



GULF MANGANESE CORPORATION LIMITED

ACN 059 954 317
(ASX : GMC)



Quarterly Report

June 2015 Quarter

Gulf Manganese Corporation Limited is pleased to provide shareholders with the following Quarterly Activities Report for the June Quarter.

KEY HIGHLIGHTS

- **Chairman sadly passes**
- **Indonesian company established**
- **Capital Raising**
- **Smelter Study**

CORPORATE

Graham Anderson



Valhall to our friend

It is with deep sadness that our good friend, colleague and Chairman, Graham Anderson, died at home post the quarter resulting from a cardiac arrest.

Graham was instrumental in establishing the strong corporate procedures put in place by the new board of directors as the company prepares its subsidiary, International Manganese Group, for an application to list on the Singapore Exchange (SGX).

As Chairman, Graham gave highly valued, wise and supportive guidance to the board and management. His cheeky smile and happy disposition will be truly missed.

In the interim, until the company appoints a new chairman, deputy chairman Peter Williams will be acting chairman.



PT Gulf Mangan Grup

During the quarter the company's 98% owned subsidiary received its Foreign Investment Principle Licence from the Investment Coordinating Board (BKPM) of the Indonesian Government.

This is a major step gaining permission to operate within Indonesia as a foreign investment group and now permits finalising leasing of land, obtaining an Industrial Business Licence (IUI) also from the BKPM on behalf of the Minister of Industry (Mol).

Capital Raising

As previously reported Gulf entered into an agreement with a South African group, Sigur Holdings Inc, to subscribe to \$500,000 of convertible notes and then ultimately to provide a US \$10,000,000 project funding package.

Despite continued written assurances from Sigur that they were to deliver, and due to subsequent delays the directors concluded this group are in default. Gulf notice a similar unsatisfactory occurrence with the ASX listed group Walkabout Resources Limited.

While the company will continue to demand specific performance of the Sigur commitment the directors consider it prudent to undertake a capital raising to boost short term working capital requirements.

It is proposed to offer up to 95,000,000 shares as placement shares and shareholder shares. Full details will be forwarded shortly in a Notice of Meeting to shareholders.

Gulf continues with the strategy of seeking a Cornerstone Investor prior to a Singapore Listing of the subsidiary International Manganese Group Limited.

The Cornerstone Investment will provide the working capital to commence the first stage Smelter construction.

MANGANESE

Smelter Study

During the quarter the company released the Timor Smelter Study Report.

The 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.

It 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%.

As described in the Study, GMC will develop a fully integrated manganese business that provides the following value propositions:



- Sound project economics
- Operating costs at 80% industry average cost
- Highest quality ore supply (+50% Mn)
- Producing a premium manganese alloy (78%Mn)
- Established port and infrastructure
- Government full support, fiscal incentives of 10 year Tax Holiday
- Board/Management depth of manganese and Indonesian experience
- Global sales network
- Modest capital requirement
- Proposed Singapore listing
- Robust dividend policy with distribution of 50% of profits

A full copy of the study is on the website www.gulfmanganese.com

Smelter Milestones - Stage 1

Activity	Timing	Duration	Cost
1. Land Department title consolidation	July 2015	1 Month	\$10,000
2. Execute the agreed MoU with land owners	August 2015	1 Month	\$50,000
3. Commence Civils	January 2016	1 Month	\$500,000
4. Engage Smelter Contractor	January 2016	12 Months	\$1,125,000
5. Commission Smelter Construction	February 2016	11 Months	\$4,000,000
6. Commission Mechanicals	March 2016	10 Months	\$1,500,000
7. Commission Piping	August 2016	4 Months	\$400,000
8. Commission Structural	June 2016	4 Months	\$600,000
9. Commission Electrical/Controls	June 2016	6 Months	\$950,000
10. Commission Jig Plant	September 2016	3 Months	\$750,000
11. Commission Smelter	December 2016	1 Month	
		Total	\$9,885,000

Corporate Directory

Registered Office

78 Mill Point Road
South Perth, WA 6151
Telephone: +61 8 9367 9228
Facsimile: +61 8 9367 9229
www.gulfmanganese.com

Postal Address

PO Box 884
South Perth, Western Australia 6951

Legal Advisors

Christian Teo Purwono (Indonesia)
Lemonis Tantiprasut Lawyers (Australia)
Steinepries Paganin (Australia)

Bankers

ANZ Banking Group
PT ANZ Indonesia

Australian Securities Exchange

ASX Code: GMC

Share Registry

Automic Registry Services

Auditors

Somes Cooke

Corporate Advisors

GDA Corporate

Geological Advisors

SRK Geological Consulting (Indonesia)

Project Managers

Como Engineering (Australia)

Structural Engineers

PT Timeserve (Indonesia)

Power Engineers

PT Hatch (Indonesia)

Pyrometallurgical Engineers

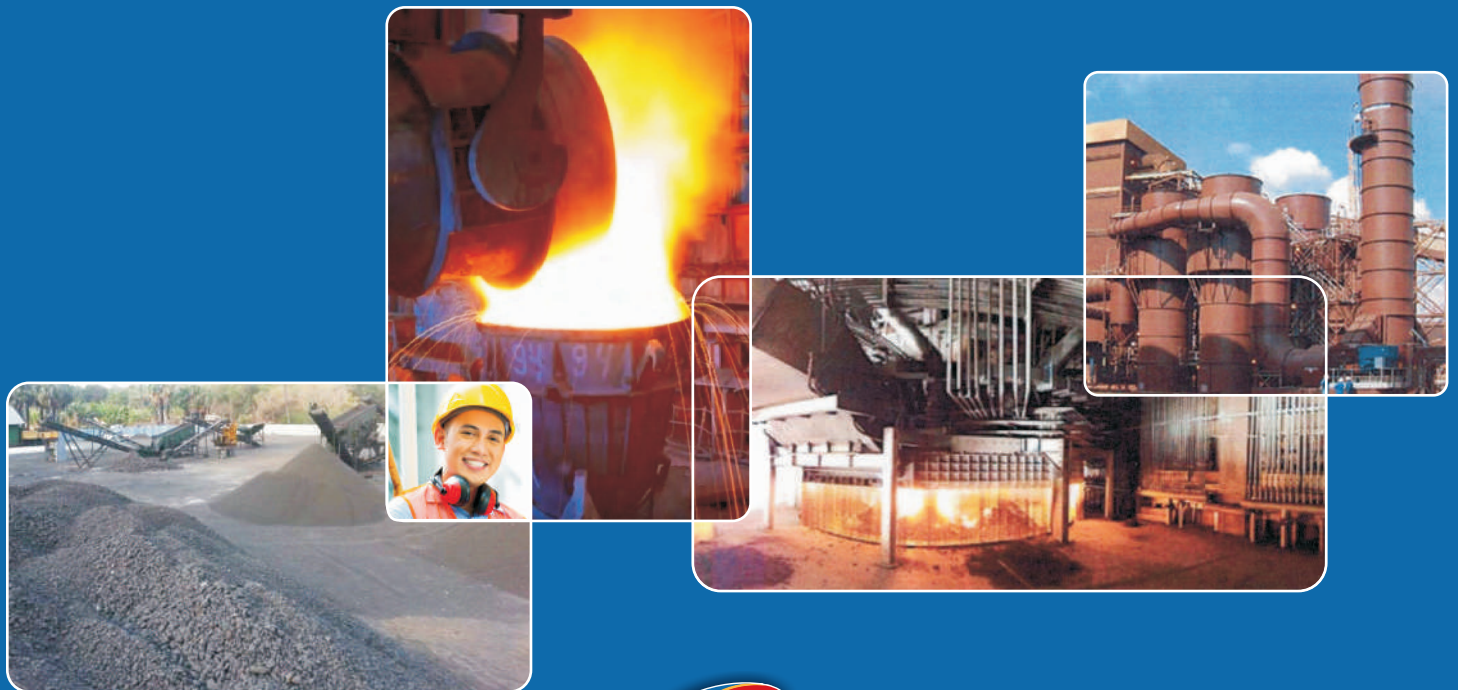
Xram Engineering (South Africa)

Industry Associations

Indonesian Chamber of Commerce
Indonesian Smelter Processing Association
Australian Indonesian Business Council
Indonesia Institute

Investor Relations

Bourse Communications



GULF MANGANESE CORPORATION LIMITED

Developing Premium Indonesian Manganese Alloys

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