

Media Monitoring

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GULF MINERALS CORPORATION DEVELOPING INDONESIAN BASED MANGANESE SMELTER

Gulf Minerals Corporation (ASX:GMC) is continuing to progress plans to become an ASEAN focused manganese ore and alloy producer.

Having closed a fully subscribed rights issue to raise \$1.34 million, a funding agreement was entered into with Sigur Holdings Inc., a subsidiary of the New York-based, South African private group, Sigur Capital.

The term sheet is for a US\$20 million funding agreement by way of a 10% annual interest, 4 year Senior Credit Facility loan and Preferred Shares.

With the evolution of the company, it is planned to change the name to Gulf Manganese Corporation Limited at a shareholders meeting.

The company plans to build eight furnaces over a four year period that will produce a premium quality 78% ferromanganese alloy resulting from the unique qualities of the Indonesian high-grade low impurities manganese ore.

During the March 2015 Quarter the company attended and presented at the following conferences.

- Jakarta Smelter Conference with many government officials in attendance;
- Singapore Mining Investment Forum attended by many high net worth individuals and funds; and
- Mines and Money Hong Kong attended by global investment funds.

The international exposure placed the company on the "radar" of regional investors particularly with the proposed Singapore listing.

Rights Issue and Project Funding

The rights issue announced 13 October 2014 closed fully subscribed in the March 2015 quarter, raising \$1,341,009.

Following a strong take up by existing shareholders, the directors placed the shortfall to sophisticated investor clients of Sydney-based Paradigm Securities.

Gulf now has a total of 73,770,638 shares on issue.

PERTH

Cannings Purple
Level 4/11 Harvest Terrace
West Perth WA 6005
T +61 8 6314 6300
F +61 8 6314 3655

SYDNEY

Cannings Corporate
Communications
Level 5/55 Hunter Street
Sydney NSW 2000
T +61 2 8284 9990
F +61 2 8284 9988

Key points in the Term Sheet are:

- Sigur Holdings immediately to subscribe for AUD\$500,000 of **Gulf Minerals** Redeemable Convertible 10% Notes;
- A Sigur Holdings representative will join **Gulf's** board of directors;
- Gulf will make application to list its subsidiary company holding the Indonesian manganese smelter project onto the Nasdaq Stock Market in the U.S.;
- US\$10,000,000 – 10% annual interest 4 year Senior Credit Facility loan to the listed subsidiary and secured by the project and to be drawn over 24 months;
- US\$10,000,000 – Preferred Shares in the listed subsidiary and issued at \$2.50/share convertible strike price equal to 85% of the market price or redeemed at \$5.00/share after 24 months;
- Sigur Holdings shall have first right of refusal on any subsequent funding required by the listed subsidiary; and
- The Terms Sheet is non-binding and subject to final Definitive Agreements following due diligence by both parties.

The proposed funding will cover the first stage of the development of the smelter enterprise with the proposed IPO covering the balance.

Chief Financial Officer/Company Secretary

Following the company's reconstruction the roles of CFO and Company Secretary were combined for cost efficiencies. Leonard Math, current CFO, was appointed in the new combined roles.

Company Name

Gulf Minerals will seek shareholder mandate on 22nd May 2015 for approval to change its name to Gulf Manganese Corporation.

This will reflect future operations as it develops an Indonesian based manganese ore and alloying enterprise and proposes to make application to list on the Singapore Exchange Catalyst Board.

Manganese Smelter

During the Quarter the company appointed Como Engineers as project managers for the Kupang Smelter Project.

Como Engineers, established 1986, is a well-respected mechanical and mineral processing engineering company based in Western Australia with an office in Jakarta.

It has extensive experience in mining industry projects both in Australia and overseas, particularly Indonesia.

Como has been involved in the PT Arutmin Indonesia (BHP) Coal Ports, Way Linggo Project for Kingroose and also for the Finders Resources Ltd operation on Wetar Island.

Additionally XRAM Technologies were appointed nominated pyrometallurgical engineers.

XRAM Technologies Pty Ltd is a Pretoria, South Africa smelter specialist group. As nominated contractor they are responsible for the design, supply, construction and commissioning of the smelter furnaces.

The group's personnel have collectively many years' experience in smelter design, construction and operating of AC and DC smelter plants incorporating leading edge technology and world's best practices.

The company plans to build 8 furnaces over a 4 year period for a total capital cost of \$52 million.

Each furnace will cost \$6.5 million with a capacity to produce 20,000 tonnes of alloy per year with power supplied by a third party on a user pay basis.

The first two furnaces are planned to be built during 2015 and are expected to come online in July 2016.

This will be followed by a further two furnaces each year in 2017, 2018 and 2019.

Land

During the Quarter further discussions were held on the terms and conditions for a 30 year plus 20 year lease of land in West Timor situated 8 kilometres from the international Tenau Port and 14 kilometres south of Kupang City.

It is anticipated that a Memorandum of Understanding, supported by the Provincial Governor and Regent will be signed shortly.

Analysis

Gulf Minerals Corporation continues to progress development of its Indonesian manganese smelter project.

The listing proposed listing on the Singapore Exchange Catalyst Board will align its ASEAN focused manganese ore and alloy producer aspirations with the Asian regional investor base.

The project is also expected to benefit from Indonesia's restrictions on the export of unprocessed ores combined as well as support from its Financial Incentives Program that will effectively result in a 5 year tax holiday.

Adding to that is the promise of a fast track process for the application for a smelter licence.