



**GUNSON RESOURCES LIMITED**



*David Harley*

*Mining 2004*

# Corporate Summary



• <b>Listed</b>	<b>May 2000</b>
• <b>Shares</b>	<b>64.3M</b>
• <b>Cash</b>	<b>\$2.6M</b>
• <b>Share Price</b>	<b>\$0.23</b>
• <b>Market Cap.</b>	<b>\$14.8M</b>
• <b>Substantial Shareholders</b>	
Colonial First State	9.8%
LUCRF	6.4%

# Gunson Board of Directors



**Chairman: Bill Cunningham** Ex WMC – nickel marketing

**Managing: David Harley**

WMC 24 years 1972-1995

GM Minerals Exploration

Australia/East Asia 1990-1995

Chairman, Gallery Gold 1998-2003

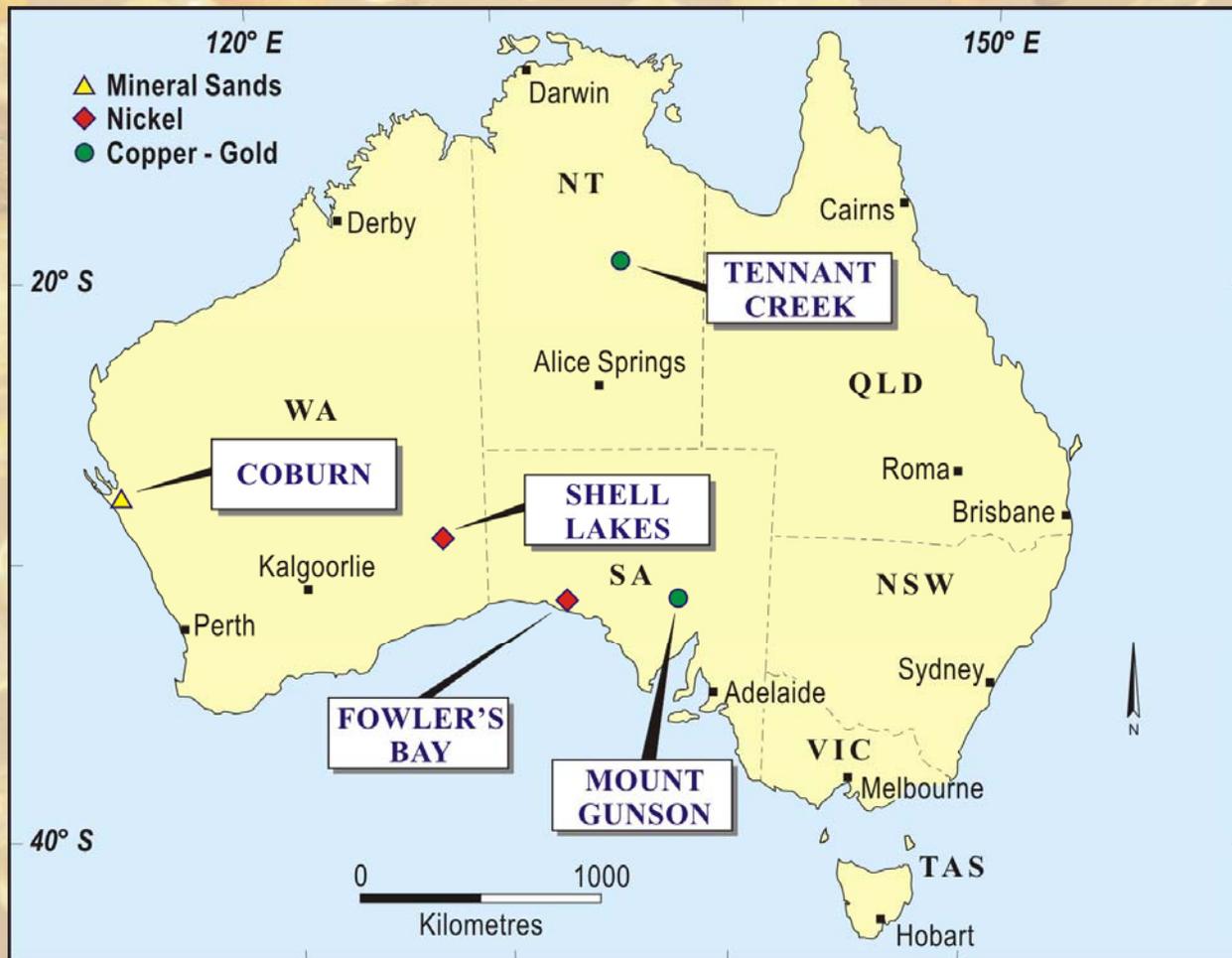
**Non Exec: Peter Harley**

Chairman – iinet

Non Exec – Perilya

- Foundation Capital

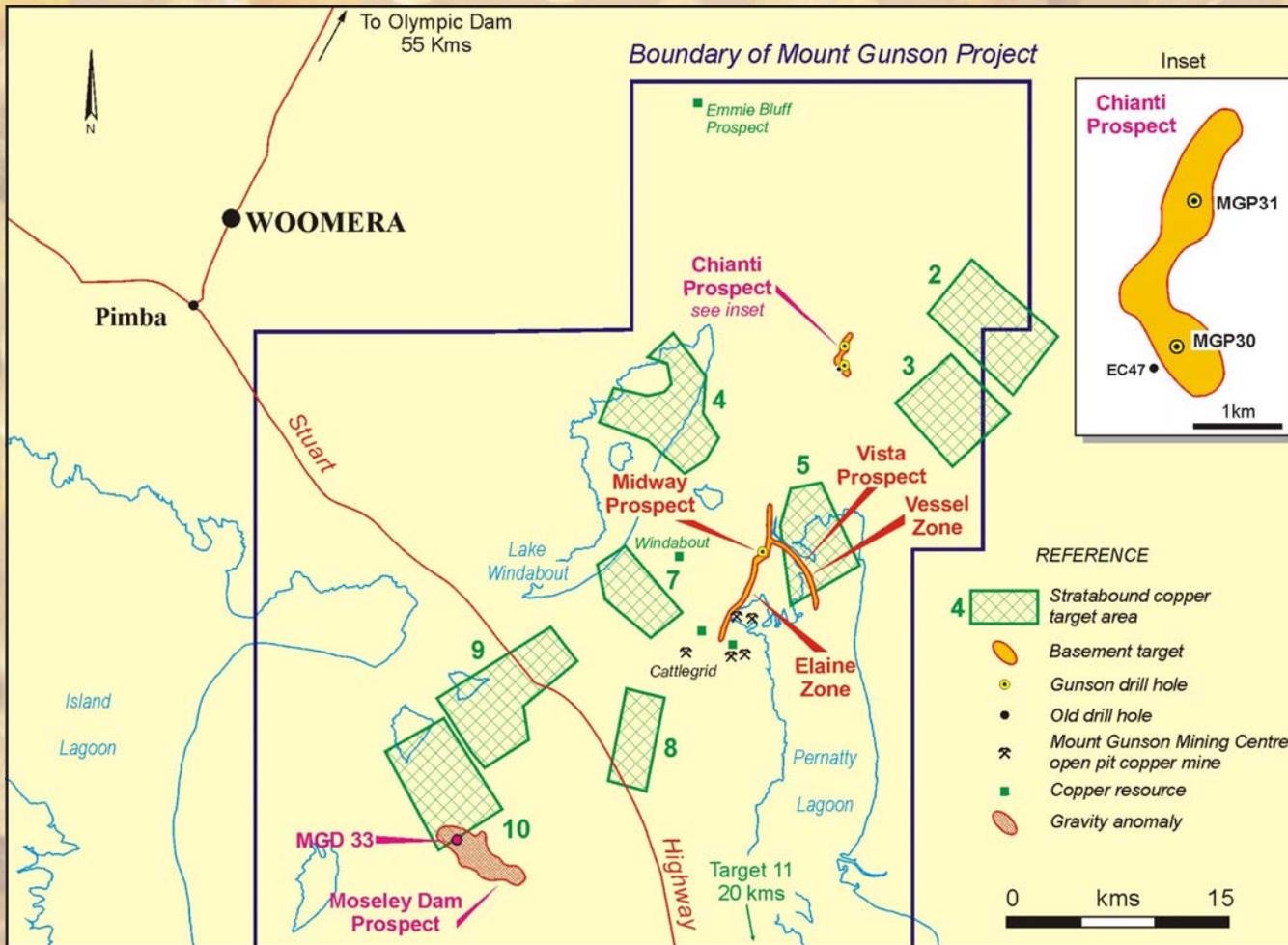
# Project Location Map



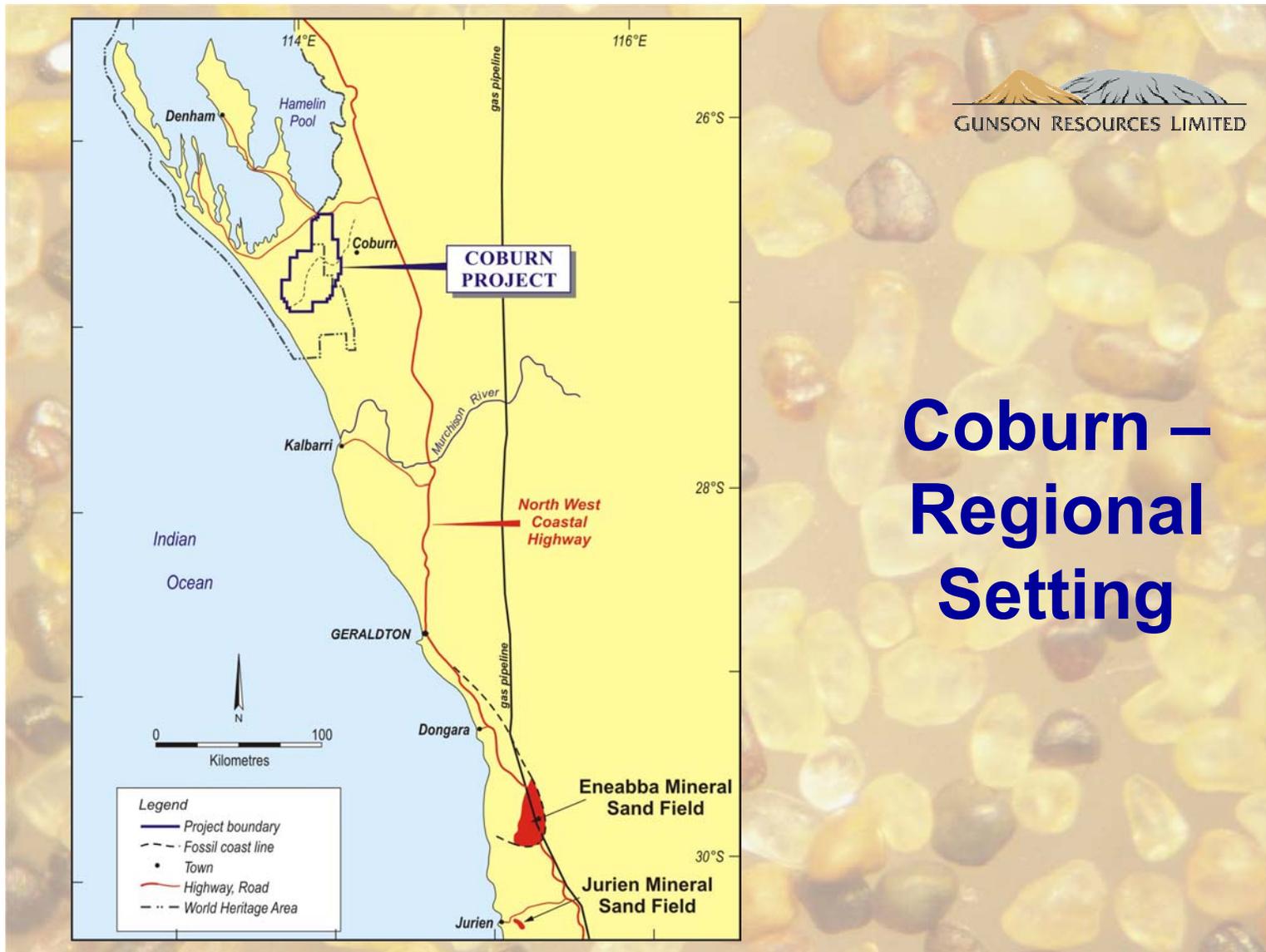


# South Australian Copper Belt

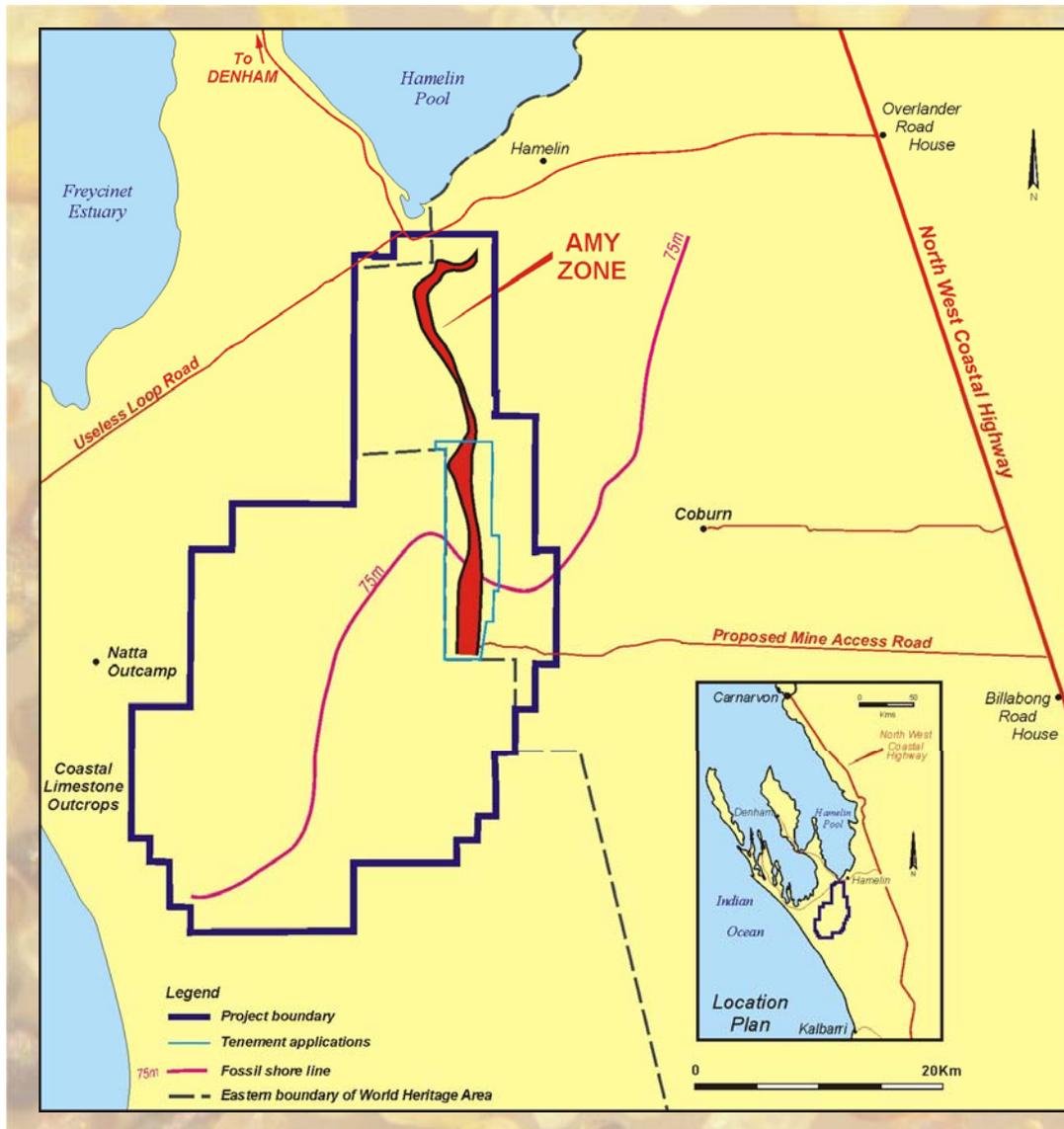
# Mount Gunson Target Areas



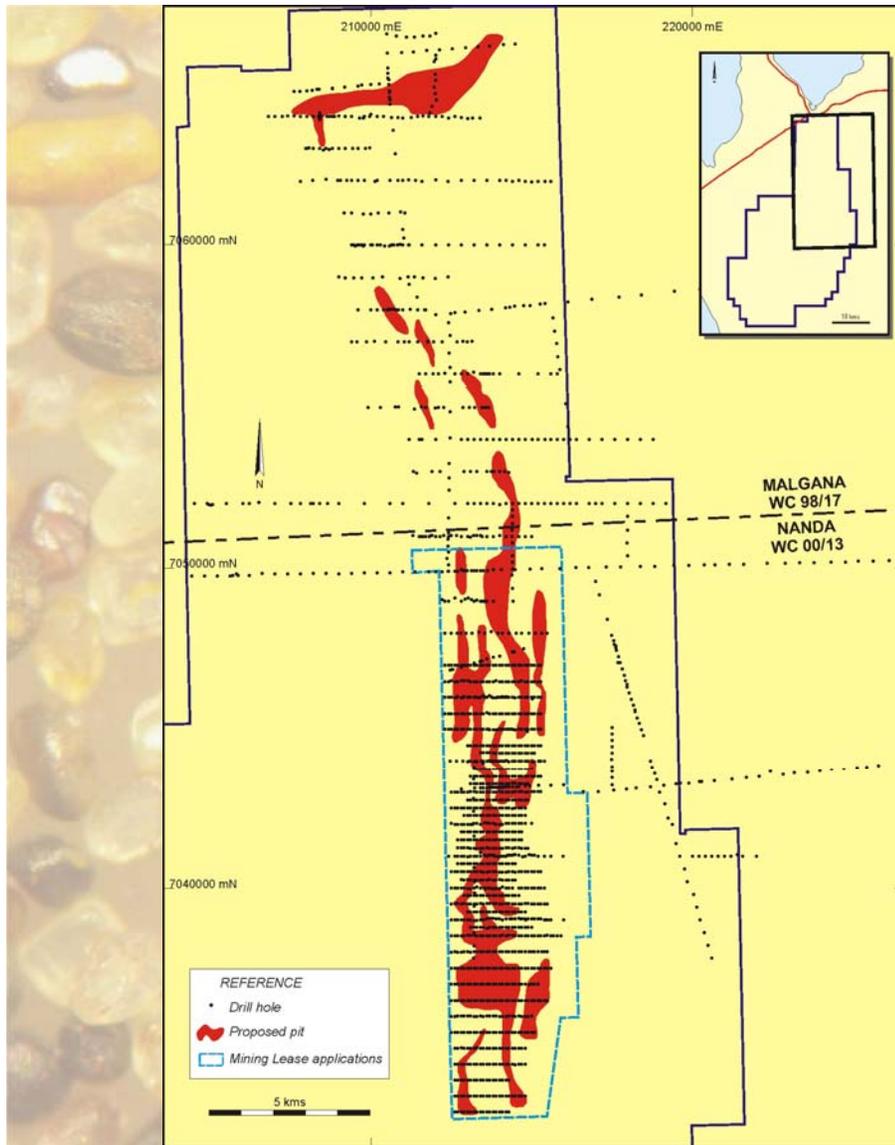
# Coburn – Regional Setting



# Coburn Project Amy Zone Orebody

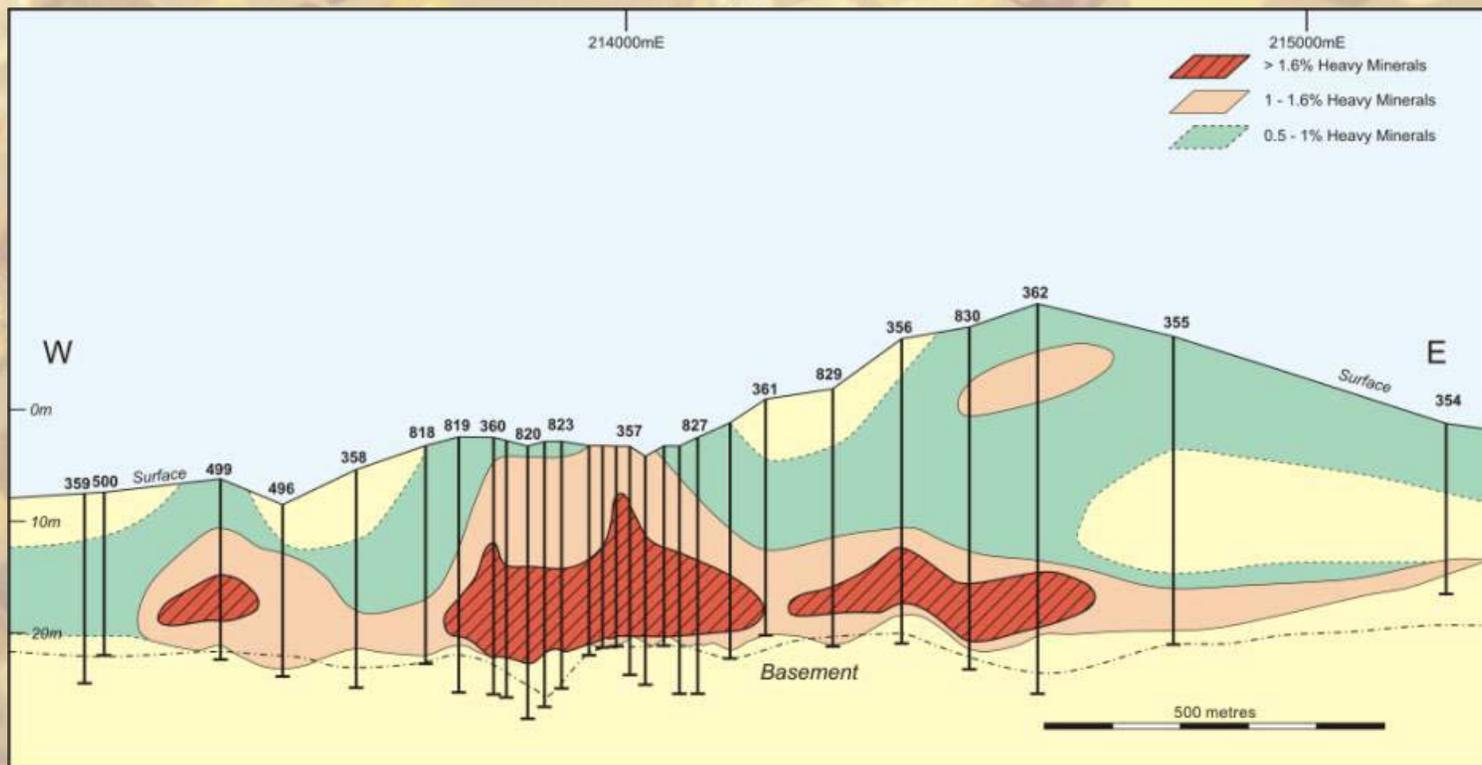






# Amy Zone Resource and Amy South

# Amy Zone South Cross Section



## **Amy Zone - Inferred Resource (2003)**



**Tonnes: 690 million \***

**Grade: 1.35% HM**

**Tonnes HM: 9.3 million**

**Slimes: <3%**

**Oversize 1%**

**\* Includes 133Mt indicated resource  
at Amy Zone South**

## **PFS Review - Revenue, Cost and Return Estimates (2003)**



<b>Total revenue</b>	<b>\$1,405 M</b>
<b>Total operating costs</b>	<b>\$1,007 M</b>
<b>Operating cash surplus</b>	<b>\$399 M</b>
<b>Cost / tonne HMC</b>	<b>\$157</b>
<b>IRR after tax</b>	<b>23%</b>
<b>NPV (8%)</b>	<b>\$64 M</b>
<b>Exchange Rate</b>	<b>\$0.65</b>

# Initial Production & Revenue Mix



PRODUCT	TONNES PRODUCT	% PROJECT REVENUE	% 2003 WORLD PRODUCTION
ZIRCON	27,000	60	2.5
ILMENITE	56,000	20	2.5*
HiTi	12,200	20	4.5

\* % of world chloride ilmenite

# Selected World Mineral Sand Projects

## TZMI September 2004



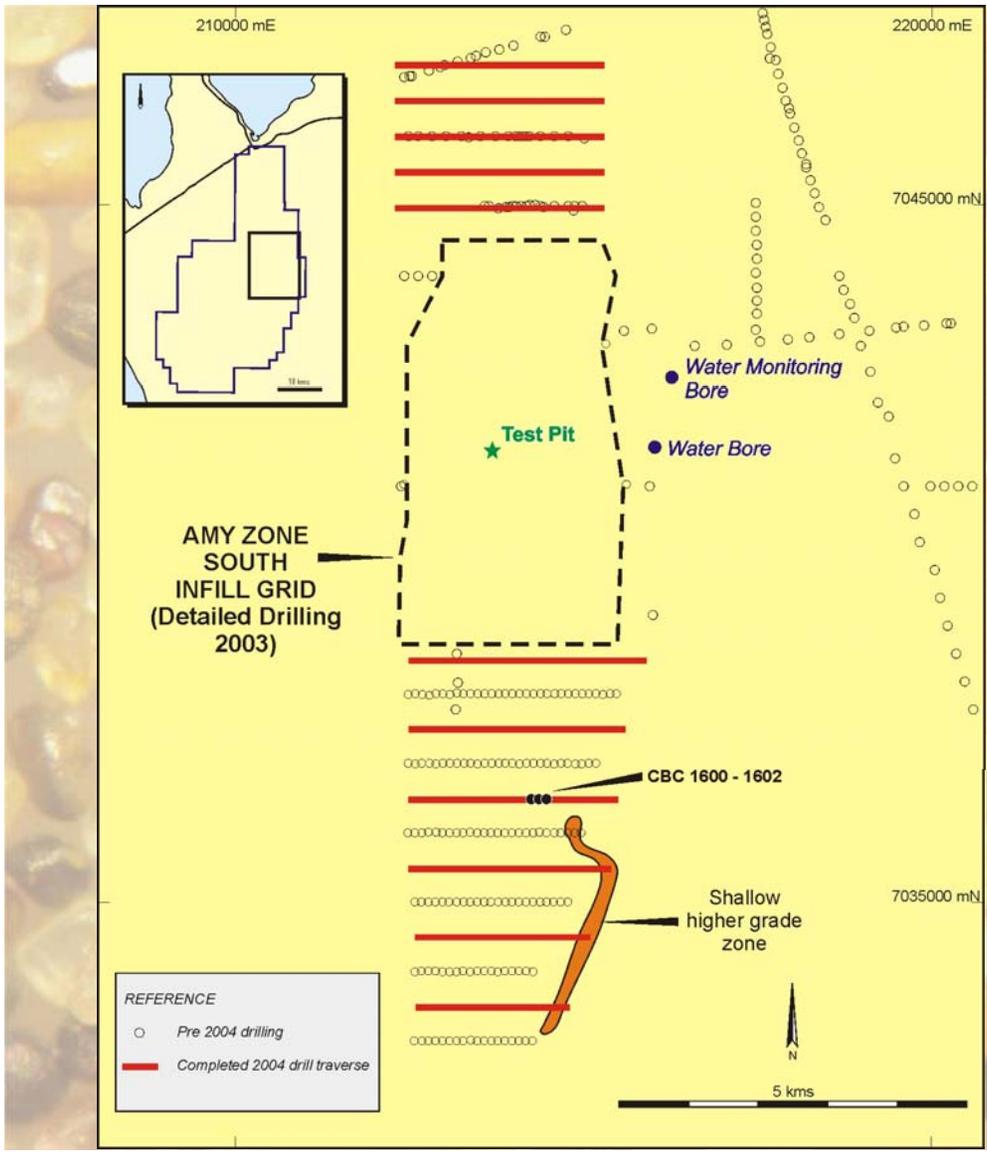
<u>Under Construction</u>	TiO <sub>2</sub> UNITS *	ZIRCON *	TiO <sub>2</sub> : ZIRCON
Douglas (Iluka)	150 #	100	3.5+
Moma (Kenmare)	354	52	6.8
<u>Completed BFS</u>			
Pooncarrie (Bemax)	170	32	5.3
Mindarie (Sth. Titanium)	71	44	1.6
Corridor (WMC)	330	30	11.0
<u>In BFS Stage</u>			
Tamil Nadu (Tata)	250	20	12.5
Coburn (Gunson)	90	54	1.7

**Australia**

**Mozambique**

**India**

\* ,000 tonnes per annum # Ilmenite excluded + Ilmenite included



# Amy South Drilling Program 2004

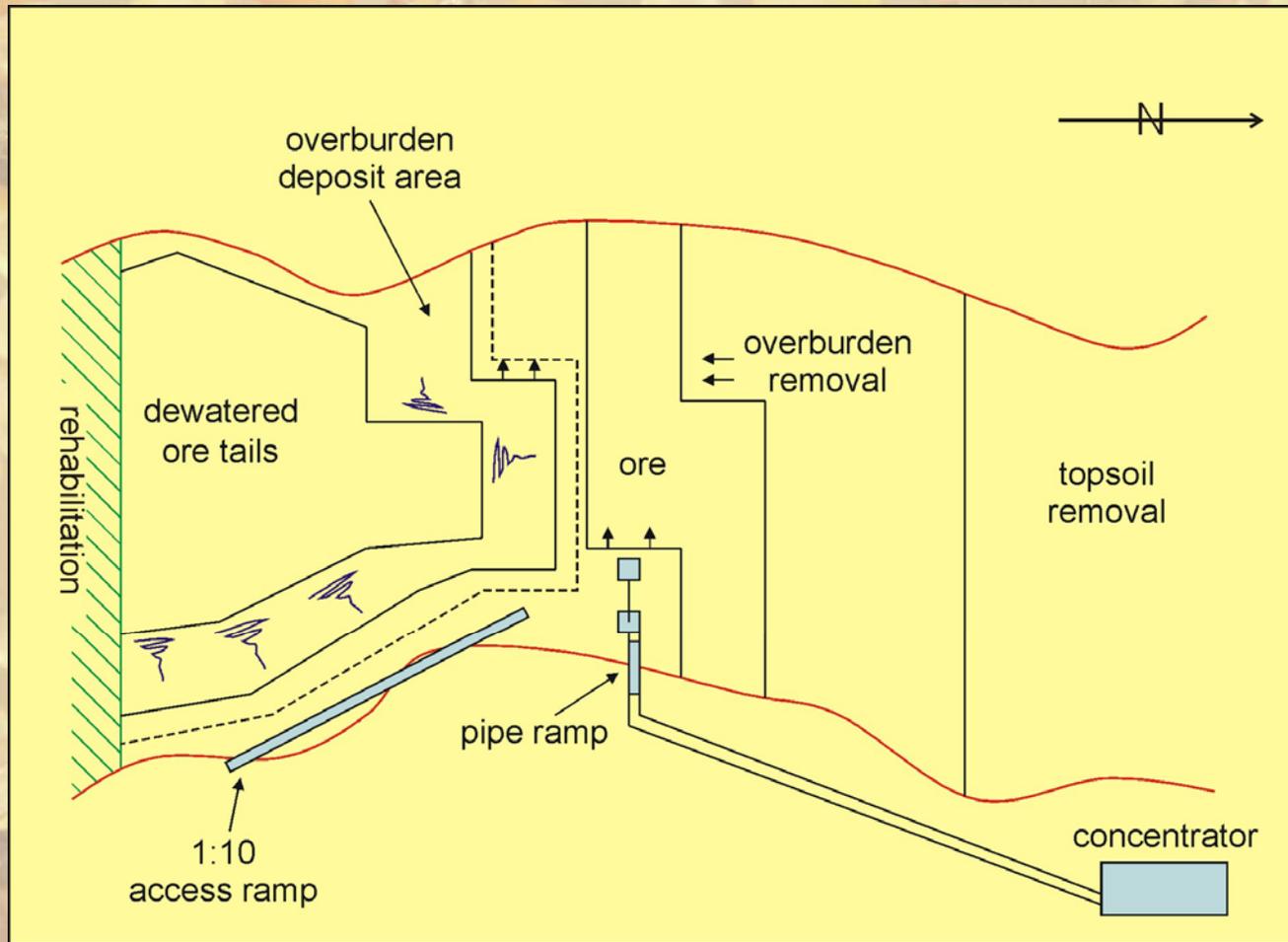


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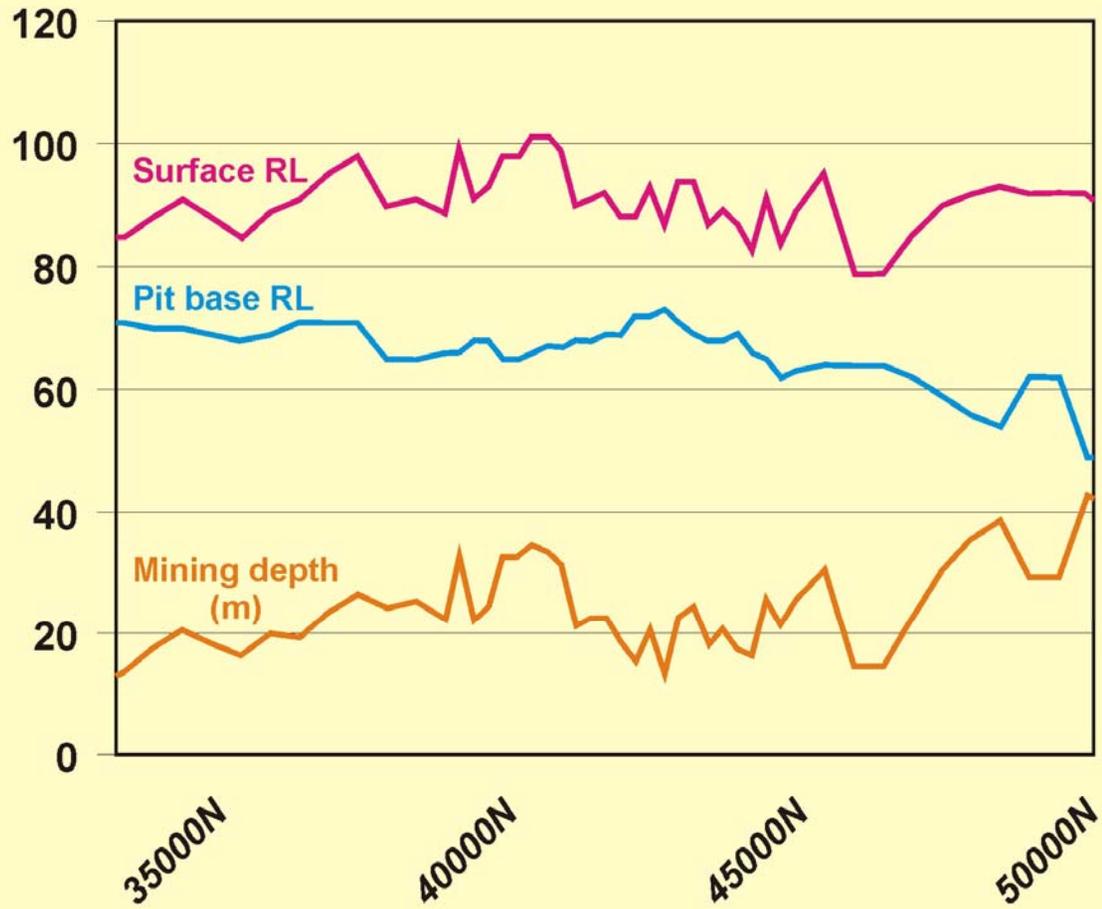
4 3 2004



# Amy Zone Mining Method



# Amy South Pit Levels and Mining Depth



# Coburn Project – Environment/Licensing Schedule



	2004	2005				2006
	Q4	Q1	Q2	Q3	Q4	Q1
<b>Baseline Studies</b>	■					
<b>Stakeholder Consultation</b>	■	■	■			
<b>Public Environmental Review (PER)</b>		■				
<b>Response to PER</b>			■	■		
<b>NOI / Works Approval</b>					■	
<b>Native Title Negotiations</b>	■					



  
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## Coburn Product Marketing

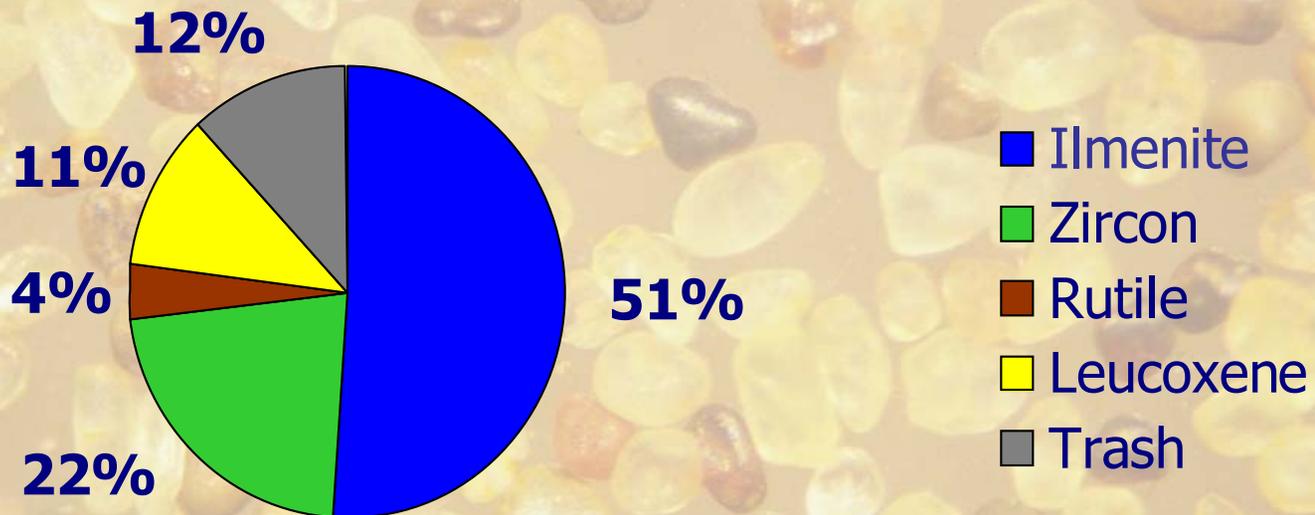


- **Sale of concentrate or refined product are both options**
- **Very strong interest in zircon product – ceramic grade**
- **Strong interest in primary ilmenite, due to low U/Th, TiO<sub>2</sub> 60%**
- **Good price possible for mixed rutile / leucoxene product - HiTi**

# Coburn Mineral Sands Ore



# Coburn Heavy Mineral Assemblage

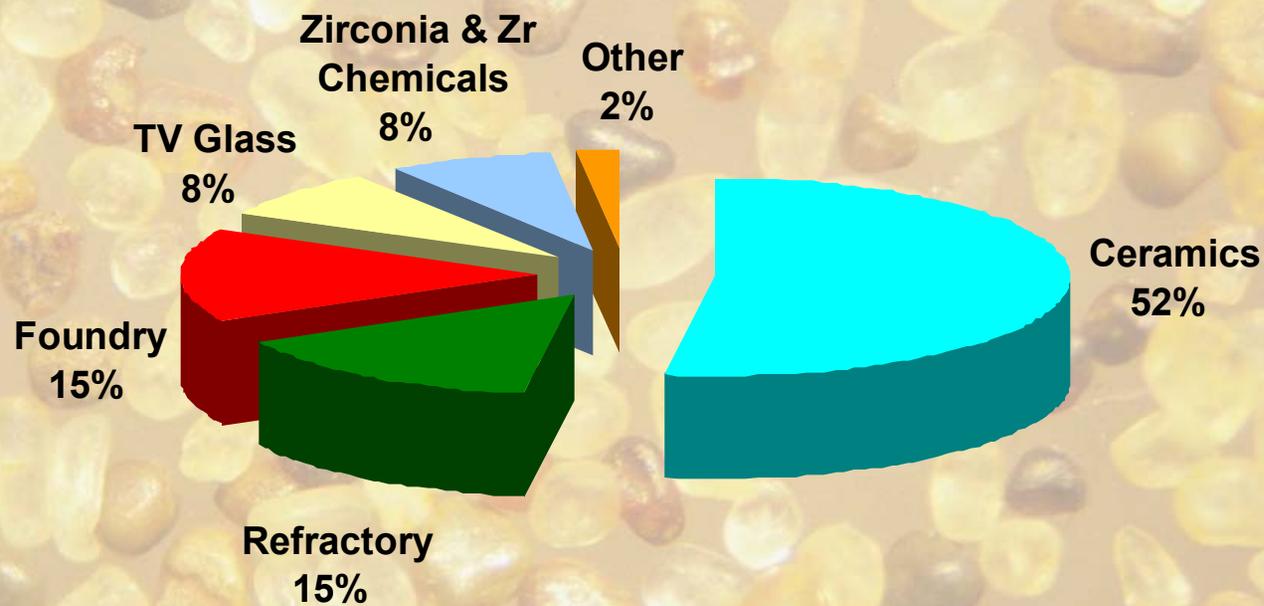


**Trash materials made up of up to 61 trace elements**



## Zircon Consumption by End Use Market 2002

Total Consumption in 2002 ~ 1.1 million tonnes

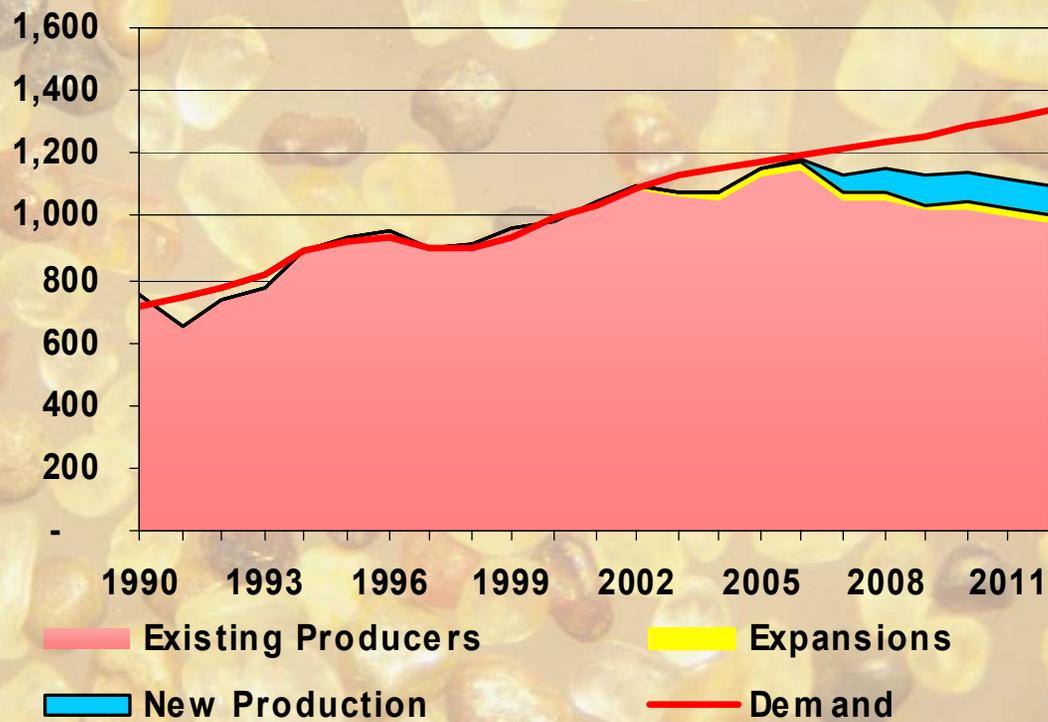


May 1st  
2003



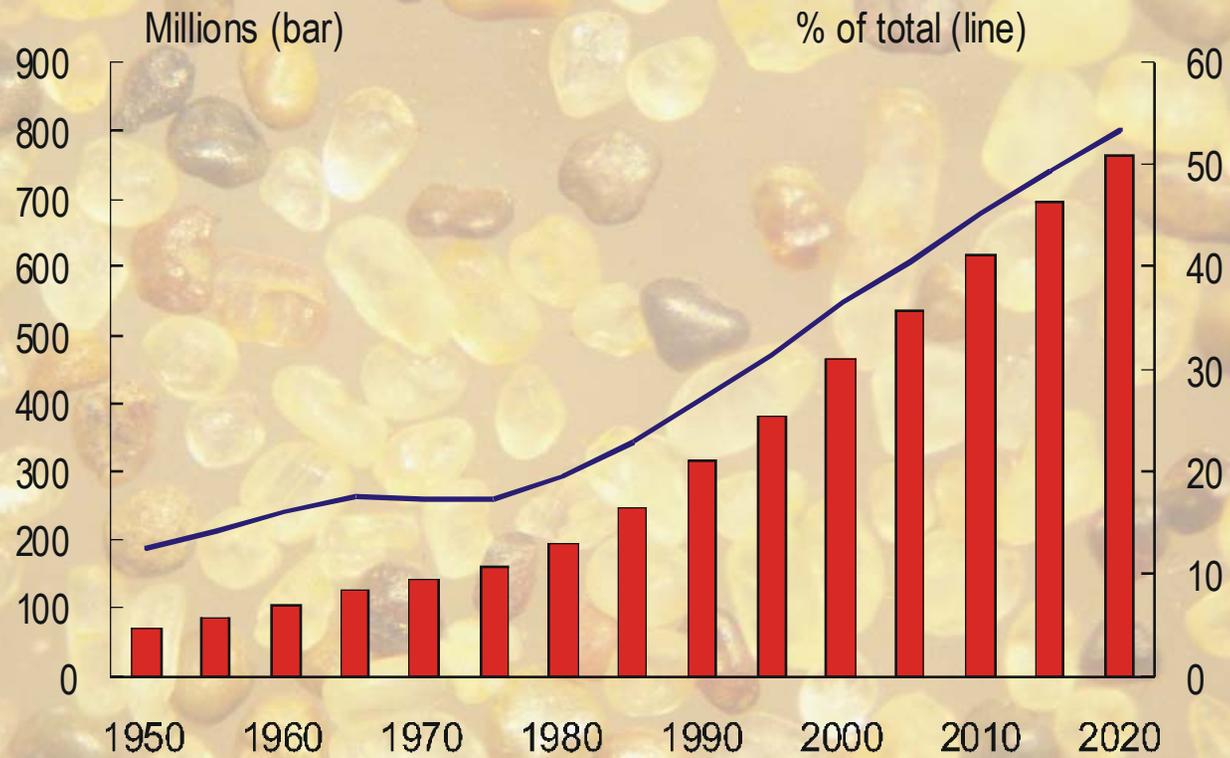
## Zircon Supply/Demand Outlook to 2012

'000 tonnes



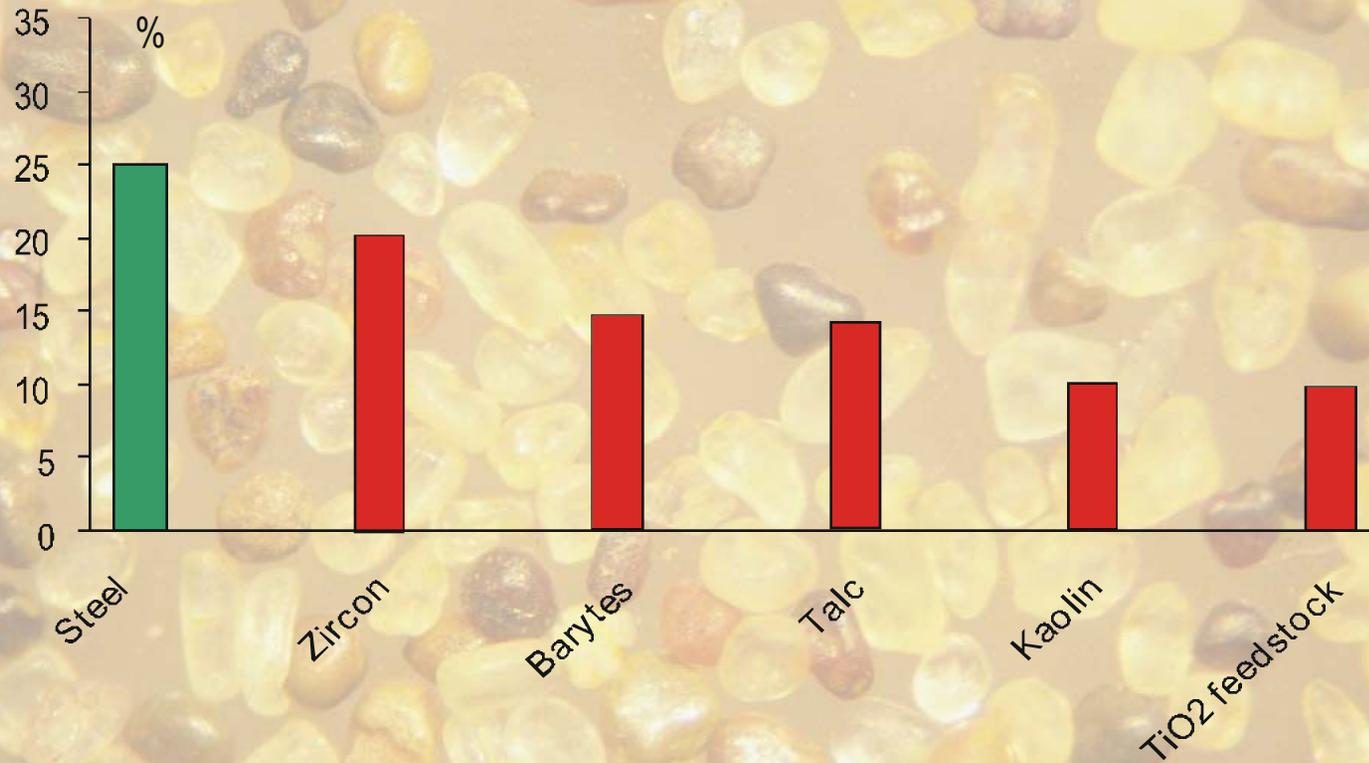
Sept  
2004

# China's urban population



Source: UN

# China's shares of world consumption

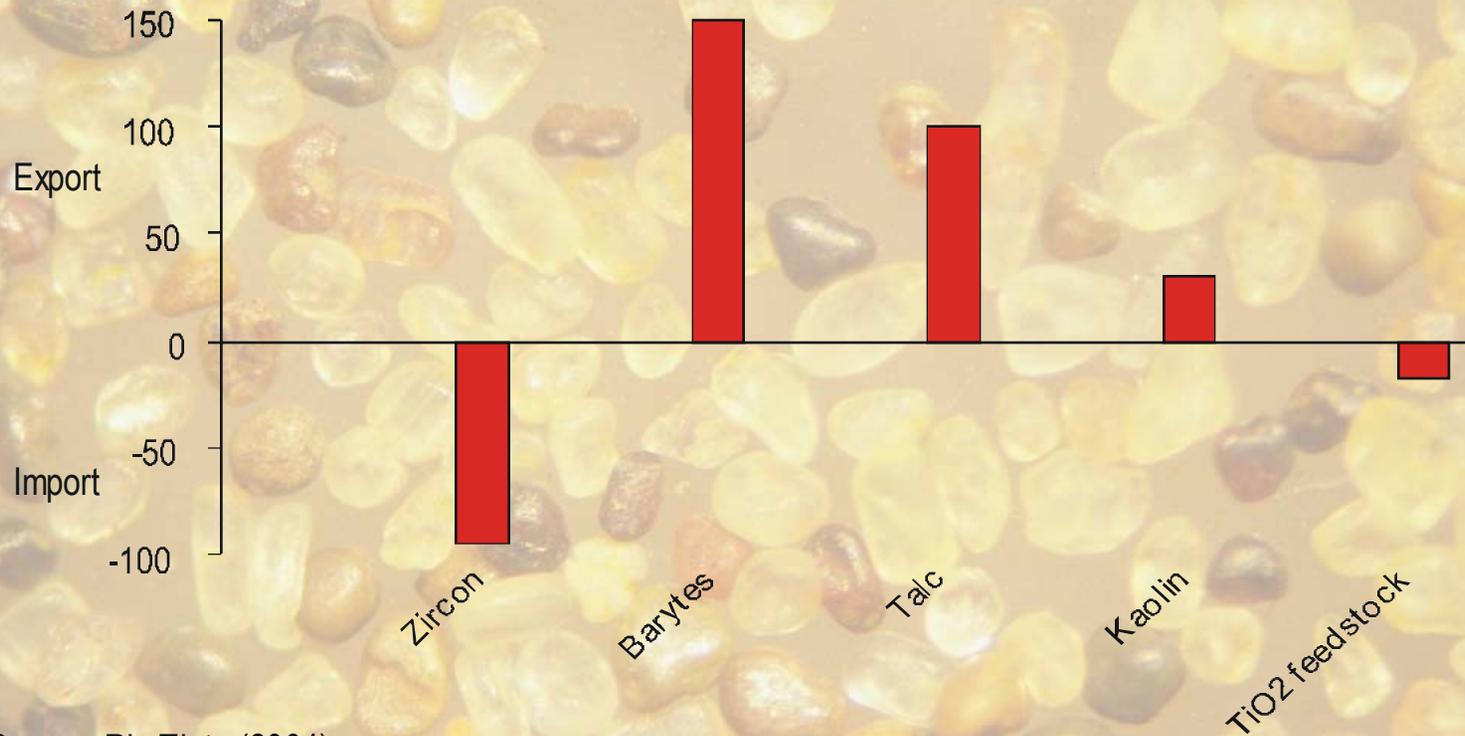


Source: Rio Tinto (2004)

# China's net trade in industrial minerals

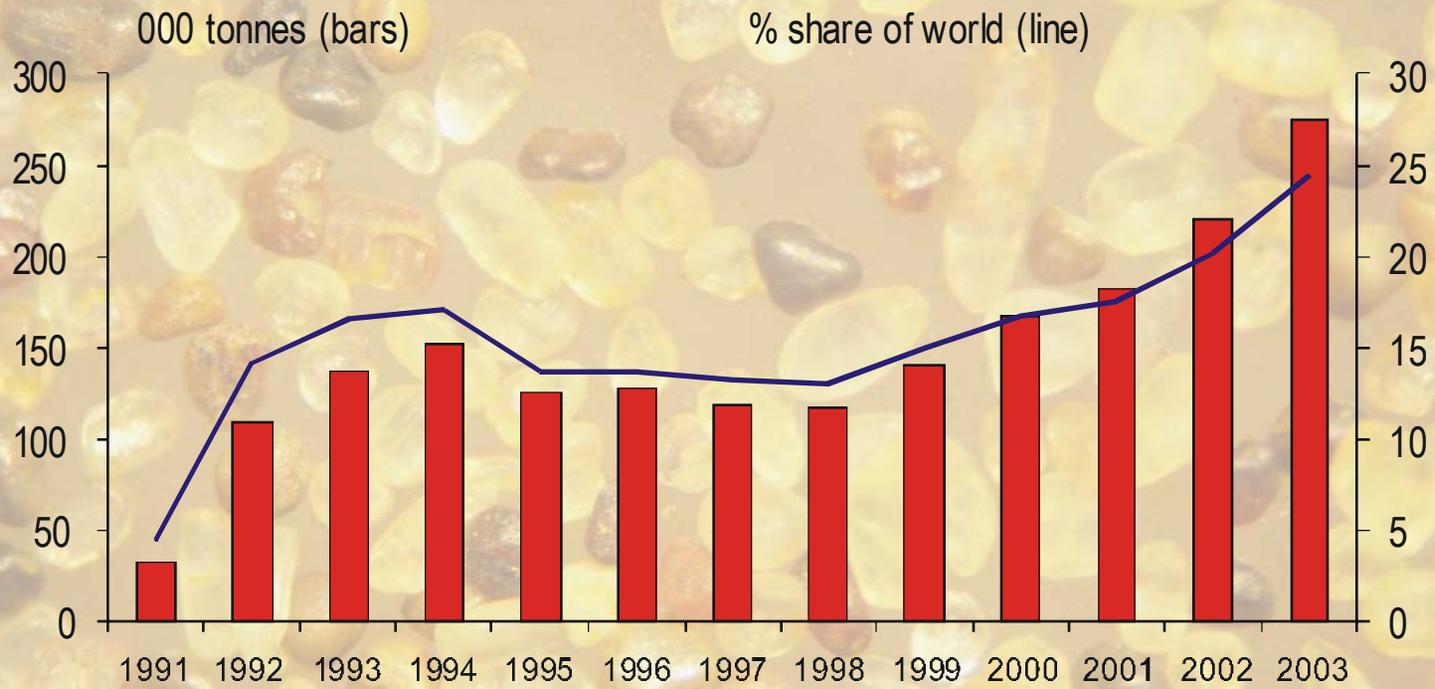


Imports or exports expressed as a % of domestic consumption

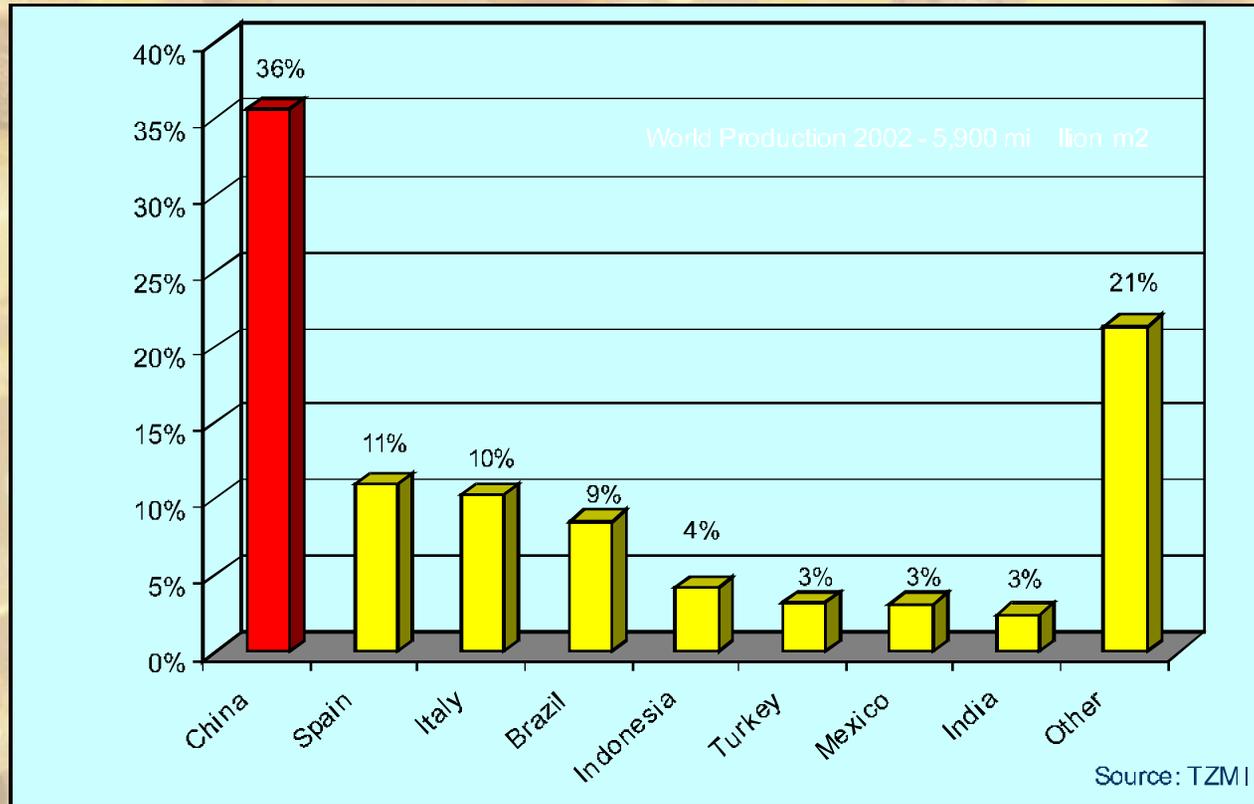


Source: Rio Tinto (2004)

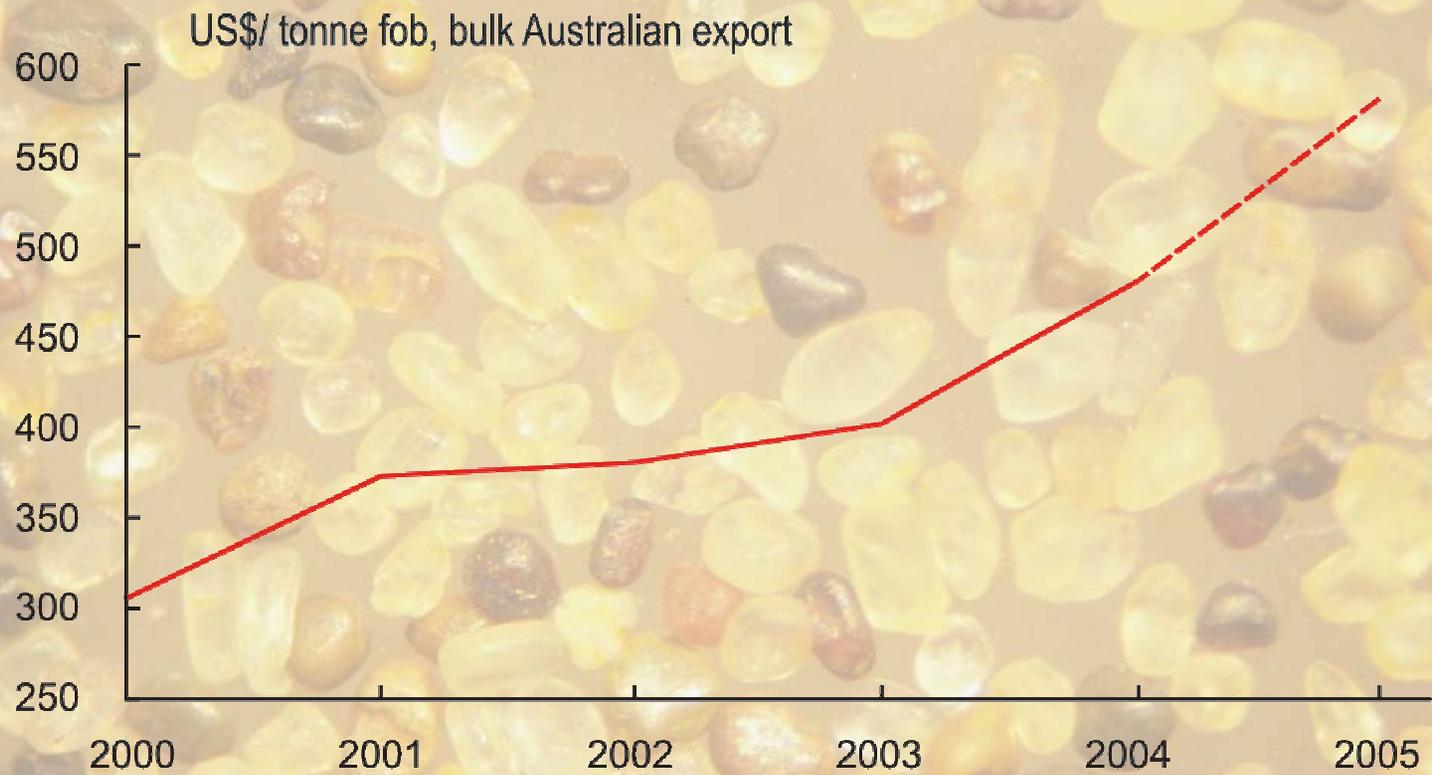
# China's consumption of zircon



# World Tile Production - 2002



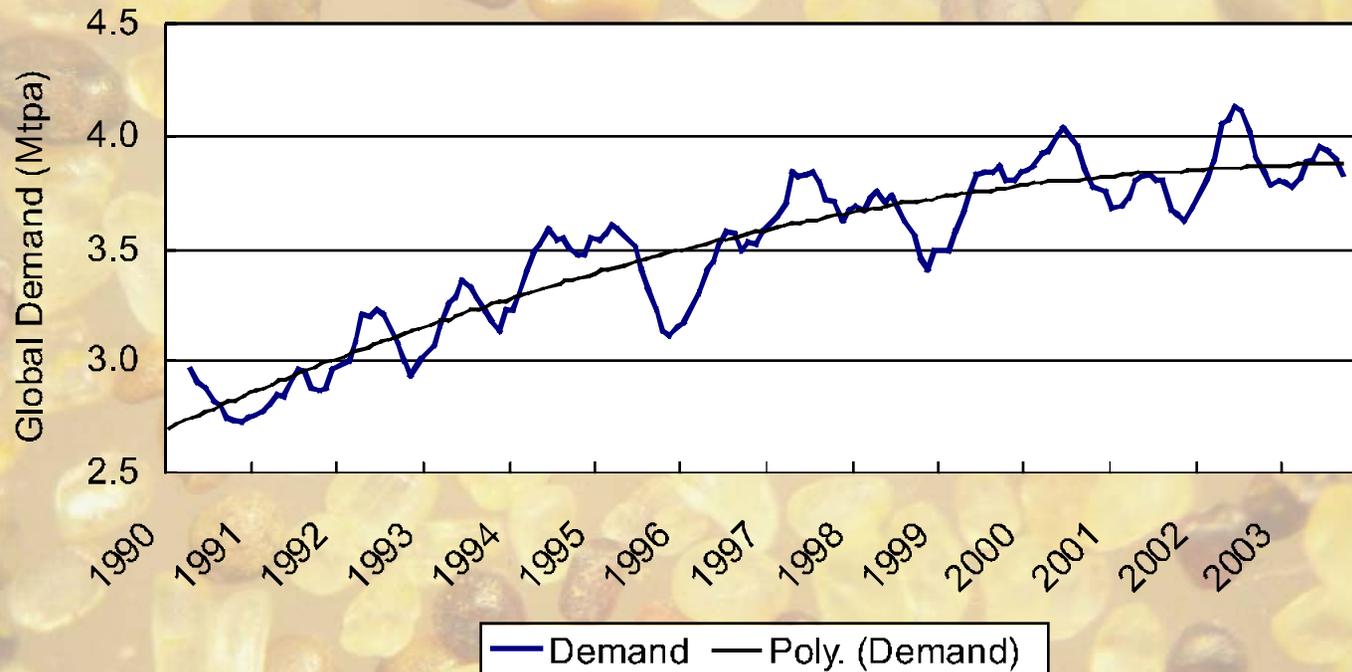
# Zircon price



Source: TZMI

----- forecast

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



Polynomial trendline gives Growth = 0.4% at end 2002

Source: Huntsman Tioxide 2004

# Project Timetable



- **Bankable Study started** **May 2003**
- **Bankable Study completed** **Dec 2004**
- **Funding confirmed** **Q3 2005**
- **Construction to commence** **Q4 2005**
- **Operations commissioning** **Q4 2006**

# Conclusions



- **Coburn BFS to be completed in December 2004**
- **Environmental program on course for mining permits late in Q3 2005**
- **Subject to successful BFS outcome and grant of mining approvals, commissioning of operations Q4 2006**
- **Coburn is the second largest zircon development project in the world**



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