

Coburn Zircon Project



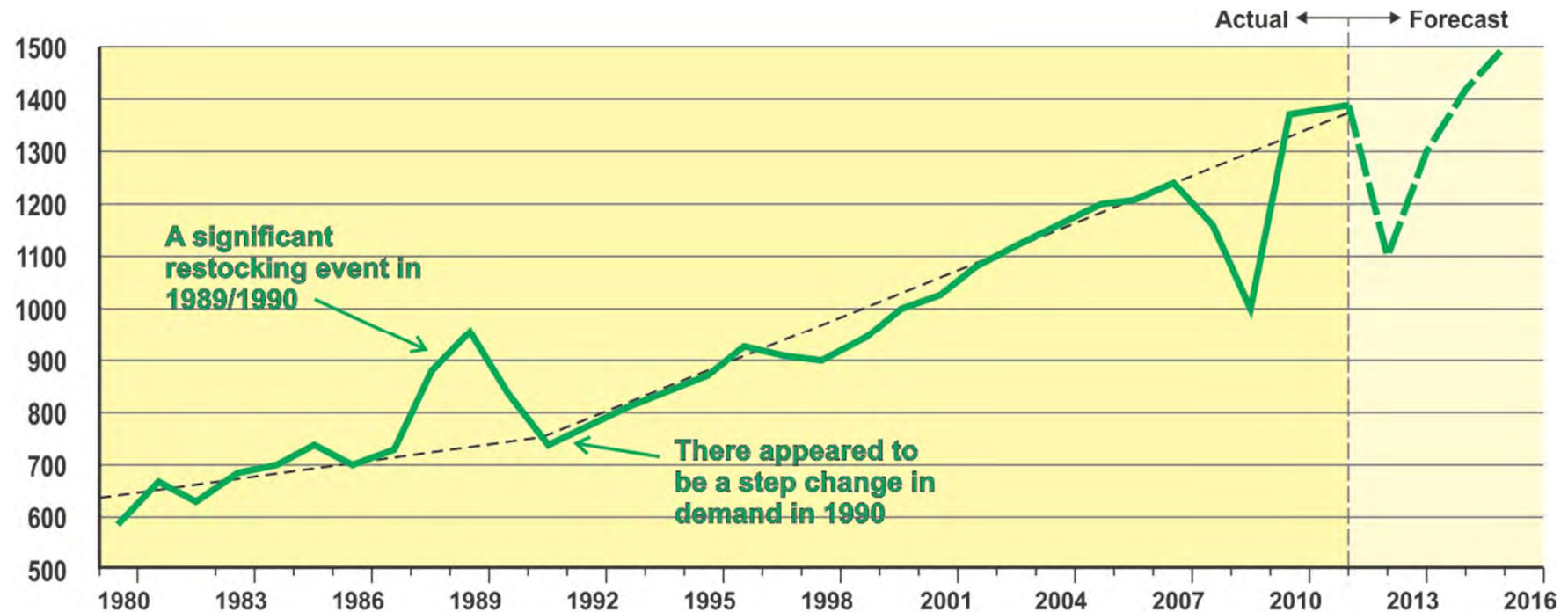
Coburn Zircon Project Project Overview



- Long-life mine (23 years) yielding average annual revenue of \$A124 million.
- Strong market outlook for zircon & titanium dioxide products.
- Simple mining & mineral processing to final products on site.
- Fully permitted for development.
- Stable political environment with good infrastructure.
- DFS completed end 2009, updated since, with 2012 FEED Studies
- Strategic partner POSCO taking 40% interest, with \$A28 million earn-in.
- Financial returns attractive NPV \$A211 million, IRR 22%.
- Offtake with DuPont for ilmenite. Zircon offtake near finalisation.
- First production forecast for Q3 2014, subject to financing by early 2013.

Coburn Zircon Project

Global Zircon Consumption, Actual & Forecast 1980-2015



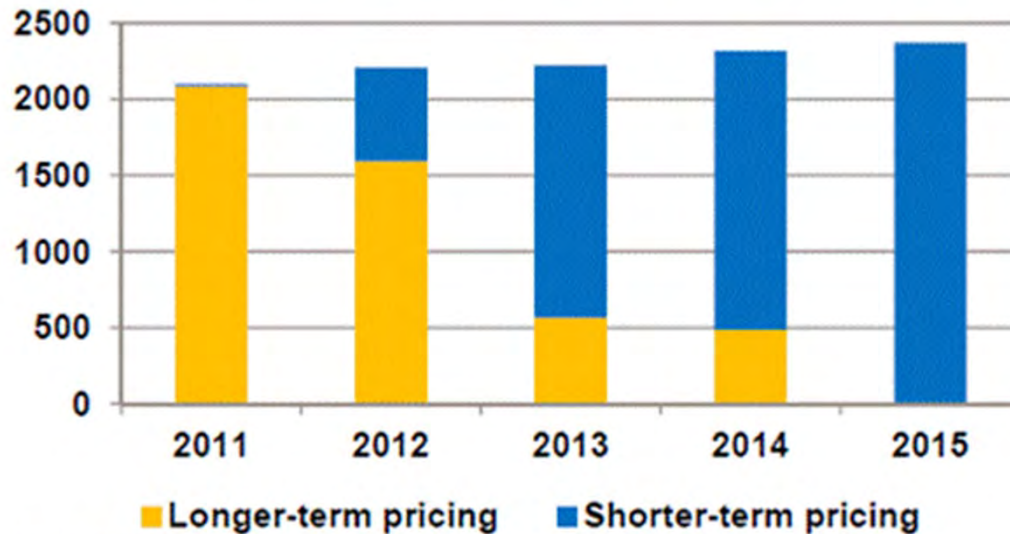
Source: ILU, J.P. Morgan Sept 2012

- Global consumption increase 1991-2011 averages 3% per annum.
- Severe dips in 2009 and 2012 way below trend.
- Strong rebound to trend forecast in 2013-2015.

Titanium Dioxide Pricing – Chloride Slag a New Industry Benchmark?



**Rio Tinto Legacy Contracts
2011-2015
(from Investec, September 2012)**



Source: Rio Tinto

**Investec Expected Average
Chloride Slag Prices
2011-2014**

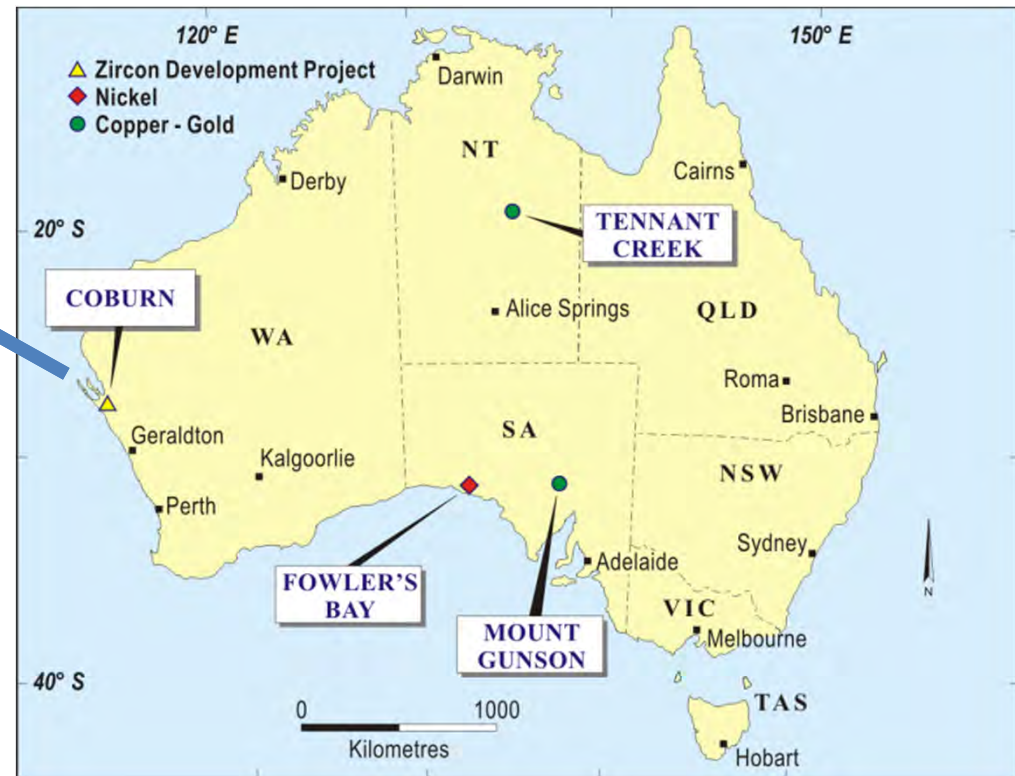
Year	\$US/tonne
2011	440
2012	730
2013	975
2014	1,750

- Titanium dioxide consumption linked to GDP growth in emerging economies.
- Rio Tinto forecast titanium dioxide market to grow 46% to 9.5Mtpa in 2020.

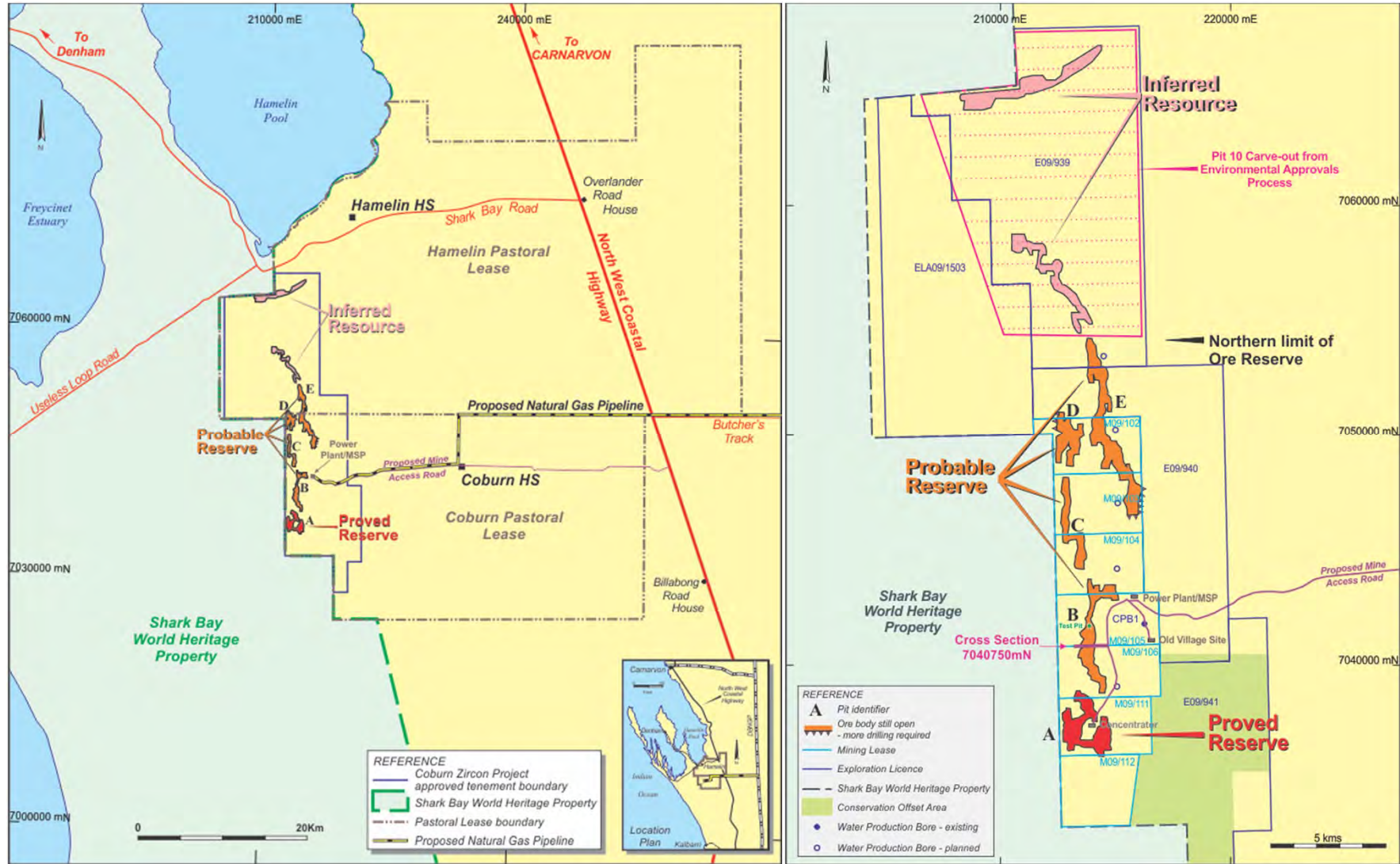
Coburn Zircon Project Project Location



- Located on Coburn & Hamelin pastoral leases
- Situated just outside the southeast edge of the Shark Bay World Heritage Property



Coburn Zircon Project Local Setting & Mine Plan



**Coburn Zircon Project
Cleared path looking west from water bore
location, 5 km east of Coburn homestead**



Mineral Processing Statistics

Item	Detail
Mining Rate	18.1 Mtpa (2,300 tph)
Throughput of WCP*	2,200 tph
Throughput of MSP	30 tph
Ilmenite Product	11.5 tph
Zircon Product	5 tph
HiTi Product	2.4 tph

* 100t of oversize screened off

Coburn Zircon Project Annual Production



Product	Annual tonnes	Key Specification	% of Revenue
Zircon	41,000	66% ZrO ₂	65
Ilmenite	89,000	62% TiO ₂	19
HiTi 90	19,000	90% TiO ₂	16

All Products to be sold *fob*
Australia

Global Greenfields Development Projects With Completed DFS



<u>Financed</u>	Start of Production (Estimated)	TiO ₂ UNITS tonnes pa	ZIRCON tonnes pa	Zircon Rank	TiO ₂ : ZIRCON
Grande Côte, Senegal (Min Deposits)	Late 2013	337	80	1	4.2
Kwale, Kenya (Base)	Late 2013	194	24	3	8.1
<u>Being Financed</u>					
Coburn (Gunson)	Q3 2014*	72	41	2	1.7

Blue designates African Projects.

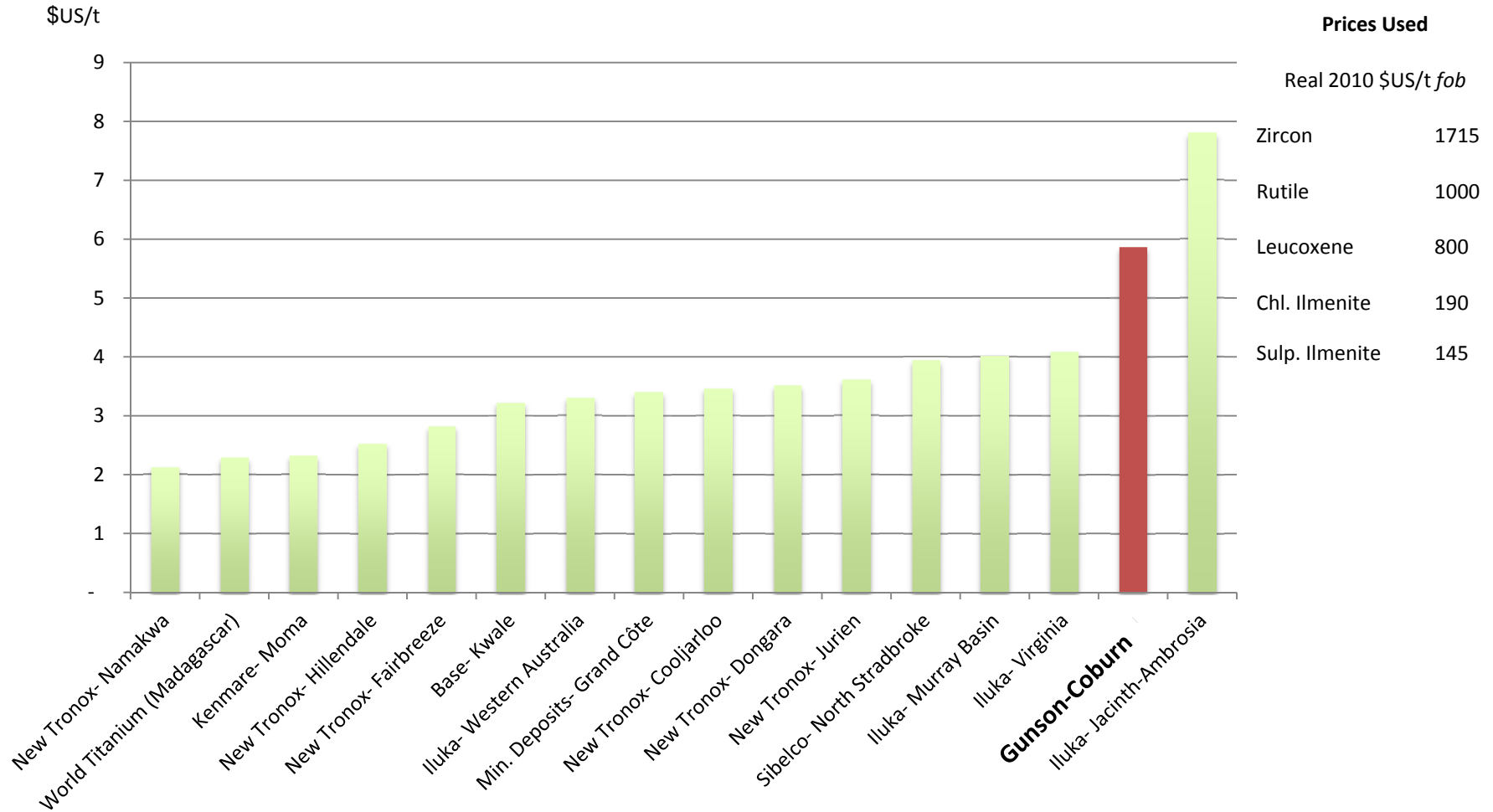
* Financing early 2013.

Coburn permitted for well above proposed capacity.

Global Heavy Mineral (HM) Suite Comparison In Situ Value of 1% HM



Coburn's high zircon level gives it a high value heavy mineral assemblage



Source: RFC

Coburn Zircon Project

Annual Financial Summary



Based on TZMI long-term price forecasts at the dates below.

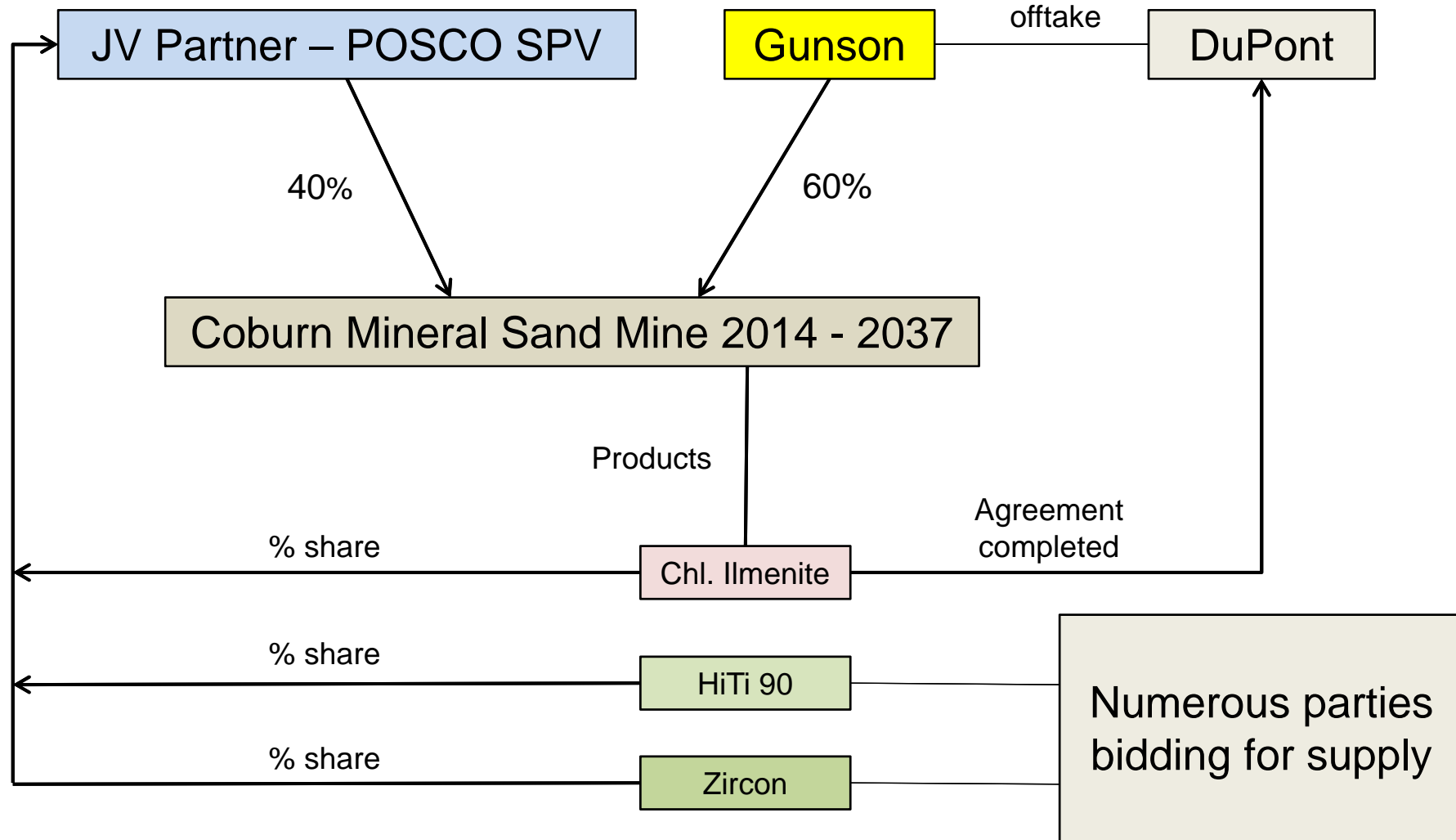
	September 2012	November 2011
Total Revenue	123.8	103.3
Total Operating Costs	85.1	66.5
Net Operating Margin	38.7	36.8
Capital Cost	192	180
IRR before tax/financing	22.4%	28.3%
NPV (8%)	210.6	223.7
Exchange Rate (\$US to \$A)	See below*	1.00

*Figures above are in millions of Australian dollars, except IRR and Exchange Rate.
Operating costs include 5% State royalty.*

** Exchange rate assumptions: US to Australian dollar. 0.95 in 2014, 0.93 in 2015, 0.9 in 2016, 0.85 from 2017. Figures based on Bloomberg consensus rates to 2016 and ten year bank swap rates from 2017 onwards.*

- Joint Venture Structure.
- Gunson is the Manager, with a 60% interest.
- POSCO SPV to contribute its equity share of funding plus \$A28 million earn-in payment.
- Offtake split according to equity.
- Due diligence completed.
- POSCO Board approved investment in August 2012.
- Korean fund, minority partner in POSCO SPV, JVA signing forecast for Dec 2012.

Coburn Zircon Project Joint Venture Model



Coburn Zircon Project Conclusions



- Fully permitted for development, first phase clearing of mine access road completed.
- Strong commodity markets, supply constrained. Offtake agreement for ilmenite concluded with DuPont, with Zircon & HiTi agreements getting close.
- Simple, low cost mining & processing.
- High value mineral assemblage.
- Long mine life & attractive economics at base case price forecasts. Upside from operating cost review.
- Financing: POSCO SPV earn-in payment reduces Gunson share of CAPEX to \$A88 million, excluding working capital. Debt finance under discussion with short list. Resolution expected by early 2013. Equity financing to follow debt agreement.

Appendix

Capital Structure & Shareholders



Finance (End Sept 2012)

Cash and Equivalents	\$A 2.1M
Debt	nil
Hedging	nil

Markets (20 June 2012)

Exchange	ASX
Share Price	11c
Market Cap.	\$A26.2M



Issued Capital

Issued Shares	238.3M
Unlisted Options (27c- 40c)	5M

Shareholders

Retail	84%
Institutions	14%
Directors and Staff	2%

Research

-Australia	Goldman Sachs RCR
-UK	RFC Ambrian Edison

Resources and Reserves Statement



Table 1. Coburn Heavy Mineral Resources (Whole Project)

Resource Category	Million Tonnes (Mt)	Average Grade % Heavy Mineral (HM)	Cut-off Grade % HM	Contained HM (Tonnes)
Measured	119	1.3	0.8	1.5
Indicated	599	1.2	0.8	7.2
Inferred *	261	1.4	0.8	3.6
Total	979	1.26	0.8	12.3

* In northern 1/3, not approved for mining

Table 2. Coburn Heavy Mineral Ore Reserves (Southern 2/3 : Government Approved for Mining)

Reserve Category	Pit No.	Ore – Million Tonnes	HM Grade %	Zircon %	Ilmenite %	Rutile %	Leucoxene %
Proved	A	53	1.3	24	46	5	6
Probable	B-E	255	1.2	23	48	7	4
Total		308	1.2	23	48	7	5

Capital Cost Summary



Capital Cost Estimates (\$A m) – EPCM Contractor <i>(includes 9.6% contingency and EPCM costs)</i>			Capital Cost Estimates (\$A m) – Owner		
	May 2011	August 2012		May 2011	August 2012
2 x Dozer Mining Units	22.6	22.7	Communications	1.9	1.4
Wet Concentrator Plant	35.3	38.5	Insurance	1.7	2.2
Mineral Separation Plant	43.9	42.9	Owner Pre Production	7.2	9.7
Water Supply	9.4	9.4	Miscellaneous	0.6	1.1
Roads / Civil	21.1	24.4	TOTAL	11.4	14.4
Site Services	6.1	8.7			
Village / Office	15.3	14.3			
Geraldton Shed	5.6	7.8			
Power Retic, Mobilisation & General	7.9	8.9			
TOTAL	167.2	177.6			

Overall Total, EPCM Contractor and Owner, August 2012 = \$A192m

Director Profiles



David Craig (Chairman)

Experienced businessman & lawyer. Appointed March 2011. Spent 10 years in commercial law, 10 years in stockbroking as executive director, 5 years at Woodside Petroleum in public/govt affairs, now a non executive director of public companies, including Chairman of engineering group Forge Ltd.

David Harley (Managing Director)

Geologist, 24 years with WMC Resources, mainly in senior mineral exploration management. Last 5 years with WMC as General Manager – Australia/ East Asia Exploration. Past President of Association of Mining & Exploration Companies. Managing Director of Gunson since its IPO in 2000.

Peter Harley (Non Executive Director)

Accountant, experienced business manager. Appointed 2000. Chairman of Australia's third largest internet services company, inet until 2007, non executive director of Perilya Ltd until 2011.

Garret Dixon (Non Executive Director)

Engineer. Appointed September 2012. Broad experience with mining/civil contracting with Henry Walker-Eltin. Then 5 years as Managing Director of iron ore miner Gindalbie Metals in Western Australia.

Management Profiles



Alan Luscombe (General Manager-Coburn Project)

Metallurgist & experienced mine/ mineral processing manager, with 29 years experience at RGC Mineral Sands, a predecessor of Iluka Resources Ltd. Joined Gunson in September 2004, in his present position & has a thorough knowledge of all operational aspects of the Coburn Project.

Ron Chamberlain (Chief Financial Officer)

Accountant. Senior finance roles with Iluka Resources from 1998-2004, including Vice President-Finance for Iluka's USA operations 2003-2004. Then CFO of Paladin Resources from 2004-2008, with leading role in financing Paladin's two mines in Southern Africa. Contract financial advisor to Aquarius Platinum, Extract Resources & Atlantic 2009-2012. Joined Gunson in March 2012.

Don Best (Contract Owner's Engineering Manager)

Engineer. Former Minproc construction manager, including the now Tronox owned Tiwest mineral sand operation in Western Australia, vertically integrated from mine to titanium dioxide pigment plant. Joined Gunson in July 2012.

Peter Barnes (Owner's Engineering Representative)

Chemical engineer. Experience with Rio Tinto, Kaiser Engineering & Alcan before joining BHPBilliton Alumina in 2004. Led process engineering design on DFS study for the proposed Guinea alumina mine, then senior process engineer at the Worsley Alumina operation in Western Australia. Joined Gunson in April 2012.

Disclaimer & Competent Persons Statement



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Competent Persons Statement

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D N Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.