

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
21 July 2017

Gulf Operational Update

Smelter Refurbishment and Kupang Work Program Underway

- **Final payment made to Transalloys Pty Limited for the purchase of first two smelters and smelter refurbishment program commenced in South Africa**
- **Construction power from the adjacent government owned power station connected at Kupang site and Indonesian construction company shortlisted to work under EPCM contractor XRAM**
- **Indonesian shipping agents selected to manage and supervise logistics and permitting process – shipment to Kupang scheduled for Q4 2017**
- **Gulf well-funded to execute near-term operational milestones and remains on-track for completion of construction in Q2 2018**

Gulf Manganese Corporation Limited (ASX: GMC) (“**Gulf**” or “**the Company**”) is pleased to advise that following the closing of its successful capital raising (as announced on 23 June 2017) work has commenced both on site in Kupang, West Timor and in Pretoria, South Africa.

Importantly, 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 prior to their shipment to Kupang. Concurrently, the Kupang site works program is progressing on schedule following the recent completion of the site blessing with the local community and government officials and land clearance work.

Smelter Refurbishment Underway in South Africa

A key catalyst in the construction program lies initially with the refurbishment program in South Africa and the shipment of the smelters to Indonesia. It is expected that the program will be completed in November, with the dismantling and refurbishment taking about twelve weeks, before the components are shipped to Durban for final inspection and containerising. The equipment is expected to arrive in Indonesia in December.

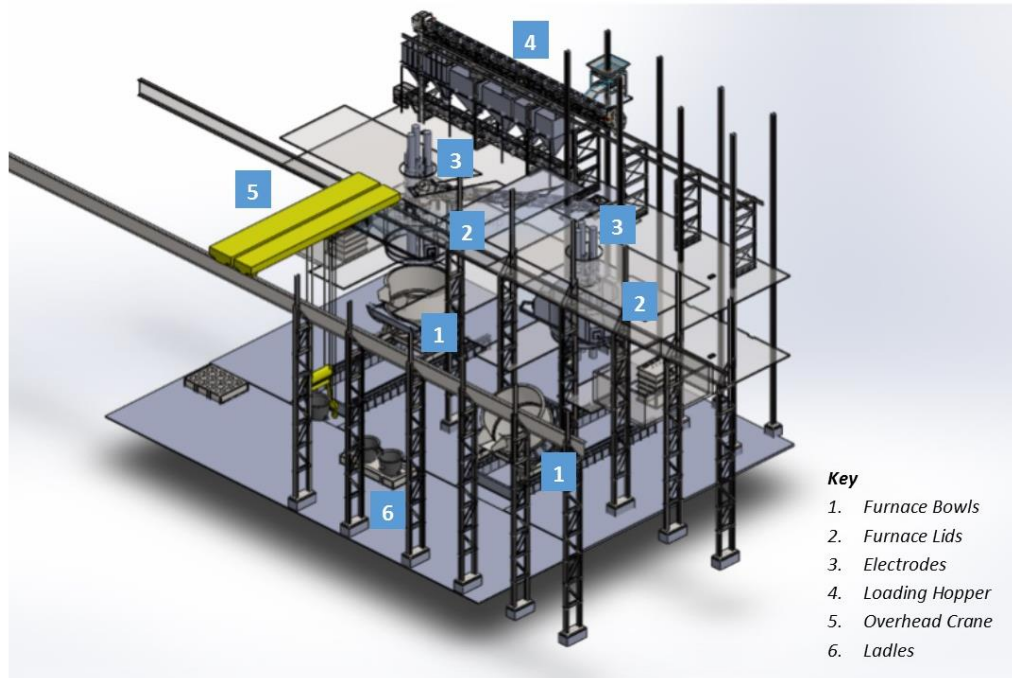
The first items to be removed are the transformers which have already passed initial oil testing but will now be stripped, insulation replaced and filled with new oil. There are three transformers, being one for each furnace and a spare.



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Next step is removal of the furnaces, cradles and lids for complete strip down and reconditioning of gearboxes and moving components. The final components are the hydraulic lifters for the electrodes. All hoses will be replaced with new and cylinders will be fully overhauled. At the same time, all copper bus-bars will be removed and brought back to new.

**Schematic of Smelter Building
(Without Cladding)**



Furthermore, 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.

Kupang Smelting Hub Site Works Program

In Indonesia, the site in the Bolok industrial area has now been cleared, construction power from the adjacent government owned power station is now 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 have been procured and are now being shipped to site. The topographical survey has been completed with profiling and production of topographical drawings being finalised. Geotechnical drilling currently underway on the furnace footing locations. The next step is final profiling of the land in preparation for commencement of civil works. Ground water surveys were completed last week.

An Indonesian construction company has been shortlisted to work under EPCM contractor, XRAM. The Company will 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.

Concurrently our lawyers are 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.

Gulf's Managing Director, Hamish Bohannan, commented, "Gulf is now progressing rapidly towards the construction of our world-class smelting hub facility in Kupang, with a number of key operational milestones recently executed following the securing of additional funding this month.

"Gulf has put in place a highly experienced team in Kupang, headed by our Chief Operations Officer Paul Robinson, and I am extremely pleased with the inroads made in Indonesia over recent weeks. Further to this, the refurbishment of our first two smelters will be completed in Q4, ensuring that our development timeline for Kupang remains largely unabated as we target the commissioning of the facility in the first half of 2018.

"We would like to thank our shareholders for their continued support over recent months, and the Board remains steadfast in commitment to developing a global manganese business in West Timor."

-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



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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.