

Gulf Mines Limited

Project name(s): major stake in Asia Minerals Corp; Wollongorang; Debbil Debbil Creek

Project location: Indonesia, Australia

Commodity / resources: Mn, Cu, U₃O₈

Company summary

ASX-listed Gulf Mines Ltd (ASX: GLM) is a multi-commodity project developer and wealth creator. It is a project incubator and developer and aims to enhance value then divest projects, retaining a major holding and commodity marketing rights. The company's management and advisers have a wealth of international mining and marketing experience. The company's strategy is to return 50% of profits to shareholders (fully franked) and re-invest 50% in new projects.

Map shows Gulf's Mn exposure via its major AMC stake



Gulf Mines to grow its high-value assets

History

Gulf Mines Ltd is honing its focus in 2014 to concentrate on high-value commodities including high-grade manganese and copper, driven by strong demand in China and India. Its exposure to premium manganese is via its major stake in Asia Minerals Corporation (AMC), a fully-integrated manganese business in West Timor and currently the only manganese exporter licensed and authorised by the Indonesian government.

Indonesia has banned the export of unprocessed minerals. However, AMC has successfully lobbied the government to allow export of high-grade manganese ore until 2017, when new smelters should come on line.

In February, AMC started shipping premium manganese ore, averaging a grade of 52%, via its subsidiary PT Asia Mangan Grup. Its second cargo of manganese was successfully shipped in March and Gulf Mines says once domestic market obligations are met, Asia Mangan is on track for its maiden export shipment to Korea in the second quarter.

At full production, Asia Mangan will produce 100,000t/y for the domestic market and 150,000t for export. It has also started construction at its US\$150 million manganese smelter in Belu Regency, West Timor. The smelter facility will comprise eight furnaces, a 75MW power station and, when at full capacity in three years, achieve 128,000t/y of ferro-manganese alloy output.

Gulf has finalised a global marketing deal with AMC's subsidiaries for manganese.



The groundbreaking ceremony for the new manganese smelter in West Timor

Timeline

> Nov 2013 – Gulf Mines Ltd (GLM) enters an MoU to acquire 70% of a copper tenement in West Timor, with random samples including grades of 12.43% and 8.7%.

> Dec 2013 – AMC holds a groundbreaking ceremony to start construction at its 128,000t/y Mg smelter in West Timor.

> Feb 2014 – GLM, via its major shareholding in AMC, announces the first shipment of high-grade manganese ore in West Timor.

> March 2014 – GLM announces further promising copper sampling results from the West Timor prospect.

Investment highlights

- > Gulf has a major shareholding in high-grade manganese producer AMC, giving exposure to the growing market for manganese as an alloy in steel production.
- > It has established a regular multi-million-dollar income through a marketing deal with AMC's subsidiary.
- > The first shipment of high-grade manganese ore was in February and the company is on track for its first export to Korea in Q2.
- > Gulf is primed to focus on its manganese and copper projects.
- > Gulf's copper potential is being developed in West Timor and at its two Australian projects.
- > GLM benefits from its international exposure, management expertise, multi-commodity portfolio and its projects' potential.

Gulf is exploring the potential at these mineralised outcrops in the West Timor copper prospect



Growth plans

- > Gulf Mines is firmly focused on developing its Mn and Cu assets, which can potentially deliver key benefits to GML.
- > Its investment in AMC to gain exposure to West Timor's high-grade manganese is paying off.
- > Gulf expects to earn up to A\$11.5 million a year through the global marketing deal with AMC's subsidiary.
- > The company signed a MoU in November to acquire 70% of a promising copper tenement in West Timor, in line with the company's growth plans.
- > Gulf's subsidiary, Gulf Copper Pty Ltd, is developing an exploration programme for the prospect.
- > Meanwhile, Australian copper developer Redbank Copper Ltd continues to work on Gulf's Wollongorang Copper Project in the Northern Territory, earning into the project via a joint venture.
- > Through a separate agreement, Canadian uranium developer Laramide Resources is exploring Gulf's Debbil Debbil Creek copper-uranium prospect, also in the NT.

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