

T2, 152 Great Eastern Highway
Ascot WA 6104
Ph: +61 8 9367 9228
Fx: +61 8 9367 9229
E: info@gulfmanganese.com
www.gulfmanganese.com
ACN: 059 954 317

gulf

ASX Announcement
28 July 2017

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 JUNE 2017

Highlights:

- Signed Binding Land Lease Agreement for Kupang Smelting Hub Facility at Bolok Industrial Estate - directly adjacent to the Government-owned Power Station and about five kilometres from the main Tenau port.
- A\$9 million capital raising completed with sophisticated investors subscribing to raise an additional A\$3 million by end of September 2017
- Construction activities underway at Kupang Smelting Hub site – site clearance completed and construction power connected from adjacent Government owned power station
- Final payment to Transalloys for purchase of first two smelters complete – refurbishment of smelters underway in South Africa - final inspection and shipment Kupang site expected Q4

Gulf Manganese Corporation Limited (ASX: GMC) ('Gulf' or 'the Company') is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 June 2017.

Kupang Smelting Hub Project Overview

Gulf is focused on developing a ferromanganese smelting business in West Timor, Indonesia to produce and sell medium and low carbon ferromanganese alloy.

The Kupang Smelting Hub facility will contain at least eight furnaces built in stages over five years, targeting the production of a premium quality ferro-manganese alloy. Commissioning is expected in the first half of 2018, with initial production ramping to 22,000 tpa of FeMn alloy, building to over 200,000 tpa at full production.

Key June Quarter Developments

Binding Land Lease Agreement Signed for Kupang Smelting Hub Facility

During the quarter, the Company's wholly-owned subsidiary PT Gulf Manganese Grup ('PT Gulf') signed a binding Land Lease Agreement with the Government of East Nusa Tenggara Province for the construction of the Smelting Hub Facility in the Bolok Industrial Estate in Kupang.

The Bolok Industrial Estate was the original site selected by Gulf for the construction of the facility, and the 23.5 Hectare block of land is directly adjacent to the Government-owned Power Station and about five kilometres from the main Tenau port.



Gulf Manganese Corporation Limited
Developing Premium Indonesian Manganese Alloys
www.gulfmanganese.com

For personal use only



Figure 1: The Kupang Smelting Hub site in the Bolok Industrial Estate with PLTU Power Station on the left.

Kupang Smelting Hub Facility - Site Works Update

Following the ground blessing ceremony held on site in June, the area has been cleared in preparation for construction. Construction power from the adjacent government owned power station has been connected and site work for the short form AMDAL has been completed. It is expected that the AMDAL presentations to the regulatory authorities will take place in early August.

Temporary site offices are now being shipped to site and will be installed shortly. The topographical survey has been completed with profiling and production of topographical drawings being finalised. Geotechnical drilling is currently underway on the furnace footing locations, with the final profiling of the land expected to be completed shortly ahead of the commencement of civil works.

An Indonesian construction company has been shortlisted to work under EPCM contractor, XRAM, with the Indonesian construction firm to be responsible for civil and steel works to be completed before the smelters arrive in Indonesia. The Company will also be responsible for ensuring that all the construction drawings and design from XRAM in South Africa are converted to local standards.

Meanwhile, work has stepped up on securing initial manganese supplies with binding agreements with local miners. Recruitment of Indonesian geologists and mining engineers is underway to add to the team negotiating and evaluating local ore supplies.

In addition, Gulf's legal team is also progressing permitting to allow sale and shipment of manganese concentrates (>49% Mn) under the Indonesian provision for smelting and processing companies to sell concentrate during construction to assist with cash flow. The Company will provide further updates on this permitting process in due course.

South African Smelter Refurbishment Update

Post quarter end, the Company completed the final payment to Transalloys Pty Limited ("Transalloys") for the purchase of the Gulf's first two smelters, with the refurbishment of these two smelters now underway in Pretoria, South Africa, prior to their shipment to Kupang.

The smelter refurbishment program in Johannesburg is a key component of the Kupang construction program. It is expected that the program will be completed in Q4, whereupon the components are transported to Durban for final inspection and containerising. The smelters will then be shipped to Indonesia.

This ensures that the development timeline for Kupang remains largely unabated as the Company targets the commissioning of the facility in the first half of 2018.

Indonesian shipping agents have been selected to manage and supervise logistics and permitting, and will manage the process from Durban through to Kupang. It is expected that the shipment will go direct to the Tenau Port at Kupang, located a short distance from the Kupang Smelting Hub site.

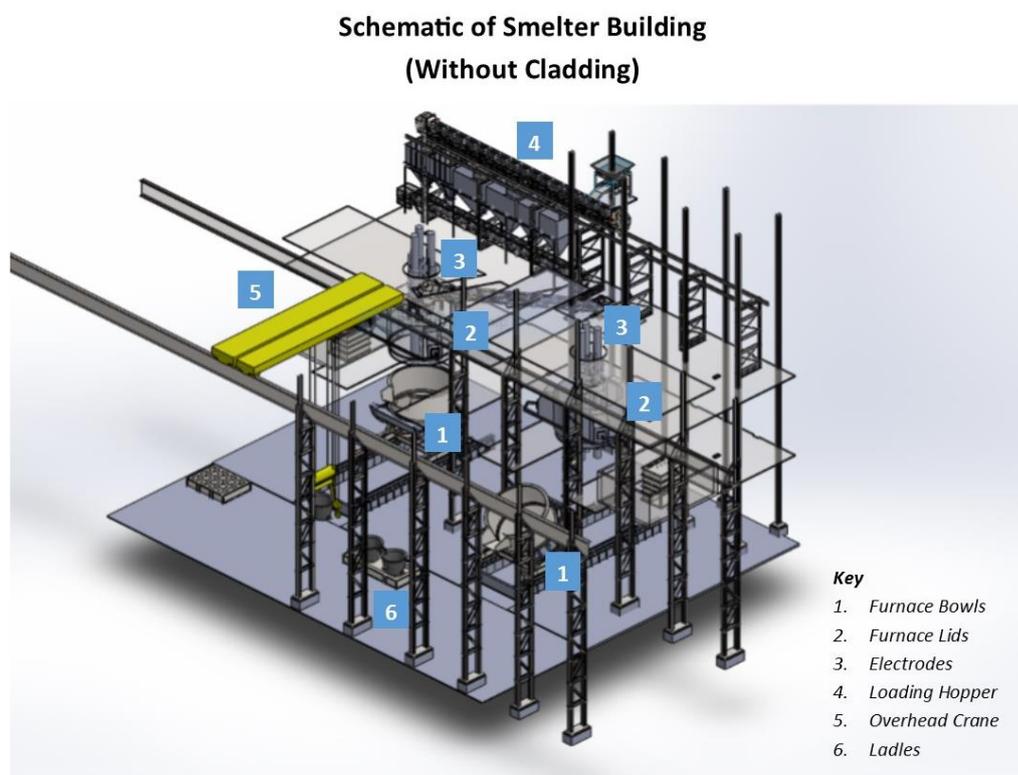


Figure 2: The schematic of the smelter building.

Corporate Activity Update

Funding Secured to Advance Kupang Smelting Hub Facility

A key catalyst during the June quarter was the securing of additional capital to advance the development of the Kupang Smelting Hub Facility.

In April, a total of 204,600,000 ordinary shares were issued at \$0.005 per share raising total proceeds of A\$1,023,000 – with the shares issued to sophisticated investors utilising the Company’s 15% investment facility.

Further to this, Gulf also advised during the quarter that investors had subscribed to raise a total of A\$12 million to complete the purchase of the first two smelters and the commencement of the construction of the Kupang Smelting Hub.

In June, Gulf raised A\$7 million through a combination of a share placement of 466,666,667 New Shares at \$0.015 per share with free attaching 3 for 2 Listed Options (GMCO) exercisable at 0.5 cents each expiring 21 April 2019. In addition, the Company advised that it had finalised a Convertible Note facility raising an A\$1 million in June.

As previously advised, the Company also received binding commitments to raise an additional A\$4 million on the same terms, which will complete the A\$12 million capital raising. A\$1 million has now been received with the additional A\$3 million expected to be received no later than September 30, 2017.

Management Commentary

Gulf's Managing Director, Hamish Bohannan, commented: "The June quarter was a very productive period for the business, highlighted by the securing of additional funding, re-listing of the Company's securities on the ASX and commencement of key operational programs both in South Africa and on site in Kupang.

"Importantly, the unwavering support of our shareholders and financiers during recent months has further reaffirmed our vision to create a world-class manganese smelting business in Indonesia – and the construction of our first two smelters remains on-track for completion in the next 12 months.

"Gulf is now entering an exciting phase in its development with a number of key operational milestones earmarked for completion over the next 3-6 months, and the Company looks forward to providing further updates to our shareholders in due course."

-ENDS-

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



Follow us on Twitter @GulfManganese

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.