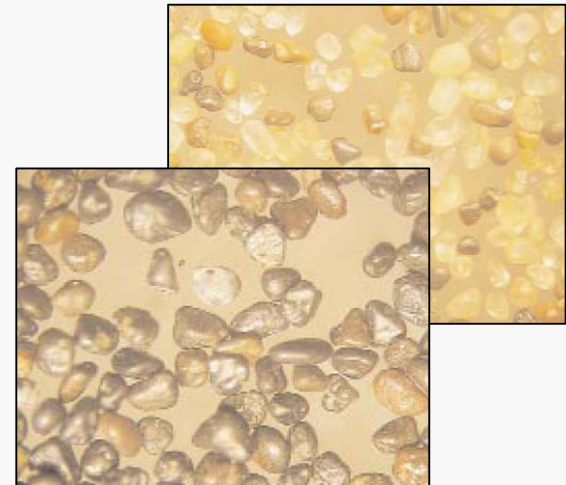




GUNSON RESOURCES

April 2006



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Executive Summary

An ASX
listed.....

- Gunson Resources is:
 - ⇒ an ASX listed zircon mining company;
 - ⇒ developing the Coburn Zircon Project in Western Australia;
 - ⇒ with production of 12,000tpa zircon in 2007, 30,000tpa in 2008 and 60,000tpa from mid 2009.

Zircon
company.....

- Sound zircon industry thematics
 - ⇒ demand / supply mismatch since 2004;
 - ⇒ demand growing at 3% pa;
 - ⇒ supply limitations.

section

- Majority of project milestones achieved
 - ⇒ environmental and mining approvals imminent;
 - ⇒ offtake agreements for >40% of initial zircon production, more to follow shortly;
 - ⇒ fixed price proposals for most capex items received.

with
production to
commence in
3Q 2007, and

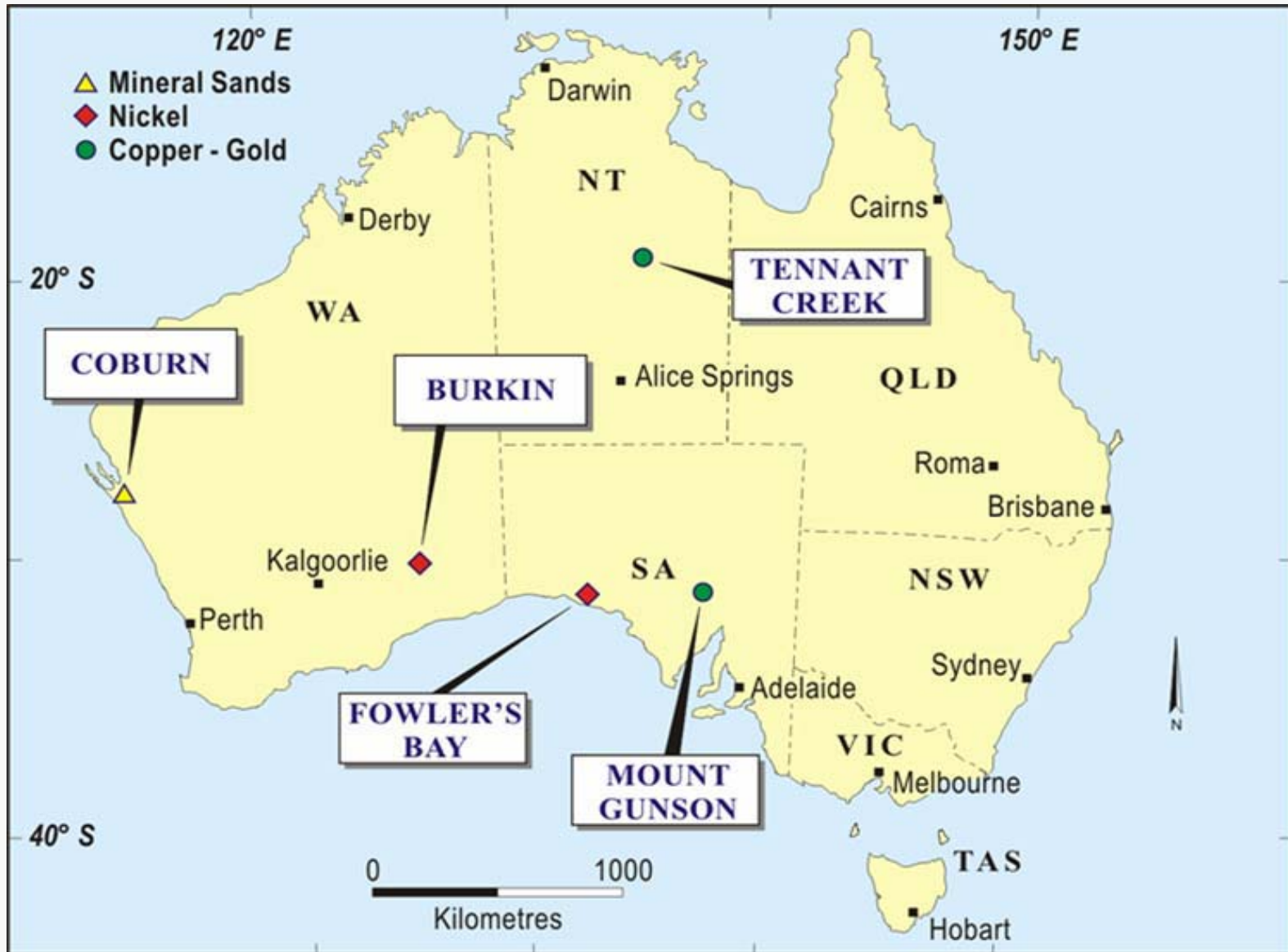
- Construction to commence 3Q 2006
 - ⇒ bank term sheet June 2006
 - ⇒ equity raising June-July 2006
 - ⇒ project commissioning 3rd Q 2007.

attractively
priced.

- Robust project economics
 - ⇒ Lonsec Base Case valuation of A\$0.90/share
 - ⇒ ABN Amro Base Case valuation of A\$0.55/share
 - ⇒ Gunson current share price of A\$0.30 (= mkt cap of A\$25m)



Project Location Map



Zircon Industry

Industry Dynamics

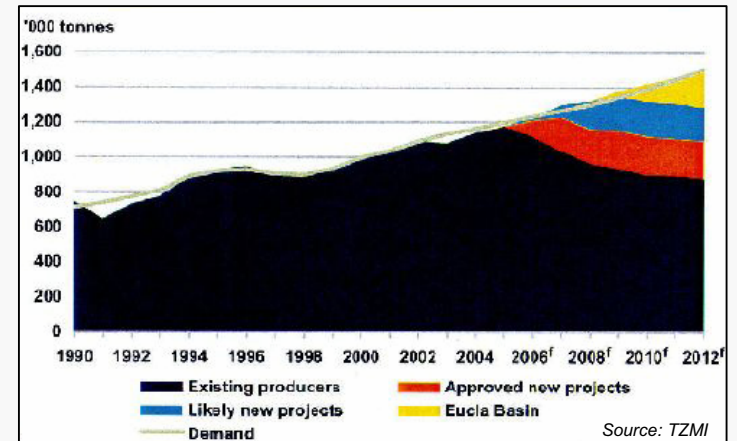
- 70% of global production controlled by 3 majors:
 - ⇒ *Iluka (38%)*
 - ⇒ *Richards Bay Minerals (20%)*
 - ⇒ *Anglo American (12%)*
- Major growth is in high tech applications via zirconium chemicals in;
 - ⇒ *fuel cells, long life batteries, nuclear fuel rods and catalytic converters*

Uses

- Ceramics 53%
- Refractory / Foundry 28%
- Chemicals 12%
- TV Glass 10%

Trends in Demand

- Supply deficits from 2004 onwards
 - ⇒ *unprecedented low levels of inventory, < 3 weeks*
- Demand growth to continue at 3% through to 2012 (TZMI)
 - ⇒ *currently 1.19mt, by 2010 1.39mt and 1.5mt by 2012*
 - ⇒ *China accounts for 71% of growth*
- 2001 – 2004 Period
 - ⇒ *period China increase in world consumption from 19% to 26%,*
 - ⇒ *European consumption declined from 36% to 34%*
- Big growth in chemicals, tiles, and sanitary ware in East Asia.
- Lesser use per tile but increased East Asian demand overriding this.
- Smaller producers achieving higher prices than majors in China and India.



2
section

Zircon Industry (cont'd)

Trends in Supply

- In 2005 world production 1.184mt
- Global shortage – Iluka Eneabba and Florida decline, US production falling rapidly.
- Dupont closing down USA production in 2008.
- Chinese production closing down due to environmental issues eg Hainan
- Small scale miners in Vietnam and Indonesia filling some of the supply gaps.
- TZMI forecasts for 2005 – 2010
 - ⇒ *production from existing mines declines to 0.89mtpa*
 - ⇒ *production from planned and approved projects of 0.22mtpa*
 - ⇒ *production from other new projects of 0.19mtpa*



Outlook to 2010

- China playing increasingly important role
- Supply deficits exacerbated through to 2008
- Query over implementation over many proposed projects
- Eucla as a swing factor for supply vs demand
- Continued industrialisation of Asia will drive strong growth in consumption
- Delays in new projects will limit new supply
- Low TiO₂ prices will limit by product Zircon production
- Forecast weakening of prices in 2009/2010 similar to other commodity forecasts – not supported by recent history

Zircon Industry (cont'd)

Implications for Prices & Producers

- High prices for at least 2 more years
- Shift in influence from Europe to Asia
- Role for independents
- Longer term supply position remains unclear
- High zircon prices to continue, more price increases likely in 2007
- Largest producers to impose more market discipline than previously
- Small consumers and producers becoming more aligned



Coburn Project

Project Description

- Located close to the central west coast of Australia.
- Similar fossil bay to the world class Eneabba and Capel deposits to the south.
- 300km by road to the port of Geraldton.

Project Attributes

- **Large, long life, low cost mine** with very high zircon content
 - ⇒ *potentially mineable resource of 340mt at 1.2% HM;*
 - ⇒ *containing 2.1Mt Ilmenite, 0.4Mt Leucoxene, 0.2Mt Rutile and 0.9Mt Zircon*

3 section

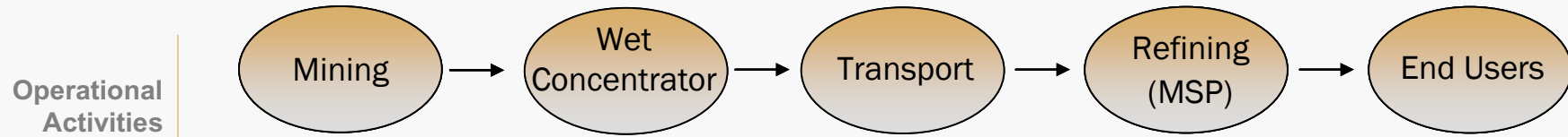
- Close to booming East Asia markets
- **Very high grade concentrate** with low radioactivity
- Zircon production is the core of the Coburn Project
 - ⇒ *3% of world's annual zircon production;*
 - ⇒ *65% of total revenue from zircon.*
- **"Rolling" 8 year mine life**
 - ⇒ *12,000t in 2007, 30,000t in 2008 ;with*
 - ⇒ *Second Stage expansion to 60,000t from 2009.*

Milestones Achieved to Date

- Front end **engineering design completed**
- Fixed price, fixed time for main capex items
- Environments approvals imminent
- **MOU's for >40% of zircon** offtake, others to follow shortly



Development Plan

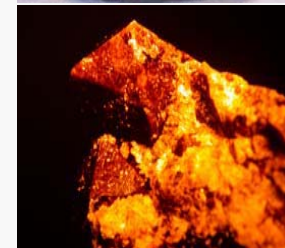


Mining

- Soft sand dunes mean simple mining conditions
- Using conventional mining equipment: bucket wheel excavators, conveyors and pumping systems
- Overburden and tailings returned to pit
- Progressive rehabilitation of mining area

4 Wet Concentrator section

- Standard wet concentrator plant using spiral separators
- Proven technology
 - ⇒ *similar plant at Bemax's Pooncarie and Iluka's Douglas projects*
- Fixed price, fixed time construction contract
- 2,200tph capacity, equivalent to 15mtpa
- Plant to be relocated every 18-24 months, 4 day turnaround



Transport

- 50km sealed road to North West Coastal Highway
- 250km sealed bitumen highway to Geraldton port
- Geraldton port storage facilities available
 - ⇒ *part of port's mineral sand common user infrastructure*
- Products exported in 10,000t bulk shipments

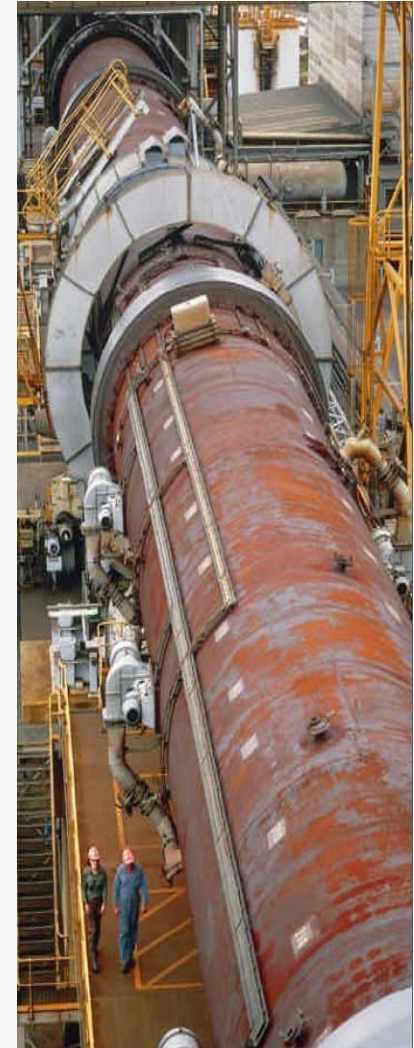
Development Plan (cont'd)

Processing

- Ilmenite separated on-site at Coburn
- Remaining non-magnetic concentrate will be toll treated
- Several options being examined for site of toll treatment

End Users

- Zircon
 - ⇒ *Estimated to be 65% of total Project revenues*
 - ⇒ *Used in zircon chemicals, refractories and ceramics*
 - ⇒ *No dominant user*
 - ⇒ *Chinese as drivers of world growth*
 - ⇒ *Current prices >US\$800/t*
- Ilmenite
 - ⇒ *Estimated to be 18% of total Project Revenues*
 - ⇒ *Sold as feedstock to TiO₂ chloride market for use in pigment production*
 - ⇒ *Dupont and Kerr McGee are major users*
 - ⇒ *Current prices US\$85-110/t*
- Hi Ti = leucoxene and rutile
 - ⇒ *Estimated to be 17% of total Project revenues*
 - ⇒ *Used in production of pigment and welding electrodes*
 - ⇒ *Dupont (pigment) and Asian electrode manufacturers are major users*
 - ⇒ *Current prices US\$350-500/t*



Development Plan (cont'd)

Path to Completion	COMPLETION ACTIVITY	DATE
	Definitive Feasibility Study	May 2006
	Information Memorandum	May 2006
	Bank Term Sheet	June 2006
	Equity Raising	June / July 2006
	Construction Commences	July 2006
	Commissioning	August 2007
First Sales	September 2007	
Concentrate Mineralogy	MAGNETIC (55wt%)	NON MAGNETIC (45wt%)
	89% Illmentie 10% Leucoxene 1% Zircon 0% Waste	52% Zircon 15% Illmenite 14% Rutile 10% Leucoxene 9% Waste

Risk Mitigation Plan

5 section

RISK TYPE	MITIGATION	STATUS
Offtake	MOU 's with 5 parties for all of first 2 years production	2 MOU's for >40% of zircon.
Geological	Strong emphasis on resource definition	8 year JORC reserve
Mining	Test pit excavated in 2004	
Cost Overruns	Fixed prices, fixed term contracts for 90% of capex	Proposals received
Prices	Pricing for zircon based on Major Producer Benchmark Price for China	Included in MOU's
Transport	Fixed price road haulage contract	Being finalised
Project Completion	Proteus engaged as project manager. Recent experience includes commissioning Portman Koolyanobbing Iron Project.	Implementation Planning in progress.

Other Assets

Mount
Gunson

Copper - Gold - Uranium

- Large 1470 km² area in centre of South Australian Copper Belt (70% of Australian Copper)
- 100km south of Olympic Dam mine (BHP Billiton)
- 50M tonnes @ 2% copper equivalent (Cobalt credits) in resources.
- Intersection in December 2005 of 2m @ 3.4% copper at Chianti Prospect.
- Chianti Prospect similar to Carrapateena discovery 20 km east (Teck).
- JV negotiations in progress with major for Chianti drilling.



6
Tennant
Creek
section

Gold - Copper

- Grass roots exploration, testing selected geophysical anomalies.
- District has produced 5m ounces gold, 0.3m tonnes copper.



Fowlers Bay

Nickel

- Grass roots exploration for Voiseys Bay style nickel sulphides.
- Close to Eucla Basin zircon discoveries of Iluka.

Burkin

Nickel - Gold

- Grass roots exploration for nickel sulphides and gold

Sources & Application of Funds*

7
section

USE OF FUNDS	A\$M
Wet Concentrator	43
2 x Bucket Wheel Excavator	11
2 x Belt Wagon	6
Site Infrastructure	20
Other	5
Contingency	8
Working Capital	7
TOTAL	100

SOURCE OF FUNDS	A\$M
Equity	30
Prepayments from Customers	10
Debt	60
TOTAL	100

* Current estimates of funding and capital requirements. Will be confirmed in Definitive Feasibility Study due in late May 2006.

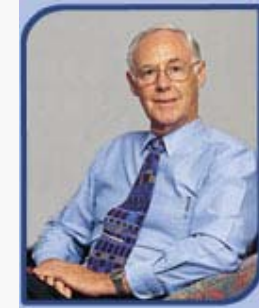
Board & Management

8 section

WILLIAM H CUNNINGHAM

Chairman
B.Com

Bill Cunningham is a consultant in mineral commodities marketing with over 40 years experience in the mining industry, mainly with WMC Resources Limited and CRA Limited. Prior to leaving WMC in 1997, he was manager for that company's Nickel Division intermediate products marketing. Since 1997, he has managed his own mineral marketing consultancy.



DAVID N HARLEY

Managing Director

BSc (Hons) MSc., F.Aus., I.M.M

David Harley is a geologist with over 30 years experience in the mining industry, mostly in senior exploration management positions with WMC Resources Limited. He is the immediate Past President of the Association of Mining and Exploration Companies, AMEC and was Chairman of Gallery Gold Ltd for 5 years until November 2003.



PETER C HARLEY

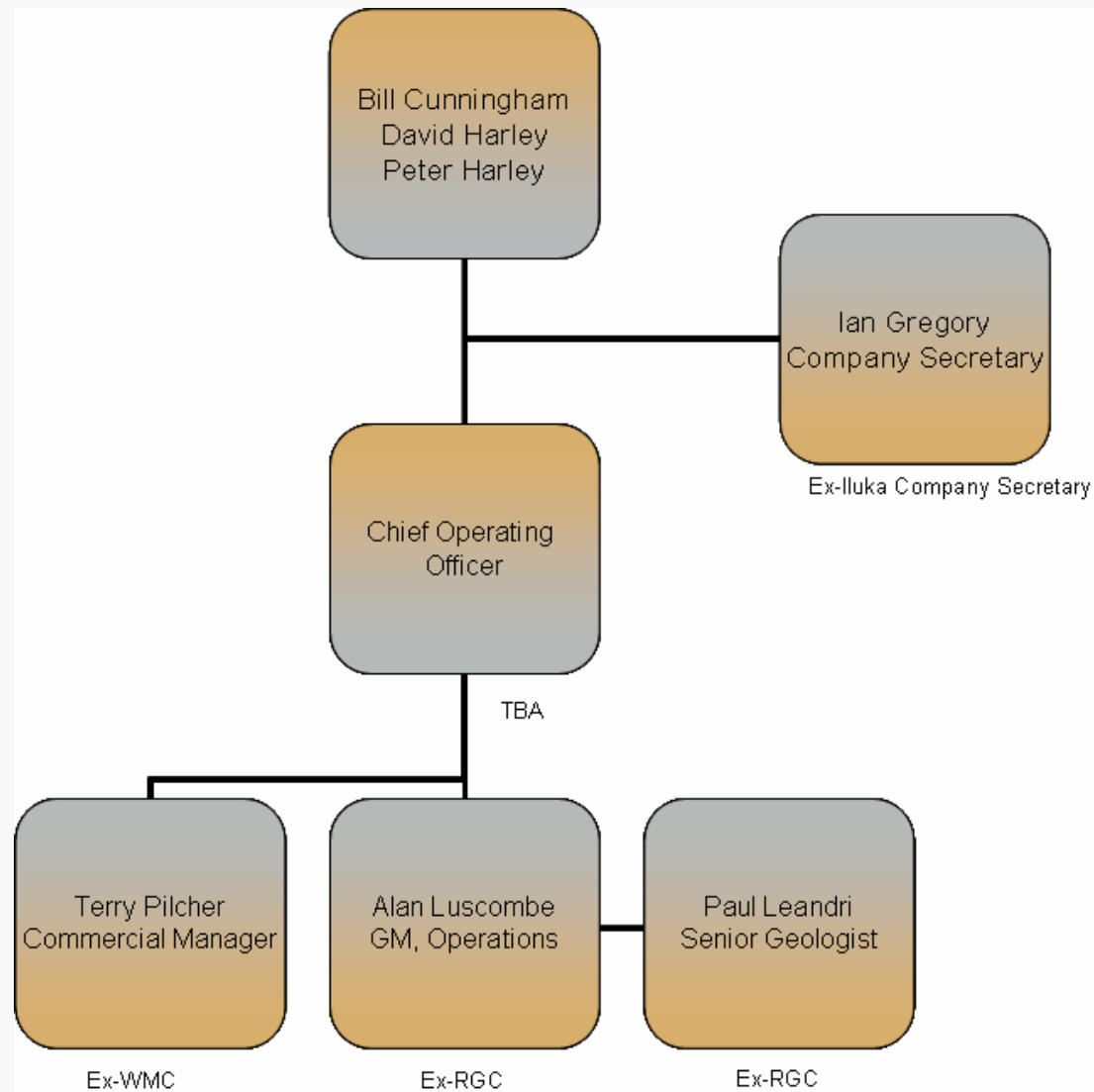
Non-Executive Director

B.Com., F.C.P.A

Peter Harley is an experienced manager and director with over 25 years association with a number of private and public companies. Peter is Chairman of iiNet Ltd and the Co-operative Research Centre for Australian Communications based at Curtin University. He is also a non executive director of Perilya Ltd and Western Australia's largest venture capital fund, Foundation Capital Ltd.



Board & Management (cont.)



Why Gunson ?

9 section

- ☑ Quality management team with history of successful operation of mineral sand projects.
- ☑ Positive sector thematics.
- ☑ Upside from expansion in Year 3.
- ☑ Geology well understood.
- ☑ Simple mining method.
- ☑ Offtake agreements planned for 100% of first two years production.
- ☑ Company is attractively priced.

