

ASX Announcement
8 March 2017

Gulf Corporate and Operational Update

Gulf Manganese Corporation Limited (ASX: GMC) (“**Gulf**” or “**the Company**”) wishes to provide an update following the execution of a number of recent corporate and operational developments.

Capital Raising Update

As previously advised to the market on 3 March 2017, members of Gulf’s Board and management team have spent considerable time with a number of sophisticated investors at the site of the Kupang Project to ensure all due diligence requirements are finalised. Management would like to advise that discussions have progressed positively, with the capital raising expected to be finalised shortly.

Securing of First Two Smelters

Gulf is pleased to advise that a deposit of USD\$250,000 has been paid to South African-based Transalloys (Pty) Limited (“Transalloys”) to secure the first two ferromanganese smelting furnaces for the Kupang Smelting Hub Project. The funding of this deposit was made through a short-term loan of A\$350,000 received from Tanah Capital Pte Ltd.

Importantly, the deposit to Transalloys allows the Company to undertake the stripping and refurbishing of the smelting furnaces prior to them being shipped to the Kupang Project site in Q3 2017.

EPCM Contract

As previously advised, XRAM has been appointed as the EPCM contractor to deliver the Kupang Smelting Project. The EPCM contract value is USD14.5 million (approx. AUD19.0 million) for the construction of the initial two smelters. An overview of the associated costs has been itemised below:

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| • Earthworks, geotechnics and civils at Bolok | AUD 1.5m |
| • Structural works at Bolok | AUD 5.2m |
| • Purchase, refurbish & relocate two smelters from South Africa to Bolok | AUD 3.2m |
| • Engineering works to install smelters | AUD 3.4m |
| • Contract and Company costs through construction | AUD 5.6m |
| • Commissioning costs and initial supplies and materials | AUD 1.5m |
| • Corporate and other costs | AUD 1.4m |

Gulf is also actively exploring a number of additional funding avenues, including both offtake and debt funding opportunities to provide additional financial flexibility if required over the next 12 months.



XRAM has been working closely with Gulf on the development of the Kupang Project to date, providing engineering and pyrometallurgical support. The EPCM contract will commence upon completion of the above mentioned capital raising.

Kupang Project Power Supply

Gulf would also like to advise that management has recently held meetings with Indonesian Government Power Company, PLTU, regarding the powering of the Kupang Smelting Hub through its construction, commissioning and production phases. PLTU recently installed a Turkish Power Plant Vessel, increasing its generation capacity from 32 MW to over 120 MW. PLTU has confirmed its capacity to supply power for the construction of Gulf's first two smelting furnaces at Kupang, which will require circa 14 MW of power to complete.

Furthermore, PLTU also confirmed its near-term expansion plans outlining its capacity to power the entire Kupang Smelting Hub Facility once complete (approx. 70MW). The first stage in this expansion strategy is the installation of a second 32MW plant, which is currently in construction and earmarked for commissioning in H2 2017.

Removal of Marthen Amtiran ("Pak Marthen") as President Commissioner

Following the termination of the agreement between Gulf and Pak Marthen, Pak Marthen has now been removed as President Commissioner of PT Gulf Mangan Grup. As previously advised, the Company is also considering its options to take legal action against Pak Marthen.

For further information please contact:

Hamish Bohannan
Managing Director
Gulf Manganese Corporation Limited
T: 08 9367 9228
E: info@gulfmanganese.com

Released through Sam Burns, Six Degrees Investor Relations M: +61 400 164 067

About Gulf Manganese Corporation (ASX: GMC):

Gulf's strategy is to develop an ASEAN focused manganese alloy business based in Kupang, West Timor, taking advantage of the low operational and ore costs, combined with modest power costs. Targeted production will be a premium quality 78% ferromanganese alloy resulting from the unique qualities of the Indonesian high grade (greater than 50%) low impurity manganese ore