



GUNSON RESOURCES LIMITED



***11th MINSANDS Conference
Melbourne***

***David Harley
8 December 2010***

Presentation Summary

- **Corporate Information**
- **Industry Overview 2000-2015**
- **Coburn Location**
- **Expenditure History**
- **Ore Reserves/Resources**
- **Power Station & MSP Layout**
- **Metallurgical Processing**
- **Estimated Annual Production**
- **DFS Results**
- **Exchange Rate Effect**
- **Conclusions**

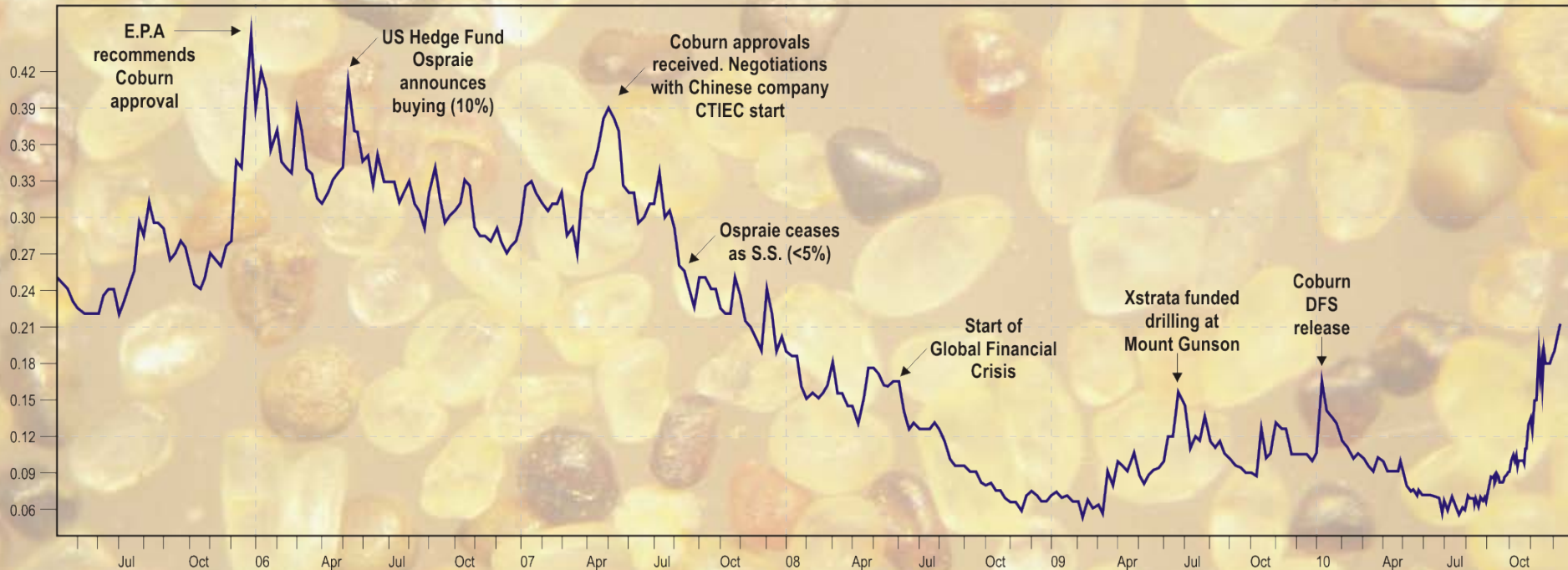
Corporate Information



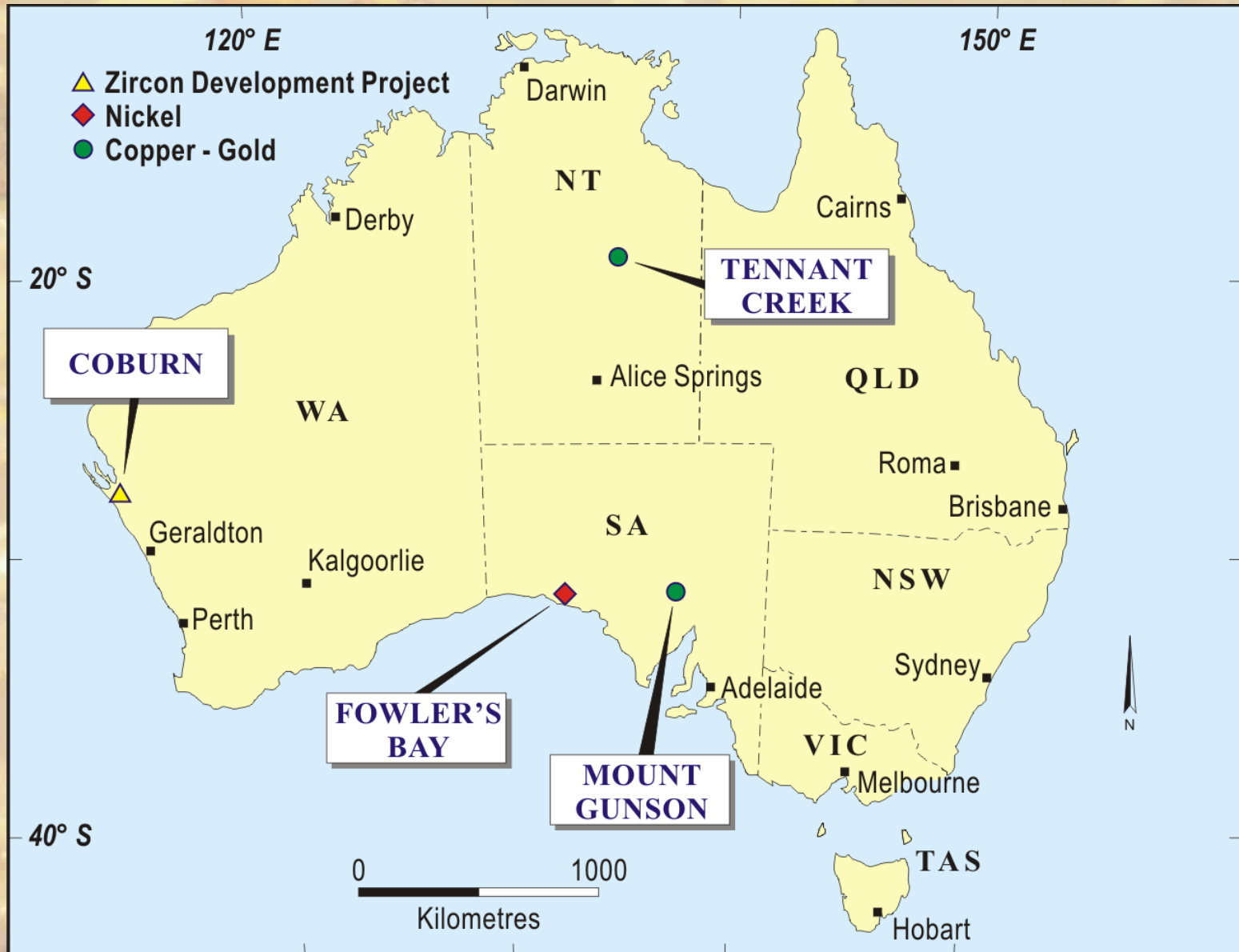
• ASX Code	GUN
• Shares	177.5M
• Options	4.8M
• Cash (October)	\$0.5M
• Share Price	21.5c
• Market Cap.	\$38.1M
• Substantial Shareholders	
Grey Willow	6.8%
John Tilbrook	6.3%
• Shareholders	2234

Gunson (GUN)

Share Price 2005 - 2010



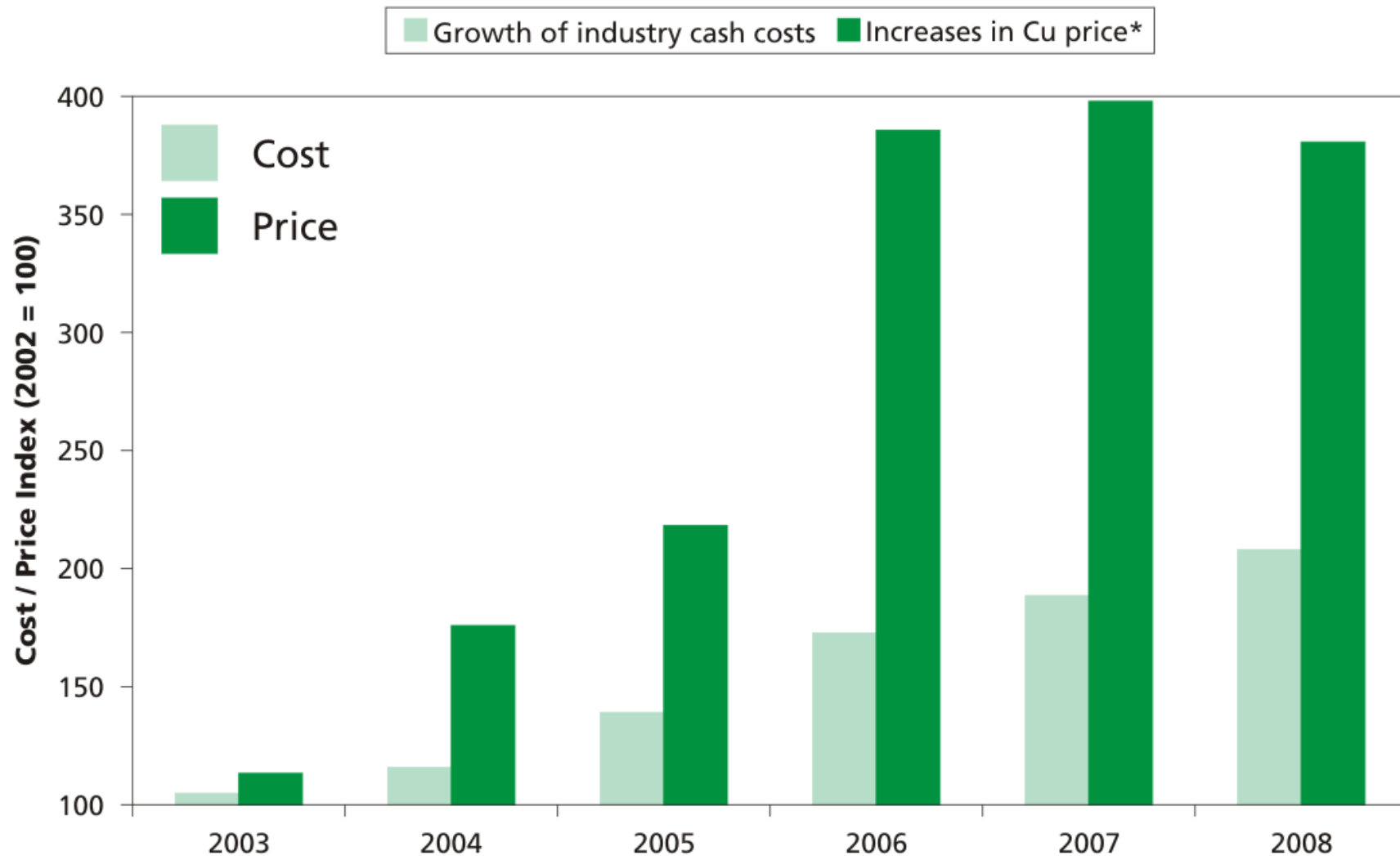
Project Location Map



**Copper and Mineral Sands –
Contrasting Financial Returns
2003 - 2008**

Copper Industry

Cost & Price Trends 2003 - 2008



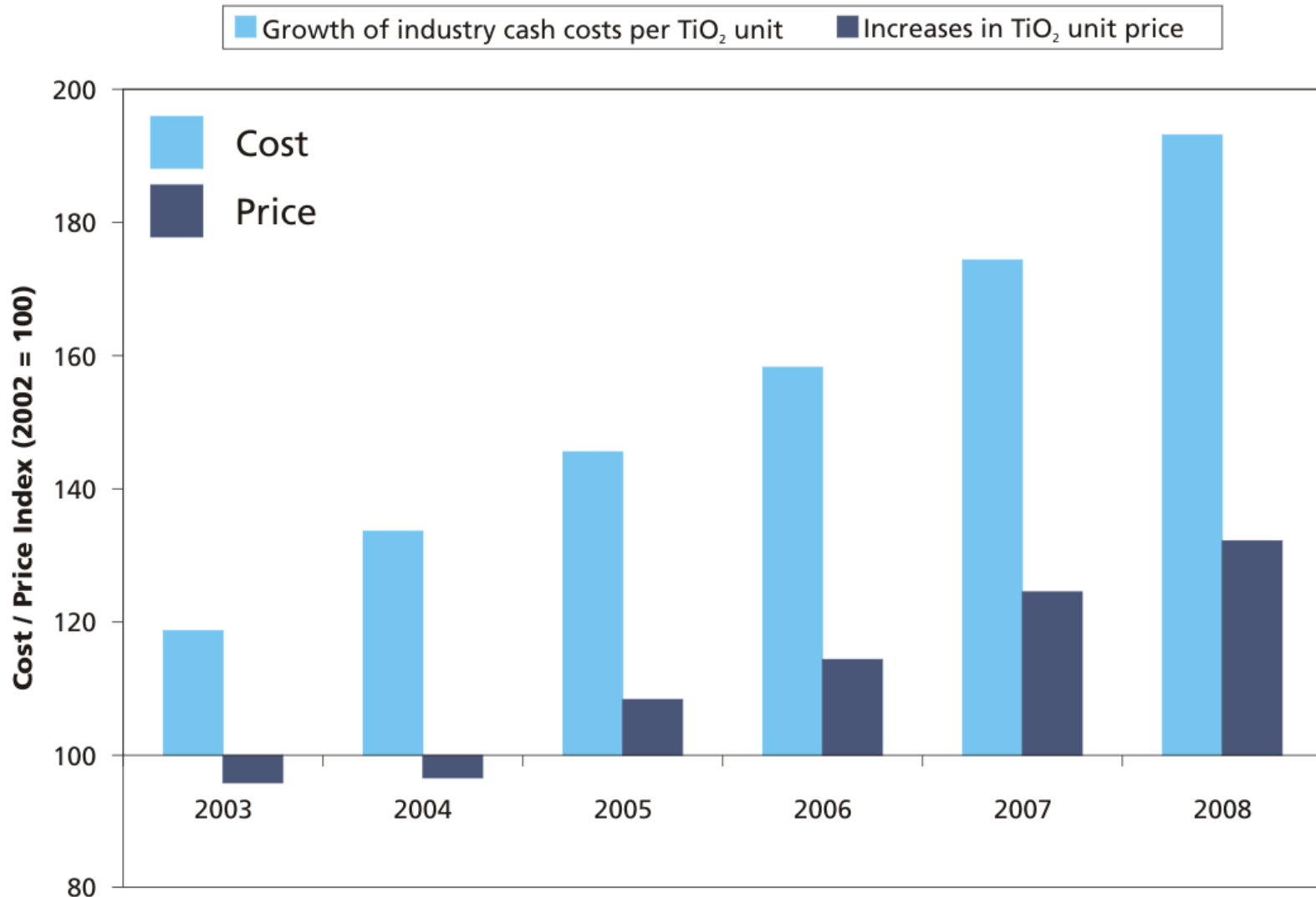
Source: Rio Tinto, October 2009

Cost data from Brook Hunt. Both costs and copper price indexed, 2002 = 100

*Average LME Cash Price

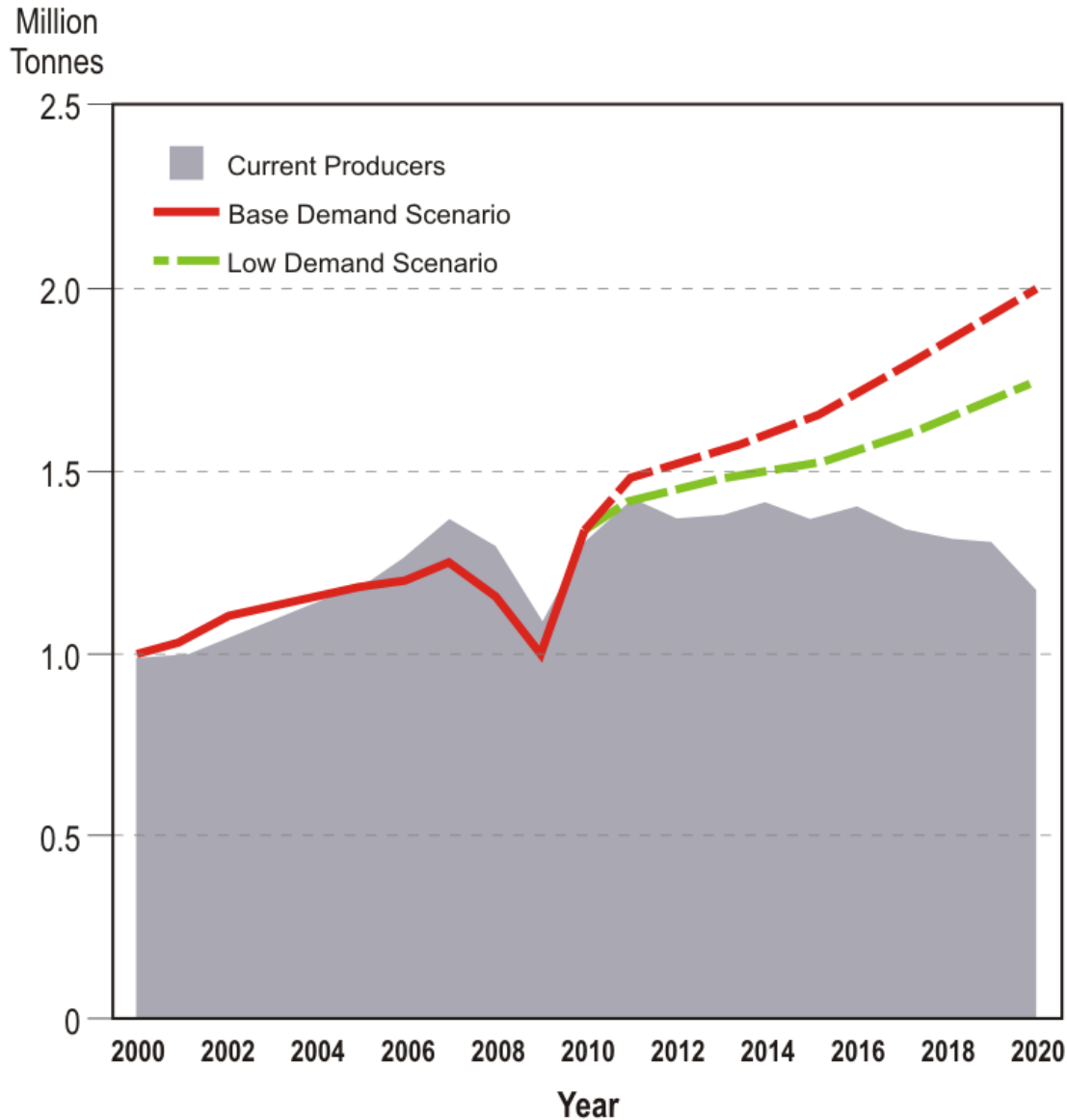
TiO₂ Feedstock Industry

Cost & Price Trends 2003 - 2008



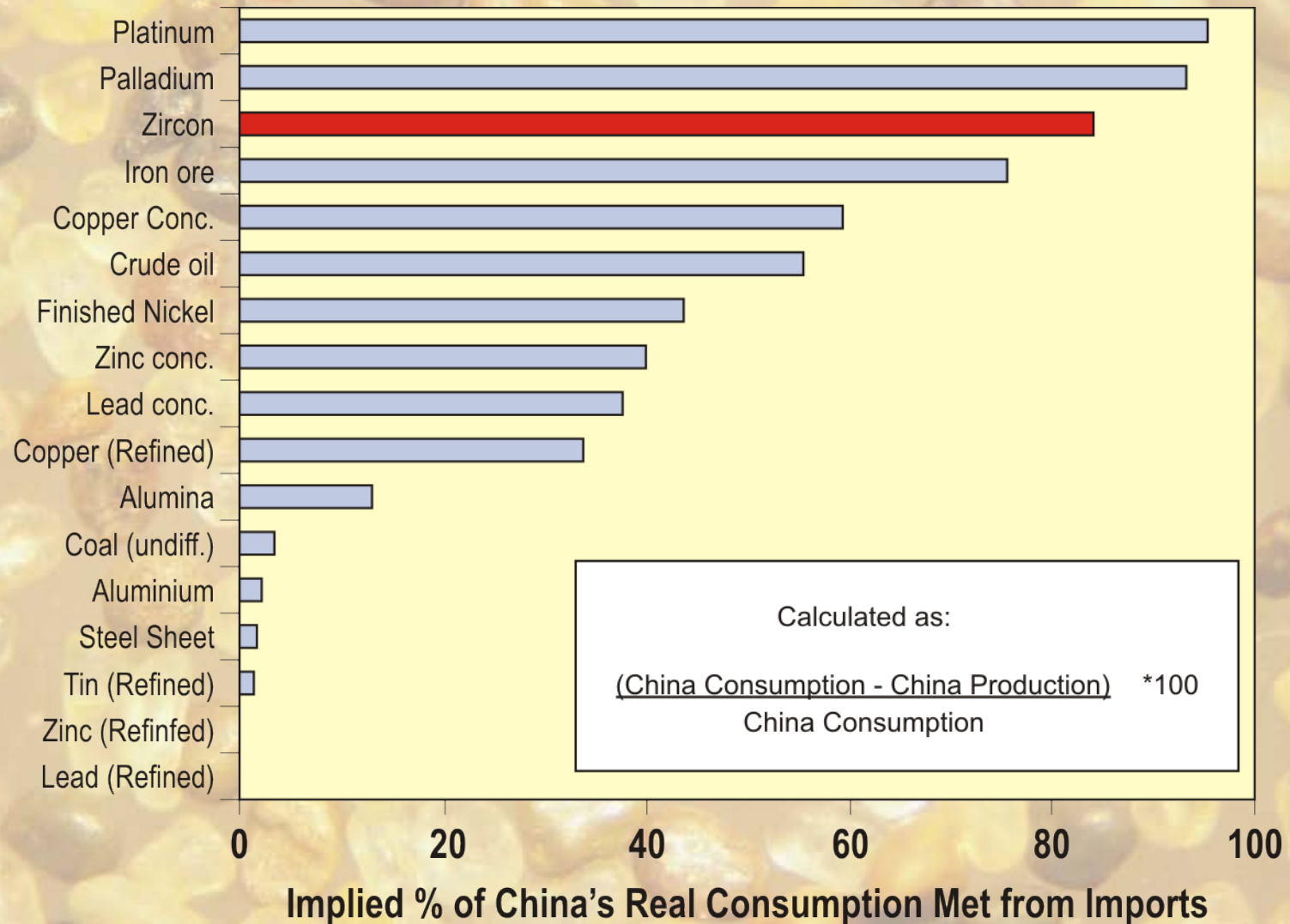
Source: Rio Tinto, October 2009
Prices/costs from TZMI, RioTinto, Indexed, 2002 = 100

Global Zircon Supply & Demand



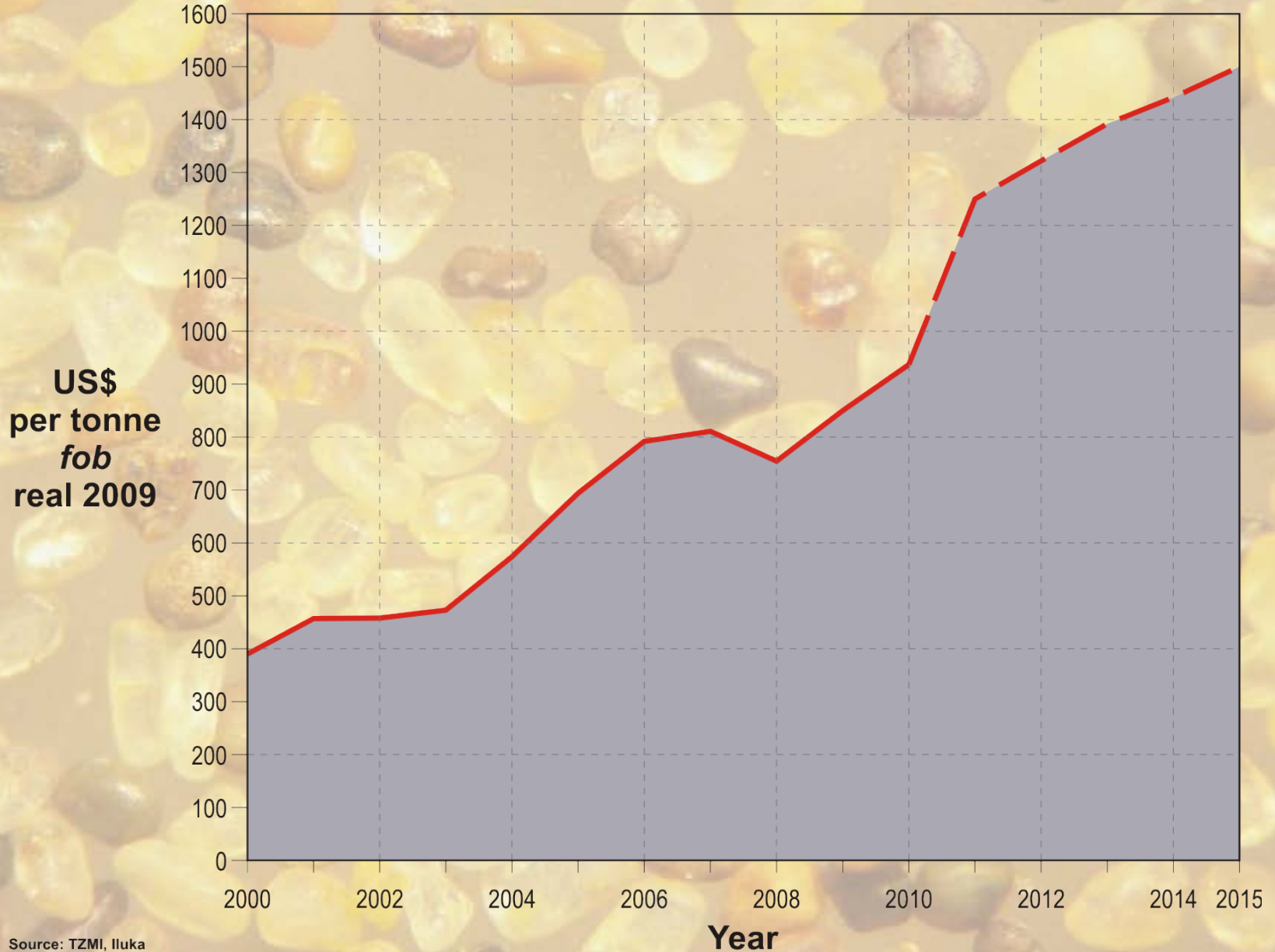
Source: Iluka, November 2010

China's Raw Material Import Dependency in 2009



Actual & Forecast

Zircon Prices 2000 - 2015



Large Global Greenfields Development Projects with significant zircon



Under Construction

Nil

Recently Completed DFS

Senegal (Min Deposits)

Coburn (Gunson)

TiO₂ UNITS *

ZIRCON *

Zircon
Rank

TiO₂ : ZIRCON

337

80

1

4.2

69

40

2

1.7

Note: Corridor Sands (BHPB) and Toliara (Exxaro) shelved in 2009.

Australia

Africa

* ,000 tonnes per annum

Coburn – Regional Setting

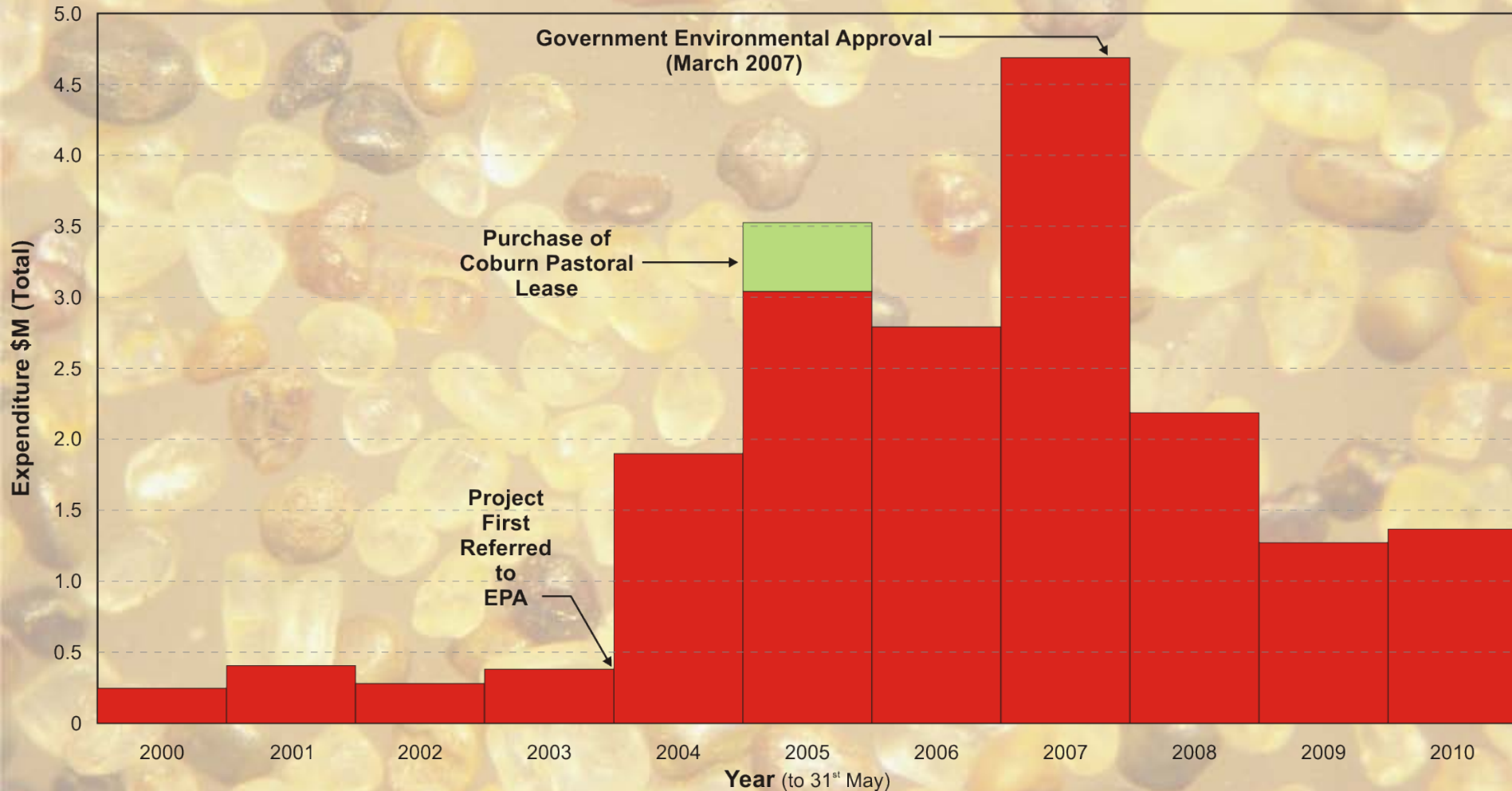


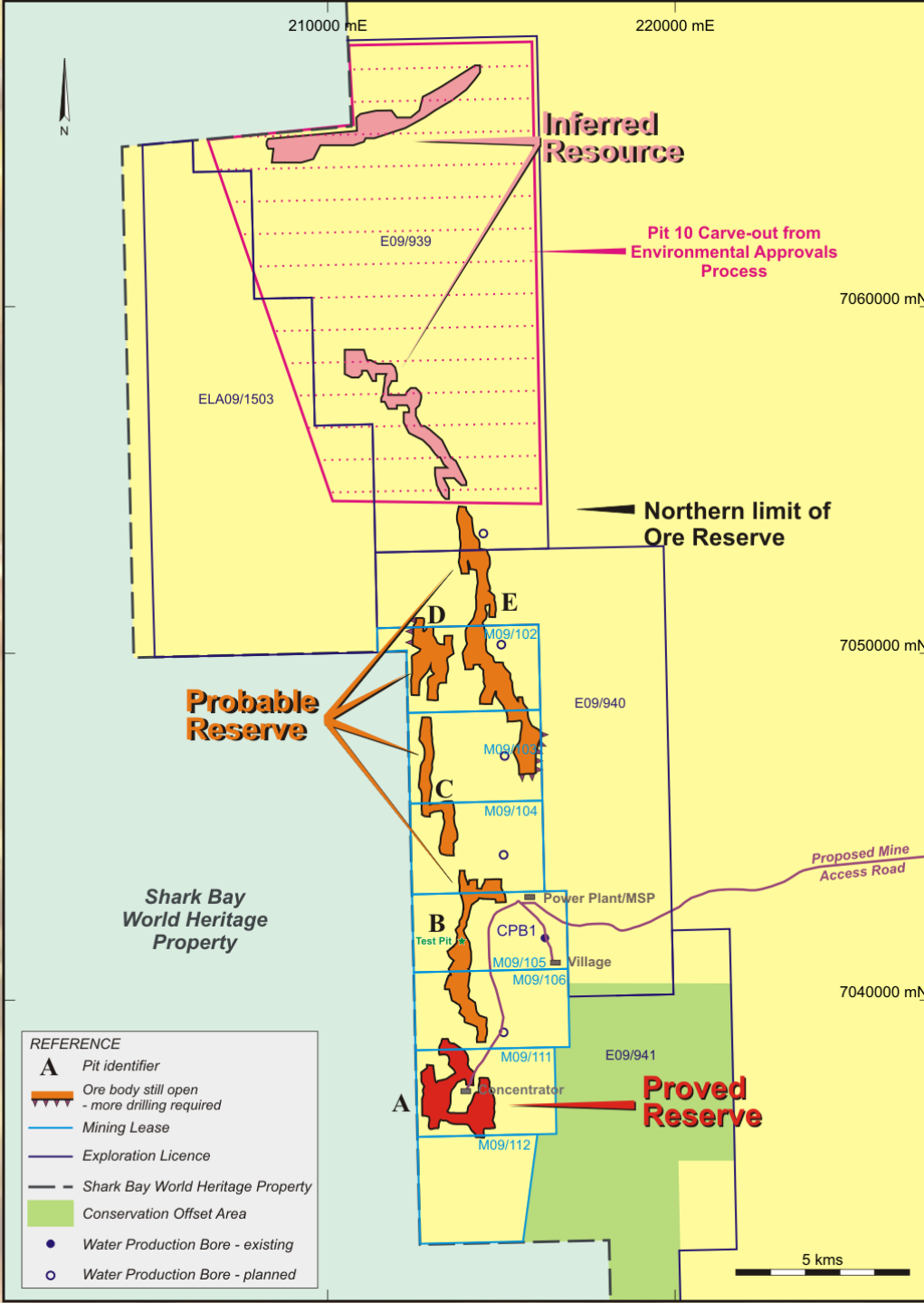




6 4 2005

Coburn Project Expenditure 2000 – 2010 (31st May)



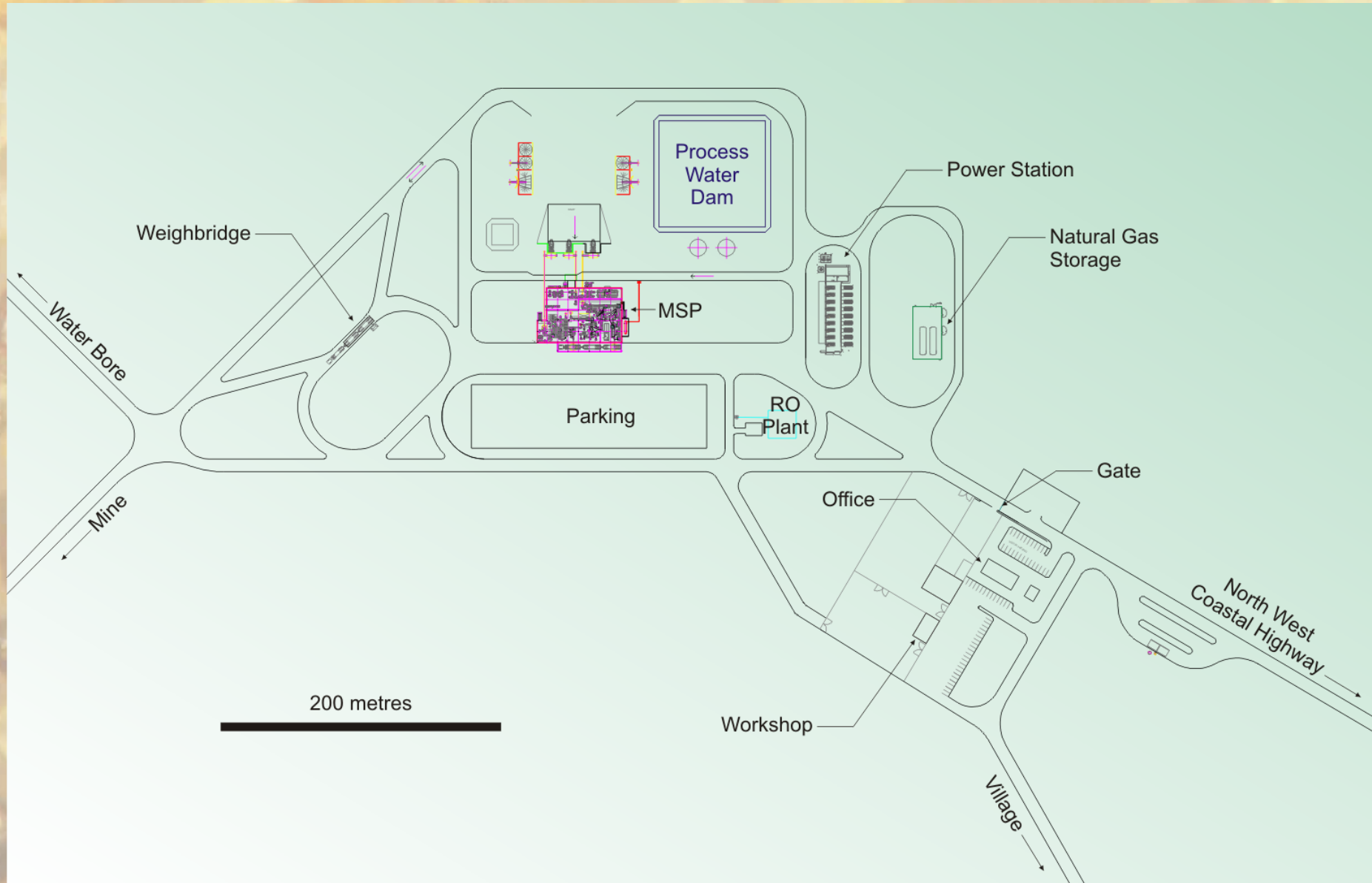


Amy Zone

Ore Reserves & Inferred Resources

Coburn Project

Office, Power Station & MSP



Coburn Heavy Mineral Ore Reserves (Permitted 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

Strip ratio 0.6 t overburden to 1 tonne ore

Coburn Resources (Non-Permitted Area Only)

- 1. Inferred Resource (0.8% HM cut off)
261 million tonnes @ 1.4% HM, 2.3% slimes.**
- 2. Potentially mineable resource (Non-JORC)
106 million tonnes @ 1.3% HM, 2.5% slimes.**

HM Proportions...

Zircon	19%
Ilmenite	53%
Leucoxene	12%
Rutile	5%

- 3. Conversion ratio to potentially mineable : 40% of
inferred resource.
Ratio is 3% higher in permitted area.**

Coburn Metallurgical Processing



1. Wet Concentrator (2200 tph).

87% Recovery of HM into HMC

92% HM in HMC

98% Zircon recovered

96% Non Magnetic TiO_2 recovered

94% Magnetic TiO_2 recovered

2. MSP (30 tph).

Wet and Dry Sections – wet, attritioning circuit at front. Major benefit to product quality.

- **Ilmenite Circuit – Attritioned HMC is dried and separated using high tension electrostatic separators and rare earth roll magnets.**
- **Rutile Circuit – Non conductors & non mags are combined & separated into Rutile and Leucoxene.**
- **Secondary Wet Circuit – Non mags reprocessed in spirals and wet tables.**
- **Zircon Circuit – Primary and secondary Zircon produced. Primary Zircon 90% of total.**

Estimated Annual Mineral Production

Product	Annual tonnes	Key Specification	% of Revenue
Zircon	40,000	66% ZrO ₂	67
Ilmenite	90,000	61% TiO ₂	18
Rutile	9,000	95% TiO ₂	10
Leucoxene	7,000	90% TiO ₂	5

All Products to be sold *fob*
Australia

Coburn DFS Results



- **Mine life 23.5 years with 17.5 years JORC ore reserves.**
- **Capital cost @ P90 level \$A169 million.**
- **Construction Period 85 weeks.**
- **Total revenue over mine life \$A2.1 billion and cash surplus \$A800 million. Annual cash surplus \$A34 million.**
- **NPV \$A141 million, IRR 16.4% at 8% real discount rate. NPV currently 79c per Gunson share.**
- **Exchange rate 85 US cents to \$A1.**
- **September 2010 TZMI price forecasts used, zircon 67% of revenue. TMZI currently updating TiO₂ mineral price forecasts.**

EPCM Contractor Capital Cost Summary

Description	Cost (A\$ million)
2 x DMUs	21.3
WCP	33.3
MSP	41.4
Water Supply	8.9
Road/Civils	19.9
Site Services	5.8
Village/Office	14.4
Geraldton Shed	5.3
Power Retic., Mobilisation & General	7.7
Total	158.0

Owner Capital Cost Estimates

Description	Cost (A\$ million)
Communications	1.8
Insurance etc.	1.6
Owner Pre Production	6.8
Miscellaneous	0.6
Total	10.8

Coburn DFS Financial Summary

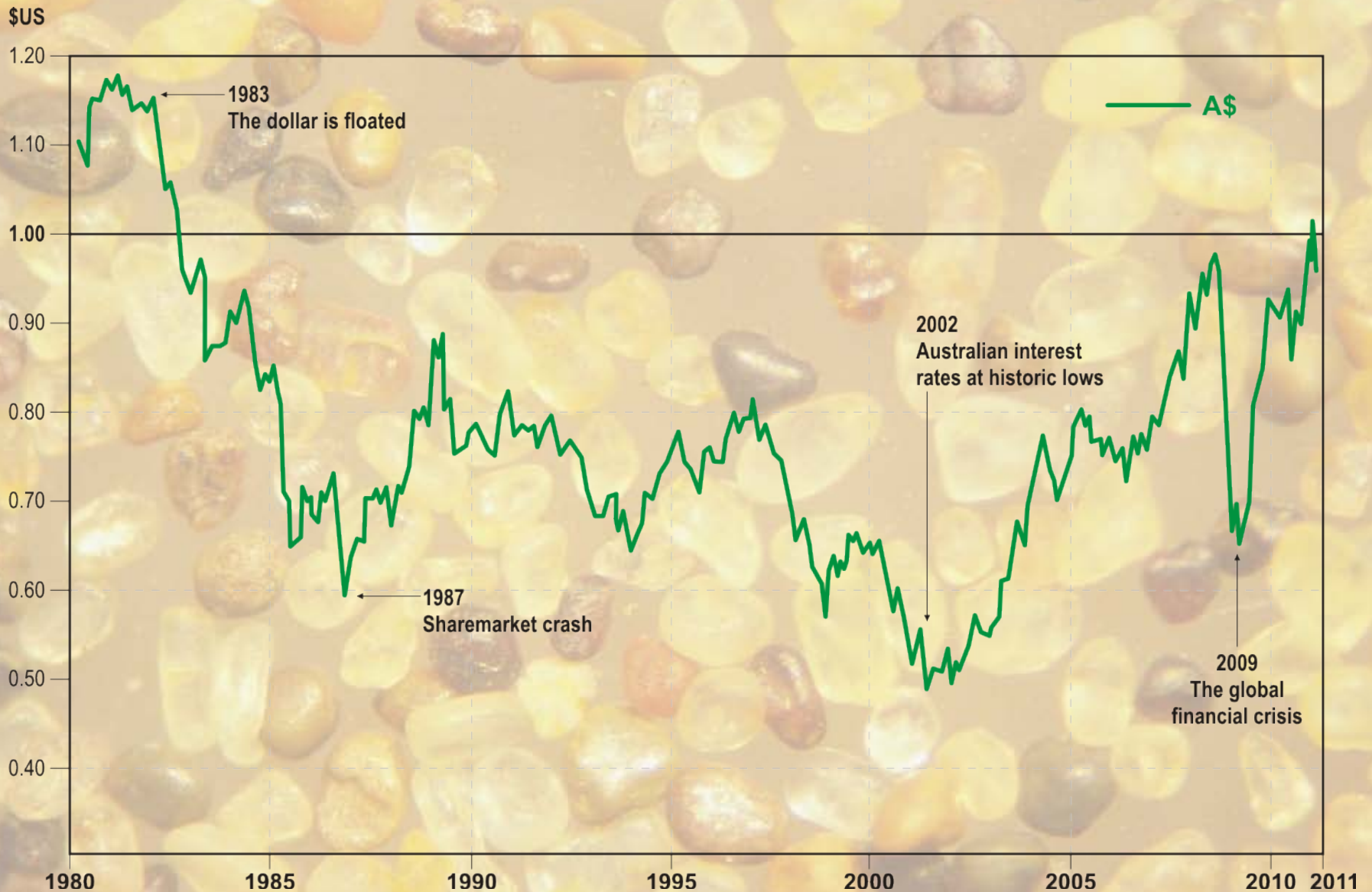
(Real \$A millions)



	DFS Oct 10	DFS Jan 10
Total Revenue	2,086	2,189
Total Operating Costs	1,288	1,310
Net Operating Margin	798	879
Capital Cost	168.8	168.8
IRR before tax/financing	16.4%	16.8%
NPV (8%)	141	163
Exchange Rate (\$US to \$A)	85c	72c

Australian Dollar vs US Dollar

Dec 1983 - 2010



Coburn Conclusions

- **Coburn ready for construction to begin, once finance available**
- **It is one of only 2 significant mineral sand development projects in the world with recent completed detailed feasibility studies.**
- **Currently seeking a minority (40%) investment partner.**
- **No committed offtake.**
- **7 candidates reviewing the investment opportunity. RFC Corporate Finance assisting the process**
- **Current zircon supply squeeze to become acute from 2012.**

Attribution and Forward Looking Statements



The information in this presentation which relates to exploration results, mineral resources, ore reserves and financial projections is based on data compiled by Mr David Harley, Managing Director of the Company. Mr Harley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 this information in the form and context in which it appears.

This presentation contains forward-looking statements that are subject to risk factors with exploration for and developing mineral deposits. Forward-looking statements include predictions of timing, cost and reserve estimates, plans and expectations that are expressed in good faith and believed to have a reasonable basis. However, such statements are subject to a range of variables over which the Company has little control, such as the availability of service providers, commodity prices, exchange rates, political and operational risks, statutory approvals and judicial outcomes.

The Company does not accept any obligation to release publicly any revisions to “Forward Looking Statements” to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



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