



GULF MANGANESE CORPORATION LIMITED

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ASX Announcement
29th September 2015

Gulf Manganese Update – Smelter Land and Power Supply

Gulf Manganese Corporation Limited (ASX:GMC) is pleased to advise shareholders that the Company's proposed 53 hectare block of land, in the industrial area of the Kupang Regency, West Timor, has been officially measured and issued with a Field Map reference catalogue number as the first step to receiving a Certificate of Title for Building Construction (Hak Guna Bangunan –HGB) from the **Indonesian National Land Agency (BPN)**.

The issuing of a Certificate of Title will ensure security of tenure for **PT Gulf Mangan Grup's** Land Lease Agreement for the duration of its 50 year lease period from the local land owners and authorises construction of the Timor Smelter.

Gulf is also pleased to advise shareholders that at a recent meeting with the Indonesian Government power company, **PT PLN (Persero)**, it was confirmed that PLN will supply, on a user pay basis from mid 2016, 7 mega watts of power for the Company's first furnace, which is due to come online the 4th quarter 2016. PLN will commission 2 new 16.5 mega watt power stations early next year with a further 60 mega watt power supply coming online during the second half of 2016.

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

"The issuing of a Field Map reference number and the confirmation from PLN of power supply, together with the recently issued Principle Licence, firmly establishes that the Company is on track to start building and operating next year. These three areas significantly de-risk the project and with several Regency permits and licences now required we are ready to move forward".

For further information please contact:

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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

