

Opening the Gateway for  
**Premium Manganese**

**gulf**

**ASX : GMC**

Gulf Manganese Corporation Limited

PT Gulf Mangan Grup



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# Investment Highlights

- 


**First Mover Advantage**

Gulf to build the first Ferro Manganese(FeMn) smelting complex in Timor, Indonesia – unlocking significant value and providing a ‘global gateway’ to world-class product
- 


**Superior Raw Materials**

Smelter to be supplied by High Grade Manganese Ore initially from West Timor
- 


**Low Cost**

Gulf’s projected production costs are 20% lower than the industry average; projected margin of USD20 million per annum – USD700/t FeMn Alloy <sup>1</sup>
- 

**Highly Scalable**

Modular construction facilitates seamless expansion; Gulf is targeting up to Eight 9MVA units over time
- 

**Significant Ramp-Up**

Production Starting at 22,000 tpa, increasing to 155,000 tpa of FeMn Alloy
- 

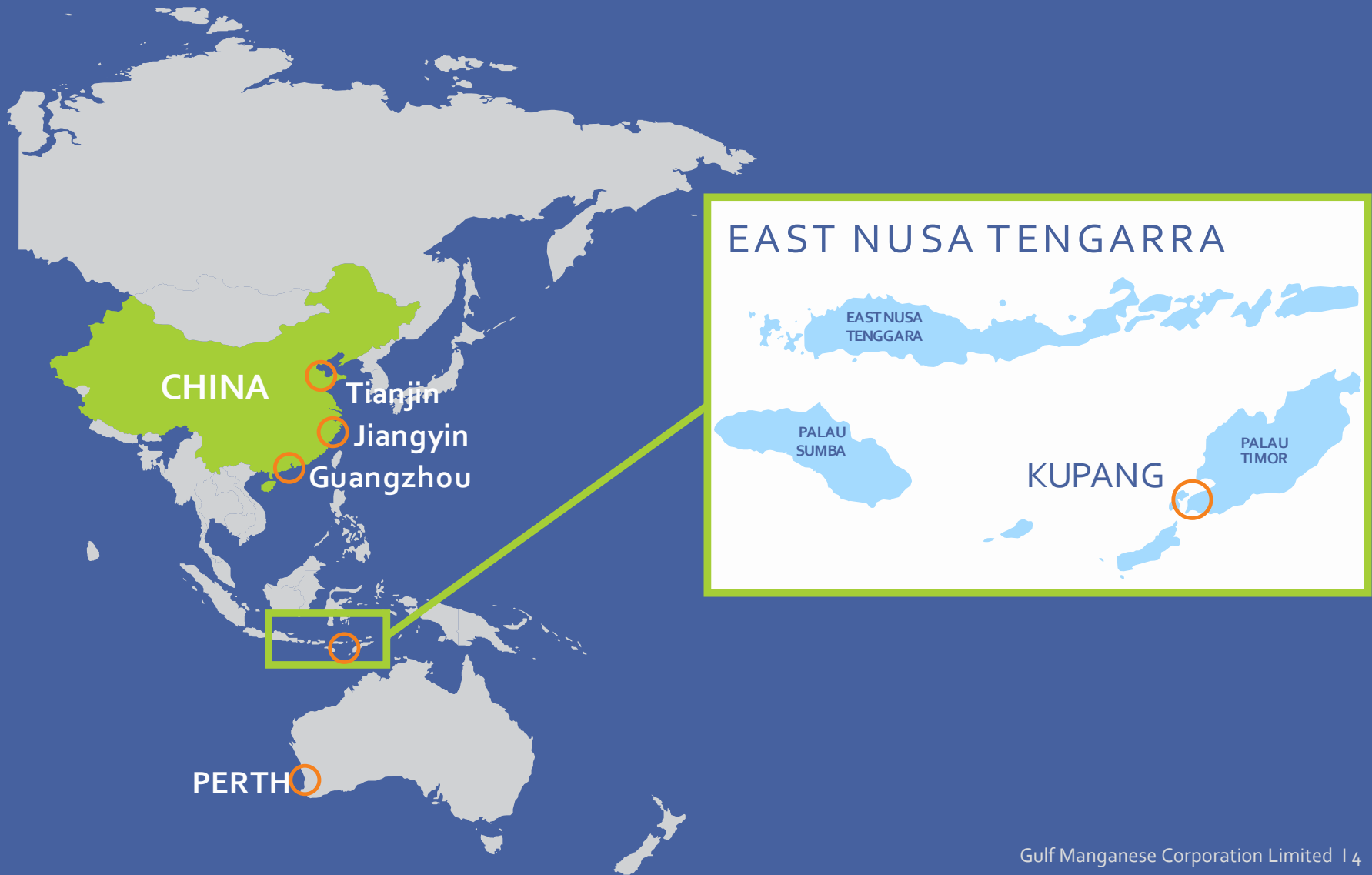
**Near-Term Cash Flow & Production**

First Two Units have already been sourced from South Africa and are expected to be commissioned by Q1 2018

1. Based on MCFeMn at USD1500 per tonne, as per slide 24

# Site Location and Chinese Ports

## Kupang – West Timor, NTT



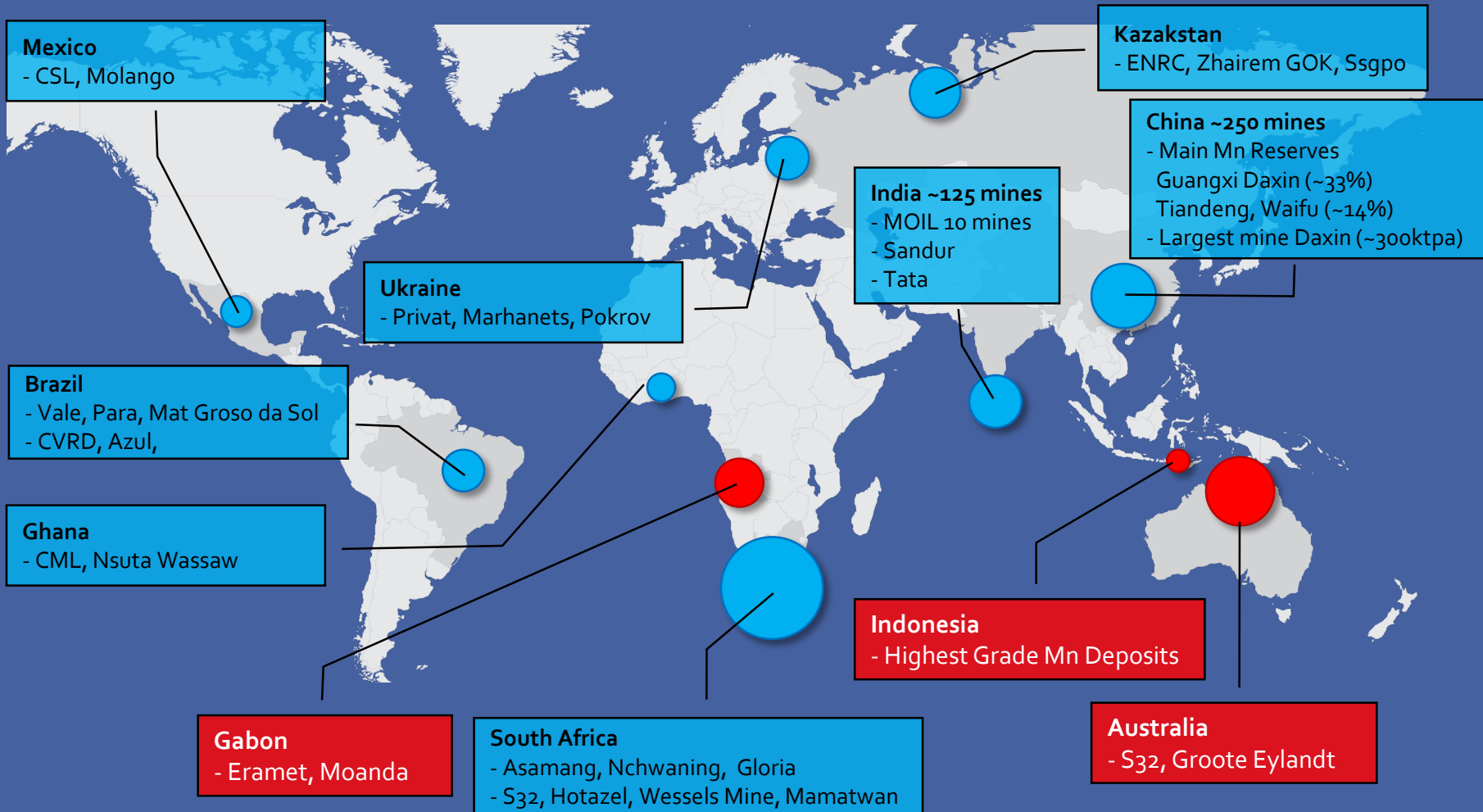
# Kupang, West Timor, NTT



# World Manganese Deposits

**● High grade (+44%)**

**● Medium to low grade (<44%)**



# Indonesian and Asian Alloy Hub

## Kupang Hub Smelting Facility Overview

- Kupang Smelter Complex will comprise at least Eight Furnaces, built in stages as the ore supply chain develops
- First two smelters secured from South Africa – shipping to site Q2 2017
- Early sales of Mn concentrate to provide near-term cash flows
- Initial Power supplied by state power utility on unit cost basis from power station adjacent to smelter site
- Cost of first two smelter installation and working capital USD17 million
- Construction through 2017, with commissioning and positive operating cash flow from Q1 2018



**One of the two smelters in situ at  
Transalloys in South Africa**

# Indonesian and Asian Alloy Hub

## Kupang Hub Smelting Facility Overview

Kupang Smelter Project		Annualised Performance			
		2 Units	4 Units	6 Units	8 Units
Installed Smelter Capacity	MVA	14	32	50	68
<b>Physicals</b>					
Mn Ore Purchased	t	65,847	150,507	235,167	319,827
FeMn Alloy Sold	t	31,640	72,320	113,000	153,680
<b>Costs</b>					
Ore Purchase & Preparation	USD	6.8	15.7	24.5	33.3
Smelting	USD	17.8	38.1	58.2	78.7
Overheads	USD	0.9	2.0	3.1	4.2
<b>Total Operating Costs</b>	<b>USD</b>	<b>25.5</b>	<b>55.8</b>	<b>85.8</b>	<b>116.2</b>
<b>Revenue from Sales</b>	<b>USD</b>	<b>47.5</b>	<b>108.5</b>	<b>169.5</b>	<b>230.5</b>
<b>Net Operating Margin</b>	<b>USD</b>	<b>21.9</b>	<b>52.7</b>	<b>83.7</b>	<b>114.3</b>



# Key Offtake Partnership with Renova Group

## Proximity to Tenau Port

Offtake agreement signed with Renova Group for the sale of up to 60% of manganese alloy produced from the Kupang Smelting Hub Project from first three years of production

Site is 4km from the Tenau Port that has both bulk and container loading facilities.

# Bolok Industrial Estate

## Excellent Proximity to Power Station



# Unlocking the Value of Indonesia Manganese Ore

## Manganese – The Wonder Element

Manganese is the 4th most used metal after iron, aluminium and copper

90% of the World's Manganese is used by the steel industry

Indonesia has substantial high grade manganese ore deposits

Indonesian legislation does not allow for export of "untreated" ore<sup>2</sup>

**Manganese is Essential for Steel Production:**

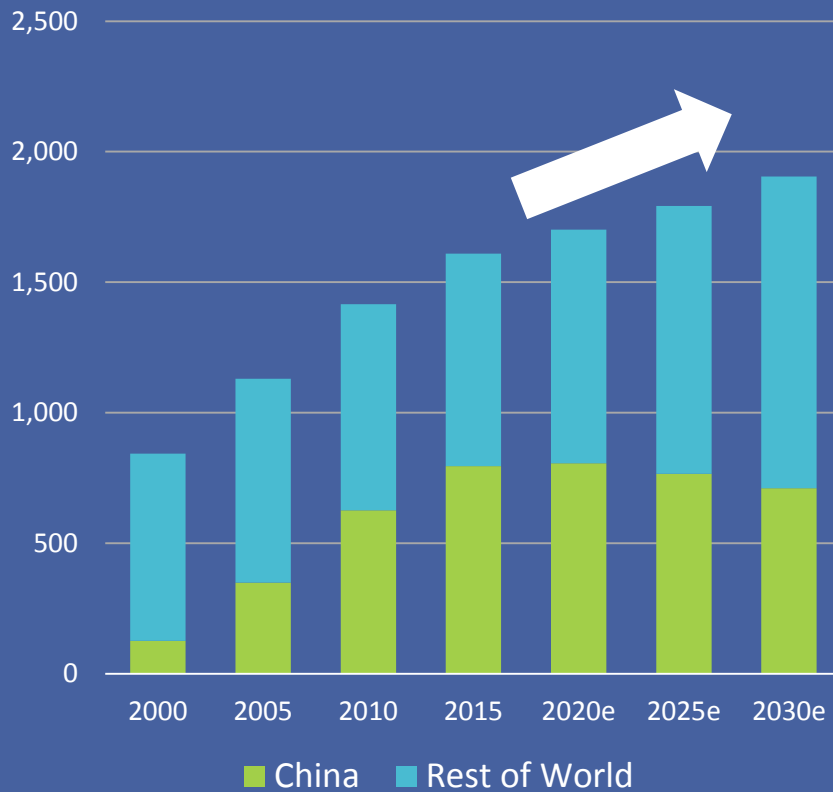
- De-sulphurises and
  - de-oxygenises
- Increases strength and hardness

**Other uses: Dry cell batteries, agriculture (fertiliser), health and special alloys**

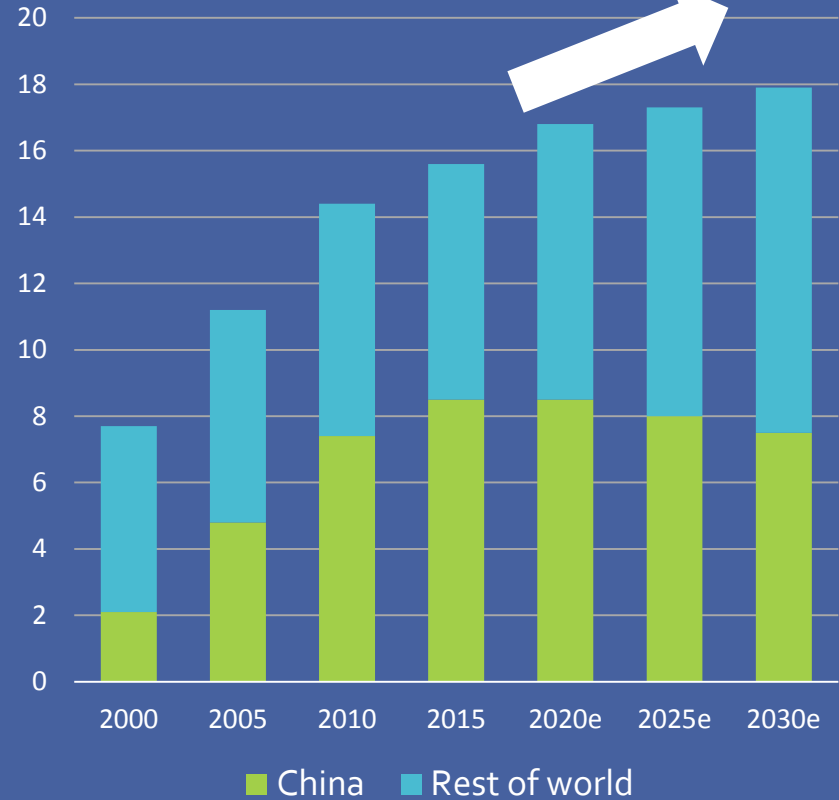
<sup>2</sup>. Except by smelting companies with a special licence.  
Gulf will apply for a licence as soon as construction commences.

## Demand Projects Gulf Geared for Growth

**Global Steel Production**  
(Million tonnes)



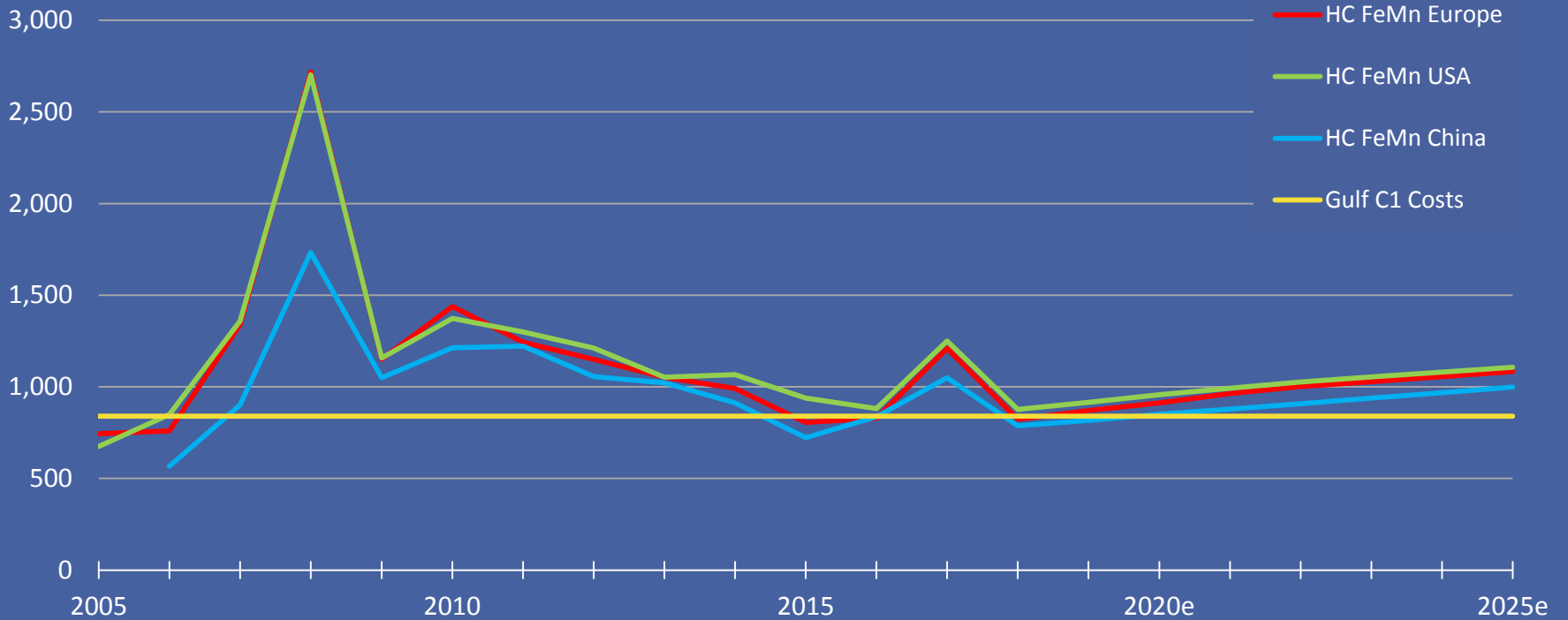
**Global Manganese Ore in Alloys**  
(Million Tonnes, contained Mn)



# Manganese Alloy Spot Prices 2005-2025

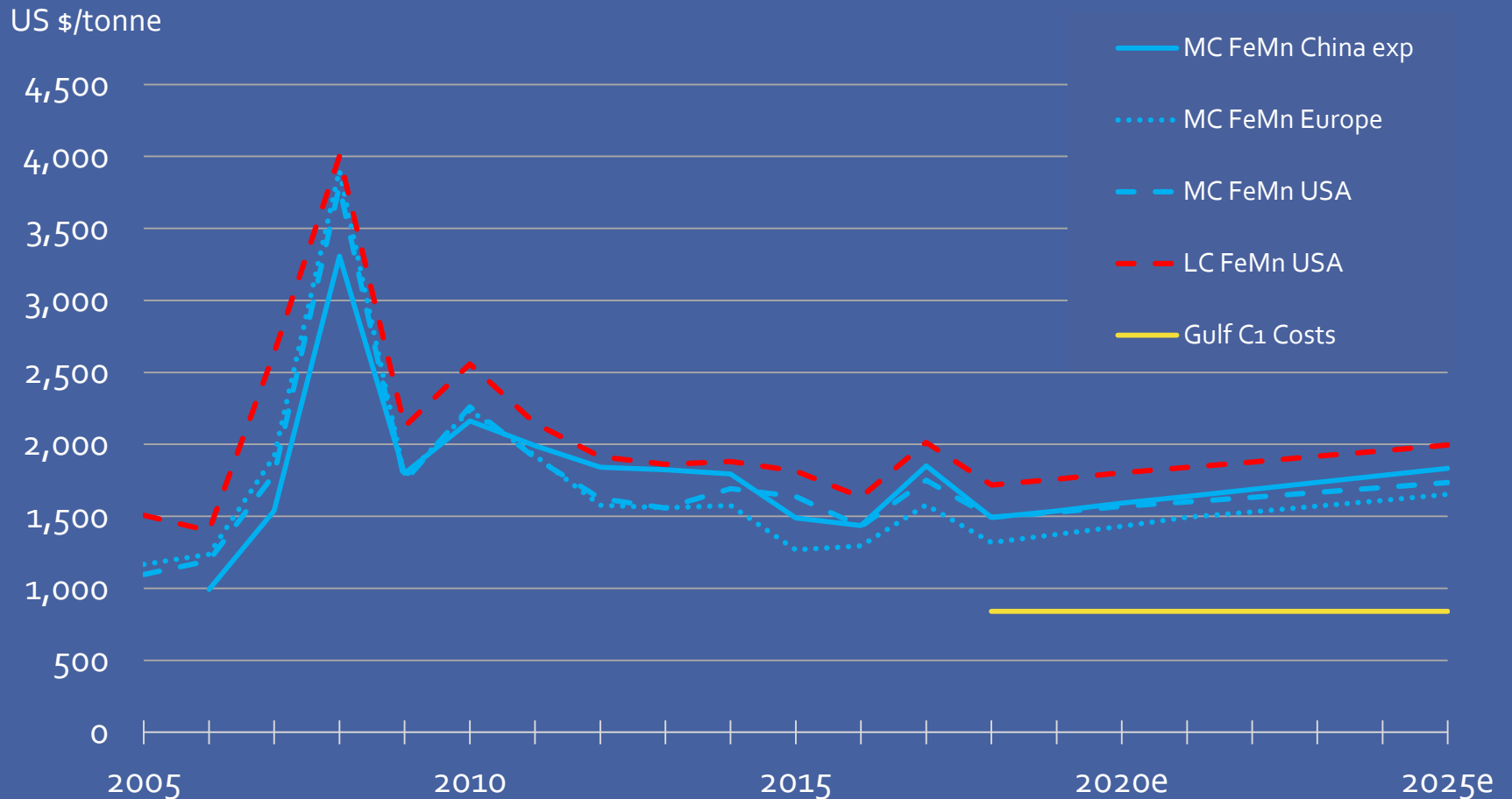
## Manganese Alloy Spot Prices

US \$/tonne



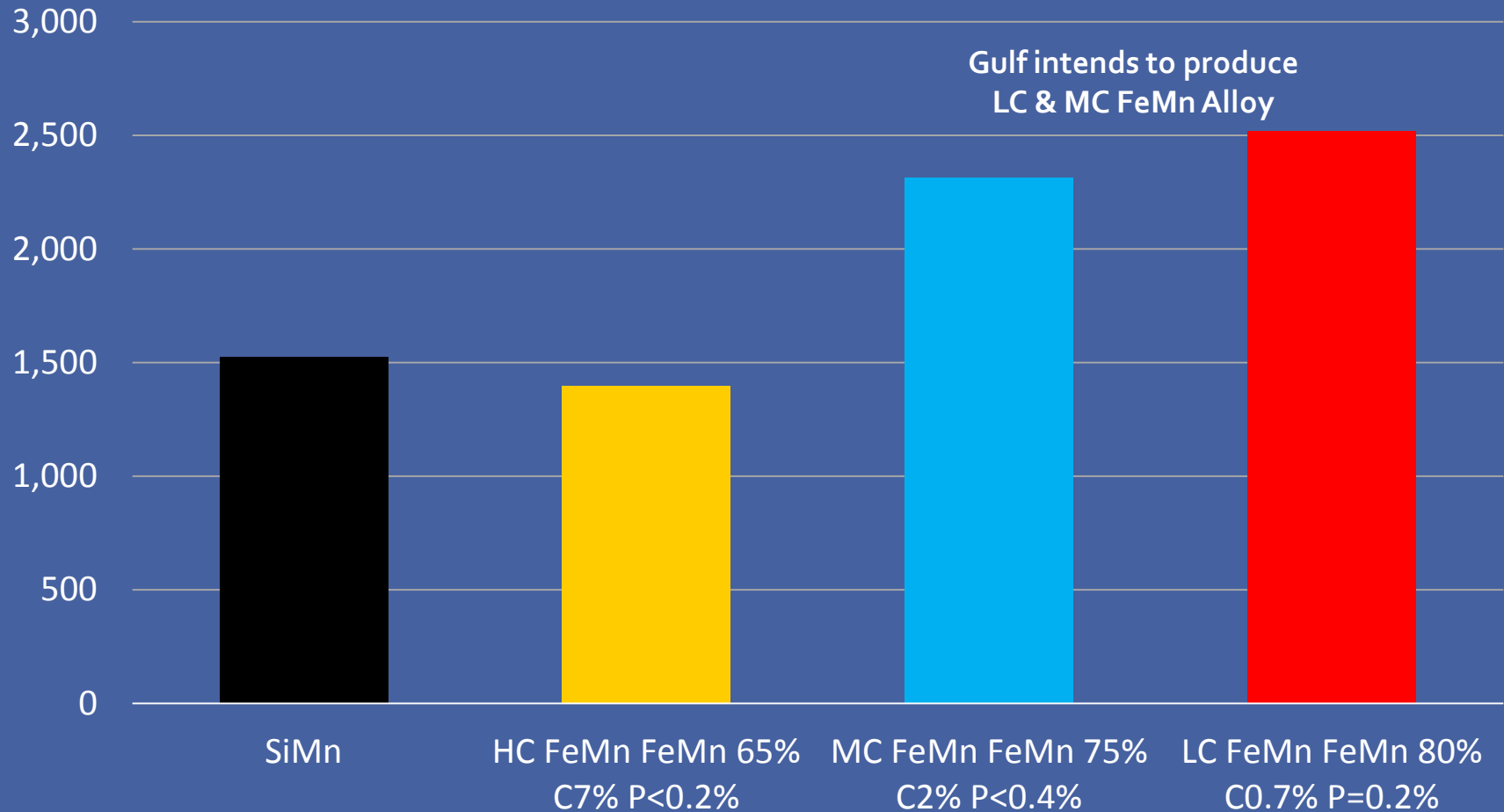
# Manganese Alloy

## Spot Prices 2005-2025



# Manganese Alloy

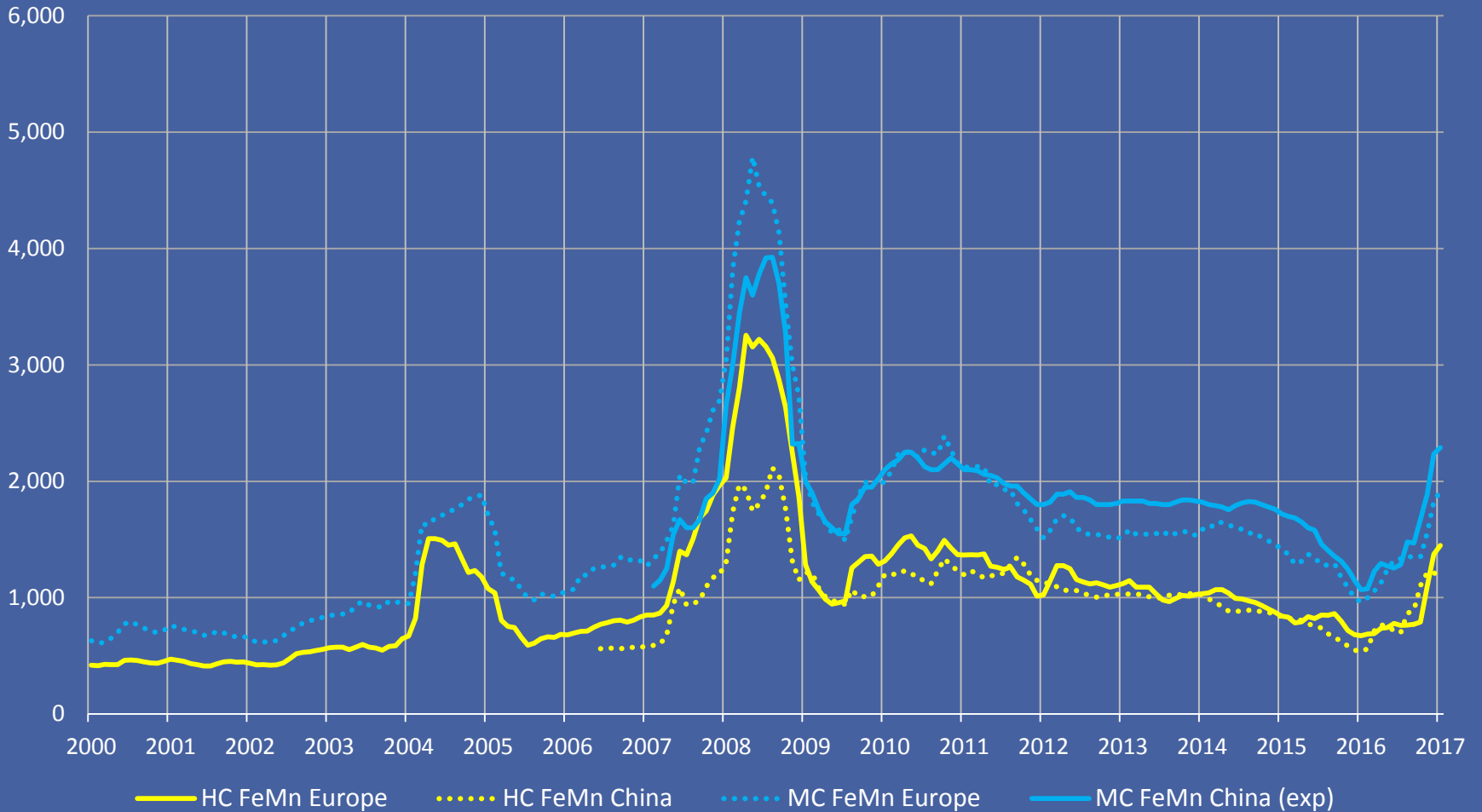
## Price USD/mt – Jan 2017



# Ferro Manganese

## Historical Prices – China and Europe

(USD/t)

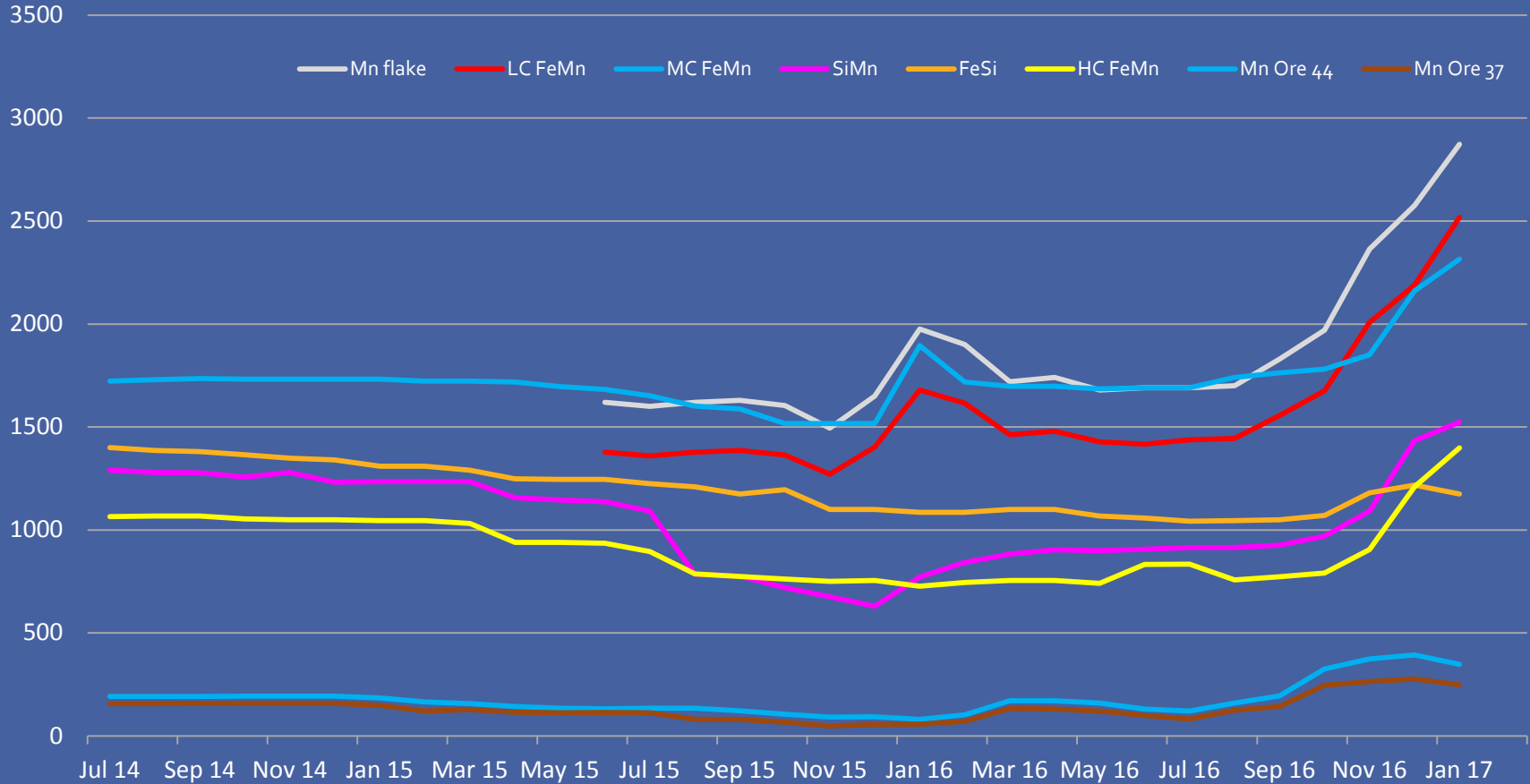




# Manganese Value Chain

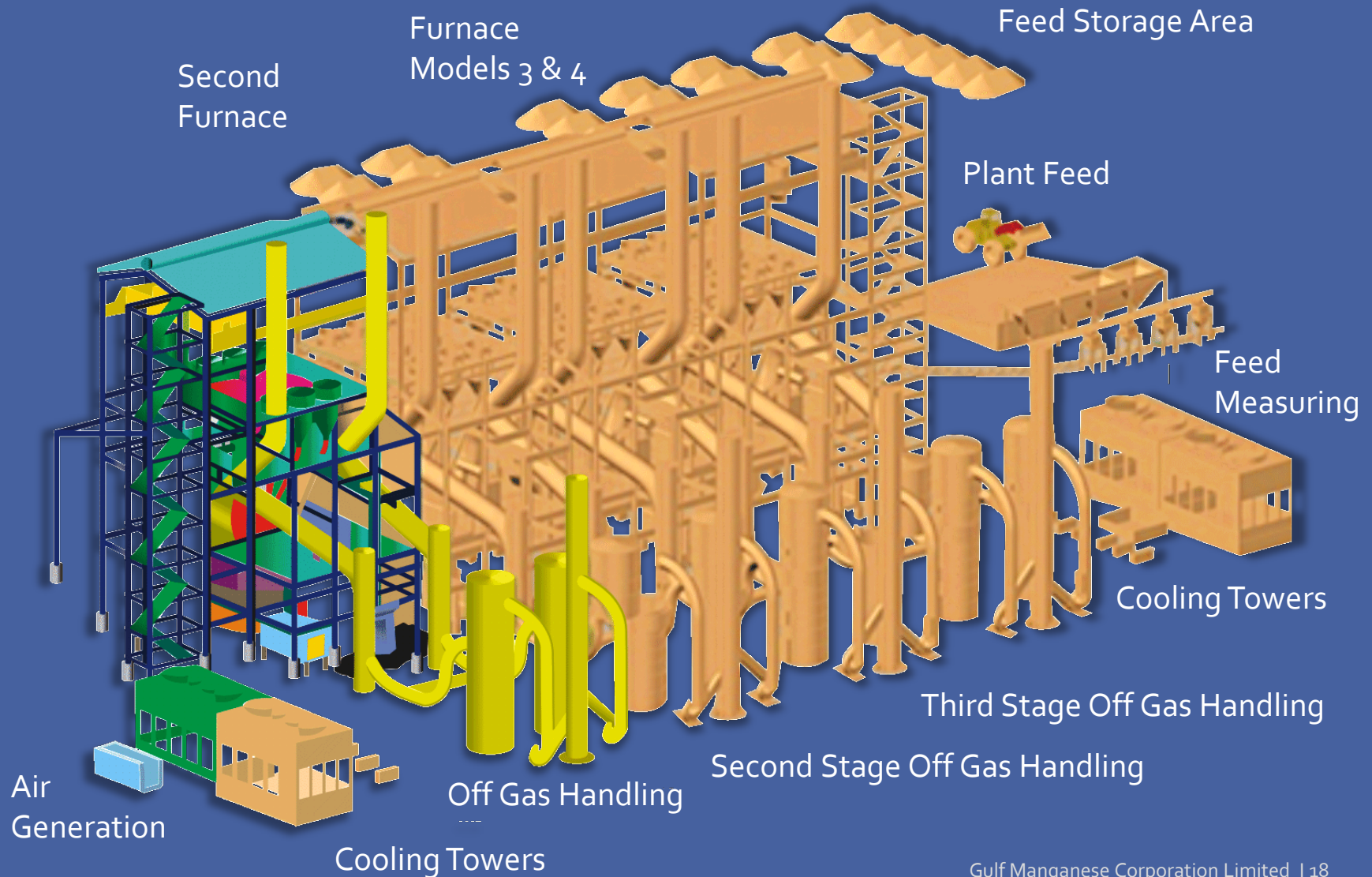
## Gulf Geared for Growth

Sales Price  
(USD/t)



# Smelter Expansion Stages

## Furnace Development Supply Chain



# Strengthened Board and Management

## New Direction



### **Craig Munro – Non-Executive Chairman**

- Strong track record with over 35 years experience in finance and corporate governance.
- Recent experience with copper smelting in Congo.



### **Hamish Bohannan - Managing Director & CEO**

- Brings a wealth of experience to the Board having held a number of CEO and MD roles with listed companies in both Australia and overseas.
- Previously MD of Koba Tin, with mining & smelting operations in Sumatra, Indonesia.



### **Andrew Wilson– Non-Executive Director**

- B Comm (Marketing) and a Masters of Law with 30 years of legal experience.
- Extensive experience including being President Director of PT BHP Indonesia, a director of various public companies inc. Herald & Robust Resources.



### **Leonard Math – Company Secretary & CFO**

- Bachelor of Business majoring in Accounting and Information Systems
- Member of the Institute of Chartered Accountants. Has worked with Deloitte as an auditor with public company experience in ASX and ASIC compliance and statutory financial reporting.

# Corporate Overview

## Contact Details

### Issued Capital

Ordinary Shares	1,571,183,253
Unlisted Options	172,325,917
Listed Options	461,823,967
Performance Rights	85,000,000
Market Capitalisation	AUD\$57.4 million (at 4.0c per share) (Undiluted)
ASX Code	GMC
Convertible Notes	None

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Appendix

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# Strengths – Opportunities

## Weaknesses – Threats

		Strengths	Weaknesses	
Internal		<ul style="list-style-type: none"> <li>Large database of geological knowledge</li> <li>Supply agreements in place to under-pin Manganese ore supply</li> </ul>	<ul style="list-style-type: none"> <li>Limited Indonesian proven mineral resource base to underpin development (JORC)</li> <li>Project funding to be secured</li> </ul>	
		<ul style="list-style-type: none"> <li>People on the ground with local knowledge</li> <li>Multi-level government support</li> <li>Complies with licences and approvals</li> <li>High grade manganese ore available</li> <li>Close to Port (African / Australian mines are typically 400+ Km from ports)</li> </ul>	<ul style="list-style-type: none"> <li>Power costs are reasonable but power is a major cost</li> <li>Power reliability is not strong</li> </ul>	
		<ul style="list-style-type: none"> <li>Proximity to the mostly Asian Mn markets</li> <li>Proximity to Indonesian Coal/Iron Ore mines for smelter consumables</li> </ul>		
		<ul style="list-style-type: none"> <li>Start-up power supply available and economical</li> </ul>		
			Opportunities	Threats
	External		<ul style="list-style-type: none"> <li>Currently no competition in Processing or Smelting in Timor</li> </ul>	<ul style="list-style-type: none"> <li>Ore Supply, but the first smelter to market will gain a strong hold on ore supply</li> </ul>
			<ul style="list-style-type: none"> <li>Local small scale Mn suppliers can mine and sell Mn ores once a processing route is established</li> </ul>	<ul style="list-style-type: none"> <li>Other companies entering the smelting business</li> </ul>
			<ul style="list-style-type: none"> <li>High unemployment in Timor will provide a ready source of labour</li> </ul>	<ul style="list-style-type: none"> <li>Potential loss of export or other permits if milestones not achieved</li> </ul>
			<ul style="list-style-type: none"> <li>Scalability - The operation can be developed in a staged manner (Modular)</li> </ul>	
			<ul style="list-style-type: none"> <li>Exploration Ore supply potential in Timor and neighbouring Islands</li> </ul>	
		<ul style="list-style-type: none"> <li>Mn price is semi-cyclical in nature and is at low levels currently</li> </ul>		
		<ul style="list-style-type: none"> <li>Early start-up of Cash flow using low cost processing and Mn lump sales</li> </ul>		
	<ul style="list-style-type: none"> <li>As a smelting company , application can be made to sell a component of unprocessed ore</li> </ul>			

# High Value LCLP FeMn

## High Quality Niche Producer

Kupang Smelter Project				MCFeMn Alloy		
<b>Physicals</b>						
Mn Ore Purchased				65,847	tpa	
Smelter Feed				59,262	tpa	
FeMn Alloy Sold				31,640	tpa	
<b>Operating Costs</b>				<b>USD</b>	<b>USD/t</b>	<b>%</b>
Ore Purchase	\$80.00 /t purch			5.27	166.49	20.6%
Beneficiation	\$12.50 /t purch			0.82	26.01	3.2%
Laboratory	\$2.50 /t purch			0.16	5.20	0.6%
Logistics	\$10.00 /t smelt			0.59	18.73	2.3%
<b>Total Processing</b>				<b>6.85</b>	<b>216.44</b>	<b>26.8%</b>
Iron Ore	\$75.00 /tonne	0.212	t/t FeMn	0.50	15.90	2.0%
Coal	\$85.00 /tonne	0.944	t/t FeMn	2.54	80.24	9.9%
Limestone	\$20.00 /tonne	0.502	t/t FeMn	0.32	10.04	1.2%
Ferro Silicon	\$1,035.00 /tonne	0.341	t/t FeMn	0.00	0.00	0.0%
Burnt Lime	\$80.00 /tonne	0.480	t/t FeMn	0.00	0.00	0.0%
Temporary Expat Staff				0.60	18.96	2.3%
Salaries/Wages	\$128,844 /installed unit			0.26	8.14	1.0%
Salaries/Wages	\$1,180,681 /annum			1.18	37.32	4.6%
Power	\$360.47 /tonne	\$3,277	\$0.110	11.41	360.47	44.6%
Smelter Consumable	\$10.00 /tonne			0.32	10.00	1.2%
Logistics	\$8.00 /tonne			0.25	8.00	1.0%
Maintenance	3.0% of installed capital			0.35	11.06	1.4%
Fuels/Oils	\$1.00 /tonne			0.03	1.00	0.1%
Environmental	\$24,000 /year/unit			0.05	1.52	0.2%
<b>Smelting</b>				<b>17.80</b>	<b>562.65</b>	<b>69.6%</b>
Insurance	\$2.00 /tonne	-	-	0.06	2.00	0.2%
Overheads (site)	0.50% of revenue	0.3	min	0.30	9.48	1.2%
Overheads (corp)	1.20% of revenue	0.500	min	0.57	18.00	2.2%
<b>Overheads</b>				<b>0.93</b>	<b>29.48</b>	<b>3.6%</b>
<b>Total Op Costs</b>				<b>25.58</b>	<b>808.57</b>	
<b>Revenue</b>				<b>47.46</b>	<b>1,500.00</b>	
<b>Net Operating Margin</b>				<b>21.88</b>	<b>691.43</b>	