



2010 AGM Presentation

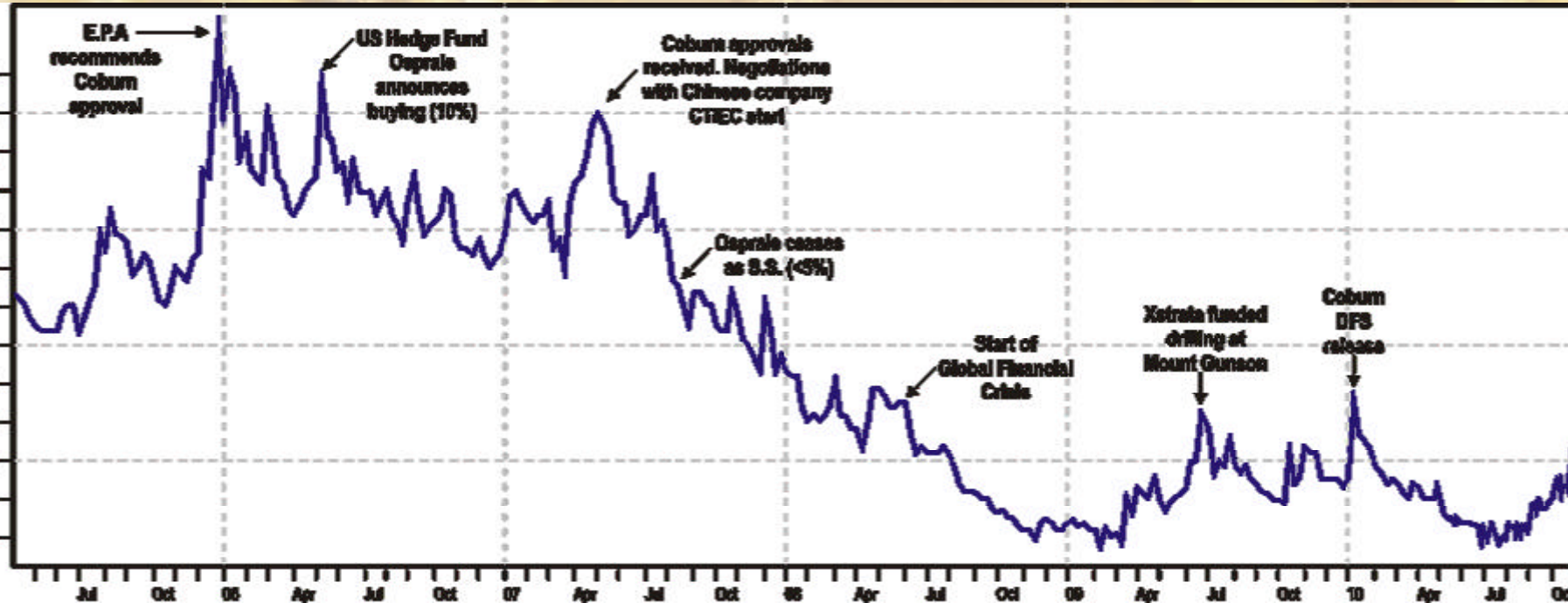
***David Harley
30 November 2010***

Corporate Summary

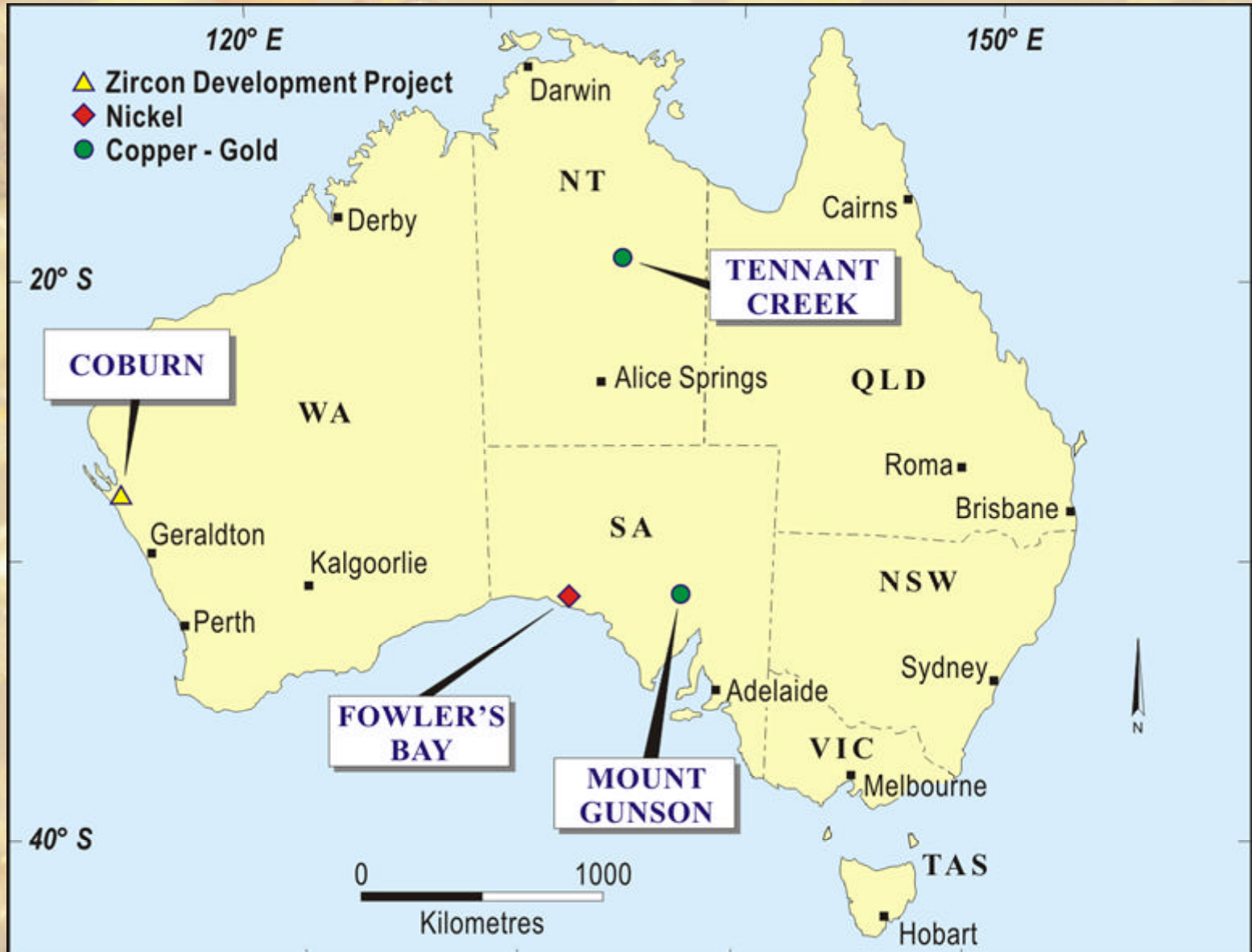


Gunson (GUN)

Share Price 2005 - 2010



Project Location Map



Coburn Project – 2010 Developments

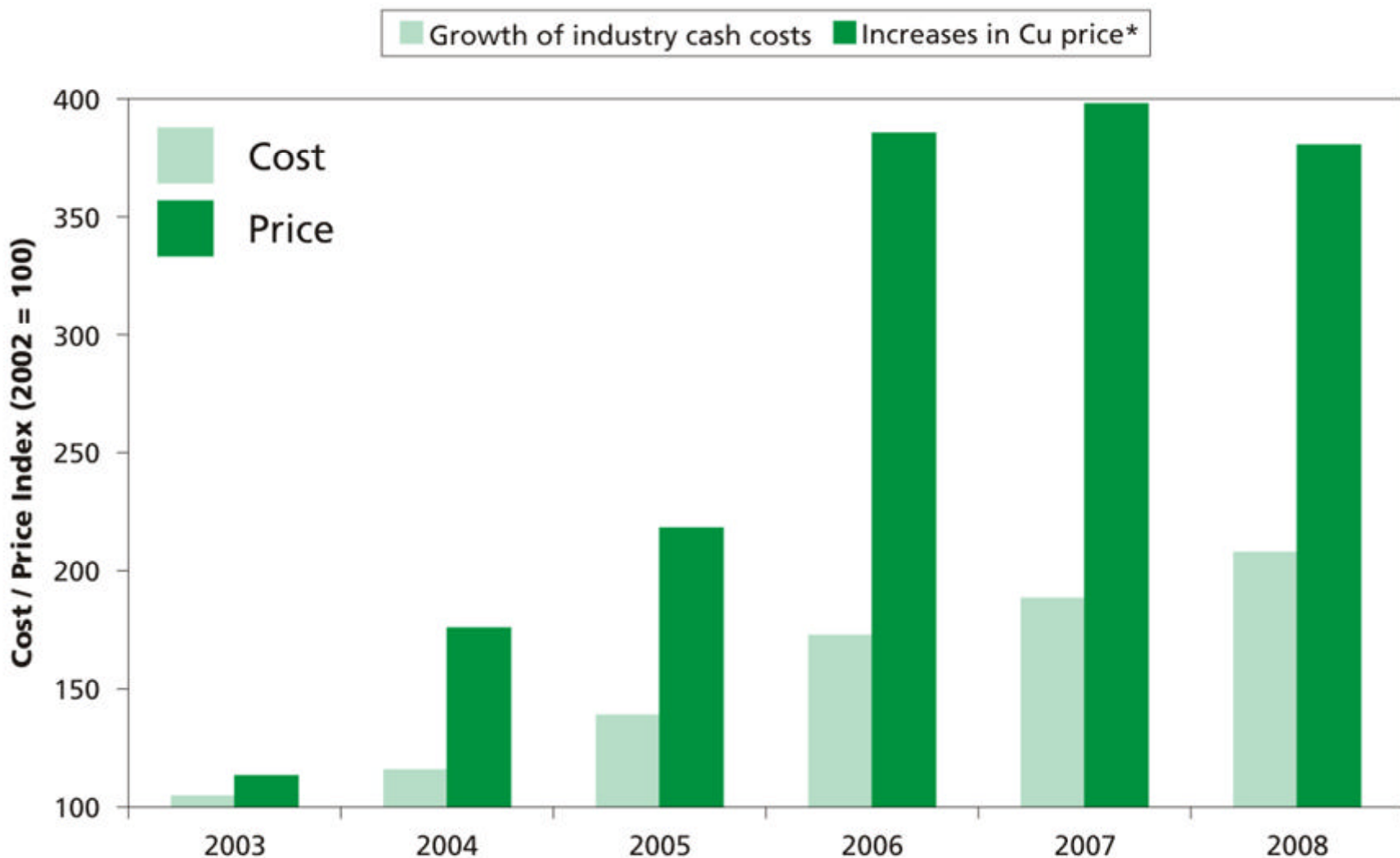


- **DFS results released January 2010 @ 72 USc : \$A1**
- **Dramatic improvement in the mineral sands market in 2010, zircon up 30% since end 2009.**
- **TZMI currently upgrading titanium dioxide mineral prices – some may be up 50% in 2011.**
- **Coburn capital cost \$A169 million – looking for minority strategic partner.**
- **7 candidates reviewing the opportunity. RFC Corporate Finance assisting the process.**
- **DFS results at higher exchange rate of 85 USc & higher TZMI zircon prices released October 2010.**
- **When TZMI updates titanium dioxide mineral prices, DFS results to be revised again.**

**Copper and Mineral Sands –
Contrasting Financial Returns
2003 - 2008**

Copper Industry

Cost & Price Trends 2003 - 2008



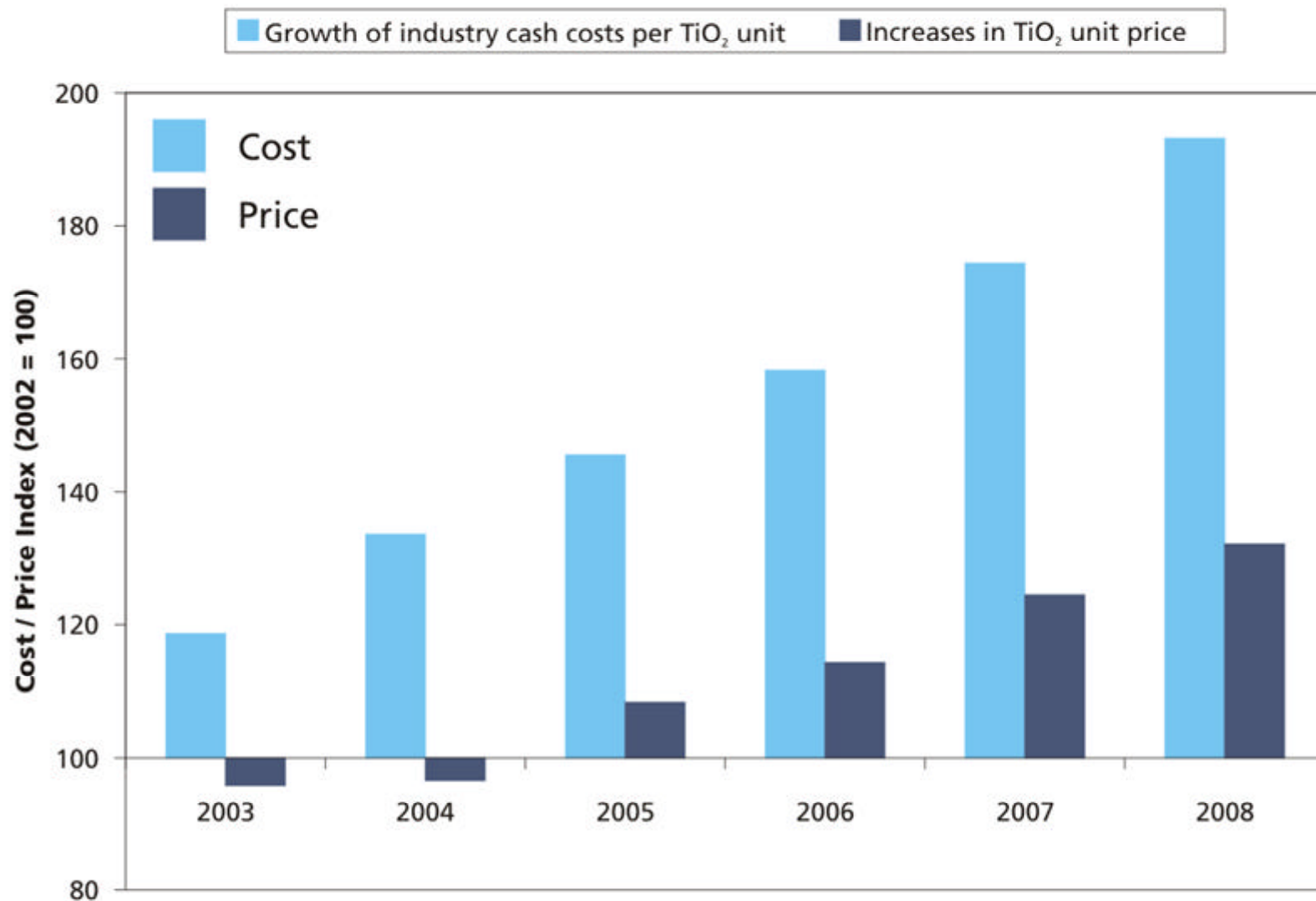
Source: Rio Tinto, October 2009

Cost data from Brook Hunt. Both costs and copper price indexed, 2002 = 100

*Average LME Cash Price

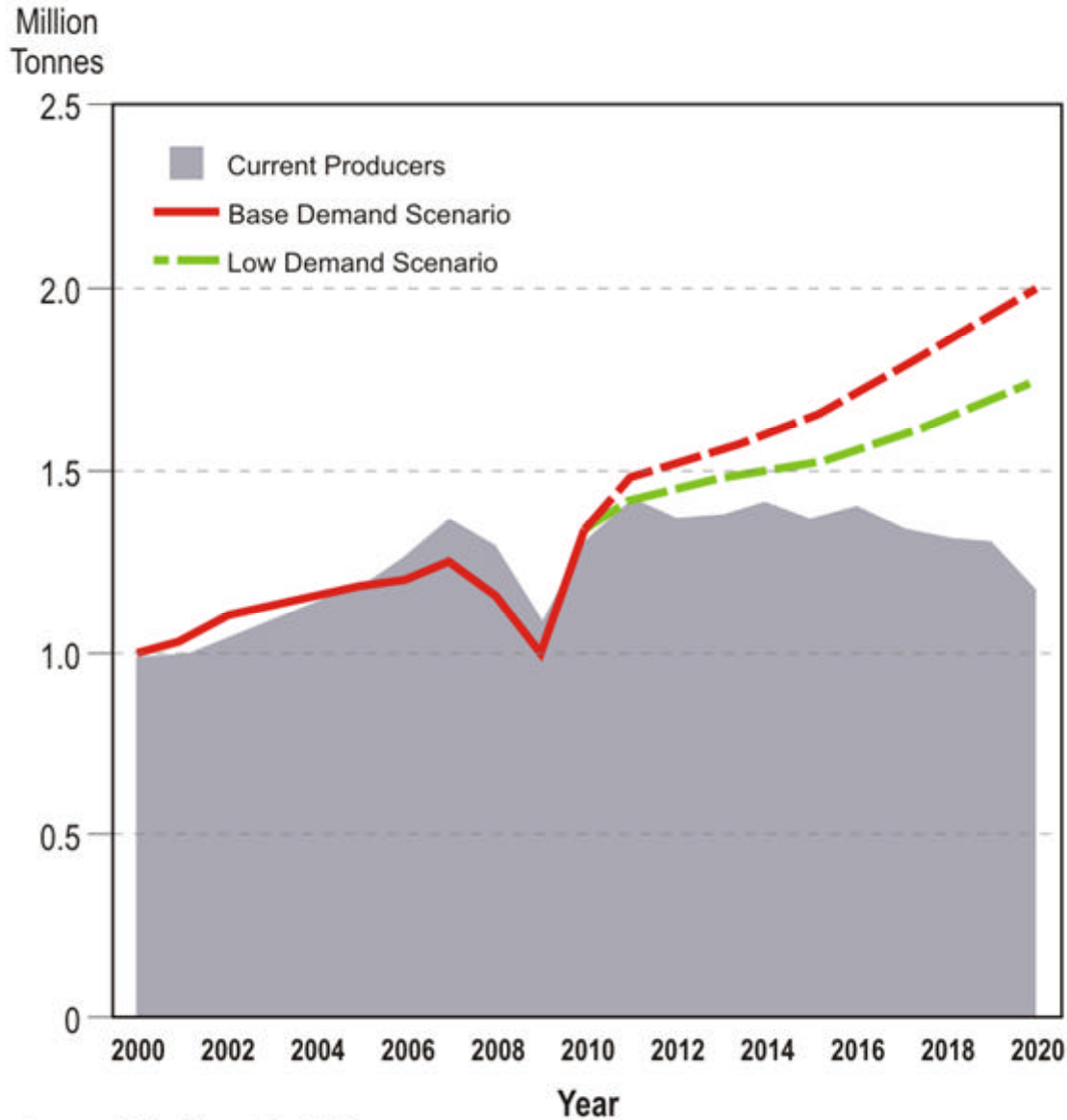
TiO₂ Feedstock Industry

Cost & Price Trends 2003 - 2008

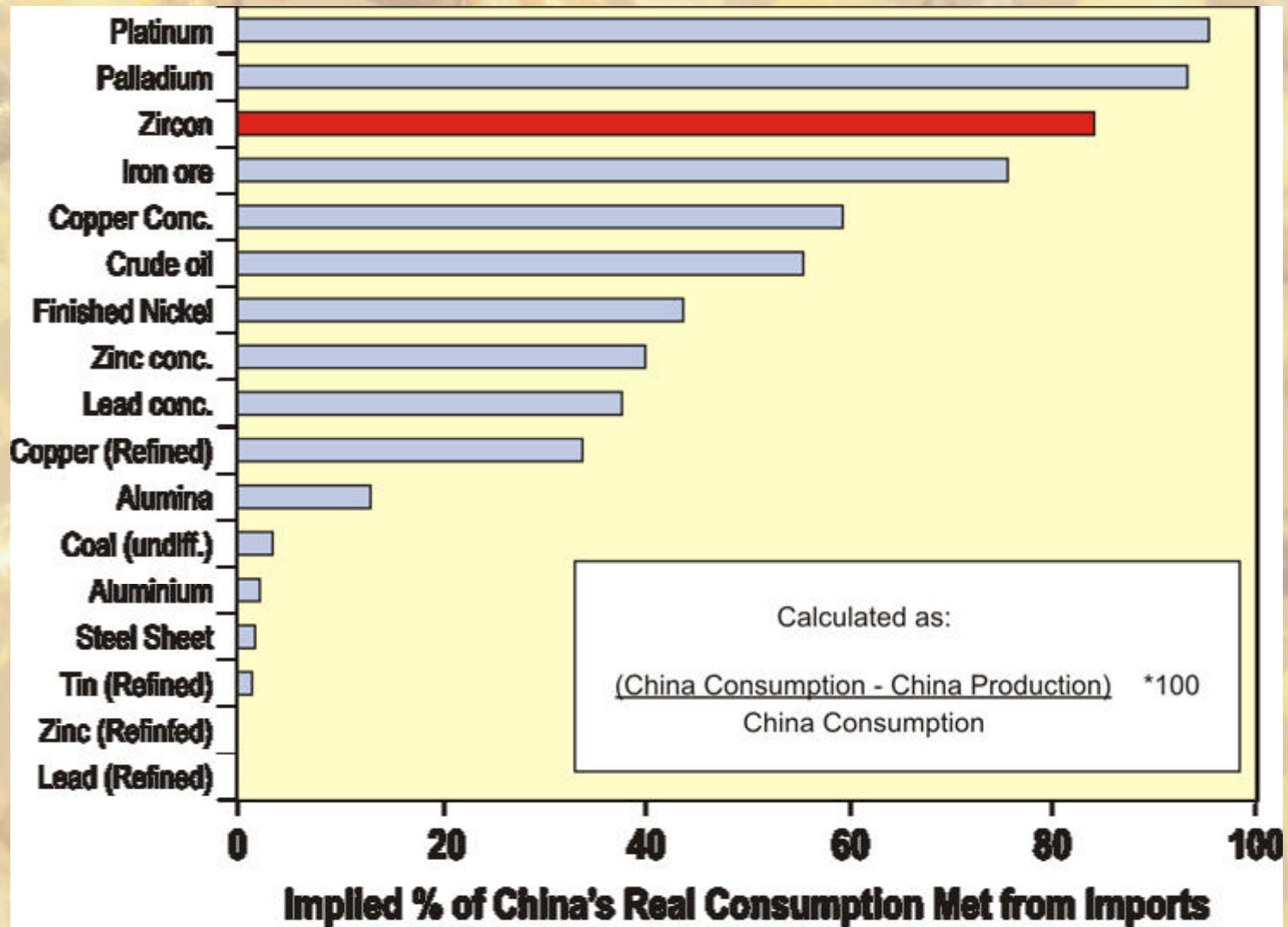


Source: Rio Tinto, October 2009
Prices/costs from TZMI, RioTinto, Indexed, 2002 = 100

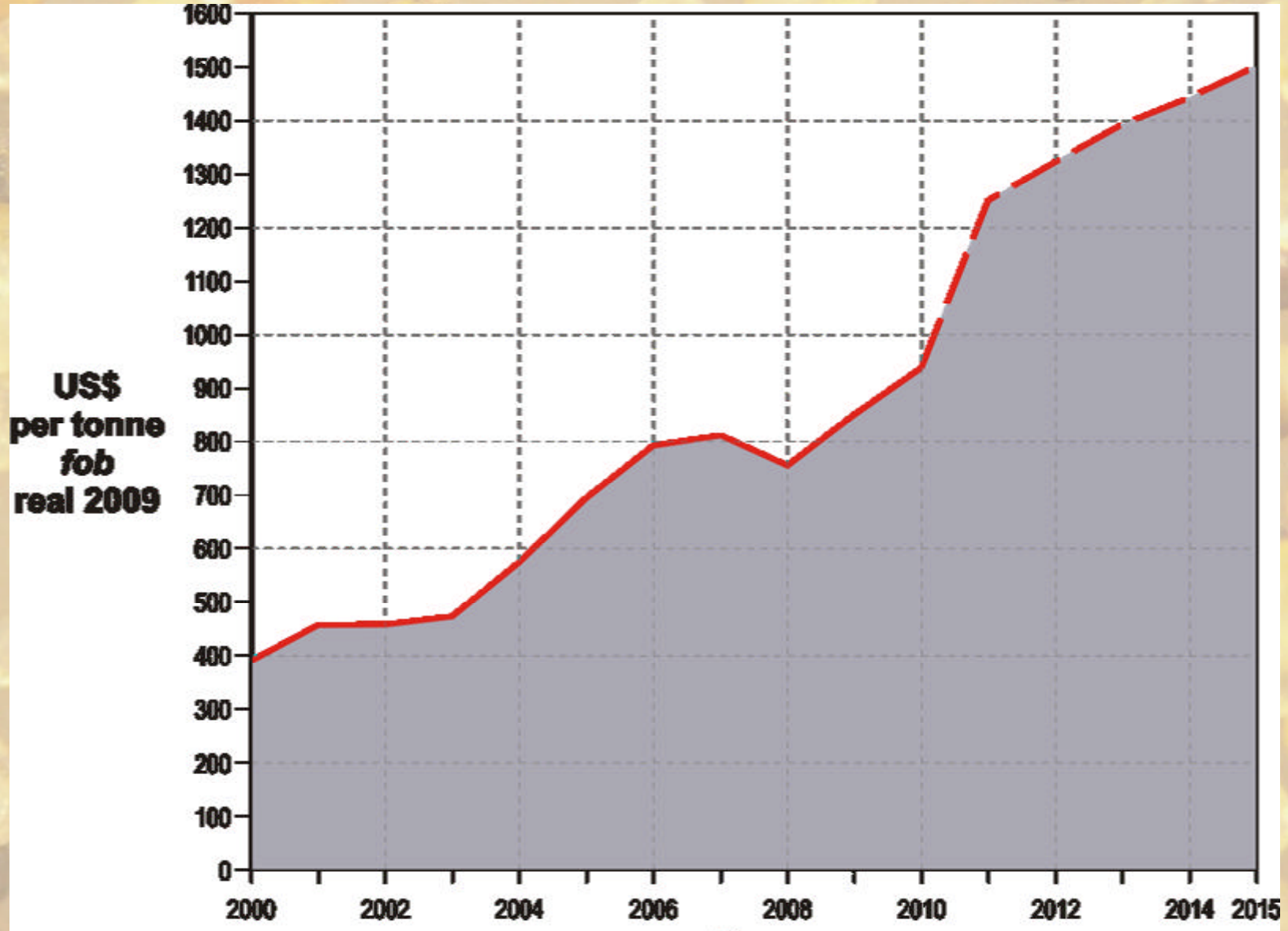
Global Zircon Supply & Demand



China's Raw Material Import Dependency in 2009



Actual & Forecast Zircon Prices 2000 - 2015



Large Global Greenfields Development Projects with significant zircon



| <u>Under Construction</u> | TiO ₂ UNITS * | ZIRCON * | Zircon Rank | TiO ₂ : ZIRCON |
|-------------------------------|--------------------------|----------|-------------|---------------------------|
| Nil | | | | |
| <u>Recently Completed DFS</u> | | | | |
| Senegal (Min Deposits) | 11 # | 80 | 1 | 4.0+ |
| Coburn (Gunson) | 60 | 40 | 2 | 1.6 |

Note: Corridor Sands (BHPB) and Toliara (Exxaro) shelved in 2009.

Australia

Africa

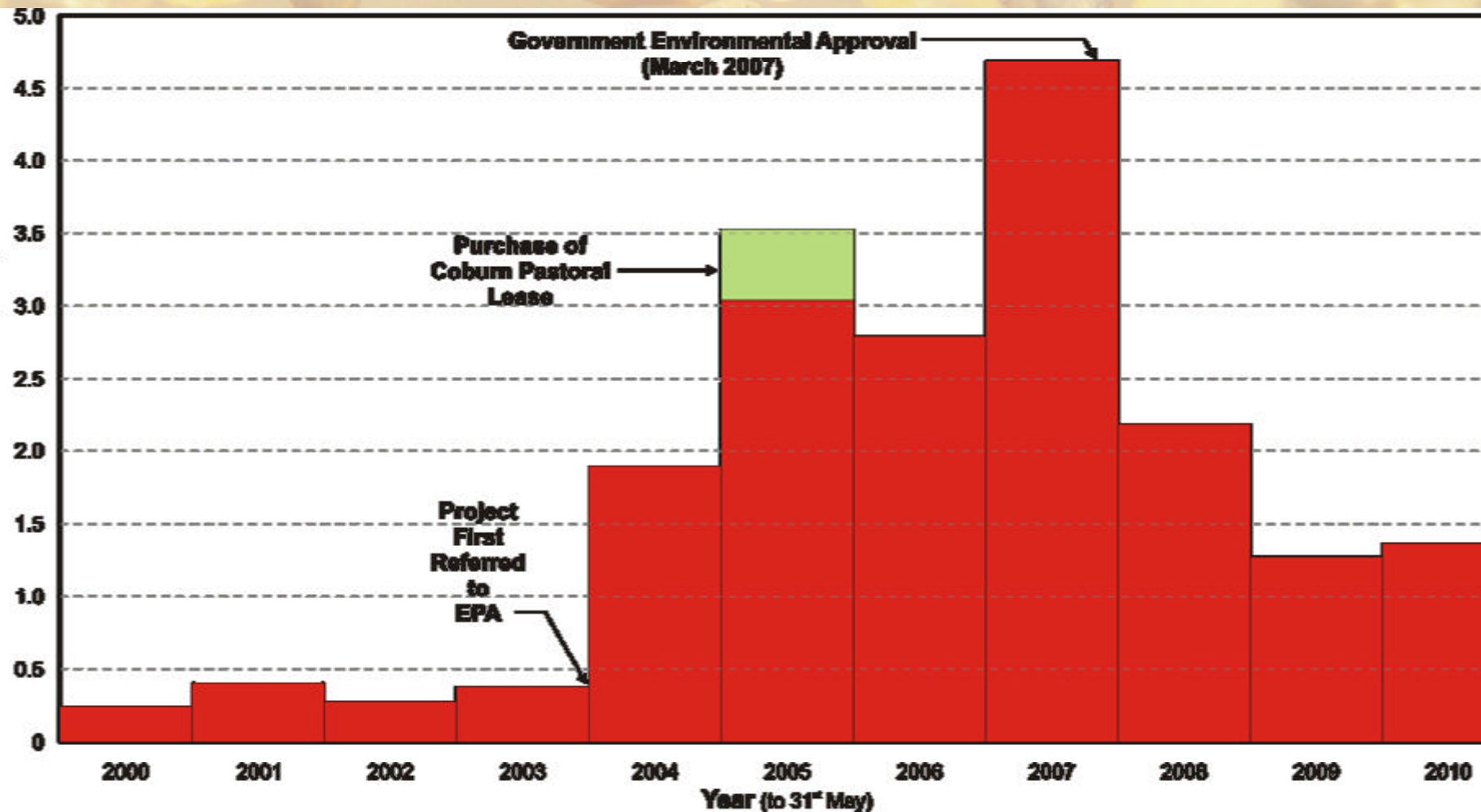
India

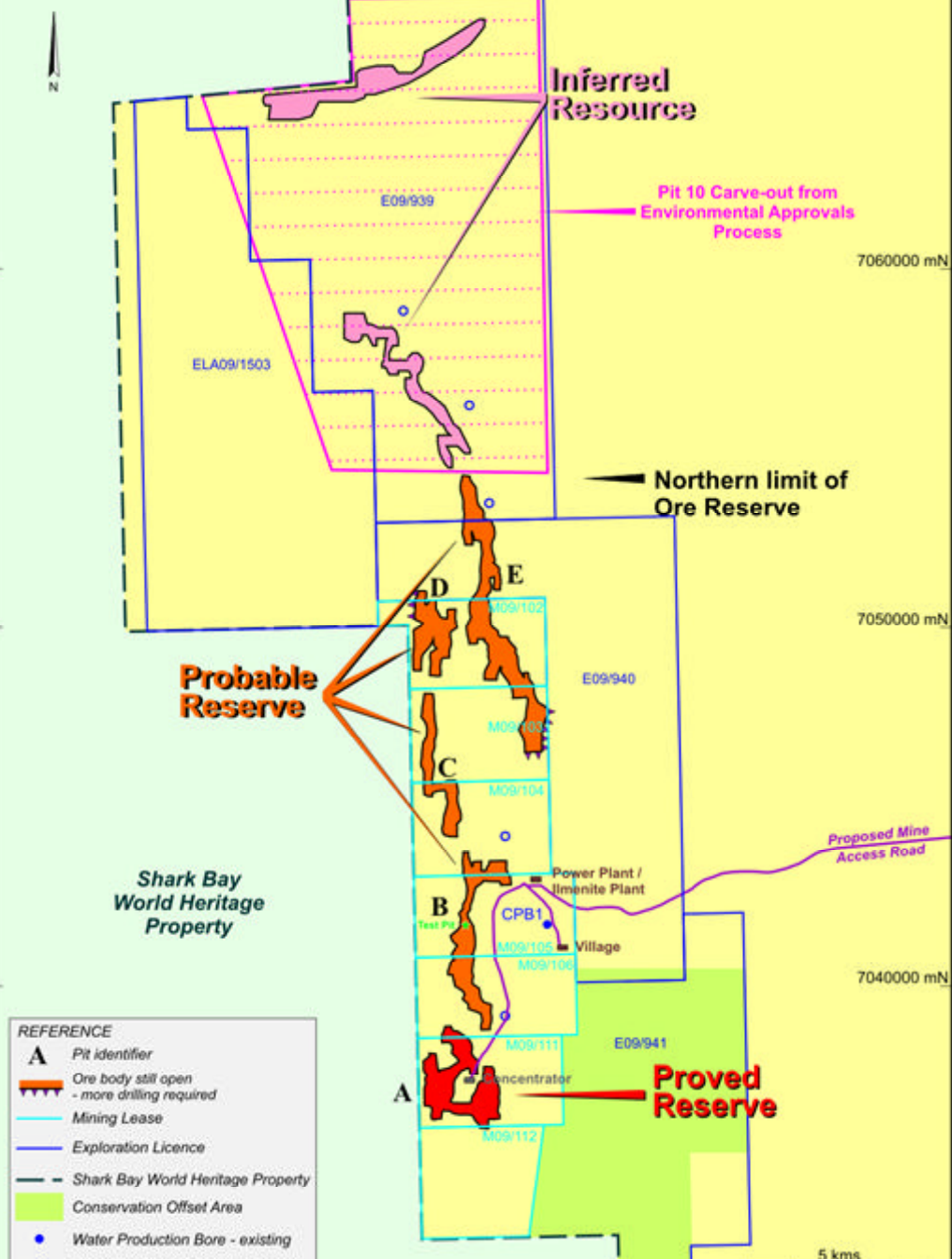
* 1000 tonnes per annum # Ilmenite excluded + Ilmenite included



Coburn – Regional Setting

Coburn Project Expenditure 2000 – 2010 (31st May)





Amy Zone

Ore Reserves & Inferred Resources

Estimated Annual Mineral Production



| Product | Annual tonnes | Key Specification | % of Revenue |
|-----------|---------------|----------------------|--------------|
| Zircon | 40,000 | 66% ZrO ₂ | 67 |
| Ilmenite | 91,000 | 62% TiO ₂ | 18 |
| Rutile | 9,000 | 95% TiO ₂ | 10 |
| Leucoxene | 7,000 | 87% TiO ₂ | 5 |

All Products to be sold *fob*
Australia

Coburn DFS Results



- **Mine life 23.5 years with 17.5 years JORC ore reserves.**
- **Capital cost @ P90 level \$A169 million.**
- **Construction Period 85 weeks.**
- **Total revenue over mine life \$A2.1 billion and cash surplus \$A800 million. Annual cash surplus \$A34 million.**
- **NPV \$A141 million, IRR 16.4% at 8% real discount rate. NPV currently 79c per Gunson share.**
- **Exchange rate 85 US cents to \$A1.**
- **September 2010 TZMI price forecasts used, zircon 67% of revenue.**

Australian Dollar vs US Dollar

Dec 1983 - 2010



Coburn Conclusions



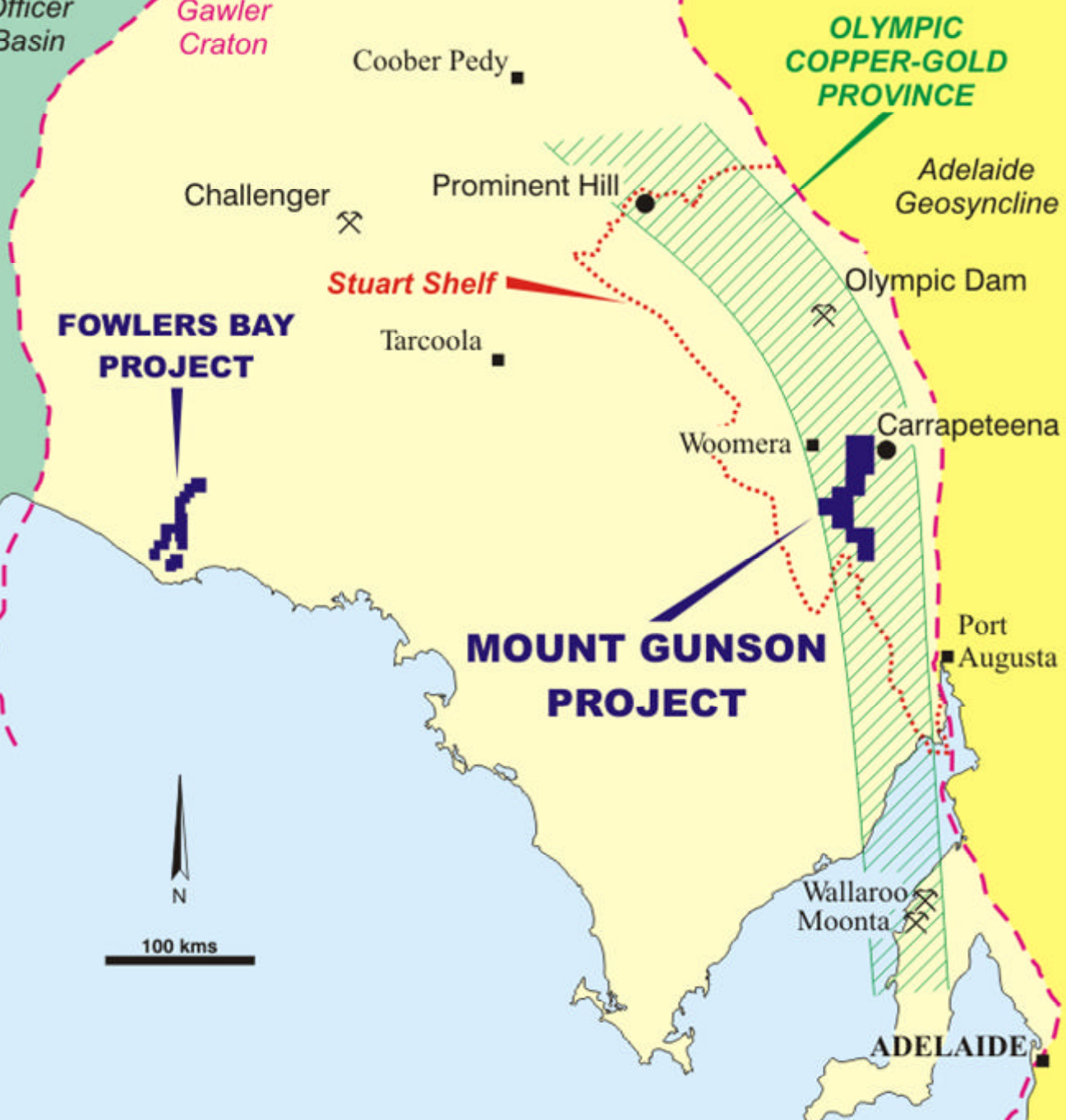
Coburn is ready for construction to begin.

It is one of only 2 significant mineral sand development projects in the world with recent completed detailed feasibility studies.

Currently seeking minority (40%) investment partner.

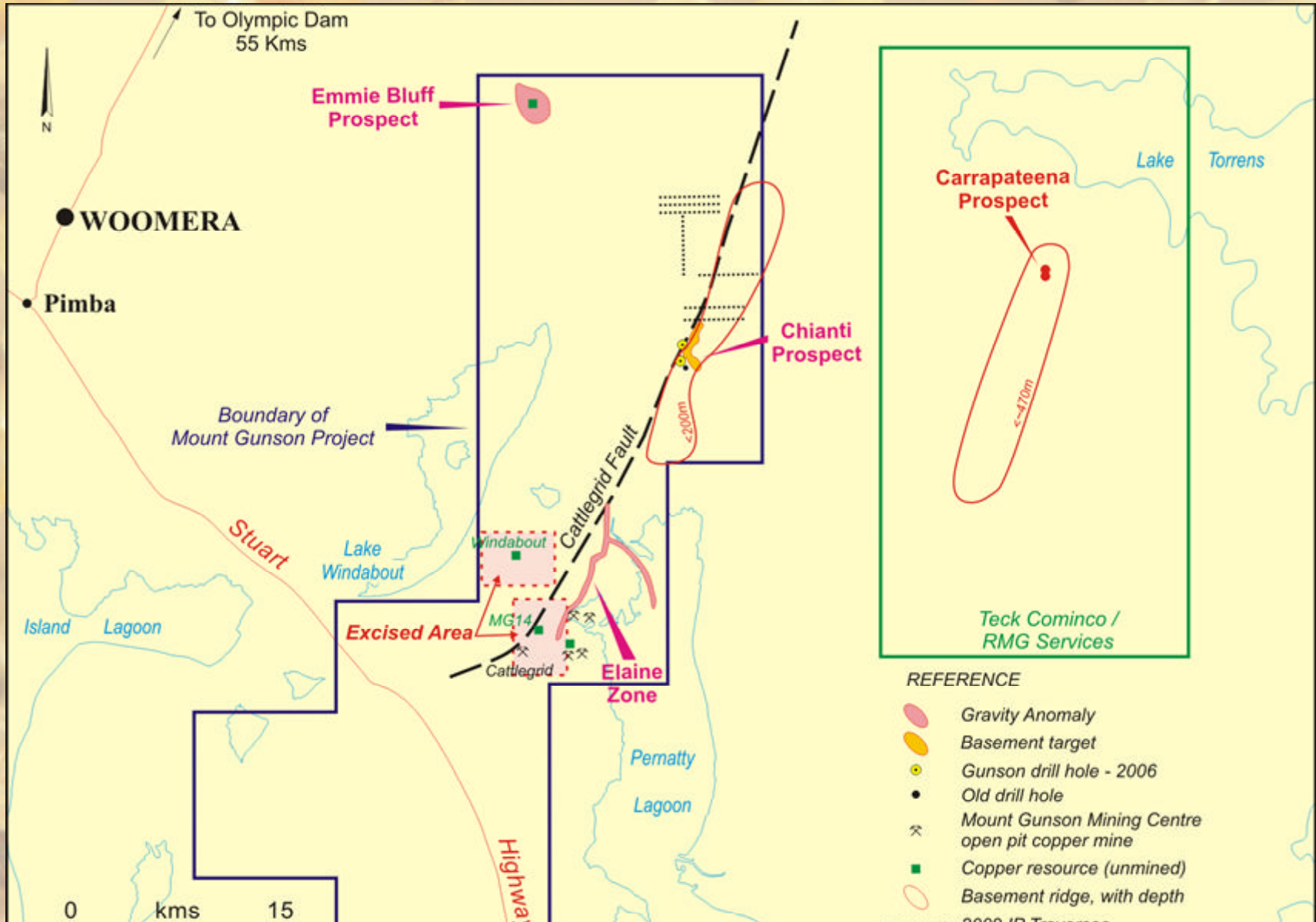
No committed offtake.

Current zircon supply squeeze to become acute from 2012.










South Australian Copper Belt

Mount Gunson Target Areas



REFERENCE

-  Gravity Anomaly
-  Basement target
-  Gunson drill hole - 2006
-  Old drill hole
-  Mount Gunson Mining Centre open pit copper mine
-  Copper resource (unmined)
-  Basement ridge, with depth

Mount Gunson Summary



In the middle of the best endowed copper belt in Australia (75% of Australia's resources).

Xstrata Copper has right to spend further \$6 million by mid 2013 to increase equity from 51% to 75%. Drilling targets for 2011 from new geophysical data collected October 2010 being defined. .

MG 14 & Windabout are small deposits, close to surface, excised from Xstrata farm-in.

MG 14 yields high grade copper concentrate (30%) with good silver credits. Copper recovery 70%, cobalt recovery 95% & cobalt in concentrate is 25% of contained metal value. Smelters unwilling to pay for cobalt.

Windabout tests give similar low copper & high cobalt recoveries but cobalt 69% of contained metal value.

Further metallurgical tests in progress to define process route for extracting cobalt before the sale of copper concentrates.

MG 14 may be economic at forecast copper prices without cobalt credit.

Conclusions



- Critical shortage of zircon supply now and in the foreseeable future, along with lack of greenfields development projects, makes Coburn funding increasingly likely.
- Gunson's objective is to attract a minority JV partner to share the capital cost & reduce dilution of existing shareholders.
- Seven potential strategic investors currently reviewing the Coburn opportunity, with some at an advanced stage.
- Copper, like zircon, is in short supply, with prices forecast to rise appreciably. This is bound to benefit the Mount Gunson Project.
- Drilling of the highly rated Fowlers Bay nickel project delayed by land access issues but likely to proceed in Q1, 2011.



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