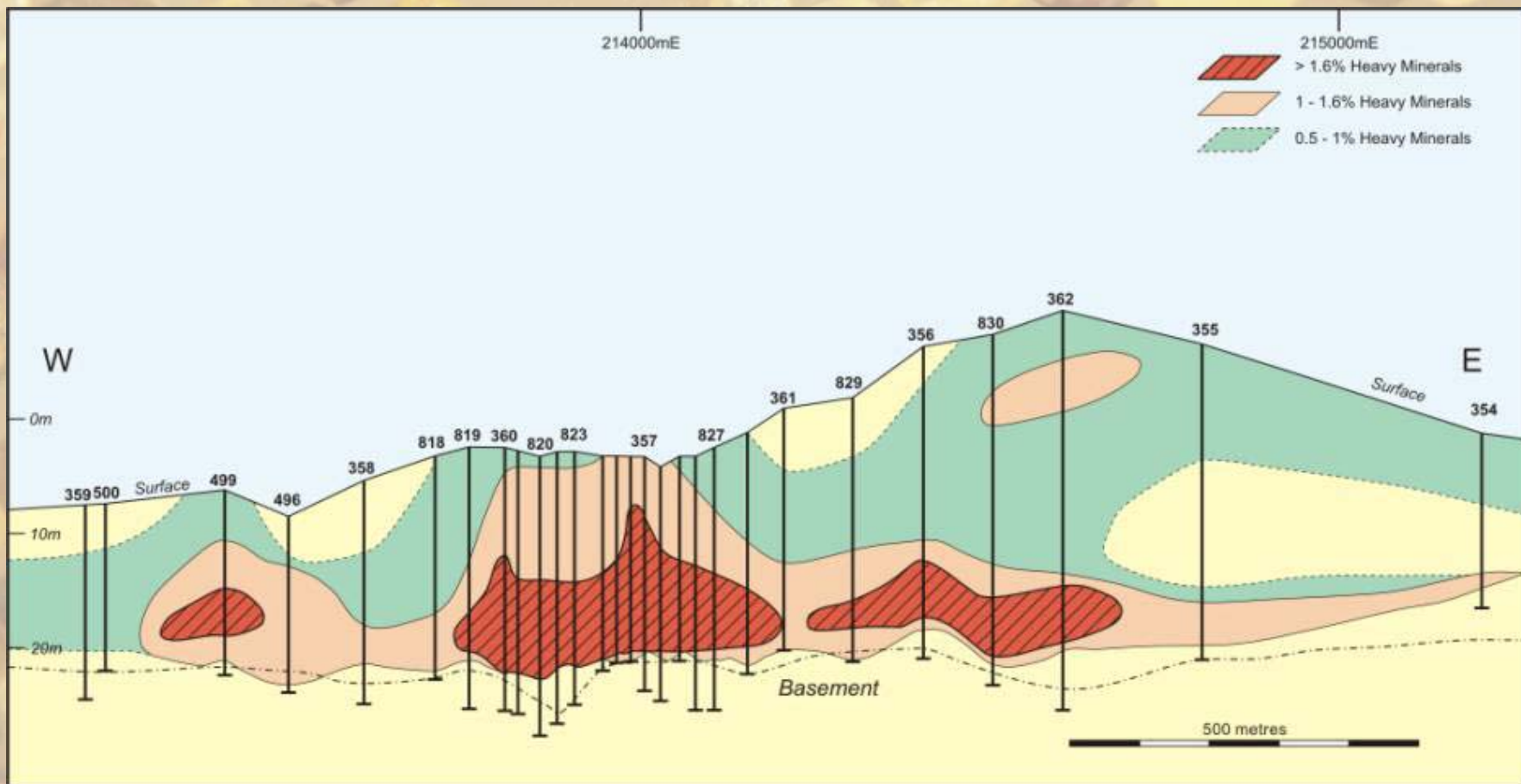
*** Includes 133Mt indicated resource
at Amy Zone South**

Amy Zone South Drilling 2003





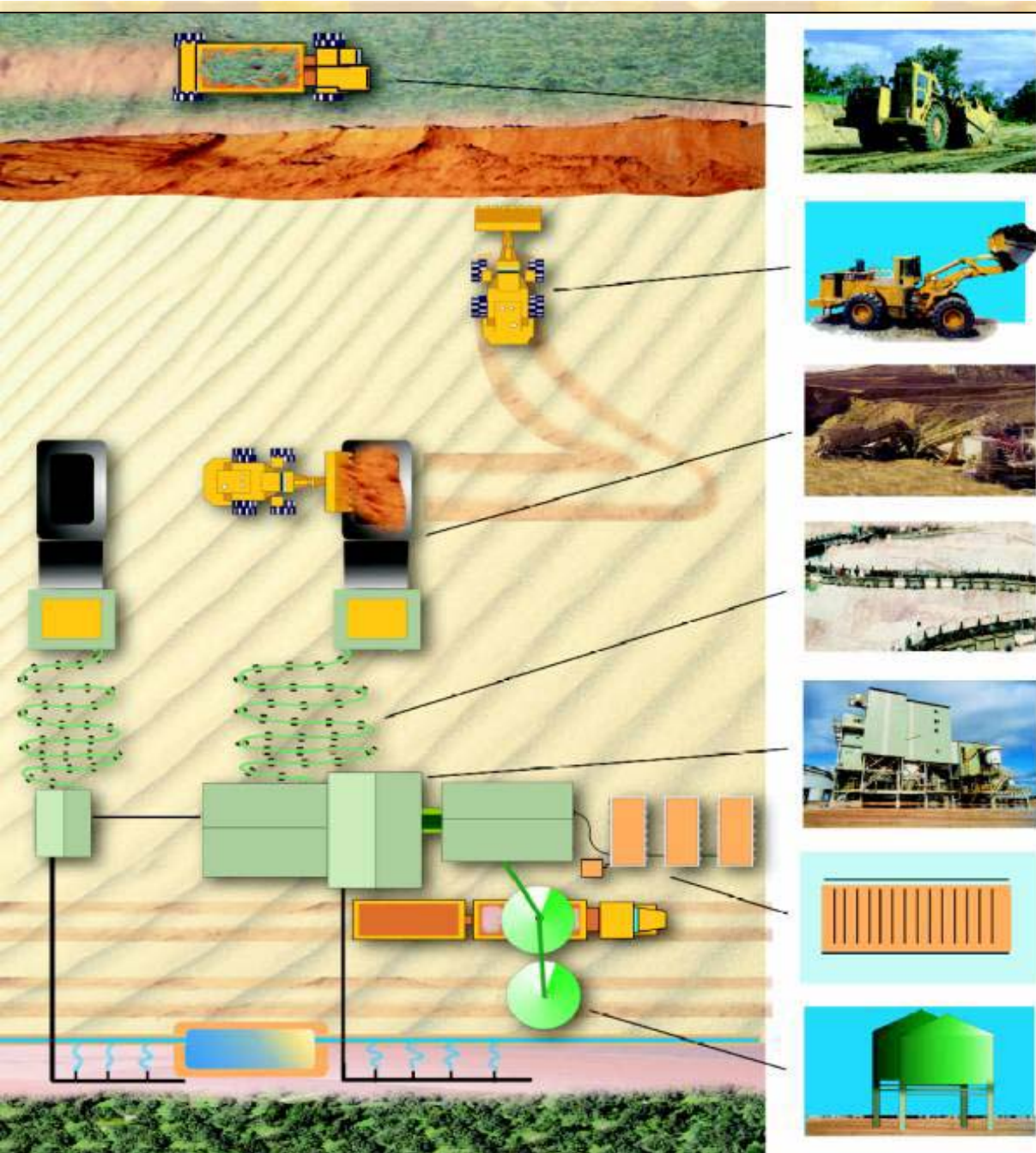
Amy Zone South Cross Section



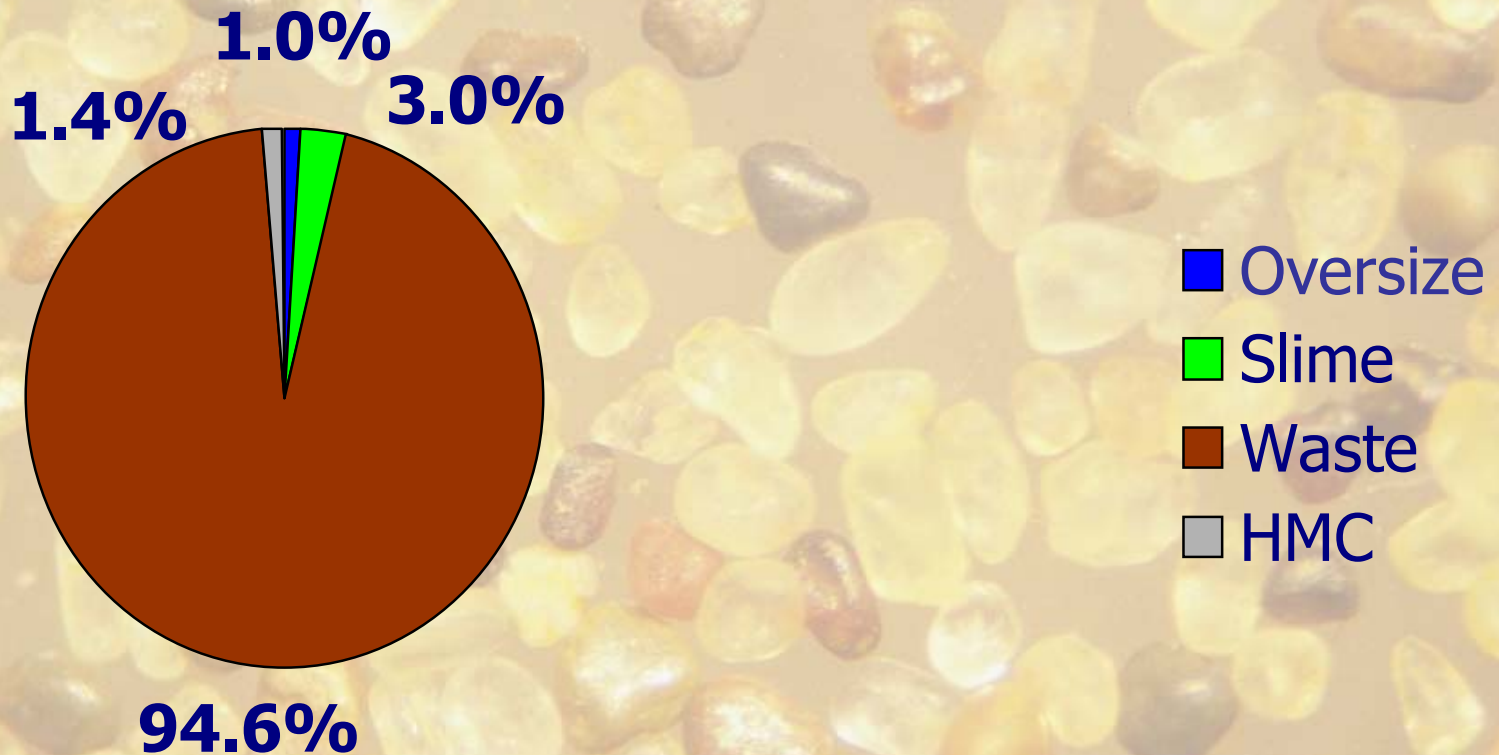


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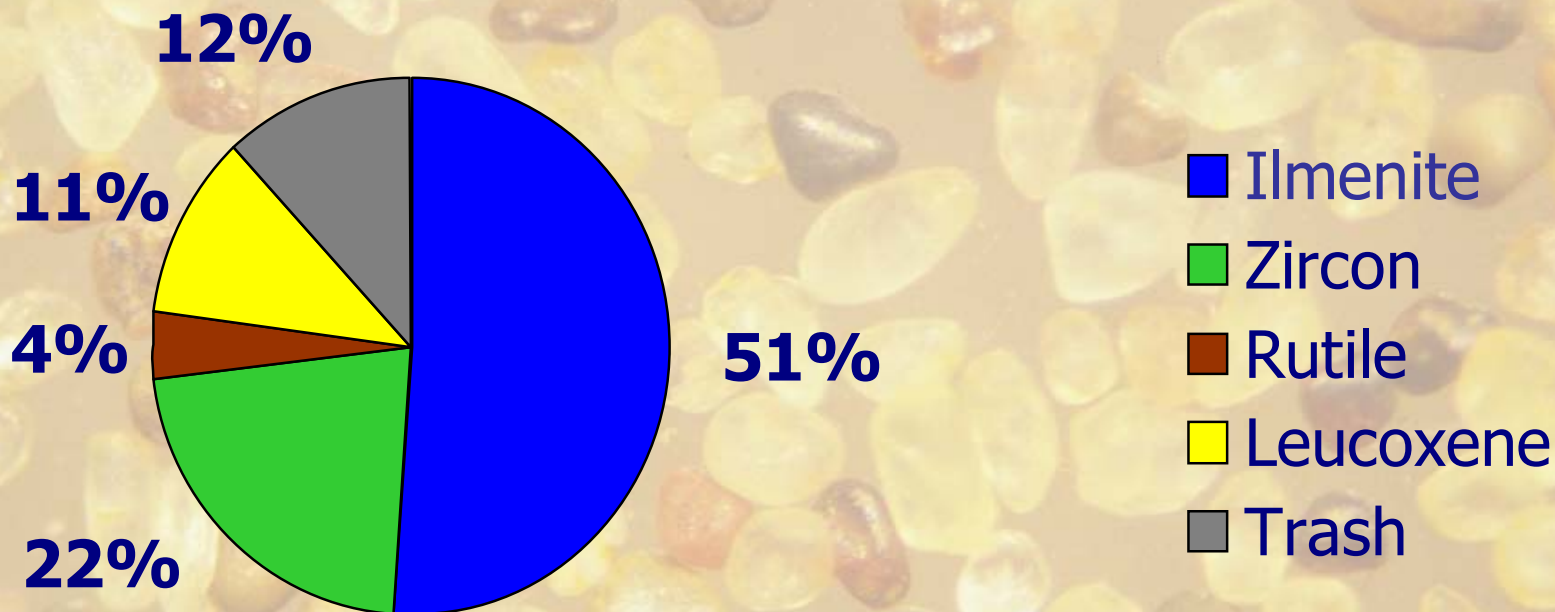
Coburn mining, concentrating and rehabilitation operations



Coburn Mineral Sands Ore



Coburn Heavy Mineral Assemblage



Trash materials made up of up to 61 trace elements

Coburn BFS Progress Report

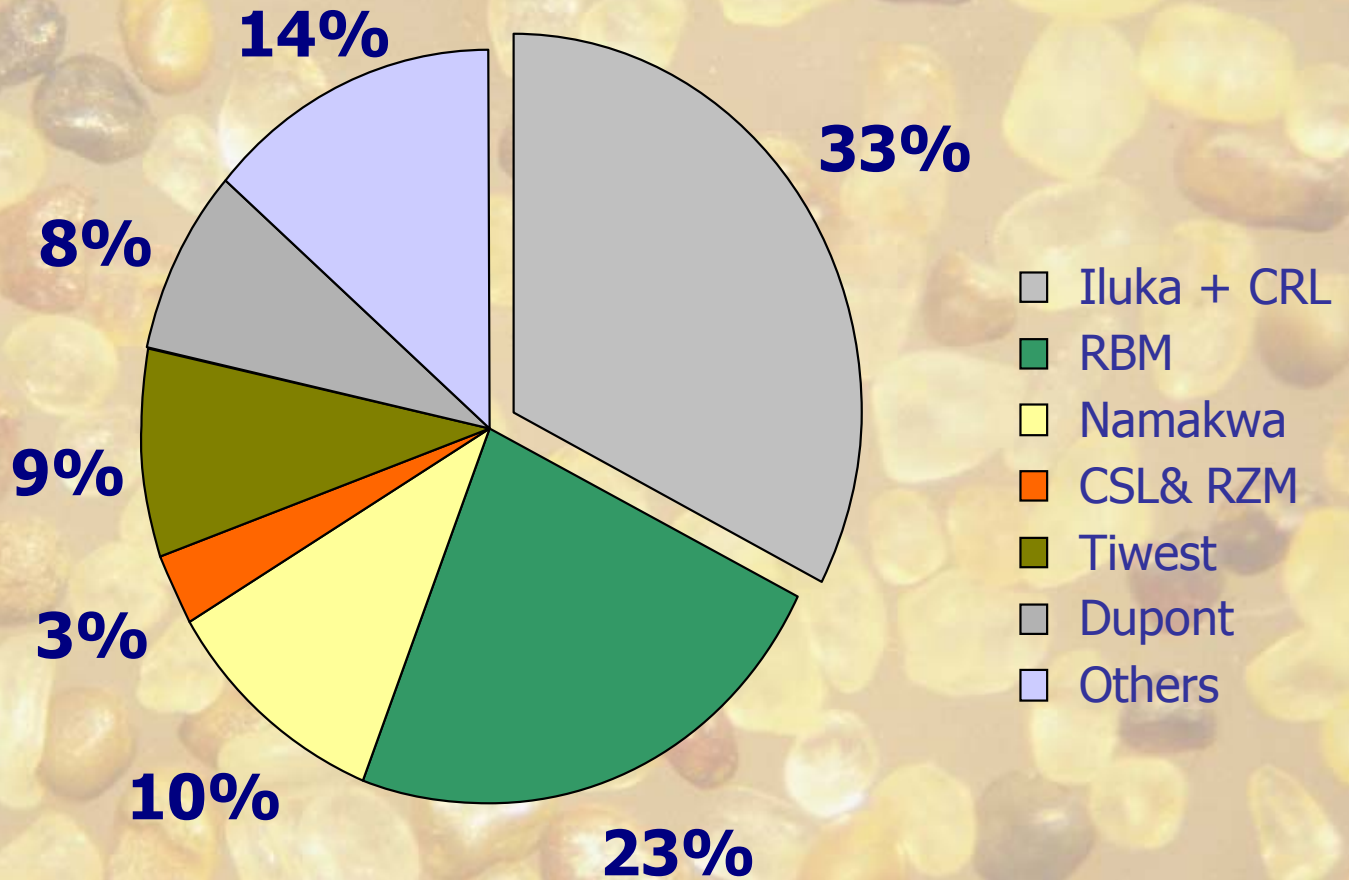
Notional Annual Production



| | Tonnes | % Revenue | % World |
|------------------|----------------------|------------------|----------------|
| Ilmenite | 172,000 | 23 | 8 * |
| Zircon | 78,000 | 57 | 7 |
| Leucoxene | 21,000 | 10 | 15 |
| Rutile | <u>14,000</u> | <u>10</u> | 3 |
| Total | 285,000 | 100 | |

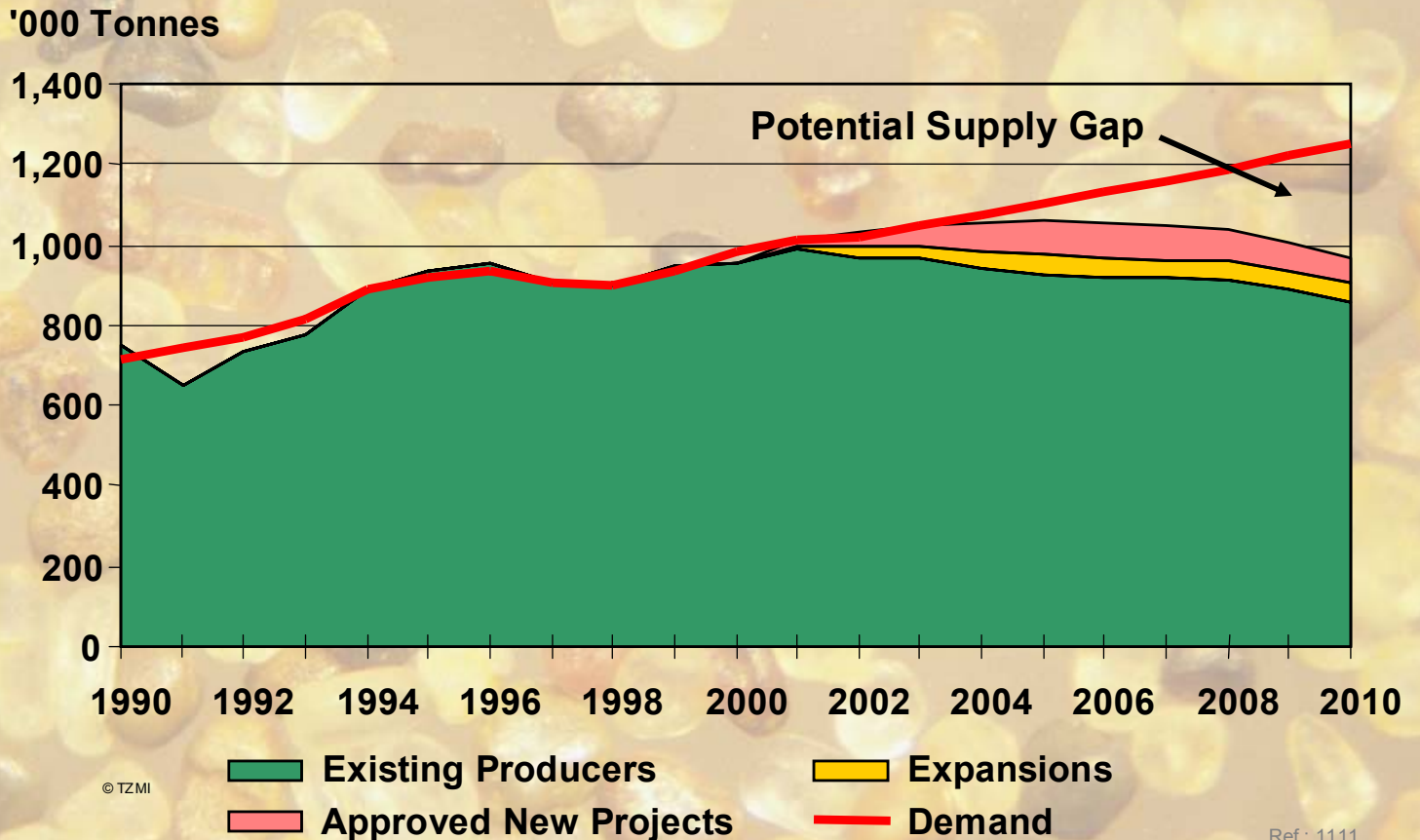
* % of global chloride ilmenite production

Zircon Producers





Zircon Supply/Demand Outlook to 2010

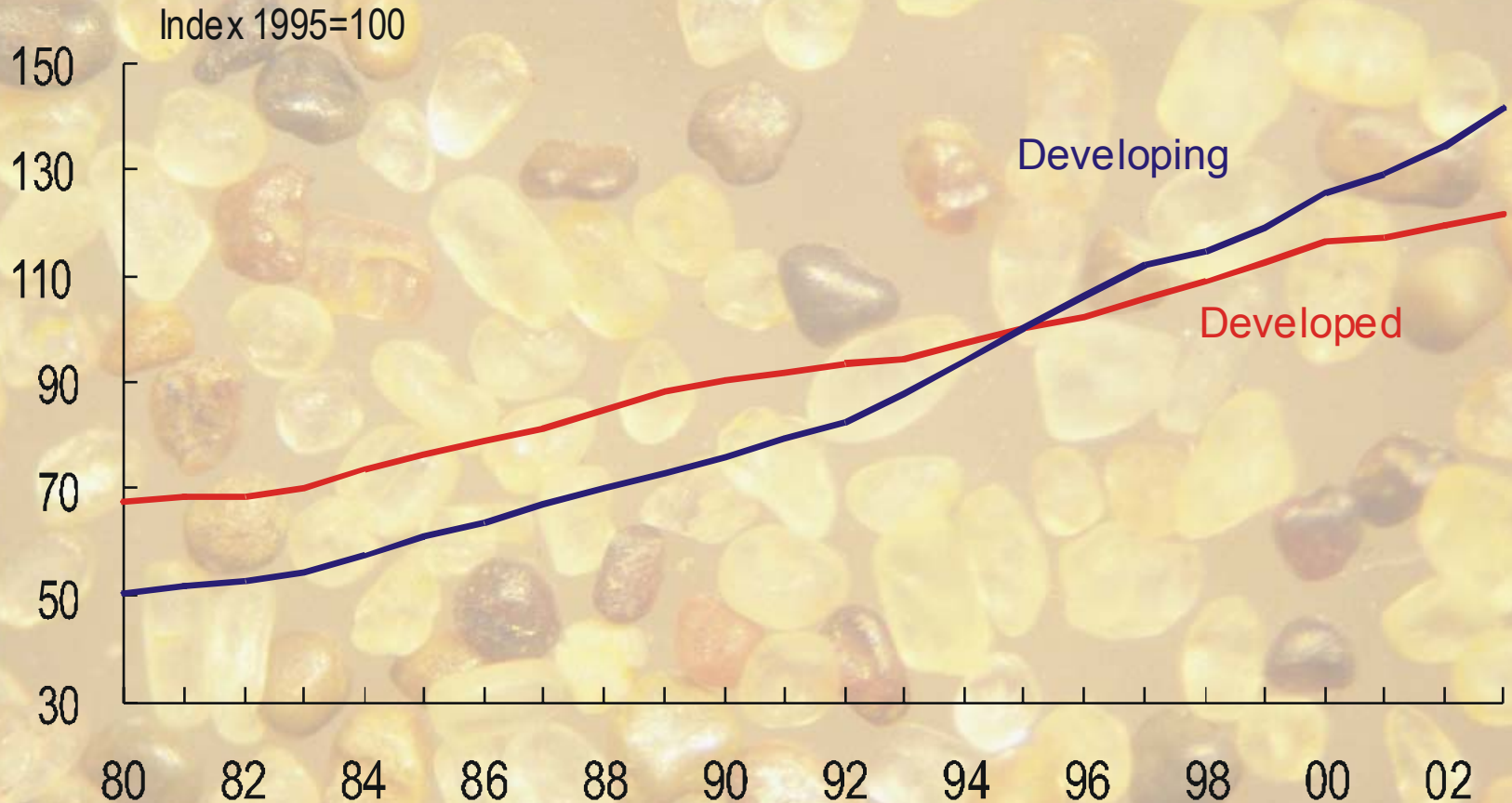


© TZMI

May 1st
2003

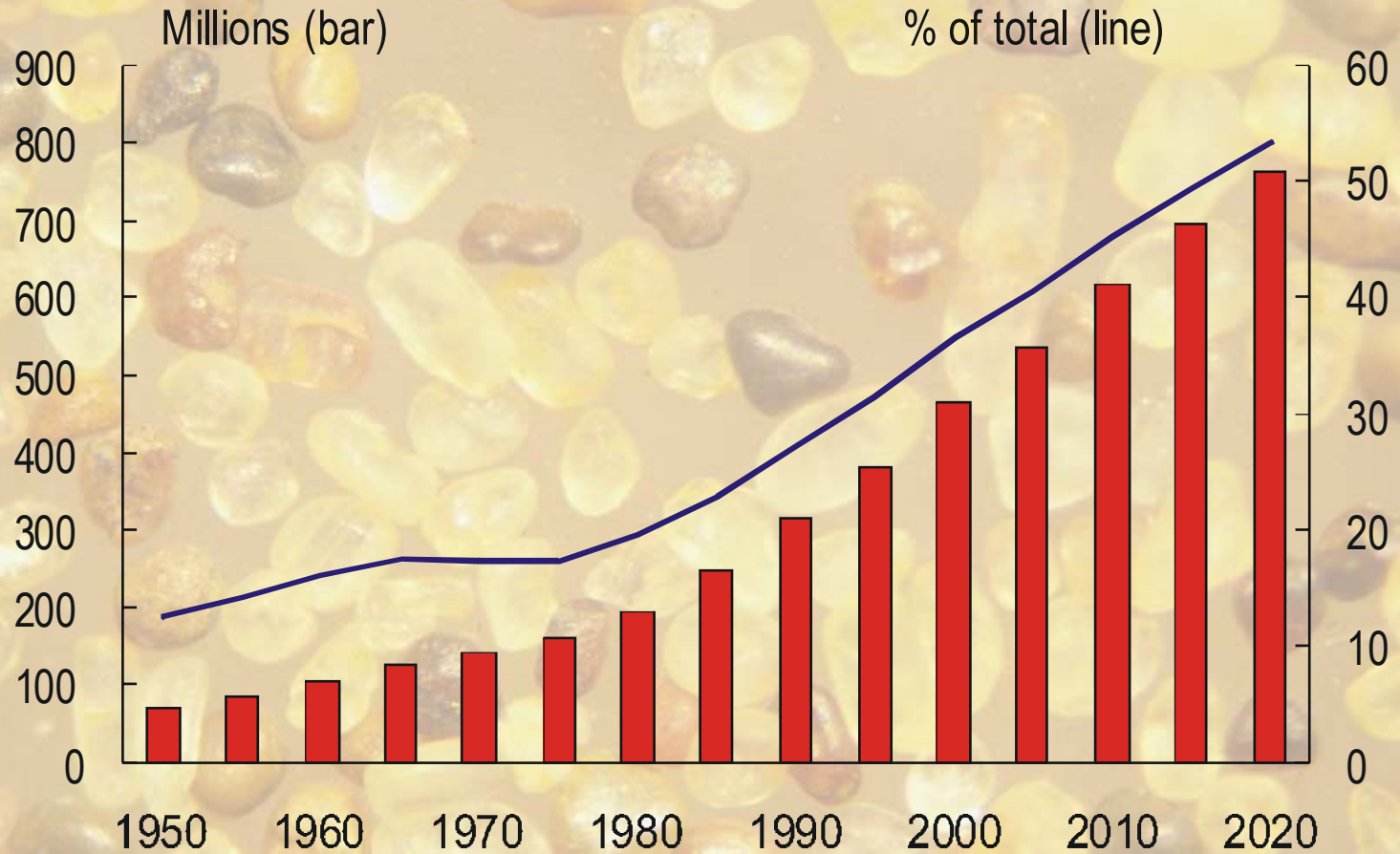
Ref: 1111

GDP growth in developed and developing countries



Source: IMF

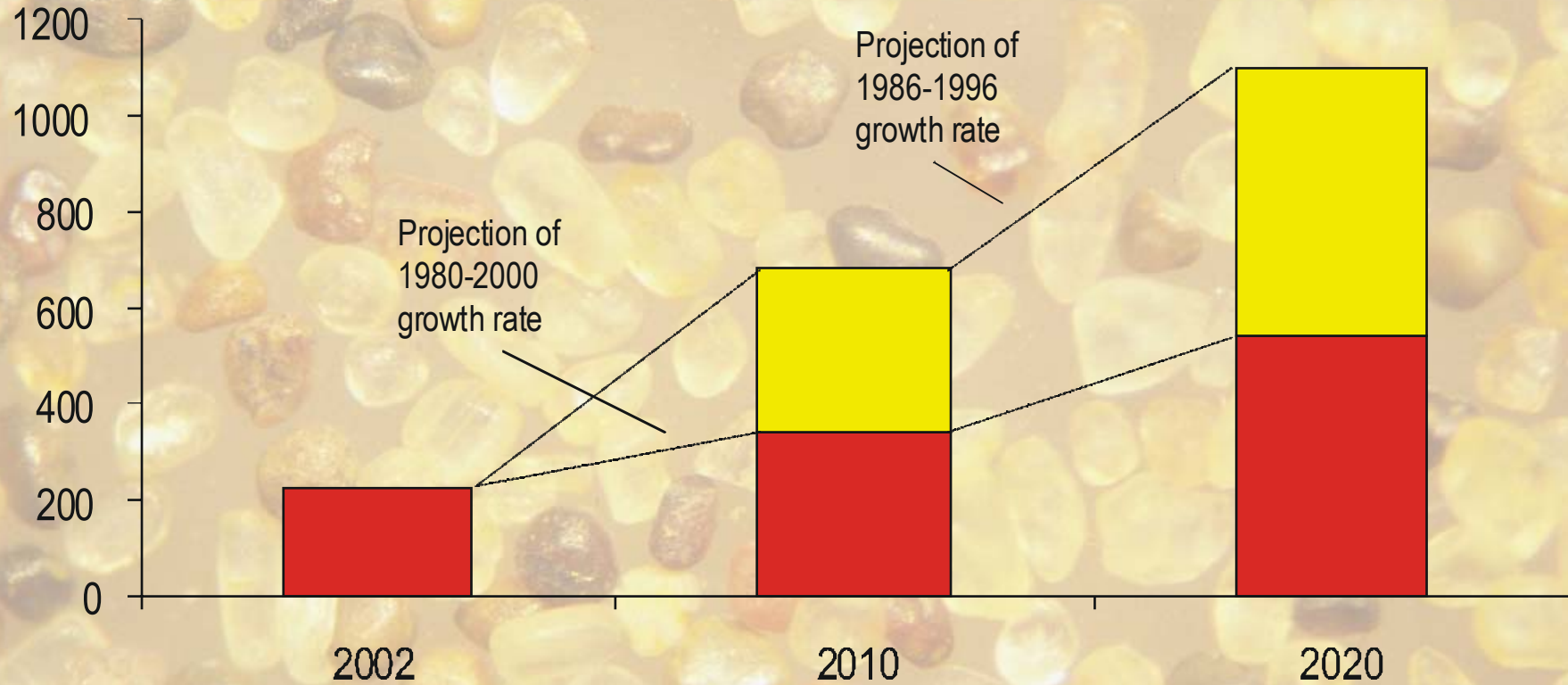
China's urban population



Source: UN

Asia's 'discretionary consumers'

Non-Japan Asian population with income of < US\$5000
millions



Source: The Economist 8 Feb 2003, based on data from CLSA.

China's shares of world consumption

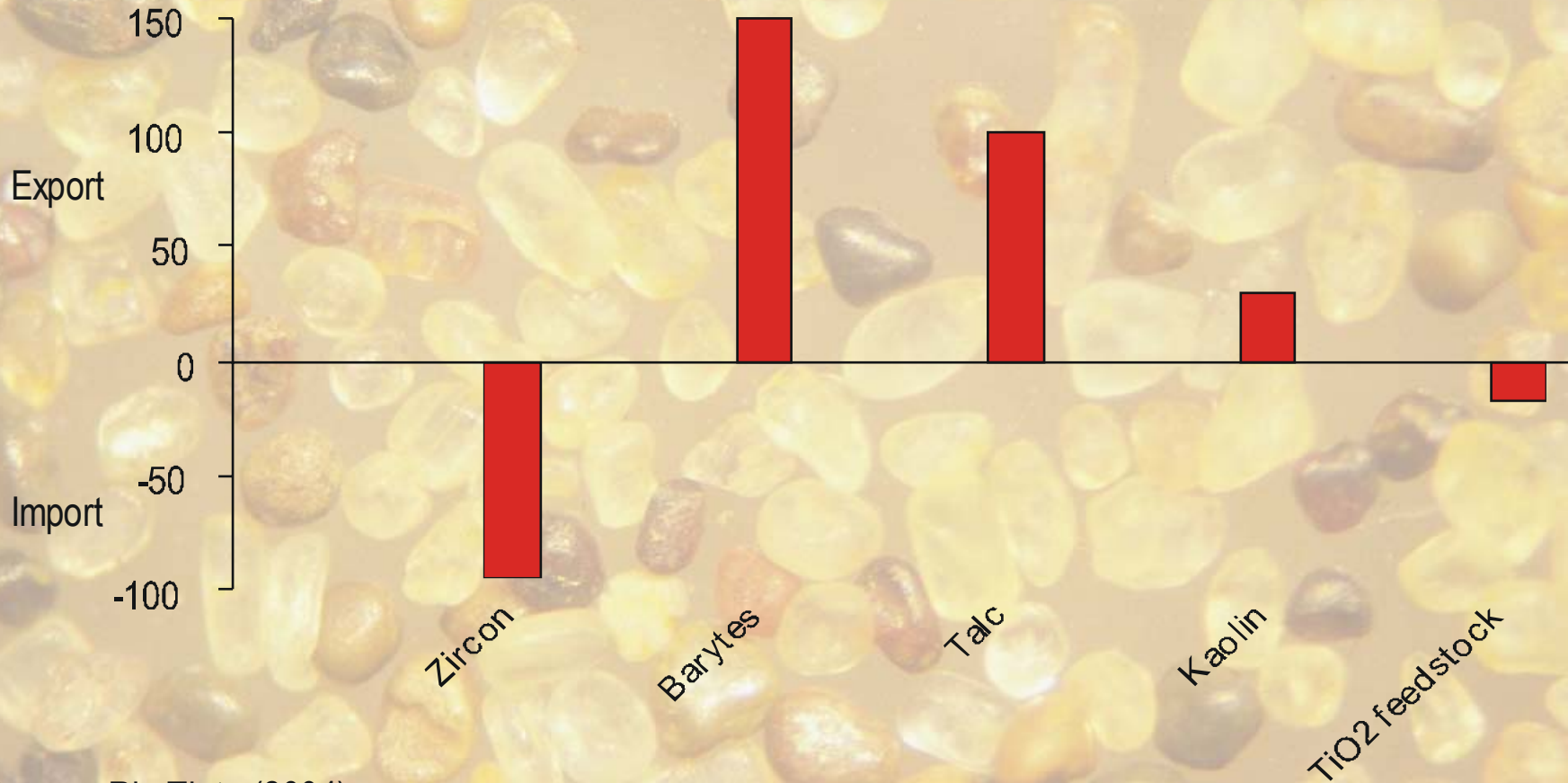


Source: Rio Tinto (2004)

China's net trade in industrial minerals

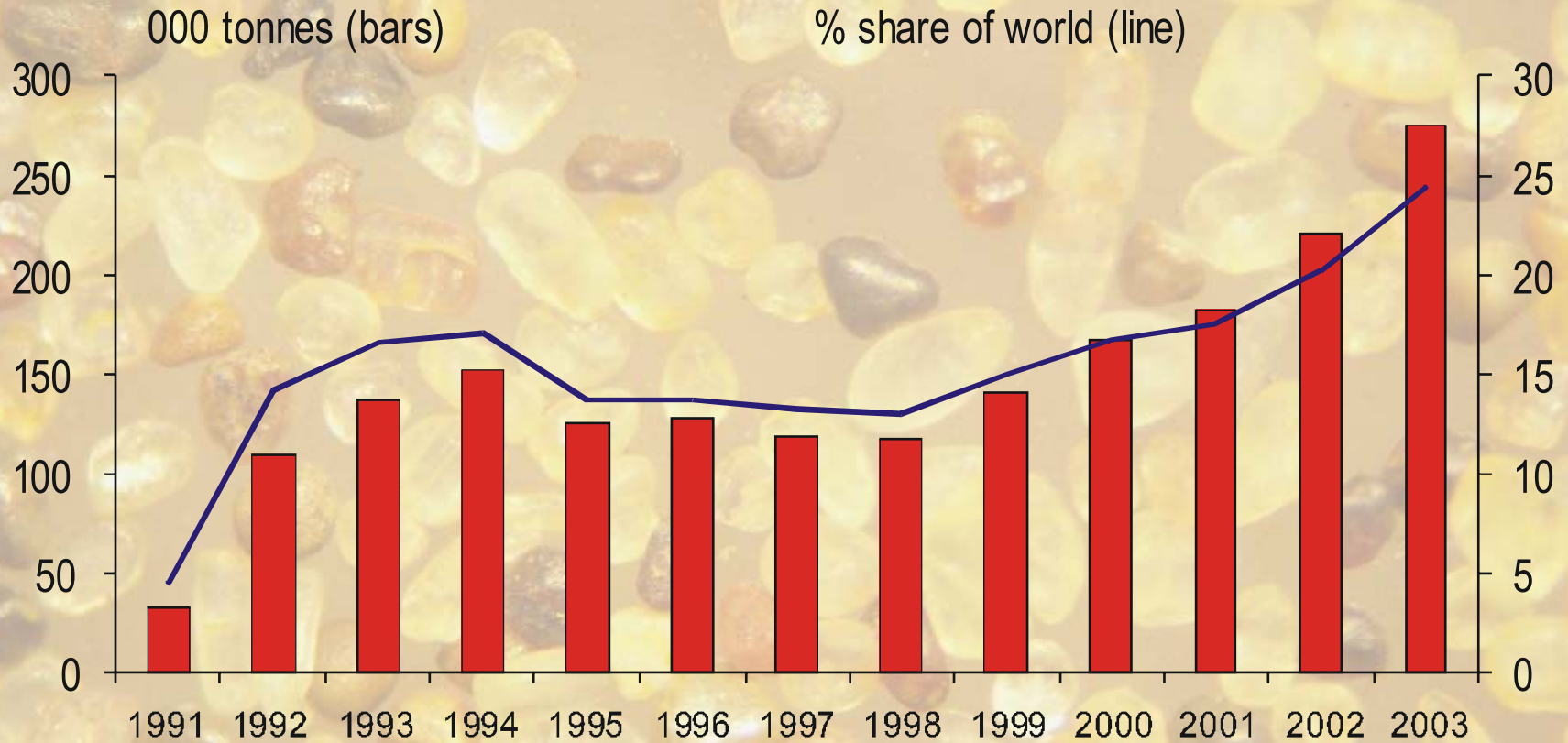


Imports or exports expressed as a % of domestic consumption

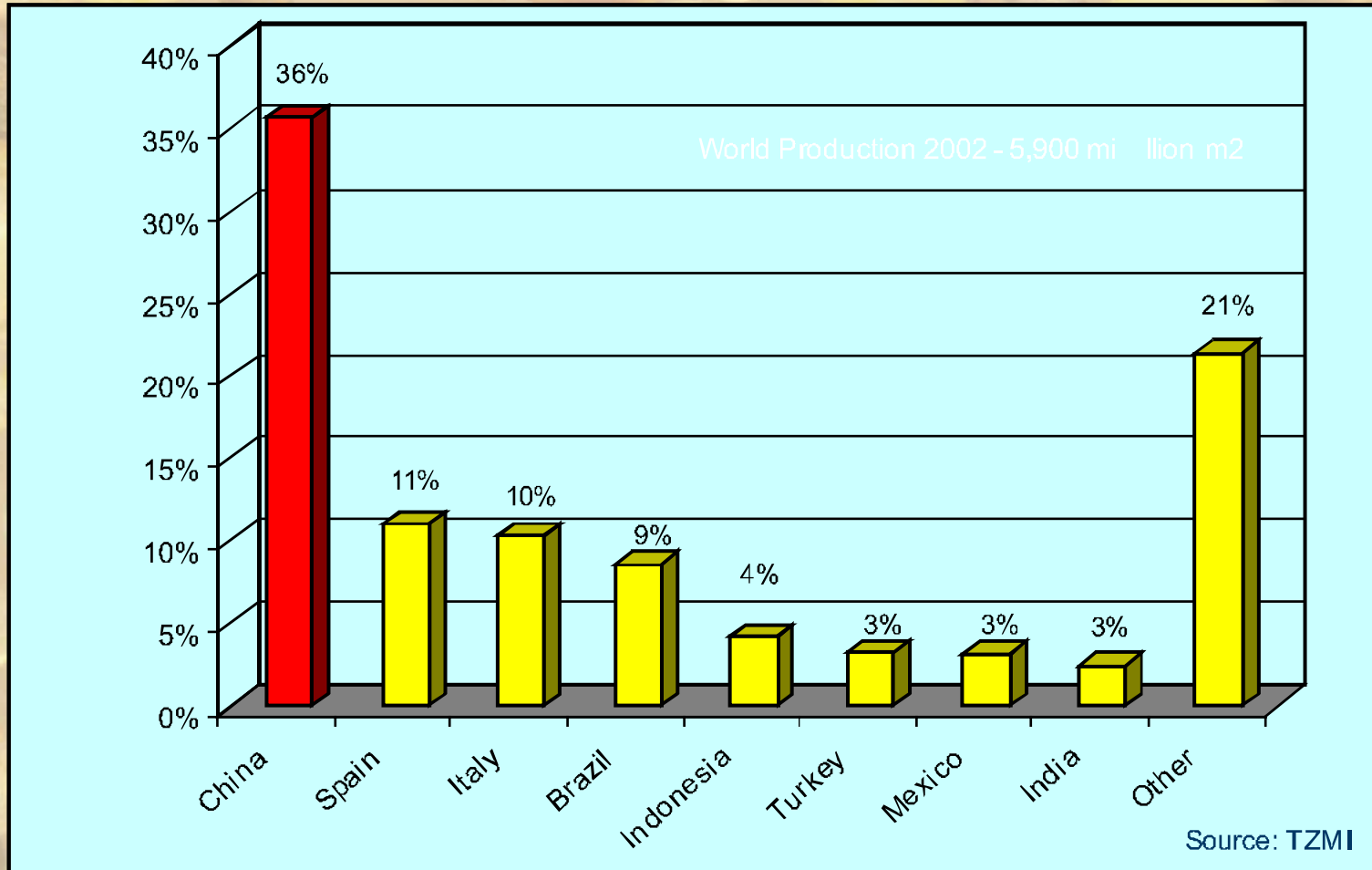


Source: Rio Tinto (2004)

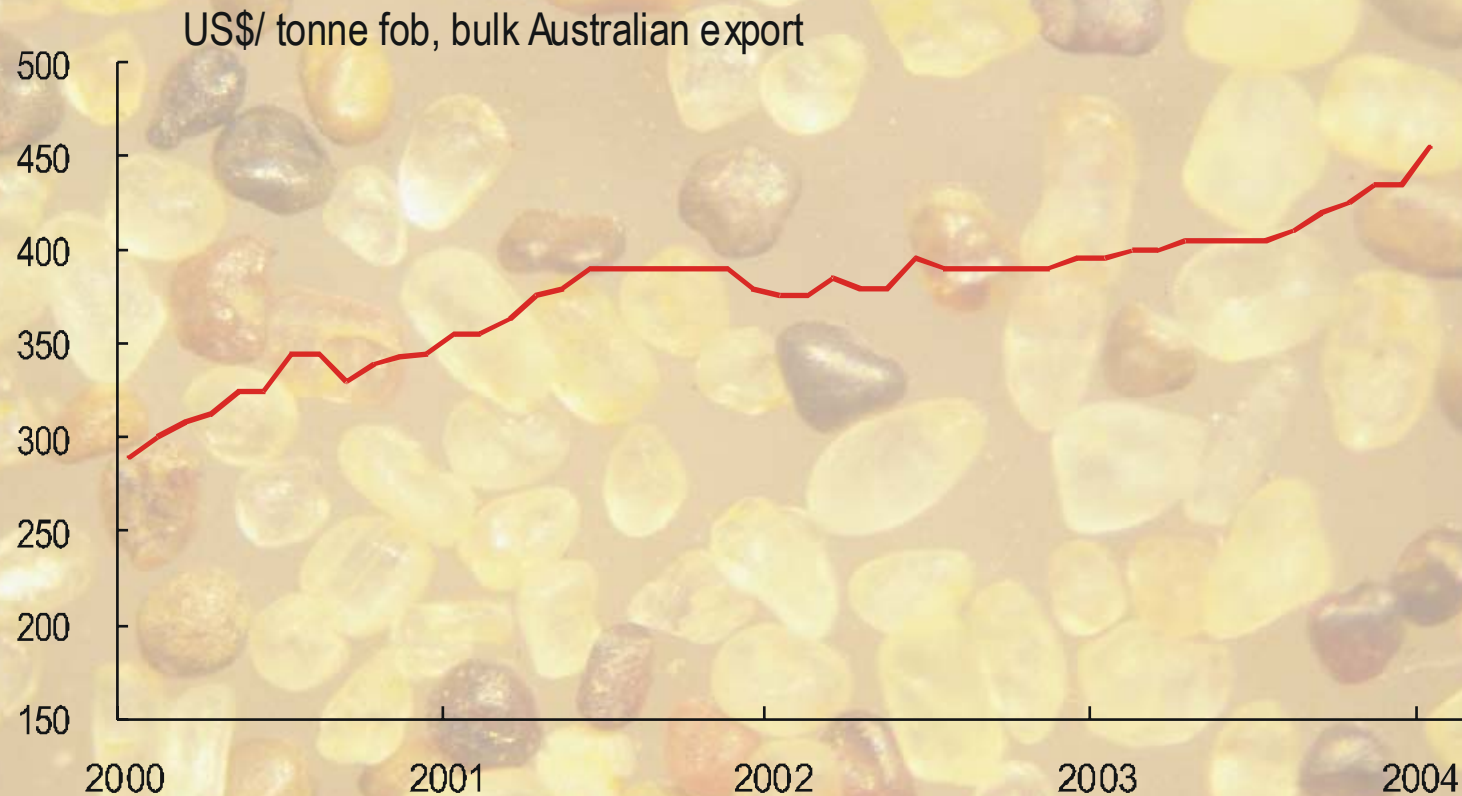
China's consumption of zircon



World Tile Production - 2002

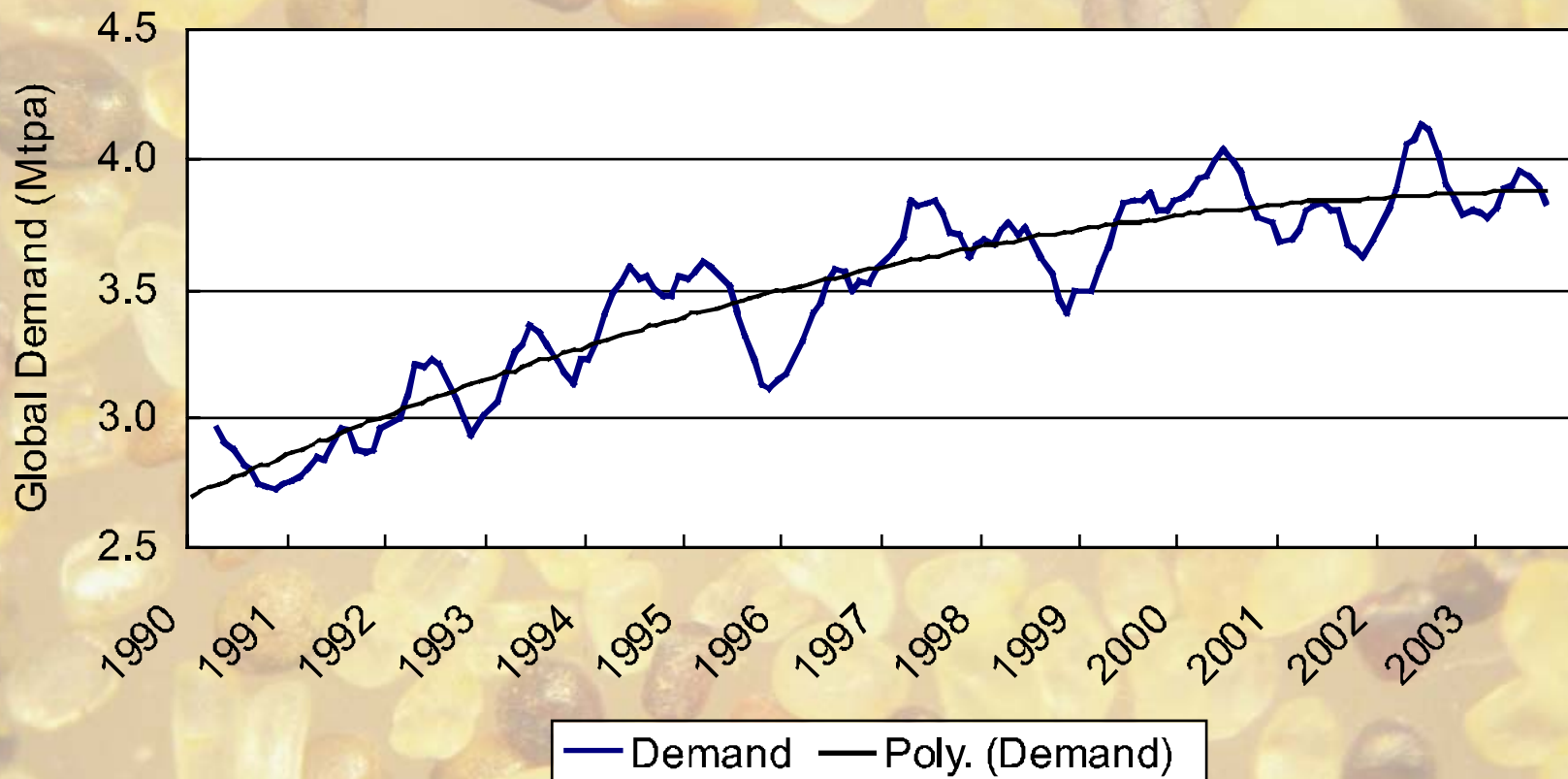


Zircon price



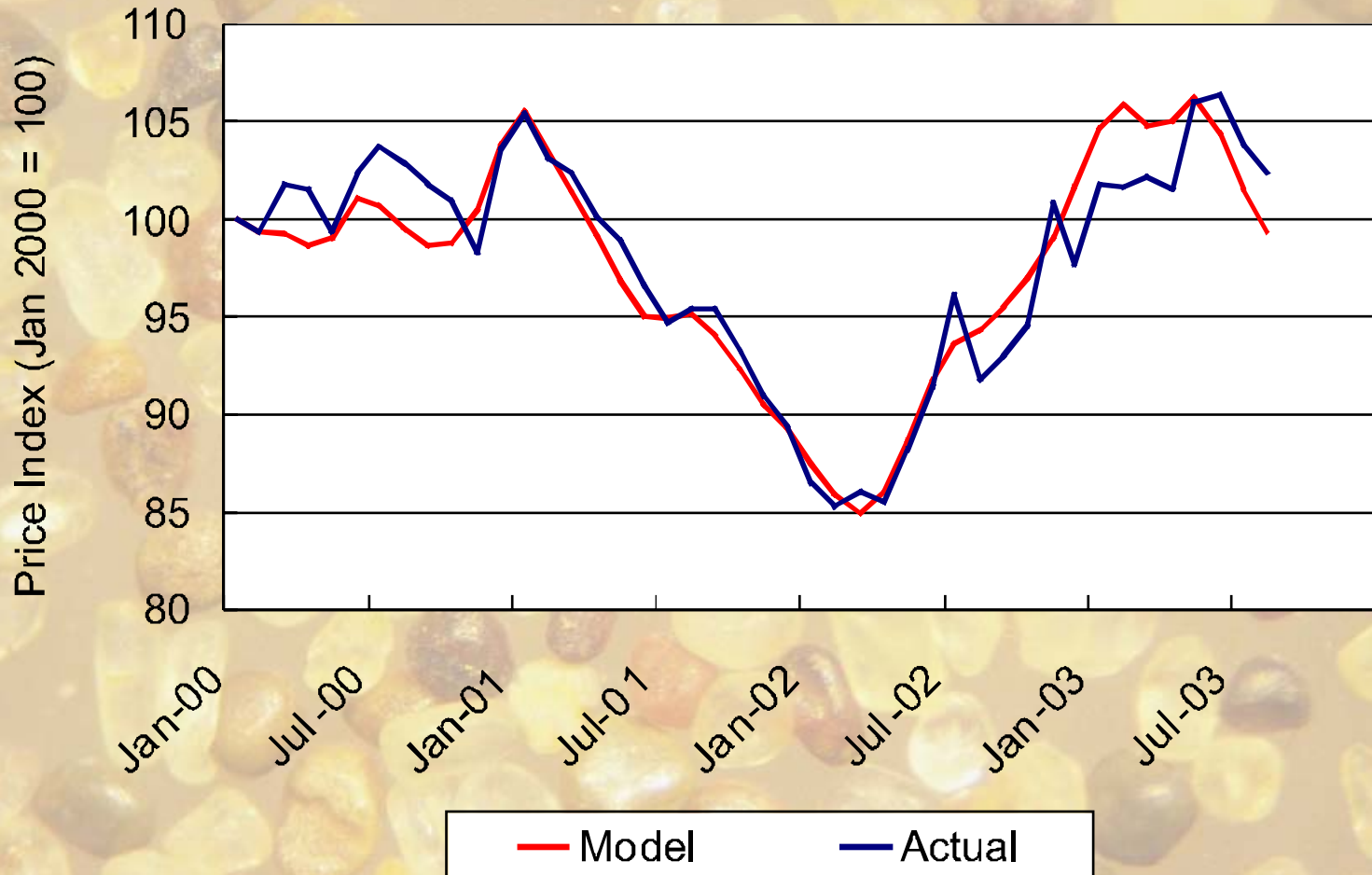
Source: TZMI

Polynomial Fit of TiO₂ Demand



Polynomial trendline gives Growth = 0.4% at end 2002

TiO₂ Pricing Model – Global Average Price 2000-2004



Source: Huntsman Tioxide 2004

Coburn BFS – Current Status



| | <u>Pre Scoping</u> | <u>Scoping</u> | <u>PFS</u> | <u>BFS</u> |
|---------------------|--------------------|----------------|------------|------------|
| <u>Accuracy</u> | < 35% | 30 – 35% | 20 – 25% | 10 – 15% |
| • Resources | | | | |
| • Reserves † | - | - | - | - |
| • Mine Optimisation | | | | |
| • Mine Equipment | | | | |
| • Metallurgy | | | | |
| • Concentrator * | | | | |
| • MSP * | | | | |
| • Infrastructure | | | | |

† Needs final cost data

* Design/Costing

Improvements to Date: PFS Review to BFS Progress Report



- 1. Resource -** 32% increase overall
64% increase at Amy South grid
- 2. Mining -** 20% cost reduction
(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 -** Concentrate sale a viable option

Coburn Project – Environment/Licensing Schedule



| | 2004 | | | 2005 | | |
|--|------|----|----|------|----|----|
| | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Baseline Studies | █ | | | | | |
| Stakeholder Consultation | █ | | | | | |
| Public Environmental Review (PER) & EMP | | █ | | █ | | |
| NOI & Works Approval | | | | █ | | |
| Mining Permits | | | | | | █ |
| Native Title Negotiations | █ | | | | | |

Conclusions



- **Coburn BFS delayed until late 2004**
- **Scope to improve financial returns from PFS Review**
- **Zircon market particularly strong – Gunson potentially 7% of world market**
- **Drilling for copper at Mount Gunson late May**



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