

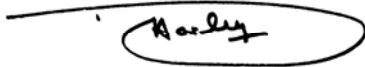
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## **COBURN ZIRCON PROJECT UPDATE**

Leading global mineral sands marketing consultancy TZMI reported yesterday that the investment climate and market fundamentals have become increasingly more buoyant in the sector in recent months. Further, TZMI commented that more favourable market conditions and forecast price increases over the next few years should provide an investment environment that supports the advancement of new projects, for the first time in many years.

TZMI's view has been reflected in significantly increased industry offtake/investment interest in Gunson's Coburn Zircon development project in Western Australia over the past several months. A Definitive Feasibility Study (DFS) on Coburn was completed at the end of 2009 and the results announced to ASX on 7<sup>th</sup> January 2010. This Study concluded that the capital cost of establishing a mine at Coburn to produce final mineral products for export would be \$169 million at a P90 level, meaning a 90% chance of the final cost being at or below the \$169 million estimate. The mine life, three quarters of which is based on JORC compliant ore reserves, is 23.5 years with further potential to increase these reserves. Financial returns on a pre tax, ungeared basis, include an operating cash surplus of \$37 million per annum, NPV of \$163 million at an 8% discount rate and an IRR of 16.8%.

Several companies with the financial resources to invest in the Coburn Project are currently reviewing the investment opportunity, with a view to reaching a decision during the September quarter of 2010. Two of these companies are European owned, with the remainder based in Asia.



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**ATTRIBUTION**

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.