

gulf

Developing Premium Indonesian Manganese Ferro Alloy

ASX : GMC



Gulf Manganese Corporation Limited

PT Gulf Mangan Grup

Investment Highlights

Poised for Growth

Gulf plan to build the first FeMn smelting complex in Timor, Indonesia

Complex to be supplied by Indonesian high grade manganese ore

Cost of production 20% less than industry average

Modular construction of up to Eight 9MVA units over time

Production starting at 13,500 tpa building up to 155,000 tpa of FeMn Alloy

Expected margin of USD250 – USD300 per tonne of FeMn Alloy

First two units sourced from South Africa to be commissioned Q4 2016/17

Strengthened Board and Management



Craig Munro - Chairman

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



Hamish Bohannon - 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.

New Direction



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.

Gulf Manganese Corporation Limited

Corporate Overview

Major Shareholders	%
Trinity Management Pty Ltd (Hamish Bohannan & Associated Entities)	5.51
Eduardo & Evelyn Saio	3.73
Peter Sheppard Associated Entities	3.71
Mrs Perla Bailey	3.07
Leet Investments	3.05
ABN Amro Clearing	2.98
Passio Limited	2.41
Trevor Neil Hay	1.73

Issued Capital – Post Rights Issue			
Ordinary Shares			1,179,178,307
Unlisted Options			81,275,917
Listed Options			22,679,000
Market Capitalisation		Circa - AUD 24 Million (Fully Diluted)	
ASX Code			GMC
Convertible Notes		47 Con Notes @ \$10,000 \$470,000	

Gulf Manganese Corporation Limited

Manganese – The Wonder Element (Mn)

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

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

Manganese is Essential for Steel Production

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

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



Indonesia has substantial high grade manganese ore deposits



Indonesian legislation does not allow for export of “untreated” ore

Republic of Indonesia - Facts

- Independence gained in 1945
- President elected Head of State
- 17,508 islands in 34 provinces
- Founding member of ASEAN
- Member G-20
- GDP growth 4.8% (2015)
- Low govt debt <27% GDP (2015)
- Population 257.6 million (2015)

Overview



Timor Smelting Facility

- Typically converts 48%+ ore into 78%+ manganese alloy
- Construct a Smelter Complex of up to Eight Furnaces, built in stages as the ore supply chain develops
- First two smelters from South Africa
- Initial Power supplied by state power utility on unit cost basis from power station adjacent to smelter site.
- Cost of first smelter installation and working capital USD10 million.
- Targeting construction H2 2016, operating cash flow positive from H2 2017.

Indonesian and Asian Alloy Hub



High Quality Ore

High Quality Alloy

Ore quality Comparisons:

- Indonesia: 48%+ Mn 2% Fe
- Rest of World: 44-50% Mn considered high grade

Typical Alloy Specifications:

- 78% Manganese
- 14.5% Iron
- 7.0% Carbon
- 0.5% Silicon

Global Manganese Deposits

● High grade (44%)

● Medium to low grade (<44%)



AC Arc Furnace

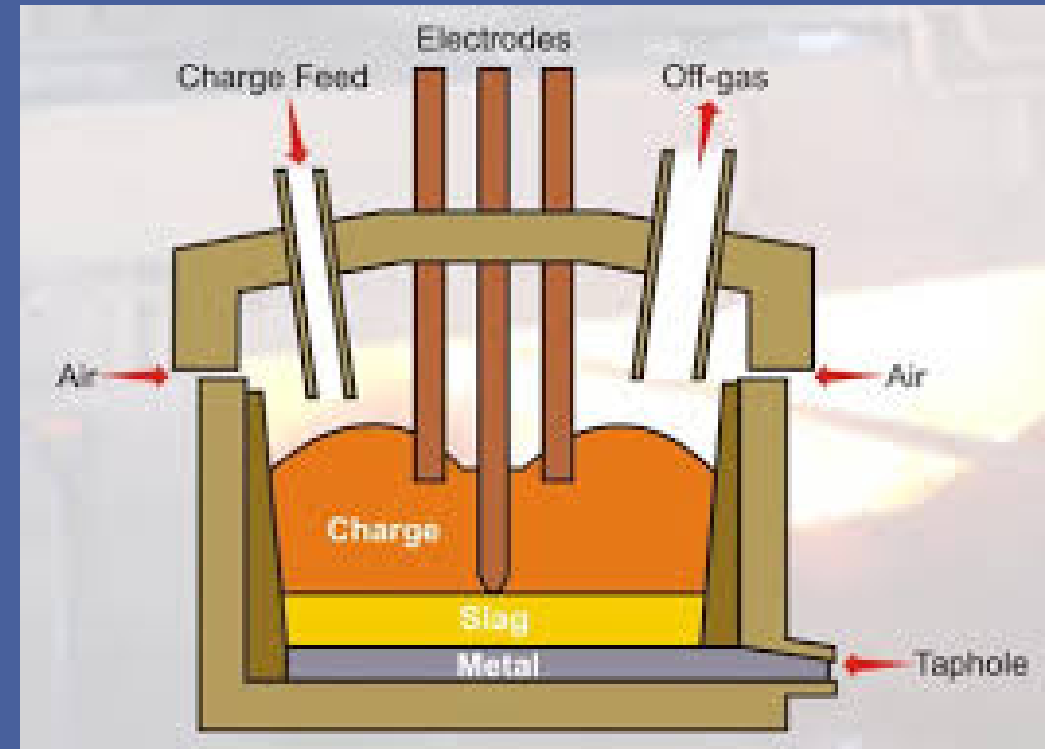
Proven Technology & Engineering

High
temperatures
release metal
from ore to
produce alloy

Fixed semi-
closed
furnaces

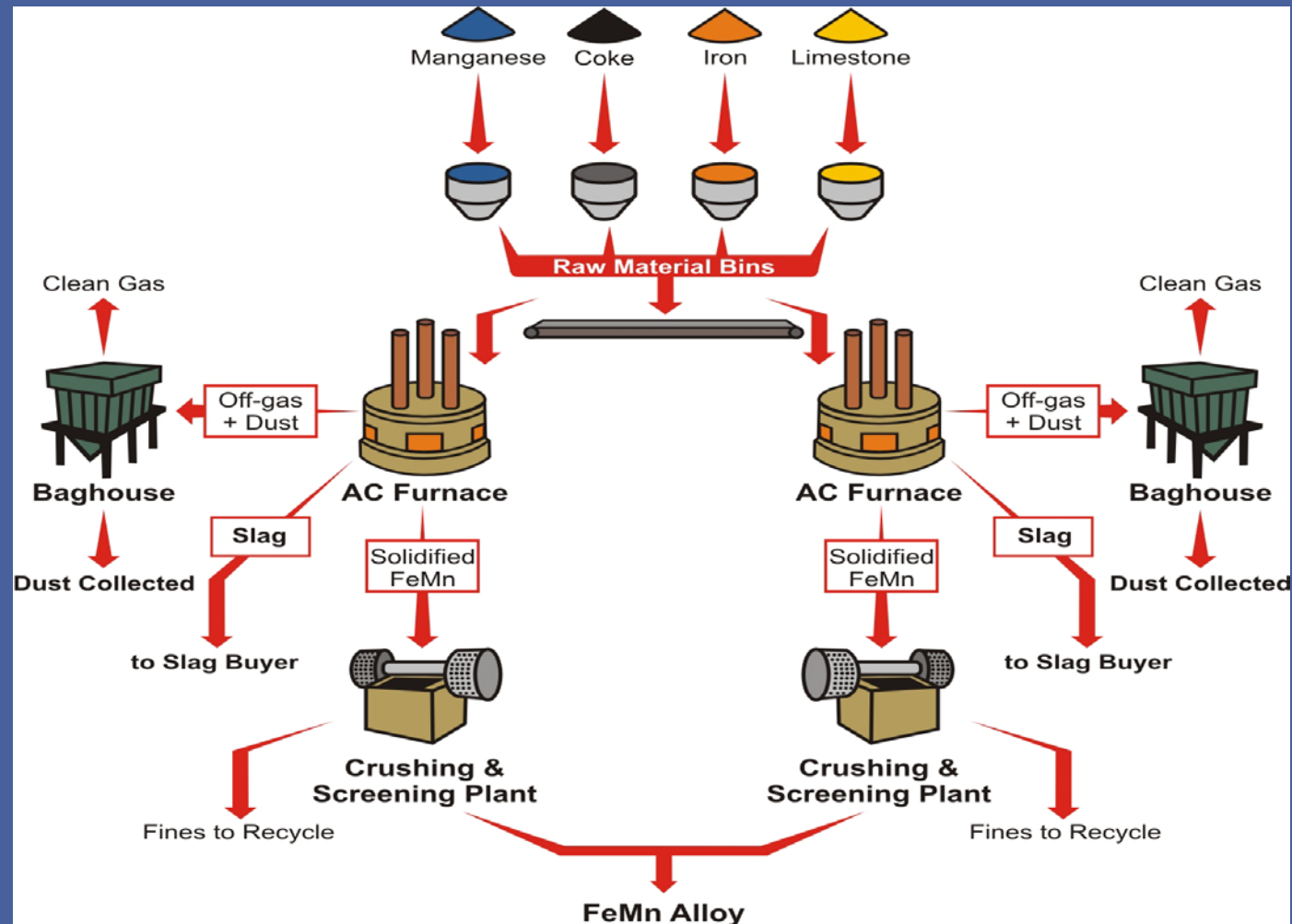
Proven
technology
over many
years

South African
built in
modular form
eliminates
construction
risk



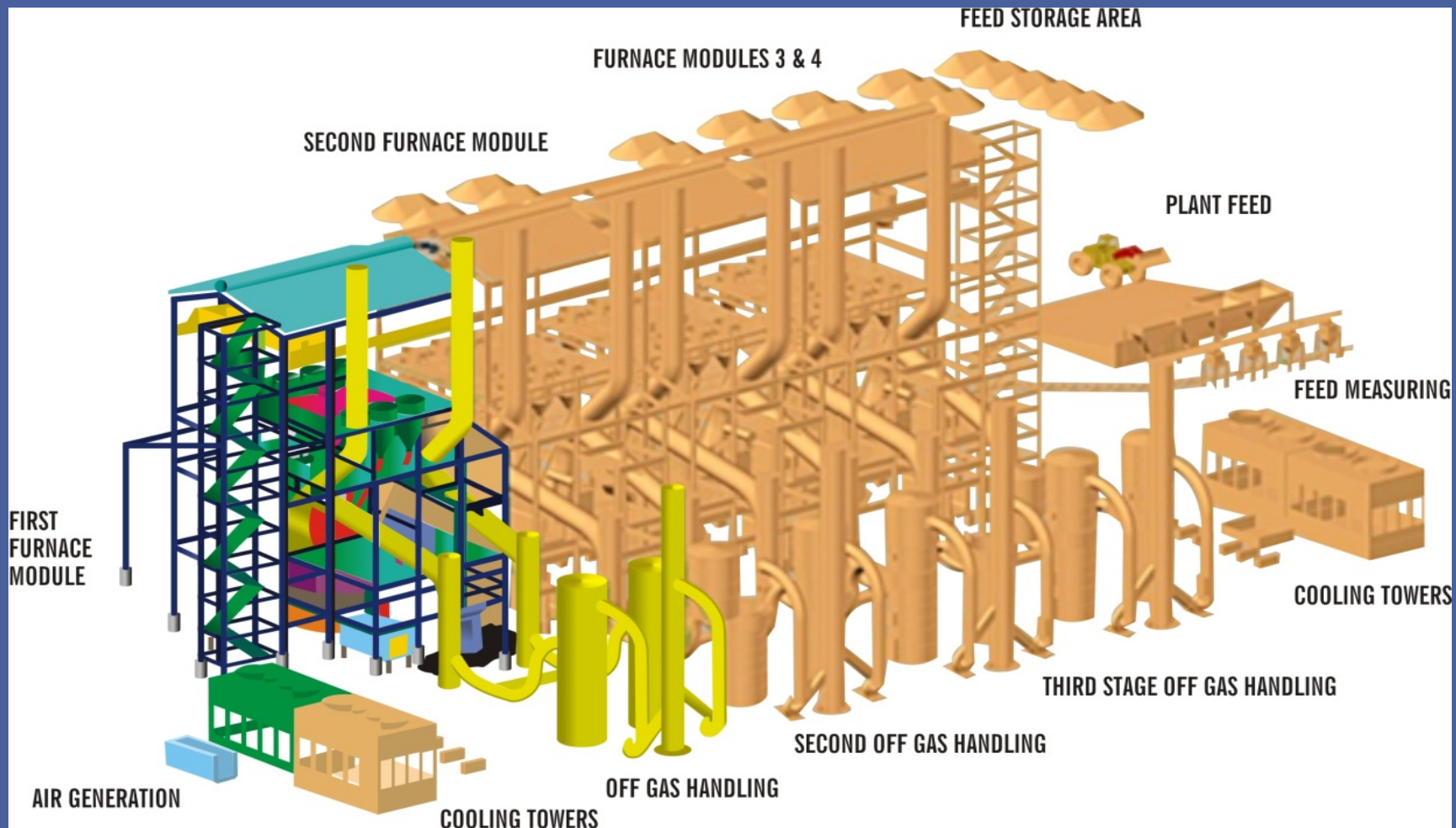
Smelting

Standard Furnace Process



Smelter Expansion Stages

Furnace Development Supply Chain



First Two Smelters

Furnace Development Supply Chain

Kupang Smelter Project		First Units		Each New Unit		Progressive Expansion				
		per annum	per tonne	per annum	per tonne	1	2	4	6	8
Plant Cost	USD	5.0		7.5		5.0	10.0	25.0	25.0	35.0
Installed Smelter Capacity	MVA	7.0		9.0		7.0	14.0	32.0	50.0	68.0
Physicals										
Mn Ore Purchased	t	32,923		42,330		32,923	65,847	150,507	235,167	319,827
Smelter Feed	t	29,631		38,097		29,631	59,262	135,456	211,650	287,844
FeMn Alloy Sold	t	15,820		20,340		15,820	31,640	72,320	113,000	153,680
Costs										
Ore Purchase	USD	3.4	216.4	4.4	216.4	3.4	6.8	15.7	24.5	33.3
Smelting	USD	9.2	579.4	11.4	562.3	9.8	17.8	38.1	58.2	78.7
Overheads	USD	0.8	51.5	1.0	51.5	0.8	1.6	3.7	5.8	7.9
Total Operating Costs	USD	13.4	847.4	16.9	830.2	14.0	26.3	57.5	88.5	119.9
Revenue from Sales	USD	17.4	1,100.0	22.4	1,100.0	17.4	34.8	79.6	124.3	169.0
Net Operating Margin	USD	4.0	252.6	5.5	269.8	3.4	8.5	22.1	35.8	49.1

First smelter unit sourced from South Africa.

Provides rapid path to production, and positive cash flow

Following units built as supply chain of Indonesian ore established

Even in current depressed market, substantial production margin

High Value LCLP FeMn

High Quality Niche Producer

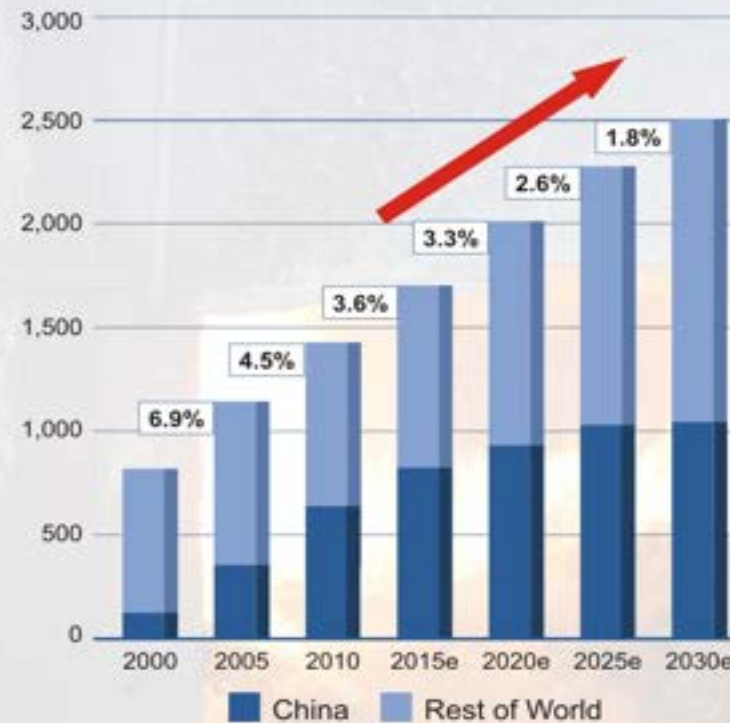
Kupang Smelter Project					MCFeMn Alloy			LCFeMn Alloy _(LSP)						
Factor														
Plant Cost					5.0	USDm	-	5.0	USDm	-				
Installed Capacity					7.0	MVA	-	7.0	MVA	-				
Physicals														
Mn Ore Purchased					2,081	t	32,923	tpa	42,187	tpa				
Smelter Feed					90% Jig Plant Recovery	1,873	t	29,631	tpa	37,968	tpa			
FeMn Alloy Sold					53% Smelter Recovery	1,000	t	15,820	tpa	15,820	tpa			
					USDm			USD/t						
Ore Purchase					\$80.00	/tpurch	2.63	166.49	19.6%	3.37	213.33	17.6%		
Beneficiation					\$12.50	/tpurch	0.41	26.01	3.1%	0.53	33.33	2.8%		
Laboratory					\$2.50	/tpurch	0.08	5.20	0.6%	0.11	6.67	0.6%		
Logistics					\$10.00	/tzmelt	0.30	18.73	2.2%	0.38	24.00	2.0%		
Total Processing							3.42	216.44	25.5%	4.39	277.33	22.9%		
Iron Ore					\$75.00	/tanno	0.212	t/t FeMn	0.25	15.90	1.9%	0.00	0.00	0.0%
Coal					\$85.00	/tanno	0.944	t/t FeMn	1.27	80.24	9.5%	0.00	0.00	0.0%
Limestone					\$20.00	/tanno	0.502	t/t FeMn	0.16	10.04	1.2%	0.00	0.00	0.0%
Ferro Silicon					\$1,035.00	/tanno	0.341	t/t FeMn	0.00	0.00	0.0%	5.58	352.94	29.1%
Burnt Lime					\$80.00	/tanno	0.480	t/t FeMn	0.00	0.00	0.0%	0.61	38.40	3.2%
Salaries/Wages					\$128,844	/year unit at full production	0.13	8.14	1.0%	0.13	8.14	0.7%		
Salaries/Wages					\$1,180,682	/annum (excl expat)	1.18	74.63	8.8%	1.18	74.63	6.2%		
Power					\$360.47	/tanno	3,277.0	\$0.110	5.70	360.47	42.5%	5.70	360.47	29.8%
Smelter Consumables					\$10.00	/tanno			0.16	10.00	1.2%	0.16	10.00	0.8%
Logistics					\$8.00	/tanno			0.13	8.00	0.9%	0.13	8.00	0.7%
Maintenance					3.00%	of installed capital			0.15	9.48	1.1%	0.15	9.48	0.8%
Fuel/Oil					\$1.00	/tanno			0.02	1.00	0.1%	0.02	1.00	0.1%
Environmental					\$24,000	/year/unit			0.02	1.52	0.2%	0.02	1.52	0.1%
Smelting							9.17	579.43	68.4%	13.68	864.58	71.4%		
Insurance					\$2.00	/tanno			0.03	2.00	0.2%	0.03	2.00	0.2%
Overhead (site)					1.50%	of revenue			0.26	16.50	1.9%	0.36	22.45	1.9%
Overhead (corp)					3.00%	of reven	0.500	min	0.52	33.00	3.9%	0.71	44.89	3.7%
Overhead							0.81	51.50	6.1%	1.10	69.34	5.7%		
Total Op Costs							13.41	847.36		19.16	1,211.26			
Revenue							17.40	1,100.00		23.67	1,496.49			
Net Operating Margin							4.00	252.64		4.51	285.23			



Demand Projections

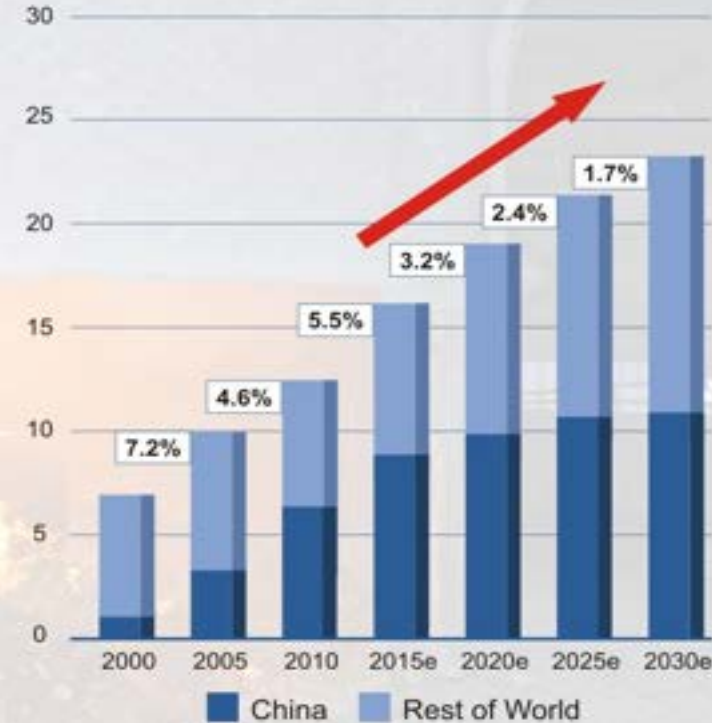
Gulf Geared for Growth

Global steel production
(million tonnes)



Source: BHP Billiton, World Steel Association

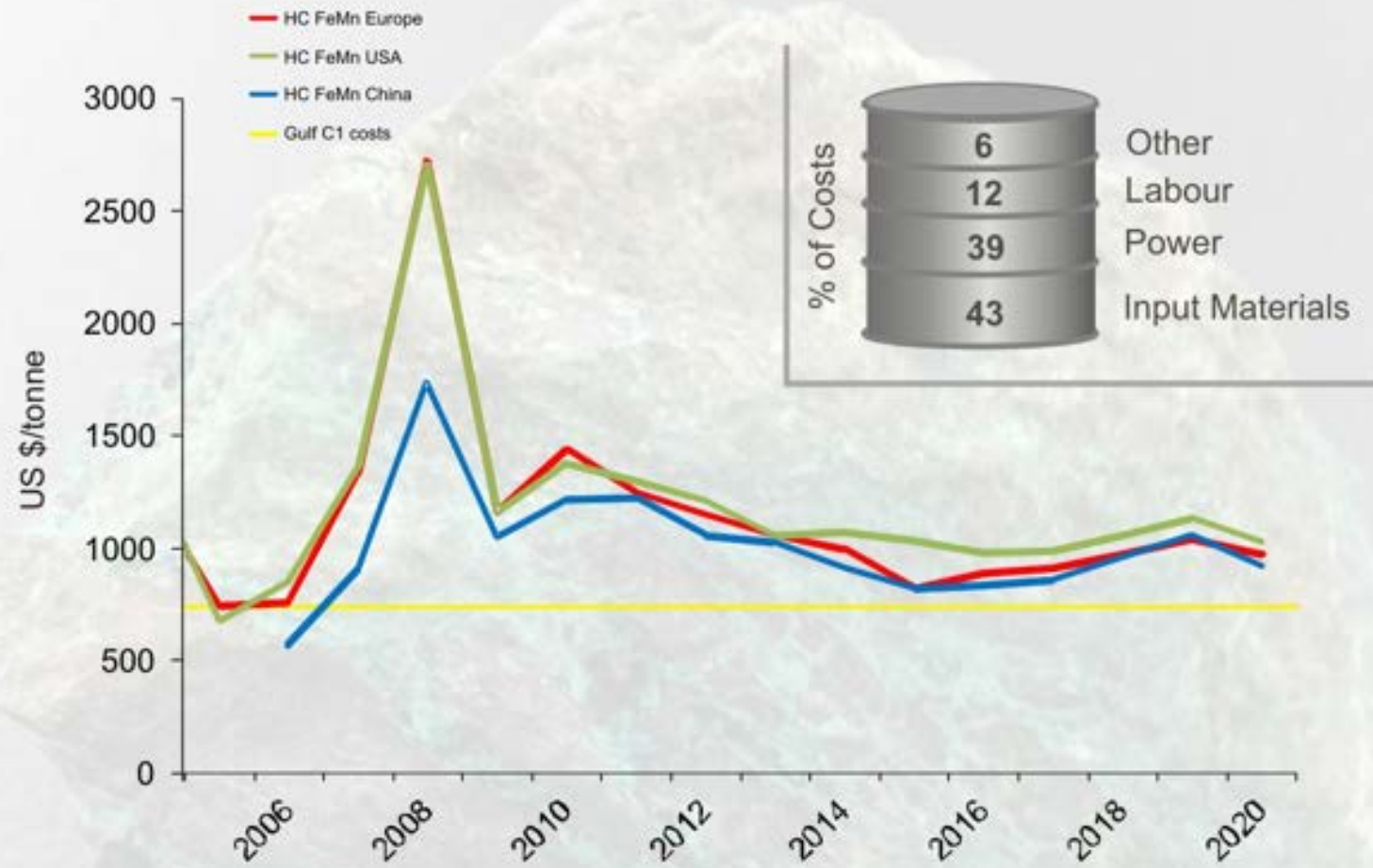
Global manganese ore in alloys
(million tonnes, contained Mn)



Source: BHP Billiton, IMnI, CRU

Manganese Alloy

Spot Prices 2005 - 2020



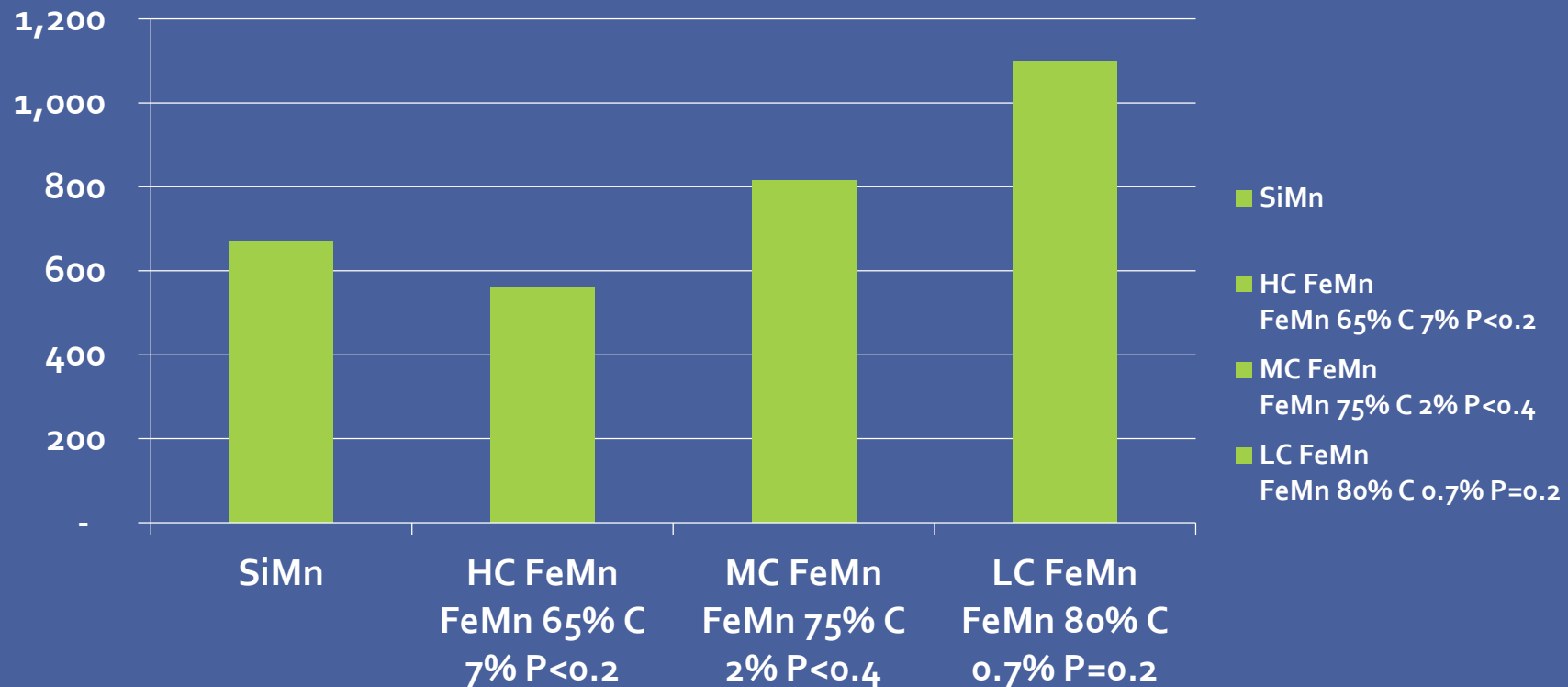
Manganese Alloy Prices

Price USD / mt

Manganese Alloy Prices

Price USD/mt

(Dec 2015)

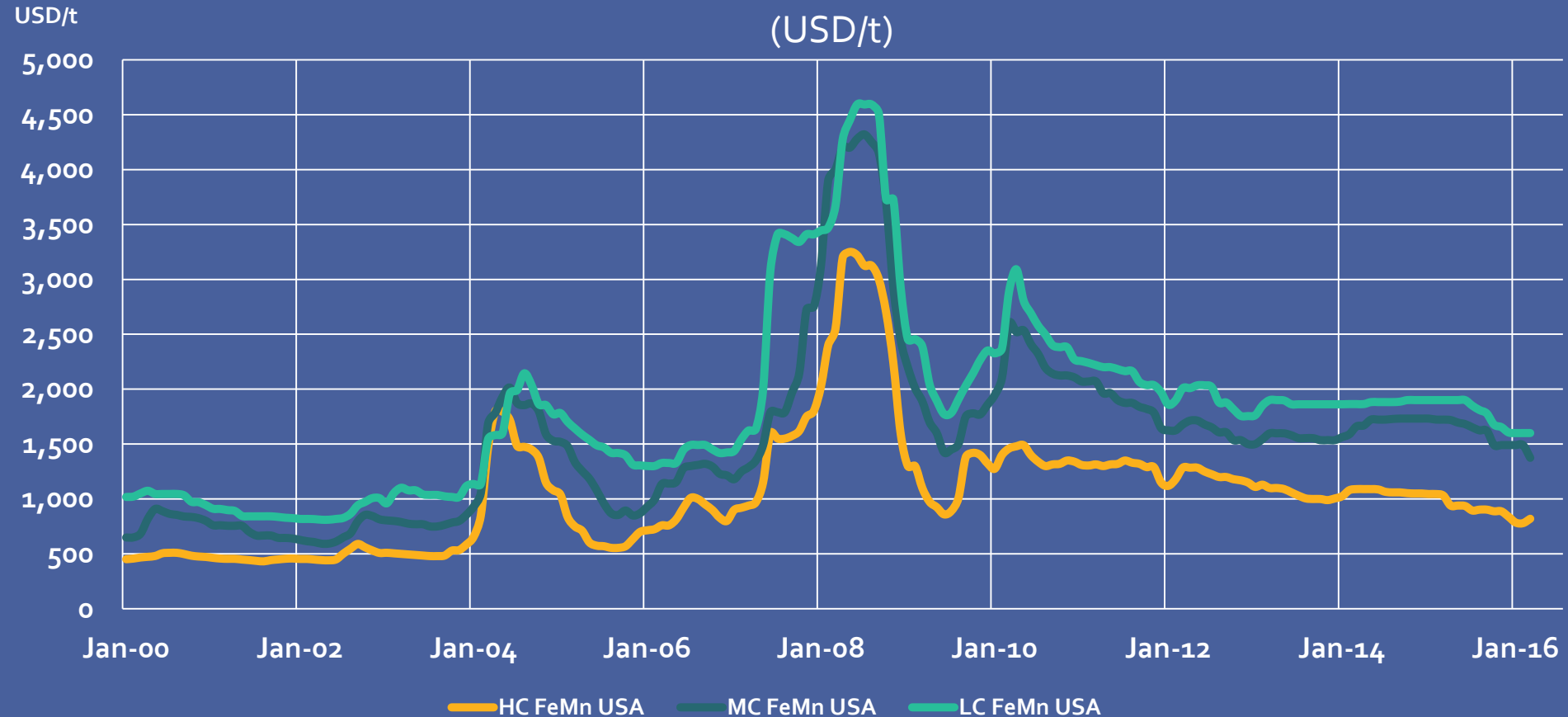


Ferro Manganese

Historical Prices - USA

Ferro Manganese
Historical Prices - USA
(USD/t)

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