

MINES AND MONEY: GMC smelter will 'open the door' to Indonesian manganese alloy exports

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Gulf Manganese Corp's smelter in West Timor will "open the door to Indonesian manganese" and create a regional hub for high-grade ferro-manganese exports, the producer's CEO Hamish Bohannan said on Wednesday December 2.

"The [smelting] opportunities in Indonesia are quite real, and in line with the government's policy of upgrading ores in the country before exporting," Bohannan told delegates at the Mines and Money conference in London.

Companies have resisted investing in Indonesia due to difficulties translating the law, but "the government is very supportive of industrial companies, over miners," the CEO said.

GMC has received a ten-year tax break, meaning it will only pay payroll taxes for the first ten years, and, under its foreign investment licence, it is exempt from import duties on all machinery, goods and materials.

The company announced its plans for the [smelting complex in Kupang, West Timor](#) in September this year, taking advantage of Indonesia's low-cost labour and power, and high-grade manganese ore.

The smelter will be the first high grade ferro-manganese smelting complex in Indonesia, and will buy 52% manganese ore to convert to 78% manganese alloy. Production will start at 13,500 tpy, and ramp up to 155,000 tpy over eight years.

GMC will be the largest industrial producer in West Timor and expects operations to begin at its smelters within the next twelve months.

"Our goal is to be in the market as prices start to recover [...] Even if recovery is slow, we have good margins," Bohannan said.

GMC expects a margin of \$280-300 per tonne of ferro-manganese alloy. Its cost of production is expected to be 20% lower than the industrial average.

Ferro-manganese prices held at €695-720 (\$737-764) per tonne (78% Mn, delivered in Europe) on November 27, down 8% from the start of the year.

Even at today's prices, the quality of Indonesia's manganese ore provides a good opportunity for smelters, Bohannan said.

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