



**GUNSON RESOURCES LIMITED**



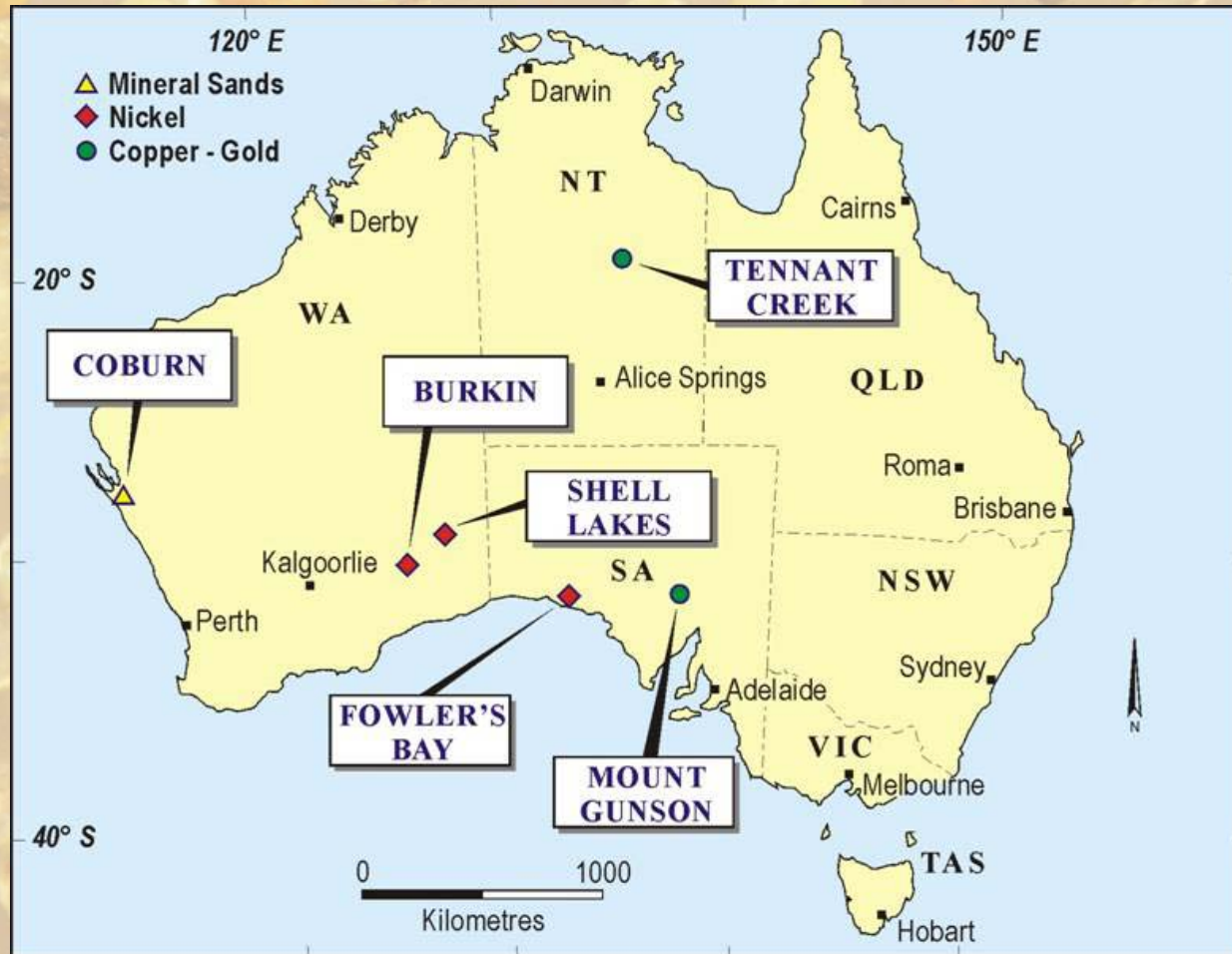
*David Harley*  
*MINSANDS 2005*

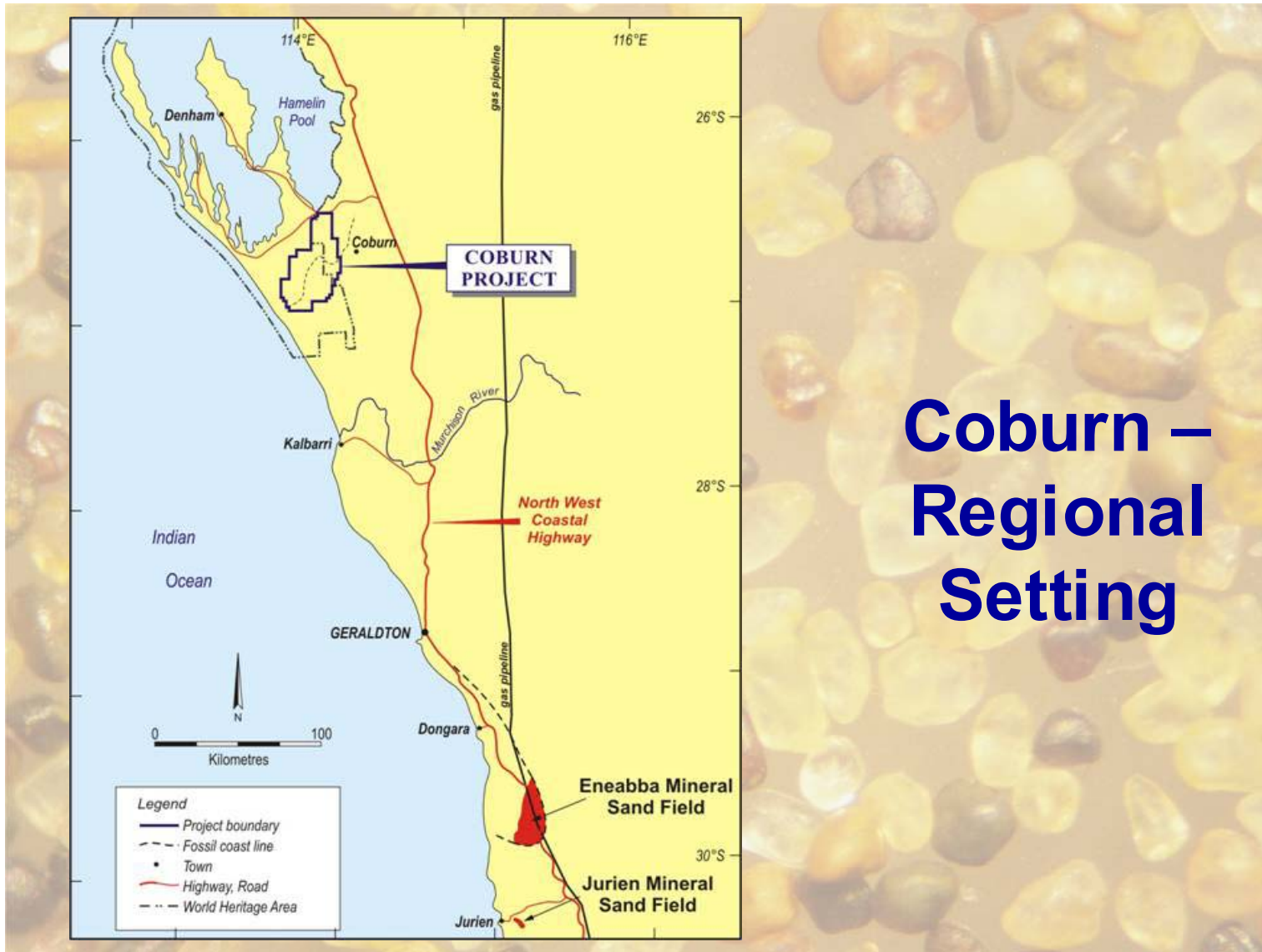
*31<sup>st</sup> May 2005*

# Corporate Summary

• Shares	72.4M
• Unlisted Options	1.3M (20c)
• Cash	\$1.9M
• Share Price	\$0.21
• Market Cap.	\$15M
• Substantial Shareholders LUCRF	5.7%

# Project Location Map



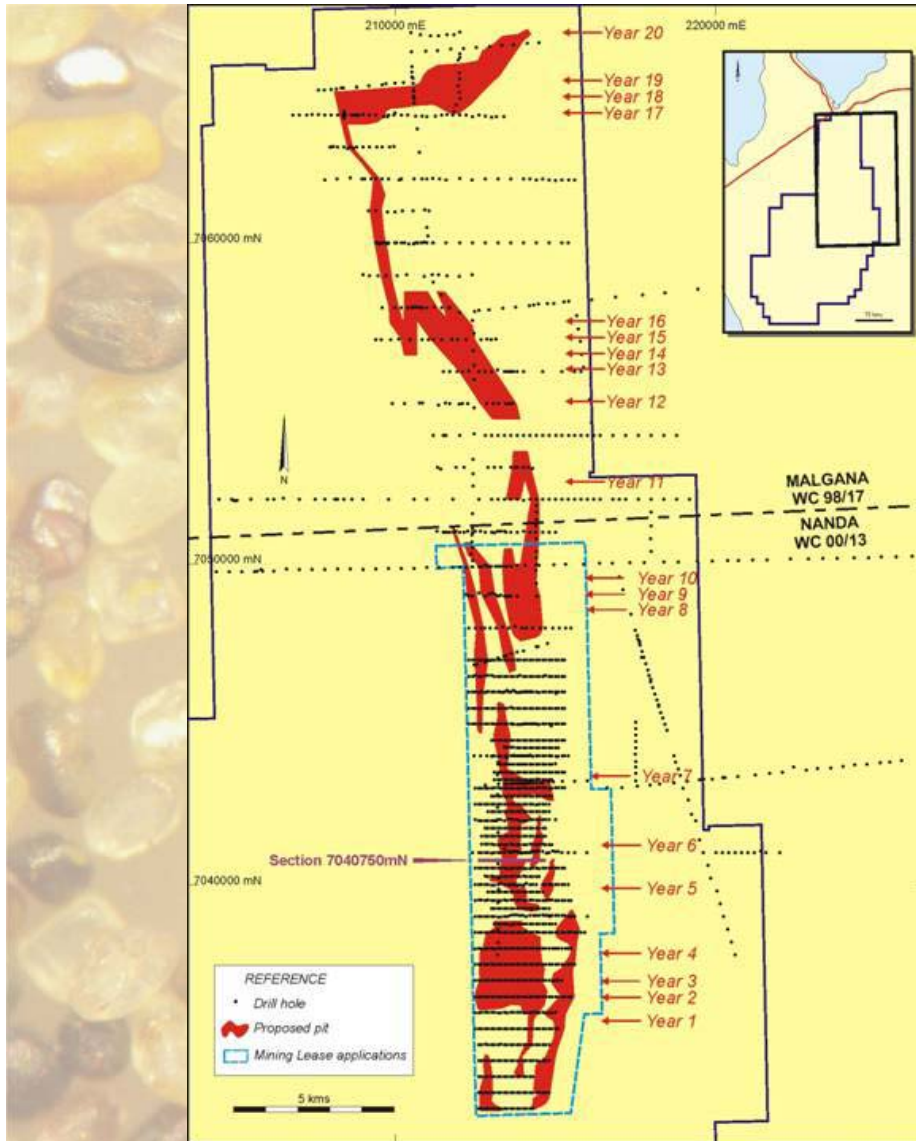


# Coburn – Regional Setting



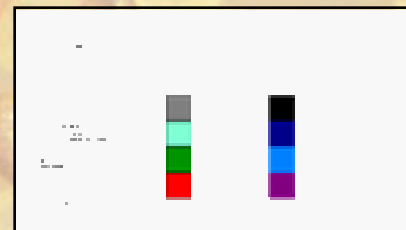
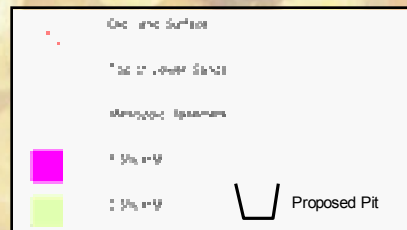
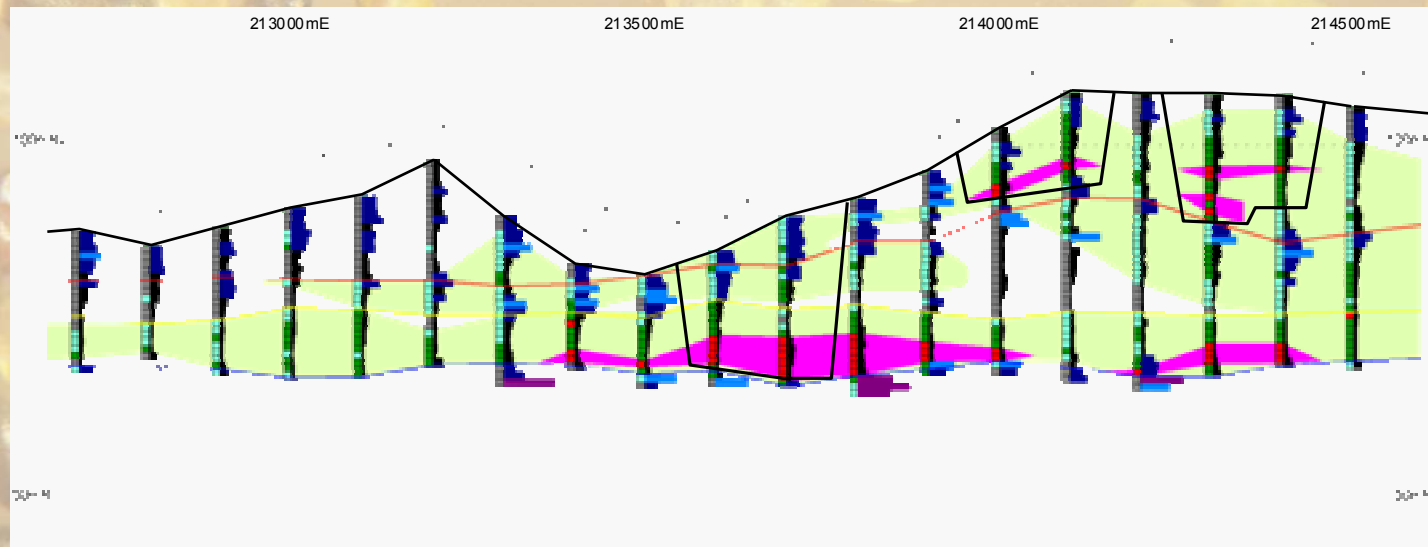
# Coburn Amy Zone Mine





# Amy Zone Resource and Amy South

# Amy Cross Section 7040750mN



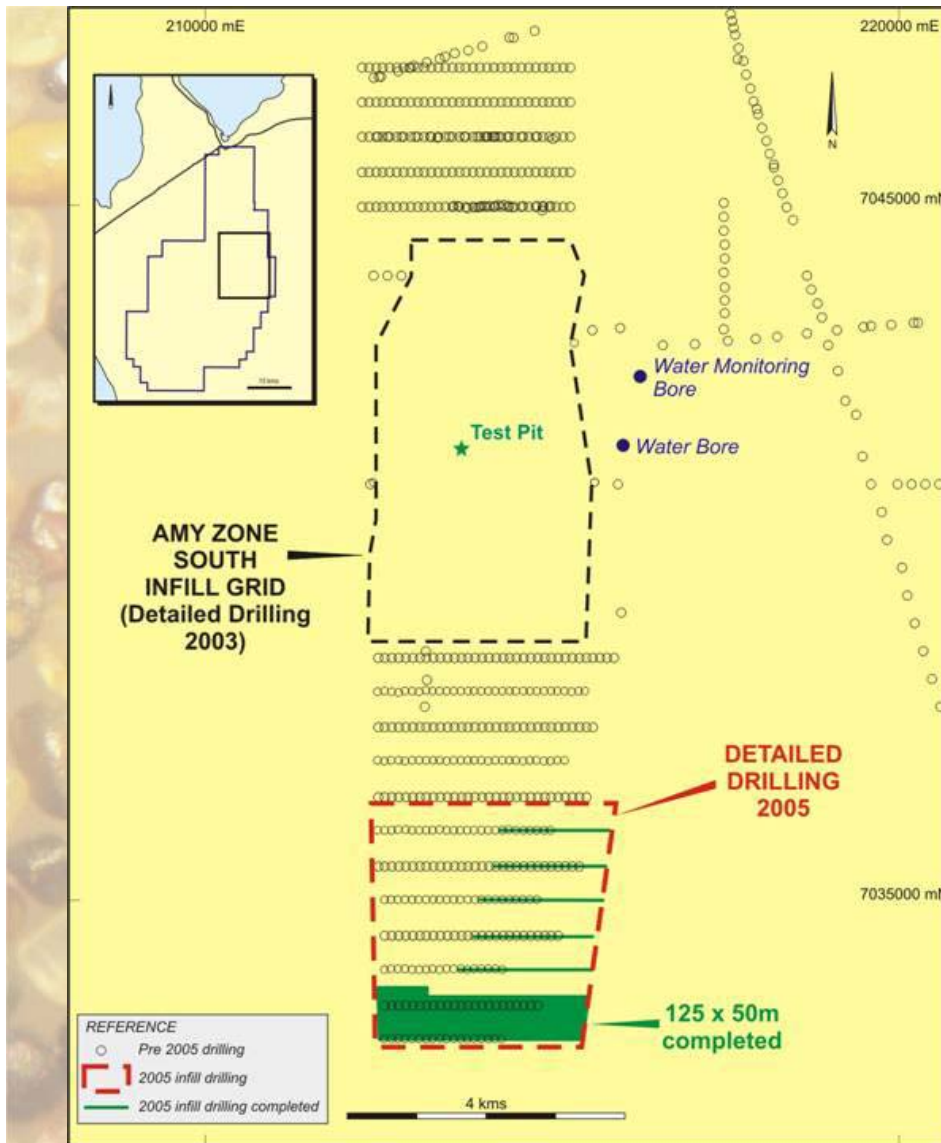


# Coburn Reserves/PM Resources

## Dec 2004

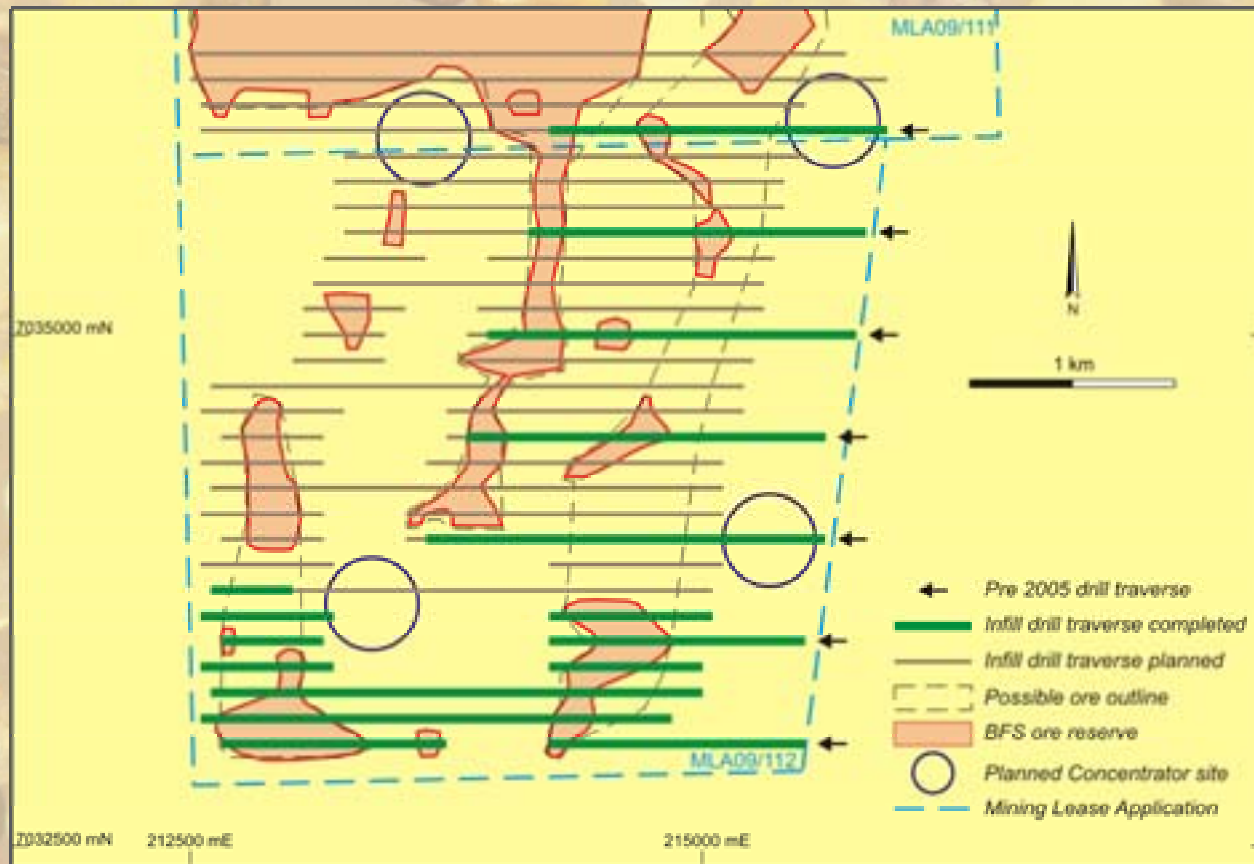
Category	Million Tonnes	Average Grade HM %	Cut-off Grade HM %	Strip Ratio
Probable	250	1.1	0.8	0.3 : 1
PM Resource	370	1.1	0.8	0.6 : 1
Total	620	1.1	0.8	

PM = Potentially Mineable



# Amy South Drilling Program 2005

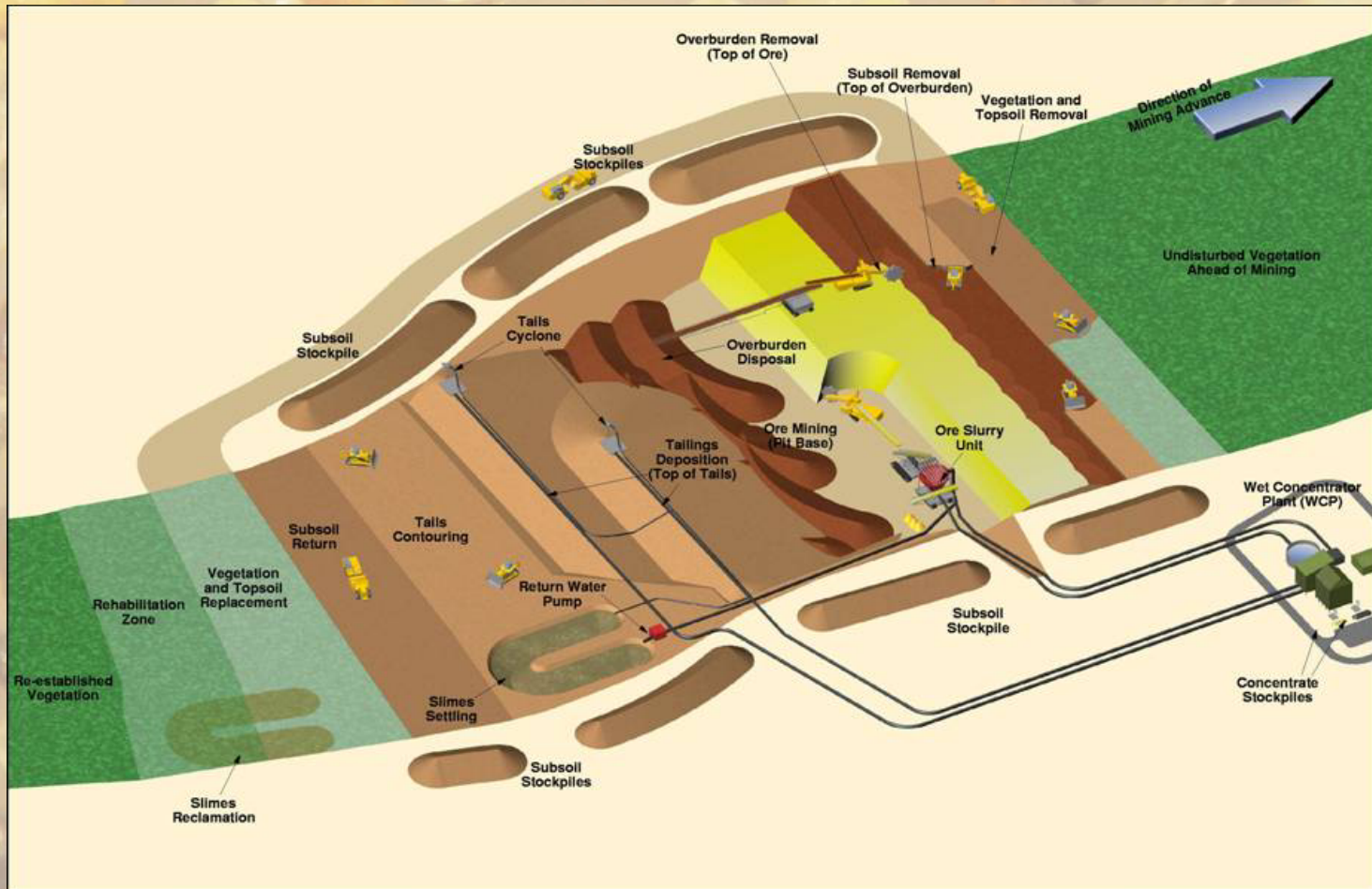
# Amy South Ore Reserve Upgrade Drilling



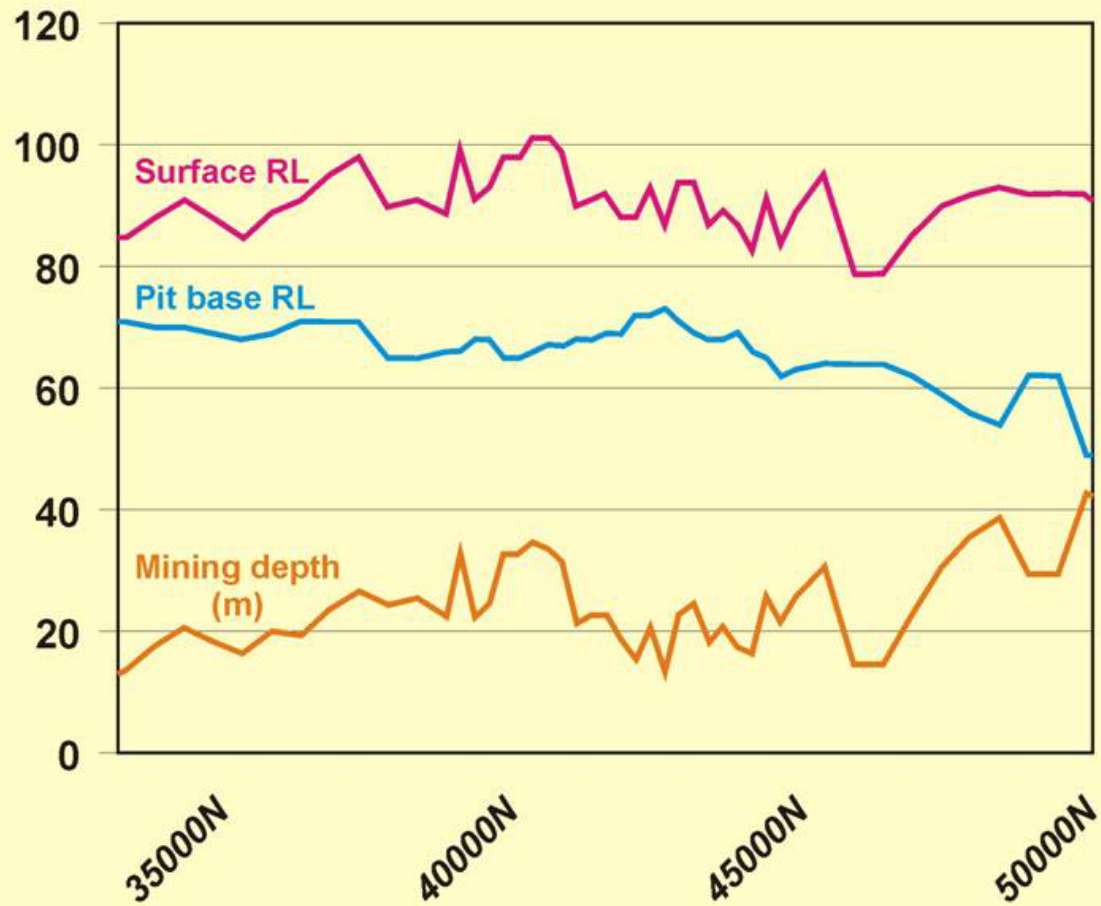




# Amy Zone Mining Method



## Amy South Pit Levels and Mining Depth



## **Coburn Estimated Annual Production (tonnes)**

<b>Product</b>	<b>Years 1 - 2</b>	<b>Year 3 onward</b>
Zircon	30,000	60,000
Ilmenite	60,000	120,000
HiTi	15,000	30,000



## Selected Development Projects

<u>Under Construction</u>	TiO <sub>2</sub> UNITS *	ZIRCON *	TiO <sub>2</sub> : ZIRCON
Douglas (Iluka)	150 #	100	3.5+
Moma (Kenmare)	354	52	6.8
Pooncarrie (Bemax)	170	32	5.3
<u>Completed BFS</u>			
Mindarie (Aust. Zircon)	71	44	1.6
Corridor (WMC)	330	30	11.0
Coburn (Gunson)	99	60	1.6
Kwale (Tiomin)	230	37	6.2
<u>In BFS Stage</u>			
Tamil Nadu (Tata)	250	20	12.5
Senegal (Min Deposits)	11 #	70	4.0+

Australia

Africa

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	620#	63	2.5	5.0
Ilmenite	85	18	3.5*	7.0*
HiTi	350	19	7.5	15.0

# Zircon now \$US 750.

\* % of chloride ilmenite

## Coburn Project – BFS 2004 Initial Capital Costs (\$A million)

	<b>BFS</b>	<b>Potential Saving</b> (Resourceinvest 2005)
Site Infrastructure	14.0	
Concentrator	45.7	30%
Pre strip	0.7	
MSP	*	
Bucket Wheel Excavators (2)	11.2	25%
<b>Total Initial Capital</b>	<b>71.6</b>	<b>55.1</b>

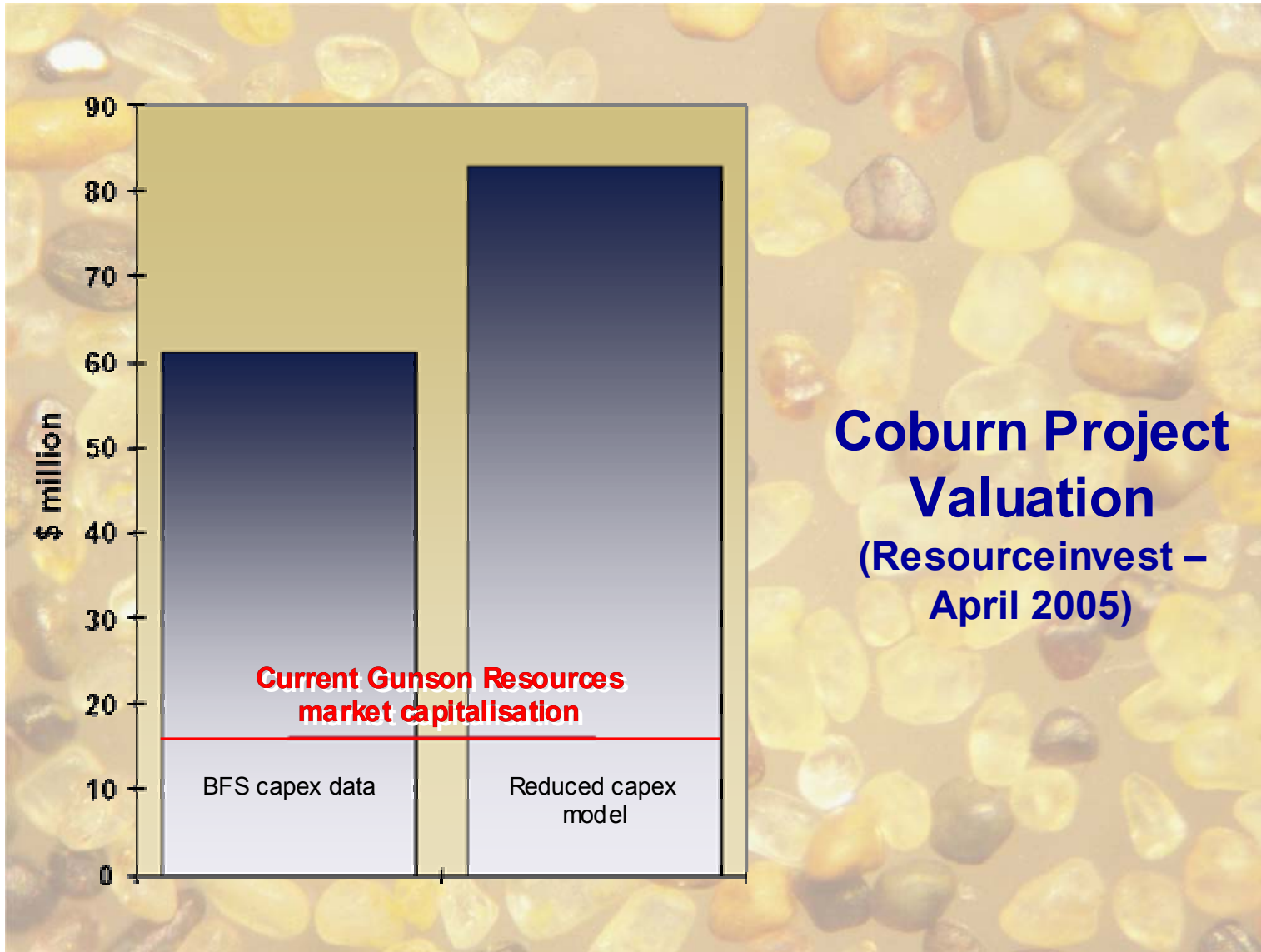
*\* \$A86.3 million cost of MSP not included  
in the BFS 2004 financial evaluation*

## **Coburn Project – BFS Capital Model (Resourceinvest – April 2005)#**

<b>Operating Cash Surplus</b>	<b>\$433 M</b>
<b>Capital Cost</b>	<b>\$128.5 M *</b>
<b>IRR after tax</b>	<b>19%</b>
<b>NPV (10%)</b>	<b>\$61 M</b>
<b>Exchange rate</b>	<b>\$0.75</b>

#no gearing






\* Reduced Capex Model \$95.5 M



# Coburn Project Valuation

(Resourceinvest – April 2005)

# Coburn Project – Environment/Licensing Schedule

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

## **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, TiO<sub>2</sub> 60%**
- **Good price possible for mixed rutile / leucoxene product - HiTi**

# Coburn Concentrate Mineralogy

## MAGNETIC (55 wt%)

89% Ilmenite

10% Leucoxene

1% Zircon

0% Waste

## NON MAGNETIC (45 wt%)

52% Zircon

15% Ilmenite

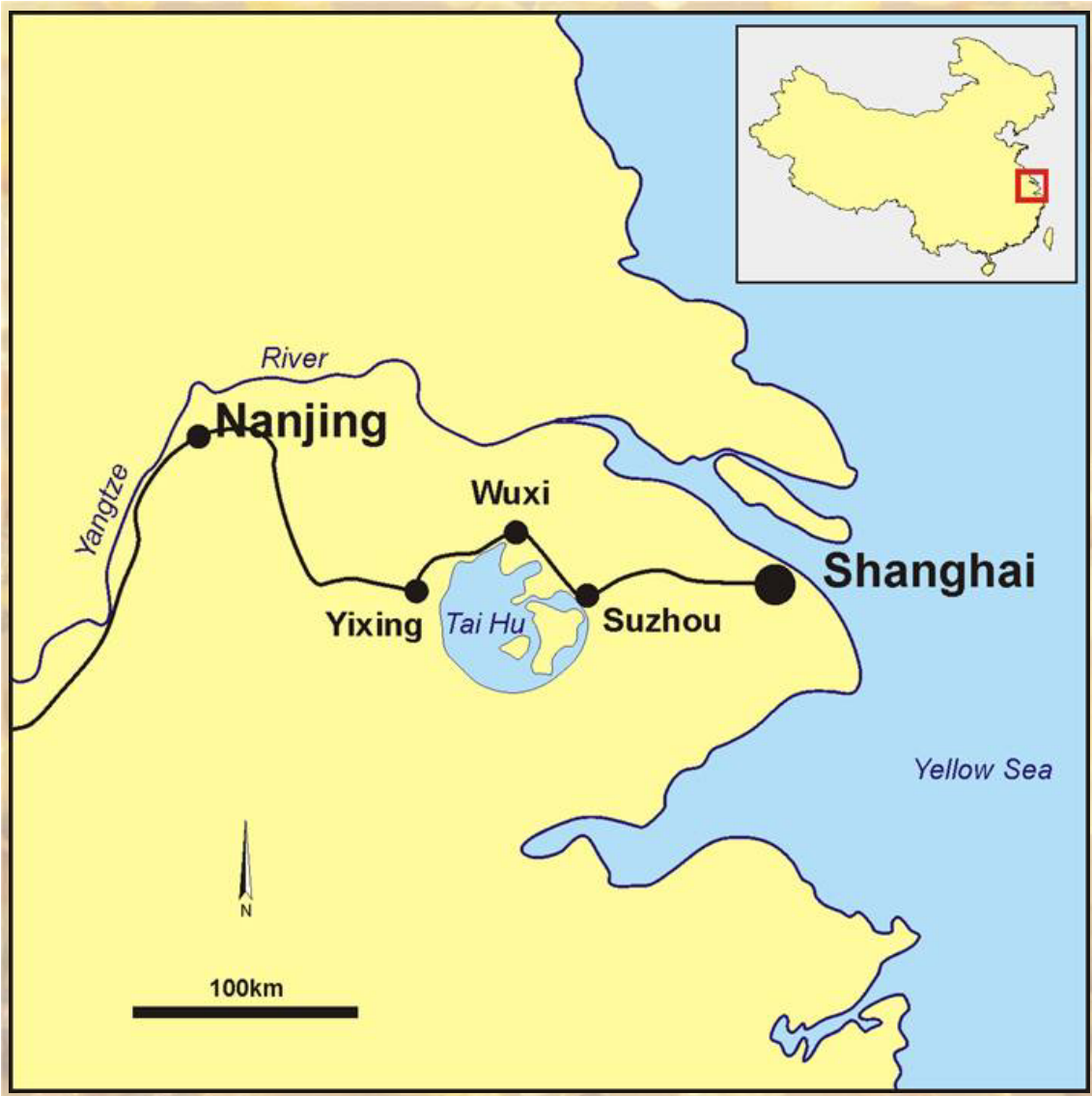
14% Rutile

10% Leucoxene

9% Waste \*

\* Overall 4% waste





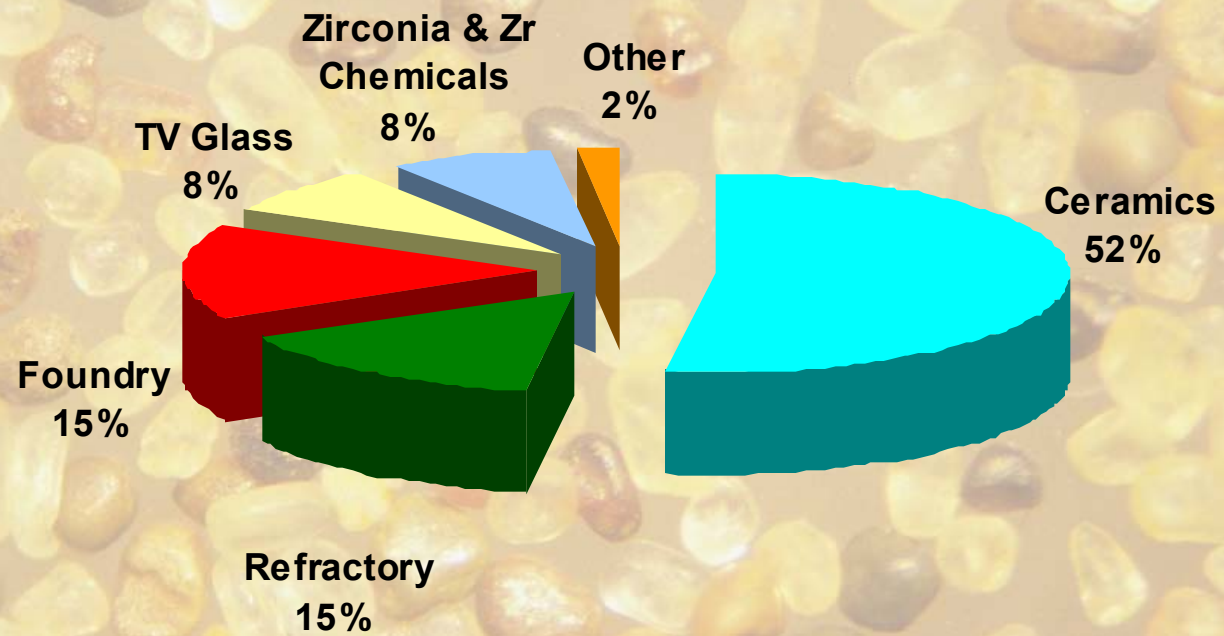
**Shanghai  
District,  
China**





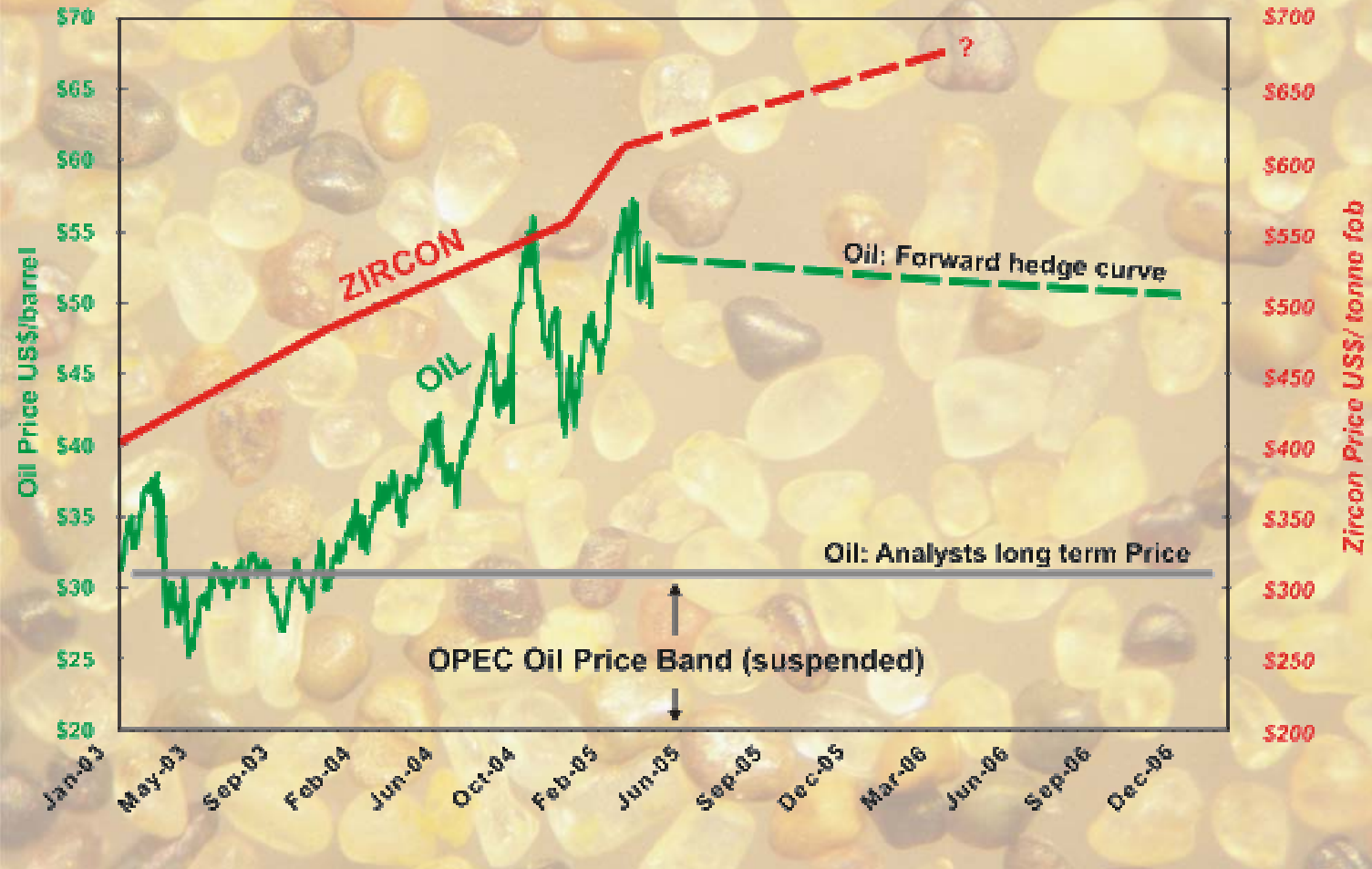
# Zircon Consumption by End Use Market 2002

Total Consumption in 2002 ~ 1.1 million tonnes

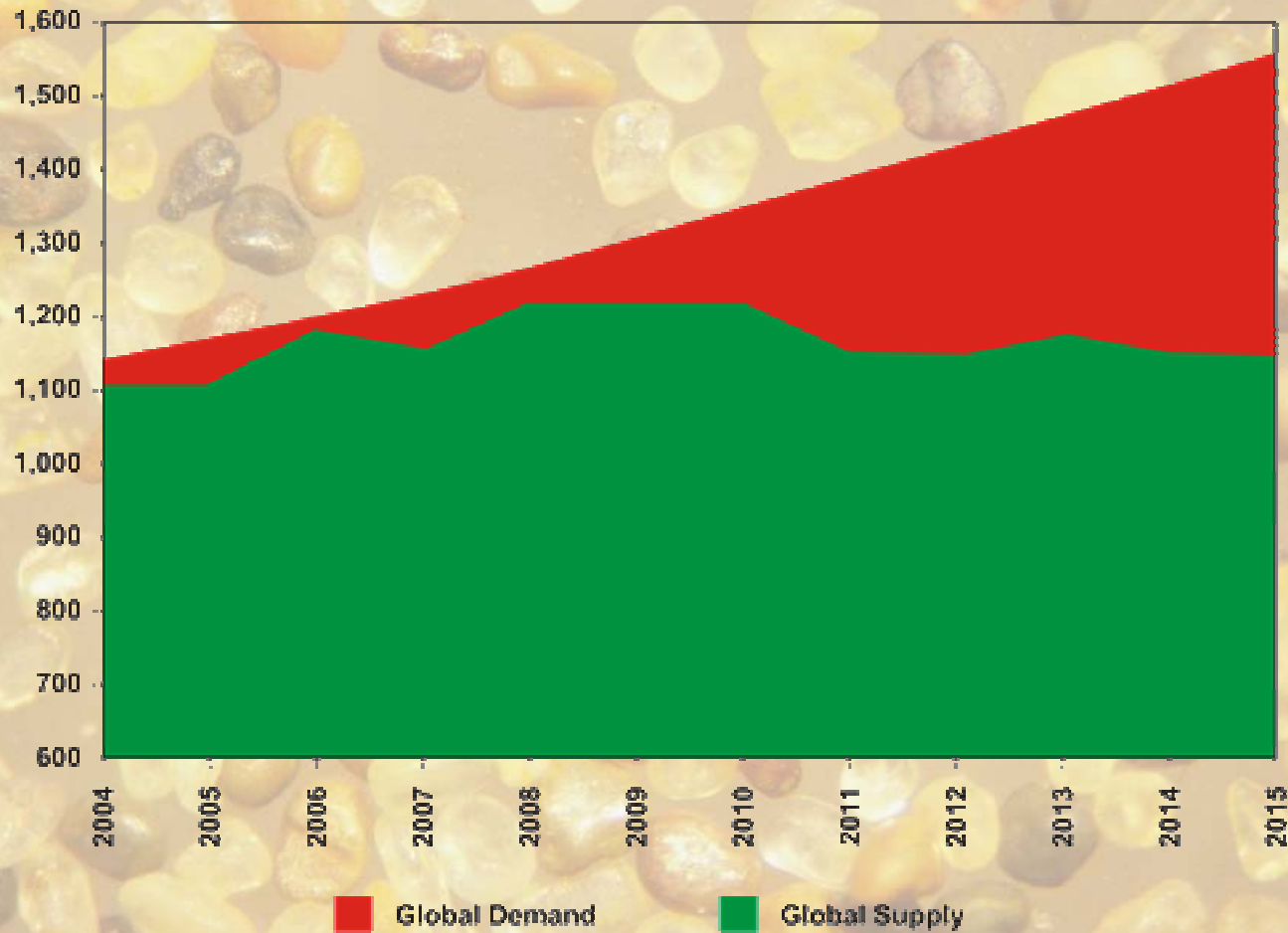


May 1st  
2003

# Oil and Zircon price curves 2003 - 2006

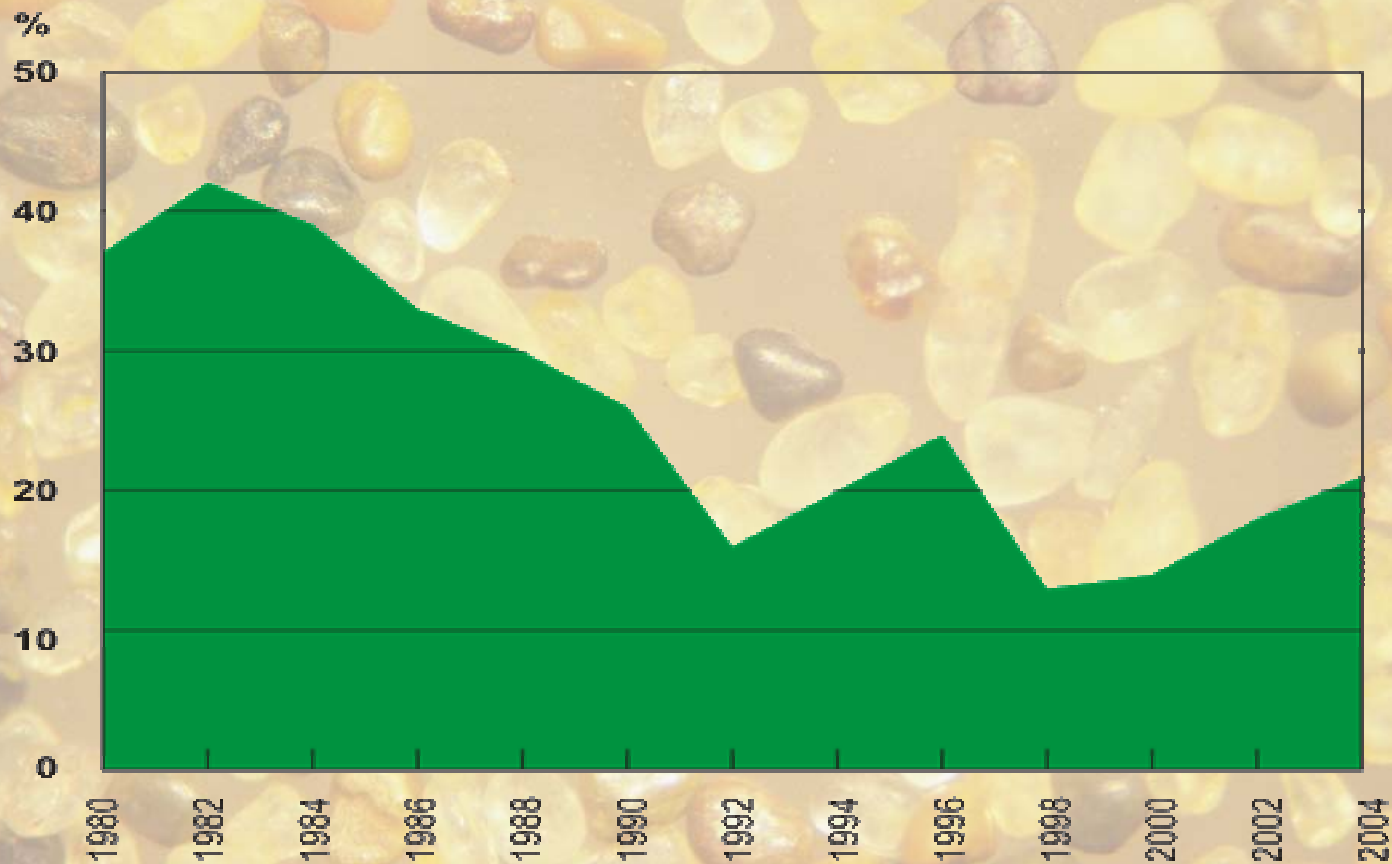


## Zircon Market Outlook



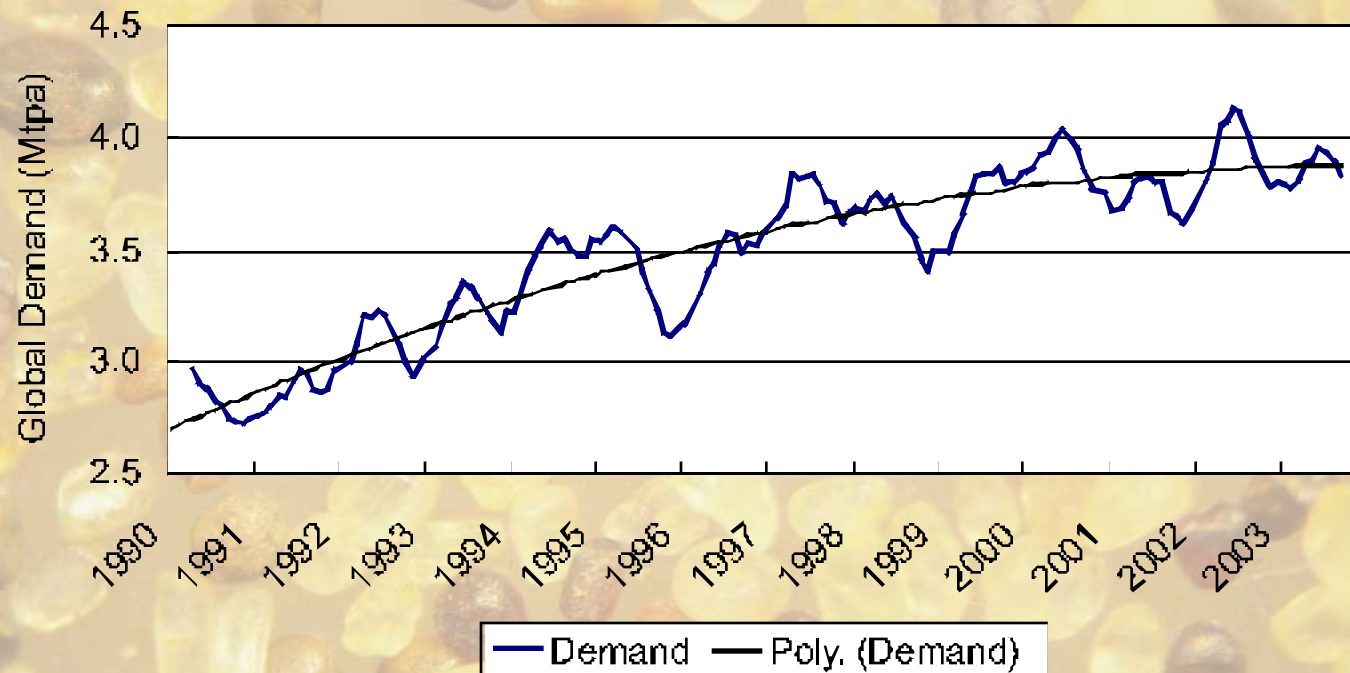
Source: Iluka Resources, 2005

## Eneabba – % of World Zircon Production 1980-2004



Source: TZMI Mineral Sands Report, March 2005

## Polynomial Fit of TiO<sub>2</sub> Demand



Polynomial trendline gives Growth = 0.4% at end 2002

Source: Huntsman Tioxide 2004

# **Project Timetable**

## **2005**

- **Commence Detailed Design** June
- **Public Environmental Review** June-July
- **Infill Drilling** April-July
- **Coburn Pastoral Lease Settled** April
- **Offtake Agreements** Q3
- **Finance/Permits** Q4

## **2006**

- **Operations Commissioning** Q4

## **Conclusions**

- **Coburn on track for first production in late 2006.**
- **Permitting and financing to be completed late 2005.**
- **Coburn is the third largest zircon development project in the world.**
- **Current Gunson market cap is 18% of Coburn NPV (reduced Capex model).**



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*MINSANDS 2005*

*31<sup>st</sup> May 2005*