GULF MINERALS CORPORATION

SETTING SIGHTS ON DEVELOPMENT

This ASX-listed junior is working hard to become a southeast Asia-focused manganese ore and alloy producer in 2016. **Ngaire McDiarmid** reports.

IN A CASE OF PERFECT timing, Gulf Minerals Corporation is set to benefit from Indonesia's newly established "one-stop shop" designed to streamline foreign investment.

The company intends to commission stage one construction mid-year for its eight-furnace ferromanganese alloy smelter facility in the West Timor capital of Kupang.

A Gulf management team was in Indonesia in February, meeting with officials from the new BKPM, the Indonesia Investment Coordinating Board.

Gulf CEO Bruce Morrin said the new system was significantly streamlined, giving the company confidence in its aim to produce its first premium-quality alloy in early 2016.

He said the company had added a wealth of experience to its board and management team and also changed name in 2014, as part of its strategic review to refine its focus on the high-quality manganese project.

Gulf has also recently divested its Australian copper, uranium and gold assets to develop the manganese project.

"The Indonesian manganese is the highest commercial grade in the world at 56% and as such is extremely cost-efficient in the alloying process," Morrin said.

"Building and operating this manganese alloy smelter will take advantage of low-cost, low-impurity, high-grade manganese; beneficial labour costs; modest power costs supplied by a third party; and government fiscal incentives and tax holidays."

He said the capital cost of $US52 million to build the eight-furnace facility would be spread over four years, and funded on an equal basis of equity, cash flow and debt.

Gulf will use proven South African smelter technology for the project.

Under the development plan, the first two 20,000tpa furnaces will be constructed this year with further pairs built in 2017, 2018 and 2019.

"The first two furnaces should come on line in the first quarter of 2016," Morrin said.

"Production will be a premium quality 78% ferromanganese alloy, with production costs some 80% of the industry average."

During the construction phase, Gulf will benefit from cash flow through its manganese ore trading business.

Gulf has also engaged global integrating mining services group Golder Associates and their Indonesian group Marston Consultants to provide coal procurement and environmental consulting services for the manganese operation.

The company intends to broaden its shareholder base by dual listing on the Singapore Catalist Board later this year.

"Singapore has a significant capital market and Gulf will be a fresh option for people keen to invest in Asian-based resource development projects supplying China," Morrin said.

Looking further ahead, he said Gulf planned to grow its West Timor operation through an exploration program at its manganese targets in Turkey during the year.

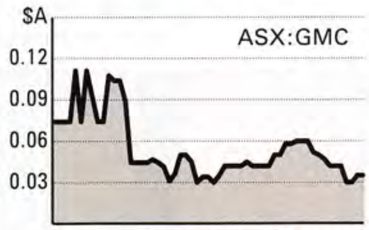
Demand for manganese is tied to growing industrialisation and it is typically used in steel manufacturing to cleanse, strengthen and harden steel.

Morrin said Gulf's preparations during 2014 had primed the company to develop the Indonesian project.

"This year will be an implementation year, as we move forward in creating an ASEAN-focused manganese ore and alloying enterprise," he said. RS

Gulf will benefit from Indonesia's high-grade manganese ore and the country's streamlined foreign investment process.

GULF MINERALS AT A GLANCE



6 months ending February 18, 2015

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DIRECTORS
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MARKET CAPITALISATION
$A1.8 million (at press time)

QUOTED SHARES ON ISSUE
51.7 million

MAJOR SHAREHOLDERS
Leprechaun Holdings 38.85%
EE Saio 1.17%
JC Hilton 0.97%