



GUNSON RESOURCES LIMITED



David Harley

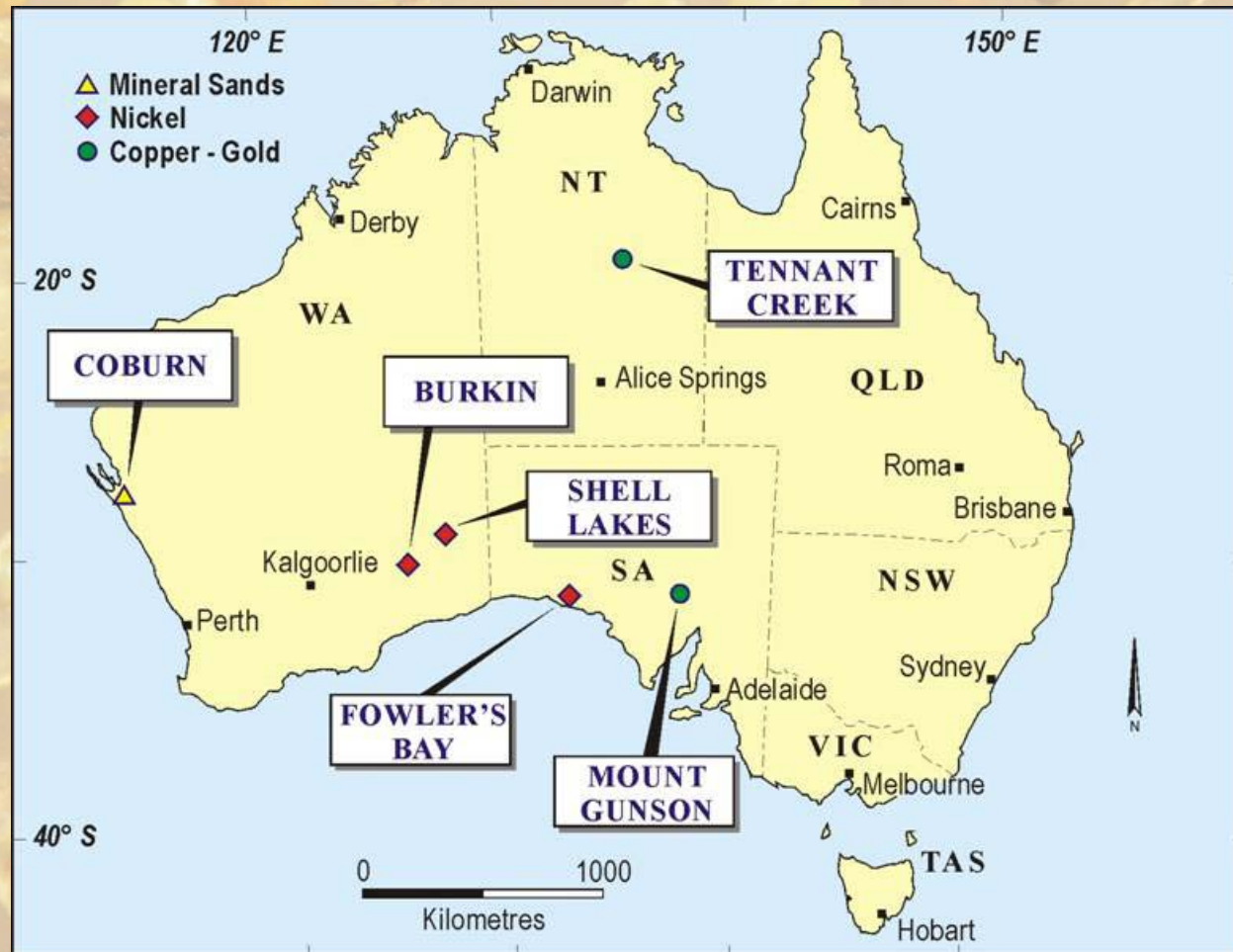
*February 2005
RIU Conference*

Corporate Summary



• Listed	May 2000
• Shares	64.3M
• Cash	\$1.5M
• Share Price	\$0.25
• Market Cap.	\$16M
• Substantial Shareholders	
LUCRF	6.4%

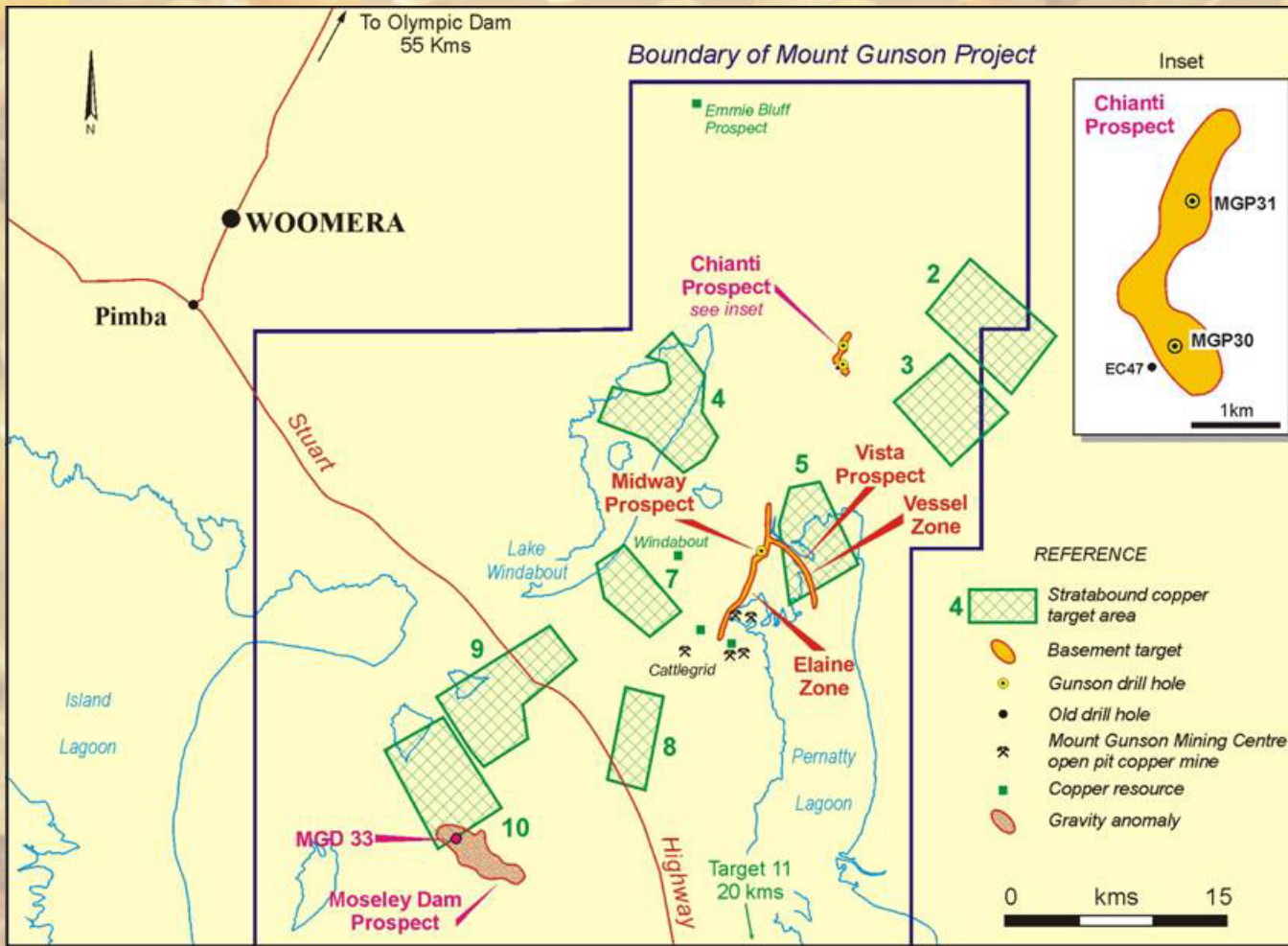
Project Location Map





South Australian Copper Belt

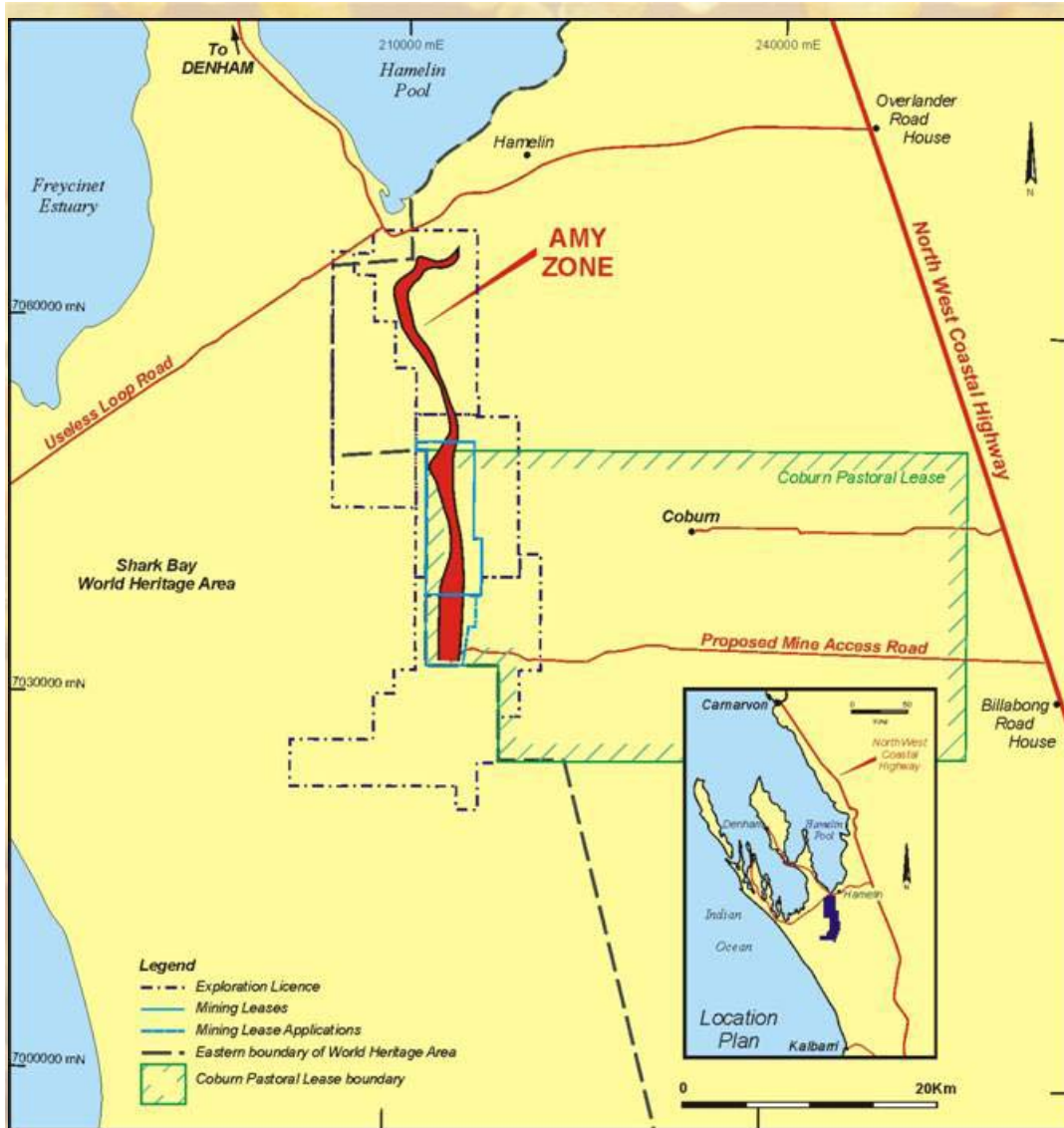
Mount Gunson Target Areas





Coburn – Regional Setting

Coburn Amy Zone Mine





Coburn Project BFS – Main Contributors



General Manager

Alan Luscombe

Mining Engineer

Phil McMurtrie

Senior Geologist

Paul Leandri

Metallurgy, Plant Design

Roche Mining (MT)

Resources

McDonald Speijers

Mine Optimisation

Tennent Isokangas

Power

Energy Developments Ltd

Environment

URS

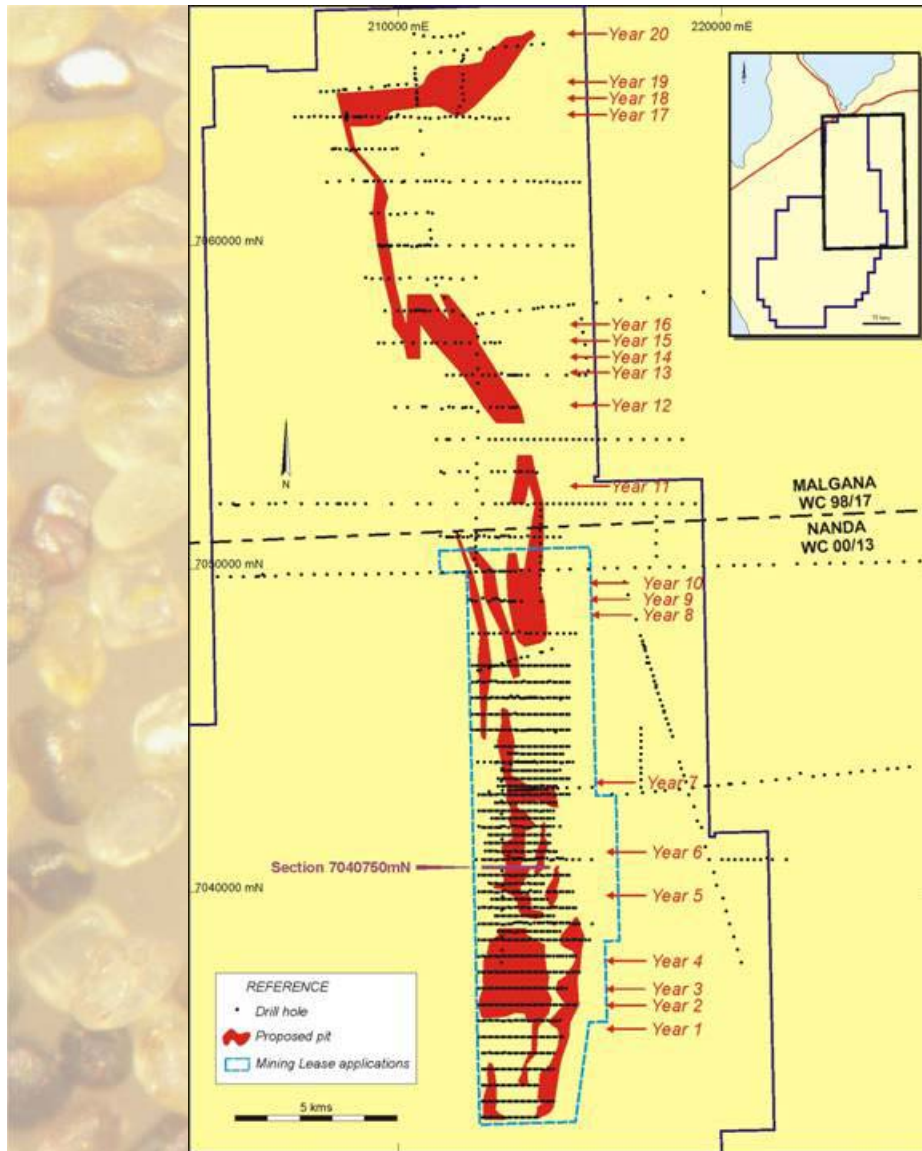
Marketing

TZMI

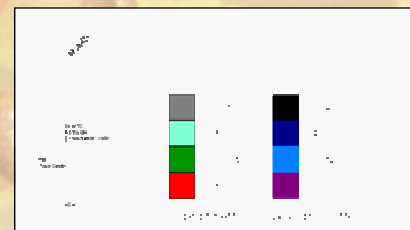
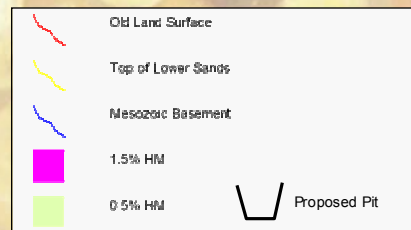
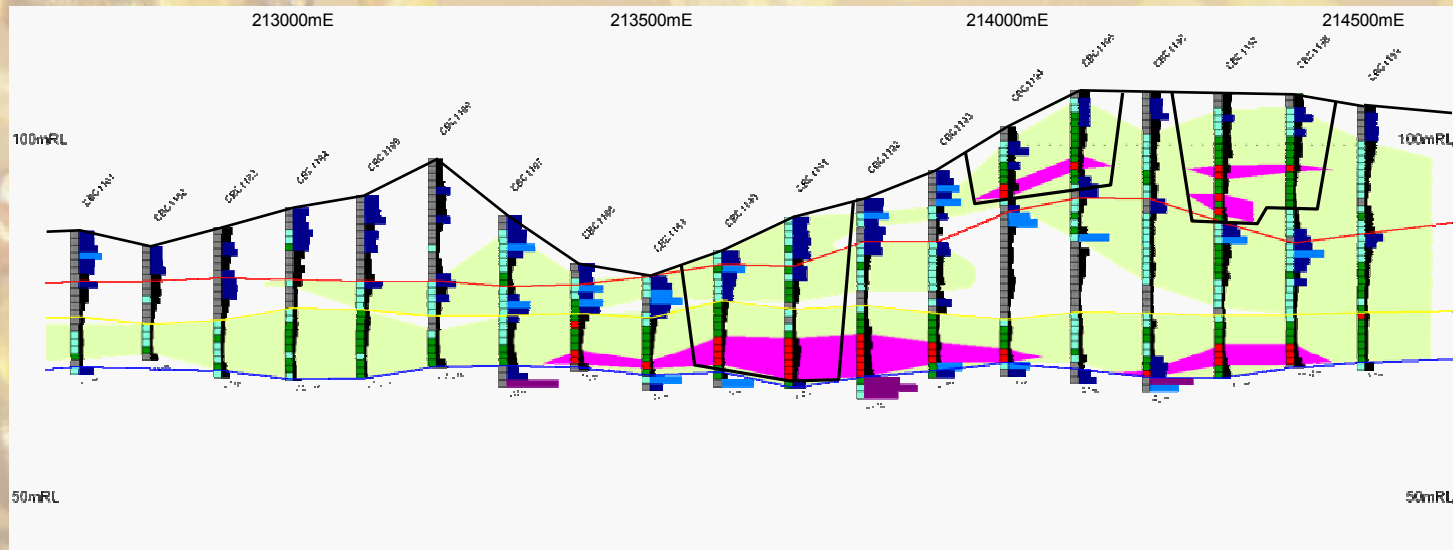
Commercial

Ernst & Young

Amy Zone Resource and Amy South



Amy Cross Section 7040750mN



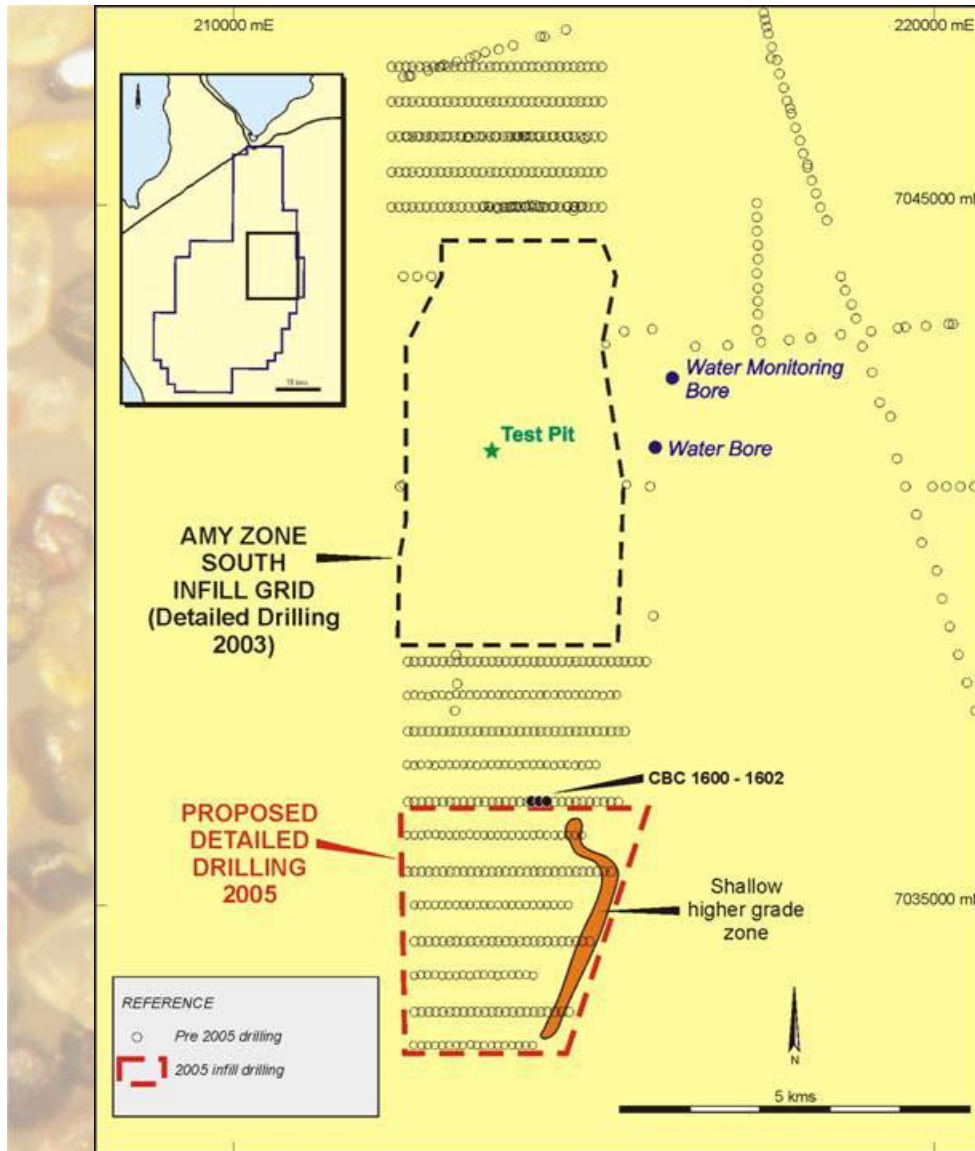
Coburn Reserves/PM Resources

Dec 2004



Category	Million Tonnes	Average Grade HM %	Cut-off Grade HM %	Strip Ratio
Probable	250	1.1	0.8	0.3 : 1
PM Resource	370	1.1	0.8	0.6 : 1
Total	620	1.1	0.8	

PM = Potentially Mineable



Amy South Drilling Program 2005



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4 3 2004

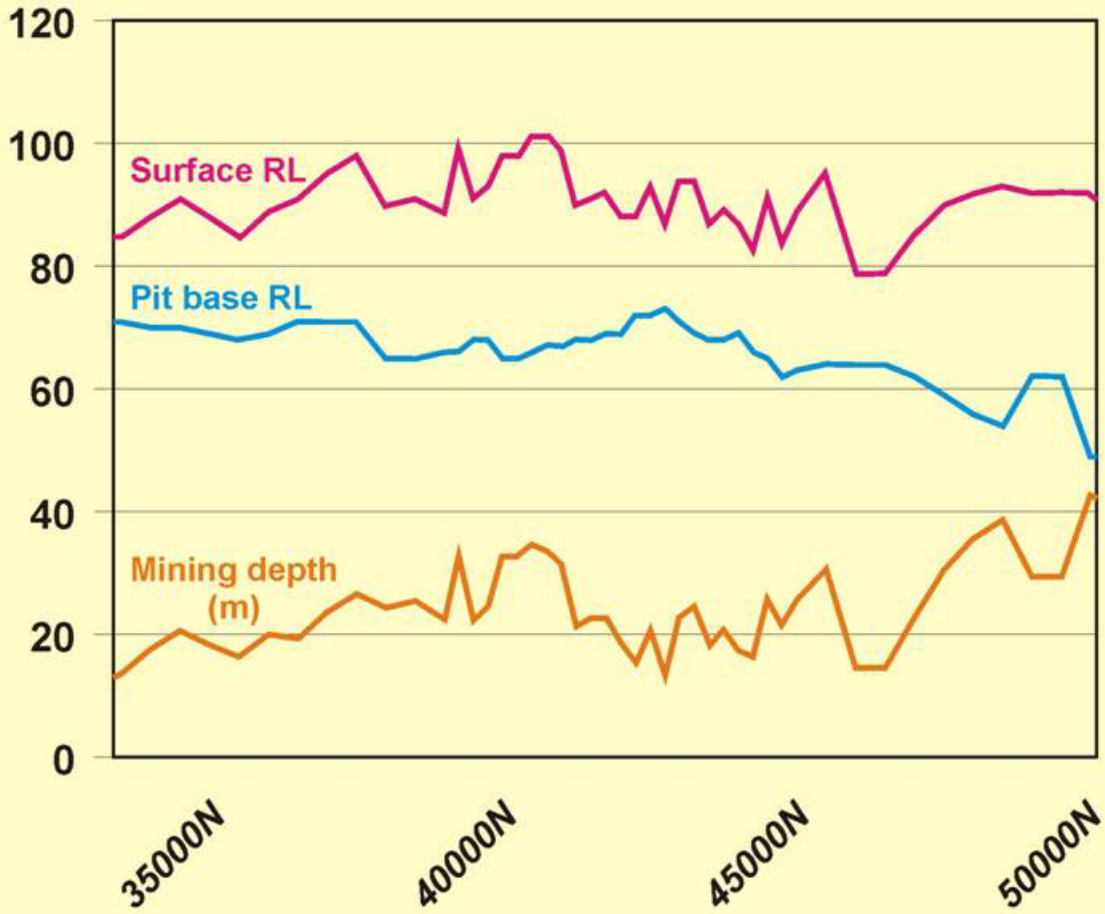



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Amy Zone Mining Method



Amy South Pit Levels and Mining Depth



Coburn Estimated Annual Production Years 1 to 5 (tonnes)



Product	Years 1 - 2	Years 3 - 5
Zircon	30,000	60,000
Ilmenite	60,000	120,000
HiTi	15,000	30,000

Selected World Mineral Sand Projects

TZMI September 2004



<u>Under Construction</u>	TiO ₂ UNITS *	ZIRCON *	TiO ₂ : ZIRCON
Douglas (Iluka)	150 #	100	3.5+
Moma (Kenmare)	354	52	6.8
<u>Completed BFS</u>			
Pooncarrie (Bemax)	170	32	5.3
Mindarie (Aust. Zircon)	71	44	1.6
Corridor (WMC)	330	30	11.0
Coburn (Gunson)	99	60	1.6
<u>In BFS Stage</u>			
Tamil Nadu (Tata)	250	20	12.5

Australia

Mozambique

India

* ,000 tonnes per annum # Ilmenite excluded + Ilmenite included

Coburn Project – Product Price Estimates



Product	Price \$US/Tonne [#]	% of Revenue	Y1-2: % of World Production	Y3-5: % of World Production
Zircon	580	63	2.5	5.0
Ilmenite	80	18	3.5*	7.0*
HiTi	350	19	7.5	15.0

Prices are within the ranges provided by TZMI.

** % of chloride ilmenite*

Coburn Project – Concentrate Pricing



Estimated concentrate price is based on the pro rata value of each end product in the concentrate, less the following:

- **Transport costs from Geraldton**
- **Treatment charges**
- **Losses in MSP based on figures provided by Roche**
- **Profit margin**

Coburn Project – Initial Capital Costs (\$A million)



	PFS Review 2003	BFS 2004
Site Infrastructure	1.4	14.0
Concentrator	25.7	45.7
Pre strip	4.6	0.7
MSP	30.8	*
Bucket Wheel Excavators (2)	-	11.2
Total Initial Capital	62.5	71.6

** \$A86.3 million cost of MSP not included
in the BFS 2004 financial evaluation*

Coburn Project – BFS Revenue, Cost and Return Estimates

Dec 2004[#]








Total Revenue	\$1,336 M
Total Operating Costs	\$776 M
Operating Cash Surplus	\$560 M
Capital Cost	\$128.5 M
Cost/tonne HMC	\$99
IRR after tax	15.4%
NPV (8%)	\$73.M
Exchange rate	\$0.70

#no gearing

Coburn Project – Environment/Licensing Schedule



	2005			
	Q1	Q2	Q3	Q4
Baseline Studies				
Stakeholder Consultation				
Public Environmental Review (PER)				
Response to PER				
NOI / Works Approval				

Coburn Product Marketing



- **Sale of concentrate or refined product are both options**
- **Very strong interest in zircon product – ceramic grade**
- **Strong interest in primary ilmenite, due to low U/Th, TiO₂ 60%**
- **Good price possible for mixed rutile / leucoxene product - HiTi**

Zircon price

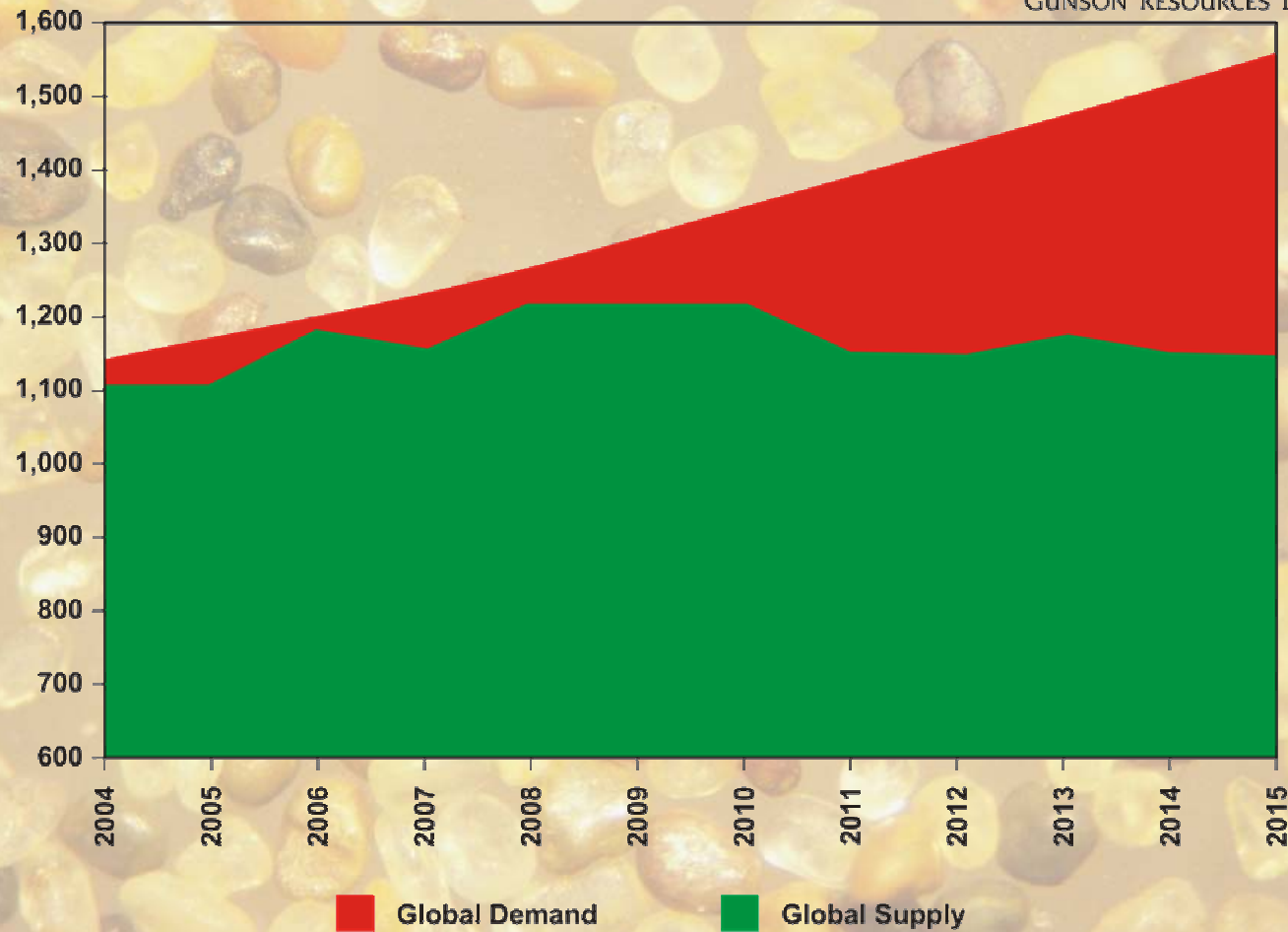


US\$/ tonne fob, bulk Australian export



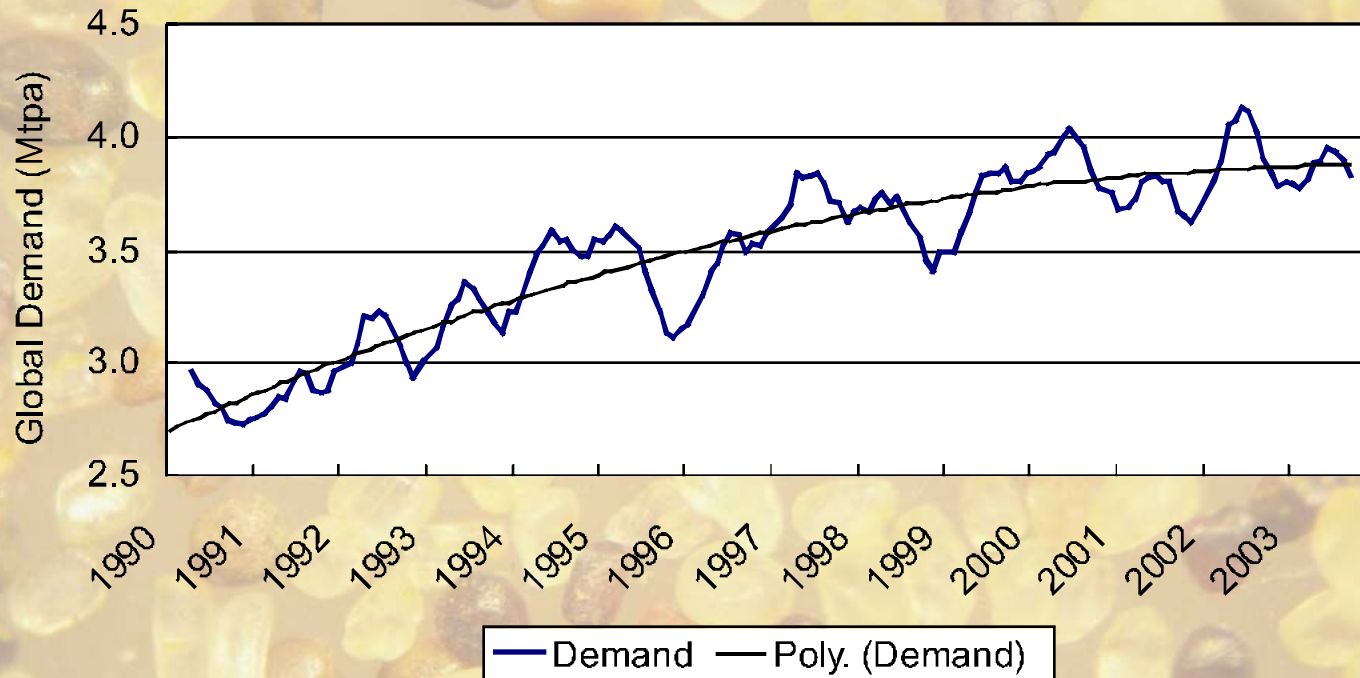
Source: TZMI

Zircon Market Outlook



Source: Iluka Resources, 2005

Polynomial Fit of TiO₂ Demand



Polynomial trendline gives Growth = 0.4% at end 2002

Source: Huntsman Tioxide 2004

Project Timetable



2005

- **Tenders for Detailed Design** **March**
- **Public Environmental Review** **April-June**
- **Infill Drilling** **April-May**
- **Coburn Pastoral Lease Settled** **May**
- **Offtake Agreements** **Mid year**
- **Finance/Permits** **Q4**

2006

- **Operations Commissioning** **Q4**

Conclusions



- **Coburn BFS completed with positive results**
- **Environmental program on course for mining permits in Q4 2005**
- **Subject to grant of mining approvals and financing, commissioning of operations Q4 2006**
- **Coburn is the second largest zircon development project in the world**



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