

# RIU Explorers Conference Fremantle



## Capital Structure & Shareholders



### Finance (Feb. 2012)

Cash and Equivalents	\$A 3.3M
Debt	nil
Hedging	nil

### Markets (Feb. 2012)

Exchange	ASX
Share Price	20c
Market Cap.	\$A44.2M



### Issued Capital

Issued Shares	220.8M
Unlisted Options ( 27c- 40c)	5M

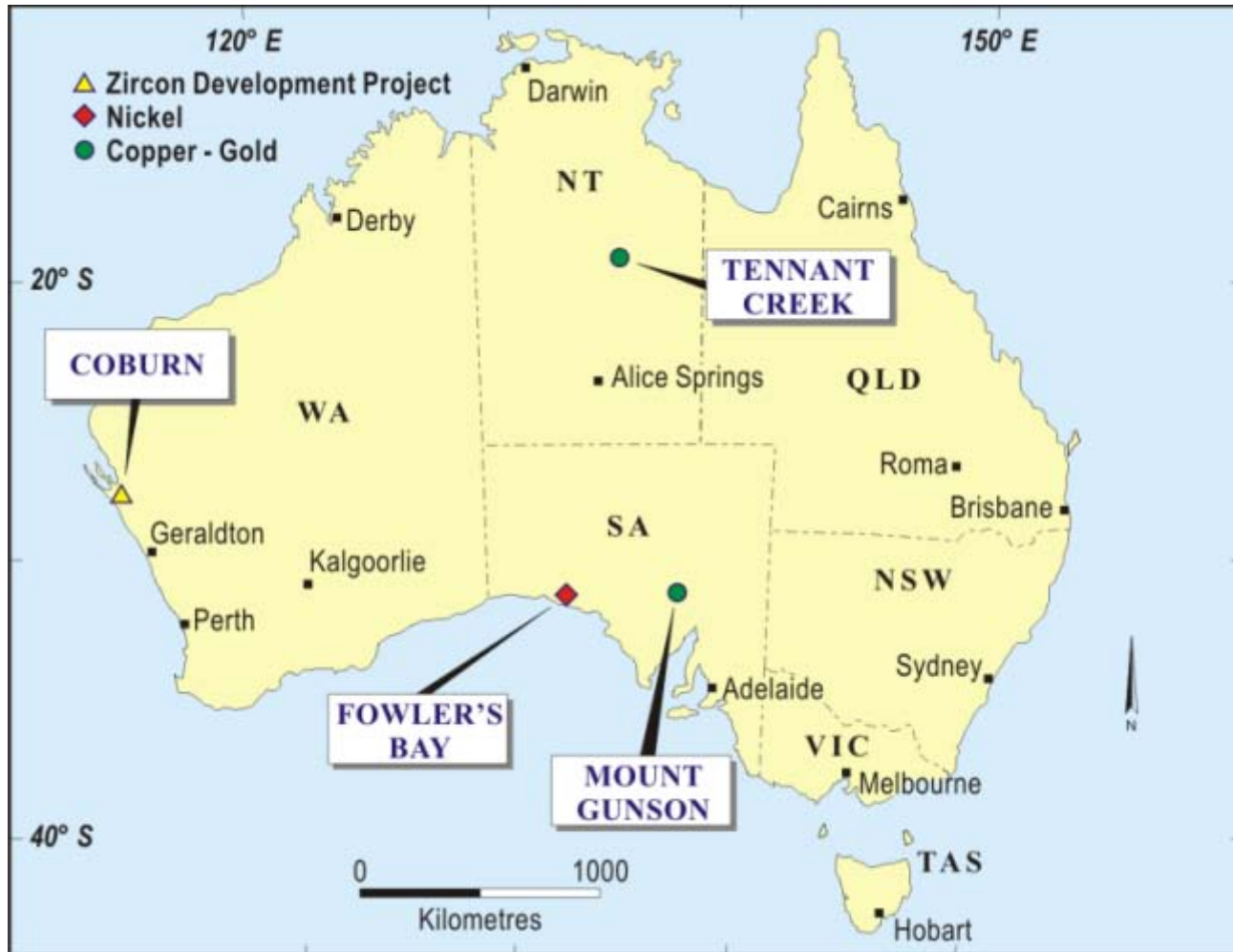
### Shareholders

Retail	87%
Domestic Institutions	11%
Directors and Staff	2%

### Research

-Australia	RCR Research RBS Morgans
-UK	Edison

# Project Locations



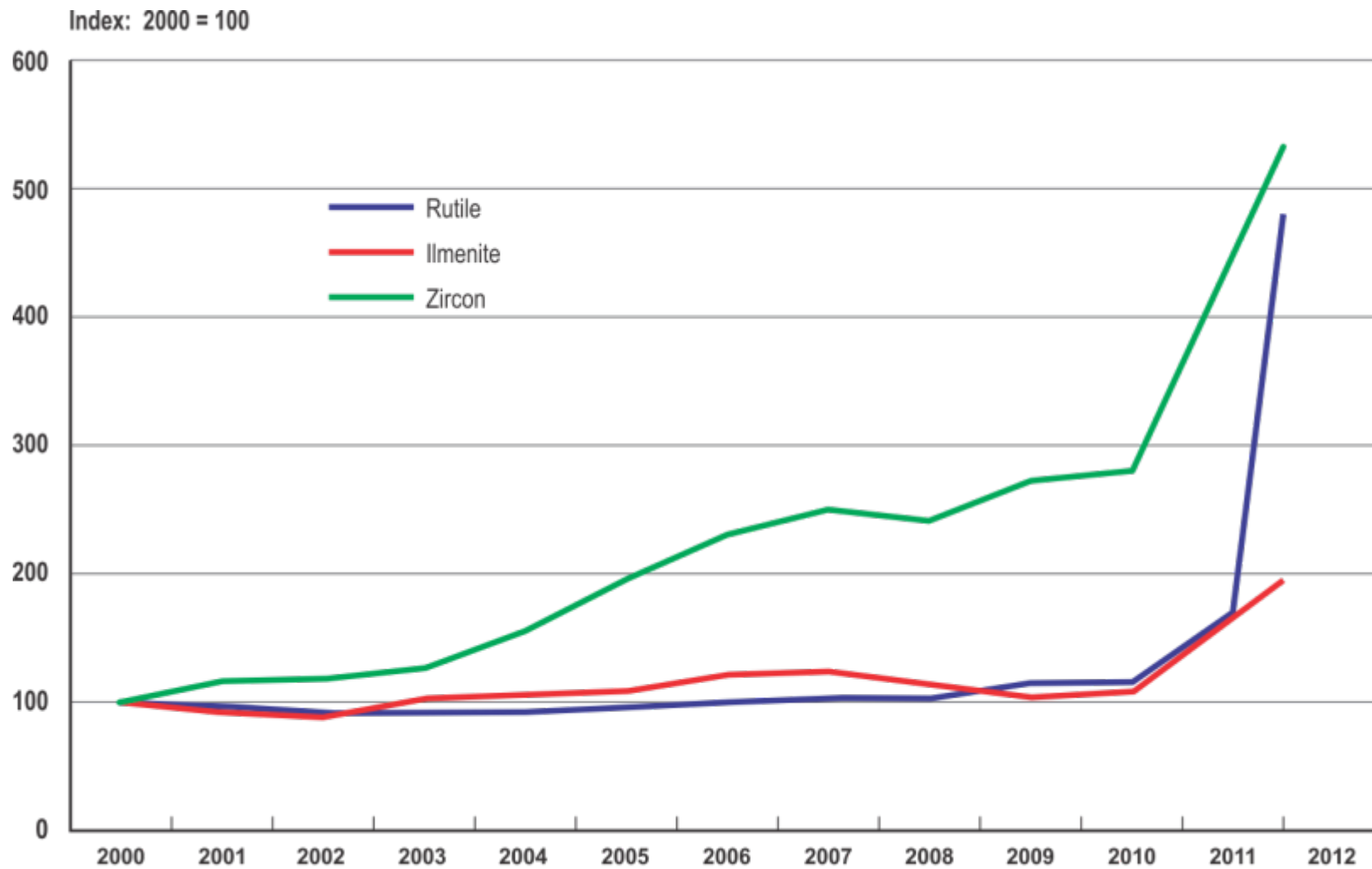
# Coburn Zircon Project

## Regional Setting



- Good regional infrastructure nearby - major highway, natural gas pipeline, ports.
- 250 km north of Geraldton, an established mineral sand port with available capacity.
- Gunson owns the pastoral property covering the southern half of the proposed mine.

# Mineral Sands Pricing 2000-2011



Source: TZMI; GS&PA Research Estimates, Gunson (2012)

# Global Greenfields Development Projects

## With Completed DFS



<u>Financed</u>	Start of Production (Estimated)	TiO <sub>2</sub> UNITS tonnes pa	ZIRCON tonnes pa	Zircon Rank	TiO <sub>2</sub> : ZIRCON
Grande Côte, Senegal (Min Deposits)	Late 2013	337	80	1	4.2
Kwale, Kenya (Base)	Late 2013	194	24	3	8.1
<u>Being Financed</u>					
<b>Coburn (Gunson)</b>	<b>Early 2014*</b>	<b>69</b>	<b>40</b>	<b>2</b>	<b>1.7</b>

Blue designates African Projects.

\* Financing by mid 2012.

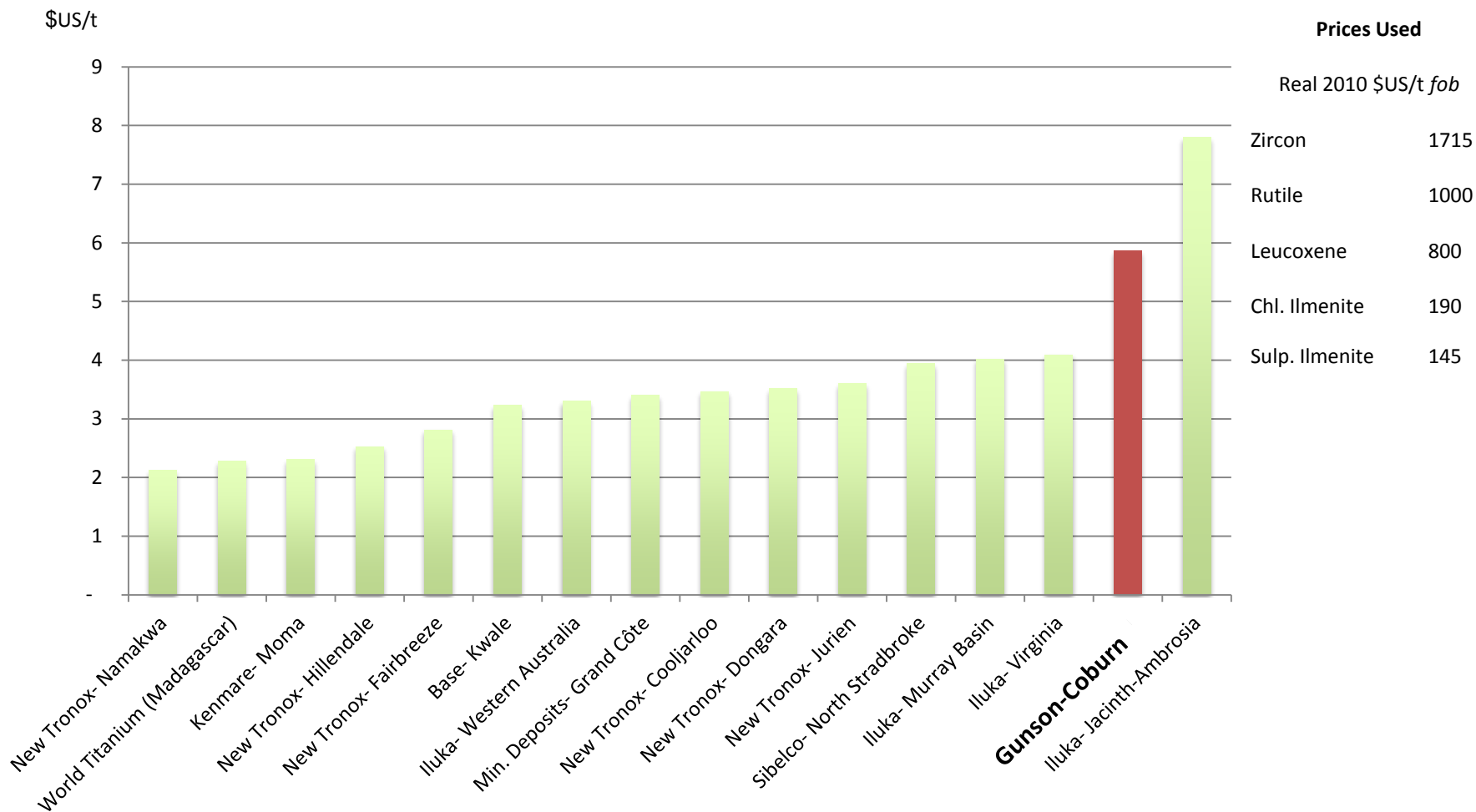
Coburn permitted for well above proposed capacity.

# Global Heavy Mineral (HM) Suite Comparison

## In Situ Value of 1% HM



Coburn's high zircon level gives it a high value heavy mineral assemblage



Source: RFC

## Dune-Hosted Heavy Mineral Sand Deposits: Comparative Table of In Situ Ore Values\* (\$US)



Project	Grade %	Value/t	Cost/t <sup>#</sup>
Kwale, Kenya (Base)	4.9	14.70	4.67
<b>Coburn, Australia (Gunson)</b>	<b>1.26</b>	<b>7.40</b>	<b>3.80</b>
Moma, Mozambique (Kenmare)	2.9	6.70	2.50
Grande Côte, Senegal (Min Deposits)	1.7	5.90	1.38
North Stradbroke, Australia (Sibelco)	0.9	3.40	not available

\* Ranking by In-Situ Value

# Cost per tonne refers to operating cost per tonne of ore mined.

Source: RFC



Based on TZMI long-term price forecasts at the dates below.

	<b>November 2011</b>	<b>January 2010</b>
Total Revenue	103.3	92.7
Total Operating Costs	66.5	57.7
Net Operating Margin	36.8	35.0
Capital Cost	180	169
IRR before tax/financing	28.3%	15.6%
NPV (8%)	223.7	139
Exchange Rate (\$US to \$A)	1.00	72c

*Figures above are in millions of Australian dollars, except IRR and Exchange Rate.  
Operating costs include 5% State royalty.*

## Coburn Zircon Project

### Strategic Investor Term Sheet (*non-binding*)



- Joint Venture Structure.
- Gunson is the Manager, with a majority interest.
- Minority partner is a major East Asian industrial group. Is to contribute its equity share of funding PLUS earn-in payment reflecting a Project value well above Gunson's current market cap.
- Minority partner to help Gunson with funding.
- Offtake split according to equity.
- Due diligence nearing completion.
- Both parties keen to start construction (85 weeks to commissioning).

# Coburn Zircon Project

## Annual Production, Spot Prices & Offtake



Product	Annual Tonnes	% of Revenue	Offtake Status
Zircon	40,000	67	Potential JV partner wants all
Ilmenite	90,000	18	Contract execution imminent
Rutile	9,000	10	Several keen buyers
Leucoxene	7,000	5	Several keen buyers

### Spot Prices (FOB Australia)

Zircon	\$US 2,420
Ilmenite	\$US 300
Rutile	\$US 2,500
Leucoxene 85	\$US 1,250

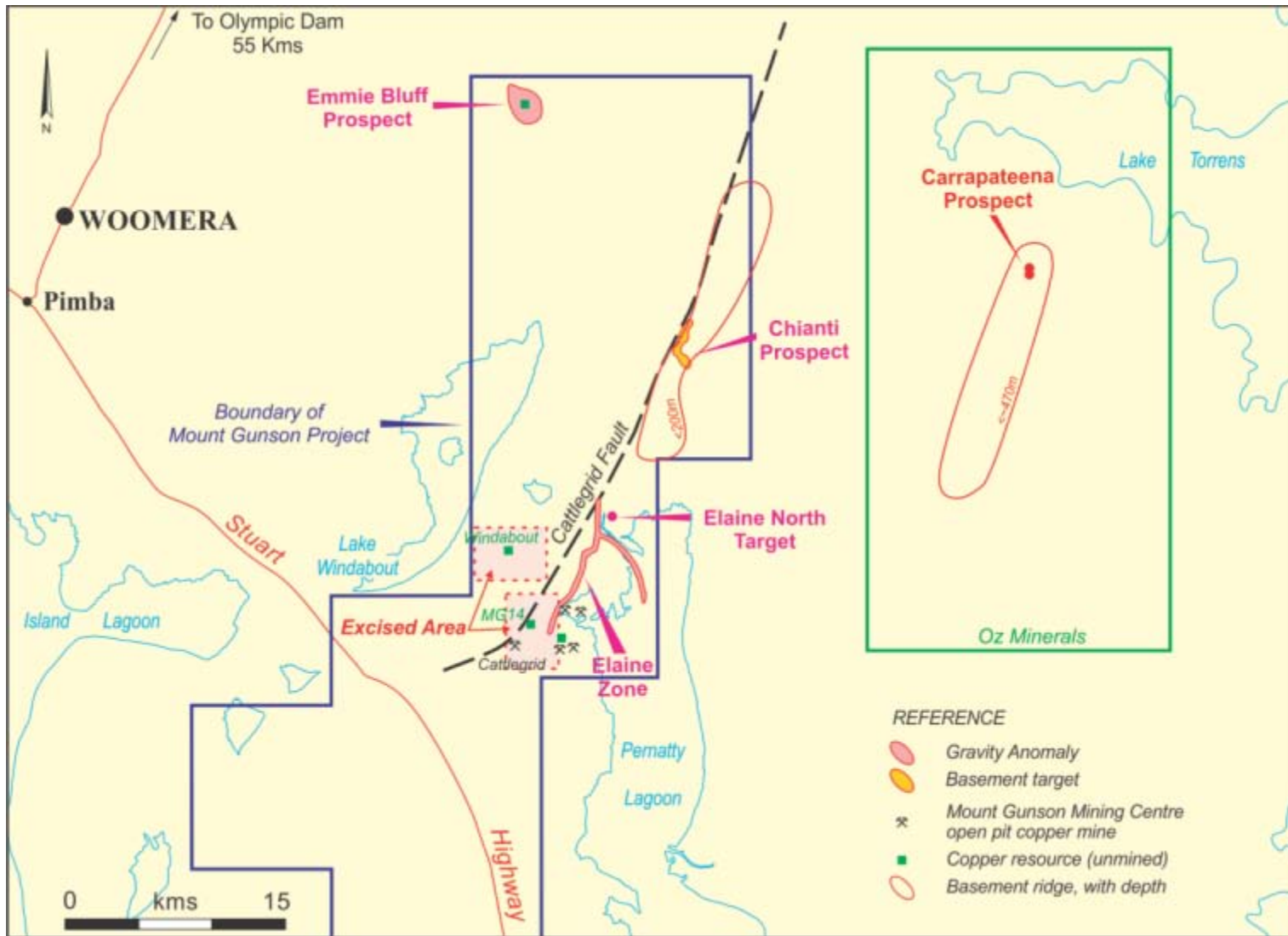
- Ready for development – fully permitted, DFS completed, 85 week construction period.
- Zircon & Titanium Dioxide mineral markets supply constrained, price rises to continue.
- Simple, low cost mining & processing.
- High value mineral assemblage.
- Long mine life & robust economics at base case price forecasts.
- Term sheet with major East Asian industrial group meets, for the first time, Gunson's objective of a Joint Venture structure, Gunson management, majority ownership & earn-in payment.
- FEED Study for lateral natural gas pipeline in progress, for completion of pipeline by April 2013

# South Australian Copper Belt



# Mount Gunson Project

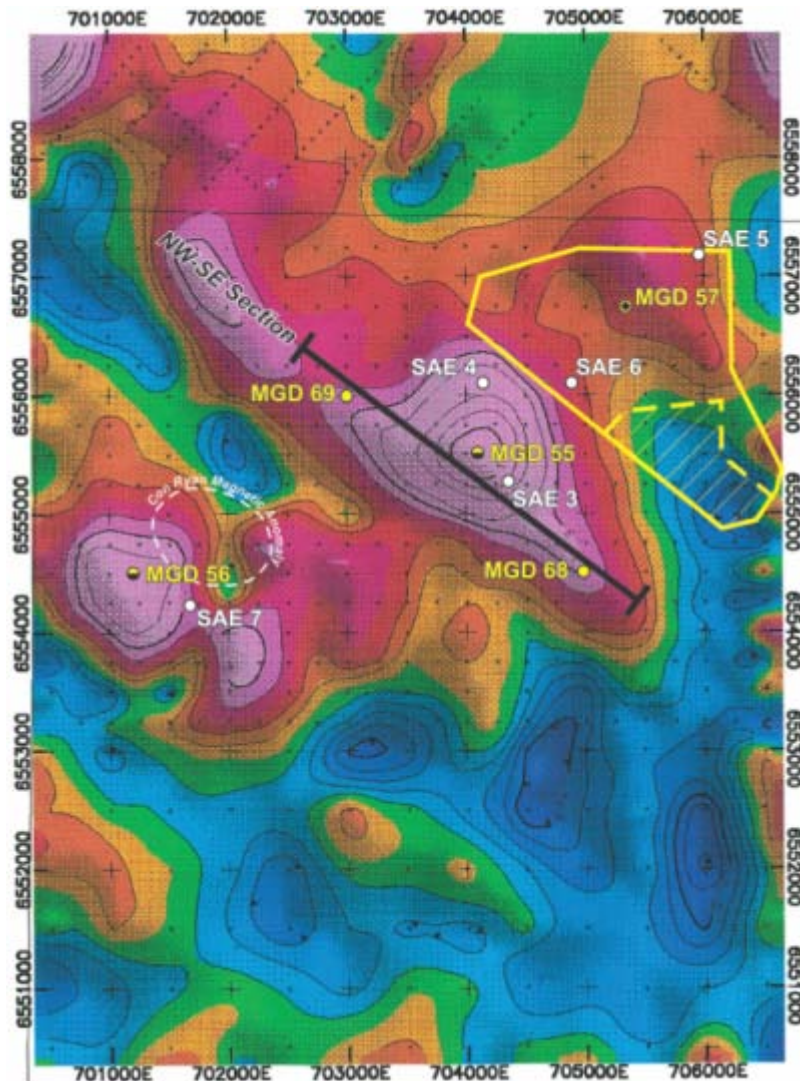
## Target Areas



# Mount Gunson Project

Emmie Bluff Residual Gravity –

Drilling & Cover Sequence Copper Deposit

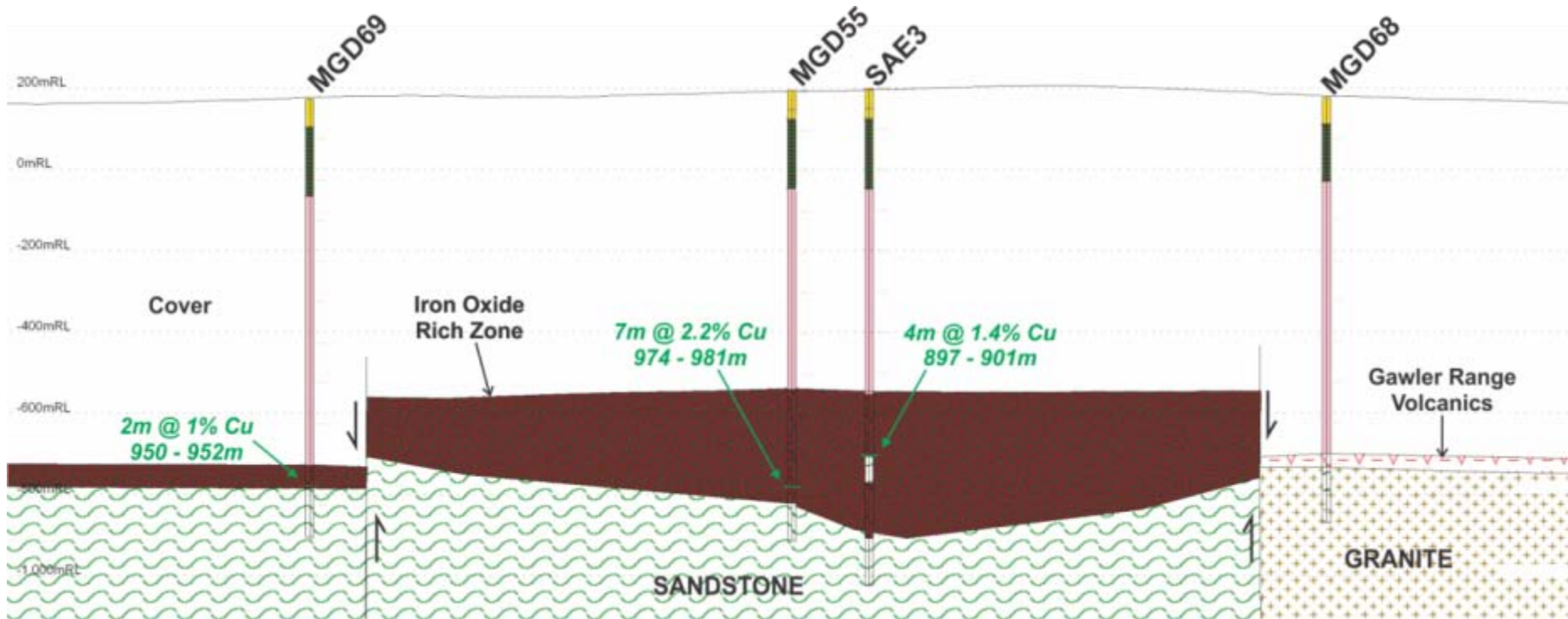


## REFERENCE

-  2011 diamond drill hole
-  2010 diamond drill hole
-  2009 diamond drill hole
-  Old MIM diamond drill hole 1980s
-  Copper resource in Cover Sequence
-  Higher grade zone

# Mount Gunson Project

## Emmie Bluff NW-SE Section





- \$5.8 M spent to end December, 2011.
- Xstrata currently has 51% equity & may increase this to 75% by spending \$10 M by mid June 2013.
- Big geophysical program planned for H1 2012.
- Drilling H2 2012.

- Coburn mine development financing path now much clearer.
- East Asian industrial group keen to proceed with Coburn mine development subject to due diligence (DD) completion in March 2012. Original DD schedule early February but Project has passed technical DD.
- Supply shortages of zircon and titanium dioxide minerals to continue & drive prices higher.
- Offtake & financing negotiations for the Gunson equity share of the Coburn mine well advanced for completion mid 2012.
- High level of exploration activity at Mount Gunson sole funded by Xstrata Copper in 2012. Xstrata must spend \$4.2 million by mid June 2013 to reach 75% equity target, otherwise it's equity remains at 51%.

# Disclaimer & Competent Persons Statement



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## Competent Persons Statement

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.