

## Gulf Manganese redrafts Timor smelter study

22ND JUNE 2015 BY: MARIAAN WEBB

Australia-registered Gulf Manganese Corporation has redrafted its Timor smelter study, which shows that the project has the potential to return earnings before interest, taxes, depreciation and amortisation (Ebitda) of \$374.7-million over a ten-year period.

The ASX-listed company, which published the redrafted Timor smelter study and a project update on Monday, stated that the smelting hub would have an estimated net present value (NPV) of \$160.6-million, using an 8% discount factor.

The redrafted study showed that the project required a capital investment of \$66-million, which would be staged over five years, and provided estimated returns supporting an internal rate of return of 55.6%.

Gulf Manganese initially reported that the project would earn \$623.8-million in Ebitda over a 20-year period, supporting an estimated NPV of \$201.4-million. Its initial capital investment estimate, as reported in May, was \$67.5-million spread over a four-year period.

The manganese alloys producer was proposing to build eight furnaces, each with a capacity of 20 000 t/y, over a five-year period, which it intended to fund by an initial public offering on the Catalist board of the Singapore Stock Exchange, raising \$25-million, project debt and operational cash flow.

The company said it aimed to have the first furnace on line by July 2016, with a further two furnaces becoming operational each year in the following three years. The final furnace would be operational in 2020.

Gulf Manganese redrafted the Timor smelter study to comply with the Indonesian government's Investment Coordination Board's (BKPM's) so-called 'one-stop shop' process, which aimed to reduce the licensing process time.

The company reported that the Industry Ministry, through the BKPM, had advised that the industrial business licence would take 20 to 25 days from

application to be approved. Following the issuing of the licence, the next step was to become a registered exporter, which the Minister advised would take 20 to 25 days from application.

Upon completion of these two licences, Gulf intended to start construction of the first furnace module.

<http://www.miningweekly.com/article/gulf-manganese-redrafts-timor-smelter-study-2015-06-22>