

ASX Announcement
1 November 2017

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2017

Highlights:

- **Manganese Ore Supply Agreements** signed with two Timorese manganese mining companies securing the required feedstock to support the start-up of operations at the Kupang Smelting Hub Facility in early 2018
- **Approvals expected in the near future for commencement of DSO sales from Kupang**
- **Final payment to Transalloys complete for purchase of first two smelters– refurbishment of smelters underway in South Africa - final inspection and shipment to Kupang site expected Q4, 2017**
- **Iskandar Ali appointed President Commissioner of PT Gulf Mangan Grup – strengthens Gulf’s affiliation and ties with Indonesia**

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 September 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 78%+ manganese alloy. At full production, Gulf will aim to purchase and process 320,000 tonnes of manganese ore per annum, producing circa 155,000 tonnes of premium quality ferromanganese alloy.

Key September Quarter Developments

Kupang Smelting Hub Facility Constuction Update

In Indonesia, clearing on site in the Bolok industrial area was completed early in the September Quarter, and construction power from the adjacent government owned power station is now connected.

Construction offices have installed and commissioned. Topographical and groundwater surveys have been completed, along with geotechnical drilling on the furnace footing locations.

During the quarter, Gulf appointed Indonesian-based PT Weltes Energi Nusantara (“PT Weltes”) to work with EPCM contractor, XRAM, to undertake the construction phase of the Kupang Smelting Hub Facility. PT Weltes is a multi-disciplinary engineering, procurement, construction and fabrication manufacturer with in excess of 20 years of experience. PT Weltes has specific experience in mineral and chemical processing plants and infrastructure, including civil works and electrical and control automation.



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Figure 1: The Kupang Smelting Hub site in the Bolok Industrial Estate

South African Smelter Refurbishment

As advised on July 21, the Company completed the final payment to Transalloys Pty Limited (“Transalloys”) for the purchase of Gulf’s first two smelters. This final payment triggered the commencement of the smelter refurbishment process.

Dismantling of both furnaces at Transalloys in South Africa has now been completed, with all the furnace electrical components, transformers, gearboxes, hydraulic equipment and steel components now transported to a number of specialist contractors for inspection and refurbishment.

It is expected that the program will be completed and shipped to Kupang in the December Quarter, leaving the hub on target to be commissioned by the first half of 2018.

Ore Supply Agreements Signed

The September quarter saw the execution of two agreements with two mining companies in Timor for the delivery of manganese ore underpinning the feedstock requirement for the start-up of operations at the Kupang Smelting Hub Facility in early 2018.

Near-Term DSO Strategy

The Company also advised during the quarter that discussions are continuing with the relevant authorities in order to obtain the necessary permitting to enable Gulf to commence direct shipped ore sales in Q4 2017 from Kupang.

DSO sales could potentially generate between US\$1 - 1.5 million per month starting Q4 2017.

As previously advised Gulf has in place an offtake agreement with the Renova Group for the sale of up to 60% of manganese alloy – to be sold through their marketing subsidiary Afro Minerals.



The sale of manganese concentrate during the construction phase has the potential to be a significant near-term value catalyst and the Board looks forward to providing further updates as discussions materialise.



Figure 2 & 3: Dismantling of equipment at the Transalloys site

Corporate Activity Update

Funding Secured to Advance Kupang Smelting Hub Facility

As announced during the previous quarter, Gulf received commitments from sophisticated investors to raise A\$12,000,000 (see ASX Announcement dated 23 June, 2017). As previously advised, \$8,000,000 was initially received, with subscriptions for a further A\$4,000,000 also received from a group of sophisticated local investors.

As of late October, Gulf had received A\$2,500,000 of the committed A\$4,000,000, with the remaining balance of A\$1,500,000 expected to be received by the end of October month.



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The funds received will be deployed towards the completion of the smelter refurbishment program currently underway in South Africa and on the shipment of the first two smelting furnaces to Kupang later this year.

Appointment of President Commissioner

On September 15, the Company appointed Iskandar Ali as President Commissioner of the Company's wholly-owned Indonesian Subsidiary, PT Gulf Mangan Grup ("PT Gulf"). Mr Iskandar brings a wealth of local knowledge, political expertise and business acumen during this important phase in the Company's development.

A former two-star general in the Indonesian army with a military career that spanned more than 30 years, Mr Iskandar was previously a local politician CFO of the Indonesian Army from 2001 to 2004. Mr Iskandar is one of the founders of the People's Conscience Party in Indonesia and has held the position of President Commissioner at PT Goodway International since 2013.

Research Report – Triple C Consulting

On August 2, Triple C Consulting Pty Ltd released a research report on the Company which included a speculative buy rating and a \$0.028 per share 12-month price target.

Management Commentary

Gulf's Managing Director, Hamish Bohannan, commented:

"Our vision to become a significant producer of premium quality ferromanganese alloy is continuing to crystallise, ahead of what will be a very transformational 3-6 month period for the business.

"With the refurbishment of our first two smelters nearing completion and the project site in Kupang continuing to take shape, we are confident of delivering on a number of key near-term catalysts for our shareholders.

"A key development earmarked for this quarter is the potential commencement of DSO sales which have the potential to generate significant revenues for the business during the construction phase.

"Furthermore, the Board has continued to place a strong emphasis on strengthening its in-country team, highlighted this quarter by the appointment of Iskander Ali as President Commissioner."

-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.

