

Gulf Manganese Corporation takes first step to securing project land

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Gulf Manganese Corporation has achieved the first step in receiving the key Certificate of Title for Building Construction for its planned manganese smelter in Timor.

Gulf Manganese Corporation's (ASX:GMC) proposed 53 hectare block of land for its planned manganese smelter in Timor has been officially measured and issued with a Field Map reference catalogue number.

This is the first step in receiving the key Certificate of Title for Building Construction from the Indonesian National Land Agency.

The issue of a Certificate of Title will ensure security of tenure for its subsidiary PT Gulf Mangan Grup's Land Lease Agreement for the duration of its 50 year lease period from the local land owners and authorises construction of the Timor Smelter.

Separately, the company has confirmed at a recent meeting with Indonesian Government power company PT PLN (Persero) that PLN will supply, on a user pay basis from mid-2016, 7 megawatts of power for the Company's first furnace, which is due to come online the 4Q 2016.

PLN will commission 2 new 16.5 megawatt power stations early next year with a further 60 megawatt power supply coming online during the second half of 2016.

Earlier this month, the company received the key Principle Licence for Foreign Investment from the Indonesian Investment Coordinating Board that allows PT Gulf Mangan Grup to carry out the operational business of Industrial Manufacture of Metal Alloys and acquire land for the project.

Kevin Parker, PT Gulf Mangan technical director, commented:

"The issuing of a Field Map reference number and the confirmation from PLN of power supply, together with the recently issued Principle Licence, firmly establishes that the company is on track to start building and operating next year.

"These three areas significantly de-risk the project and with several Regency permits and

licences now required we are ready to move forward.”

Timor Smelter Project

The proposed manganese smelter project requires a start-up capital investment of US\$66 million staged over five years.

This is expected to be funded by an initial public offering on Catalist board of the Singapore Stock Exchange raising US\$25 million, modest project debt and operational cashflow.

GMC plans to bring the first furnace online in 2016 with a further two furnaces each year, 2017, 2018, 2019 and a final one in 2020.

Each furnace has a capacity of 20,000 tonnes alloy production per year, generating revenue of about US\$22 million revenue.

The project is expected to return EBITDA of US\$374.7 million over a 10 year period with a net present value of US\$160.6 million and IRR of 55.6%.

<http://www.proactiveinvestors.com.au/companies/news/64824/gulf-manganese-corporation-takes-first-step-to-securing-project-land-64824.html>