



# GULF MANGANESE CORPORATION LIMITED

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ACN: 059 954 317

ASX Announcement  
15<sup>th</sup> September 2015

## Gulf Manganese update – Foreign Investment Approval

**Gulf Manganese Corporation Limited (ASX:GMC)** is pleased to advise shareholders the Company has received its Principle Licence for Foreign Investment from the **Indonesian Investment Coordinating Board (BKPM)**.

This Licence permits the Company's subsidiary, **PT Gulf Mangan Grup**, to:

- Carry out the operational business of **Industrial Manufacture of Metal Alloys**
- Make acquisition of land
- Deal with all Indonesian Provincial and Regency Governments

It also grants an exemption from import duties for machinery, goods and materials used in the business.

As reported earlier, due the nature and size of the project, Gulf will be granted, under Tax Holiday Regulations, a 100% tax relief facility for 10 years following which tax reduction of 50% for a further 2 years.

In commenting, PT Gulf Mangan's Indonesian-based Technical Director, Kevin Parker, said:

"The granting of the Principle Licence is a singularly major step to commence building our Timor Smelter.

"We now can move forward with supreme confidence in finalising the 50 year lease of land and the application of the various Regency permits required.

"We are most grateful for the strong support we have had from BKPM and Regency personnel during this period."

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## About Gulf Manganese Corporation Limited

Gulf Manganese Corporation Limited is an Australian registered company (ACN 059 954 317) listed on the Australian Securities Exchange (ASX: GMC) with its head office in Perth, Western Australia.

The company is developing an ASEAN focused manganese alloy producer. The facilities based in the West Timor capital Kupang will take advantage of the low cost of ore, labour and power being the majority of operating costs. Production will be a premium quality 78% ferromanganese alloy resulting from the unique qualities of the Indonesian high-grade low impurities manganese ore.

It is proposed to build 8 furnaces over a 5 year period for a total capital cost of US\$66m funded by an IPO on the Catalist board of the Singapore Stock Exchange raising \$US25m, modest project debt and operational cashflow.

The first furnace aims to come online July 2016, with a further two furnaces each year, 2017, 2018, 2019 and a final one in 2020. Each furnace has a capacity of 20,000 tonnes alloy production per year and on today's alloy prices producing US \$22m revenue.

The financial analysis of the redrafted Study shows that the project has the potential to return an **EBITDA of US \$374.7 million** over a 10 year period supporting an estimated **Net Present Value of US \$160.6 million** using an 8% discount factor.

The project requires a modest start up **capital investment of US \$66 million**, which is staged over 5 years and provides estimated returns supporting an **internal rate of return of 55.6%**.

Value adding ores is strongly encouraged by the Indonesian Government to enrich the country's mineral endowment thereby enhancing the economy and creating employment. GMC will benefit from the Government's Financial Incentives Programme which effectively will result in a 10 year tax holiday, together with other tax exemptions.



Ore

Processing

Tapping

Alloy



Developing Premium Indonesian Manganese Alloys

