



GULF MANGANESE CORPORATION LIMITED

ACN 059 954 317
(ASX : GMC)



Quarterly Report

September 2015 Quarter

Gulf Manganese Corporation Limited is pleased to provide shareholders with the following Quarterly Activities Report for the September Quarter.

KEY HIGHLIGHTS

- **Capital Raising**
- **R&D Tax Incentive Rebate**
- **Land/Power Secured**
- **Ore Supply**

CORPORATE

Capital Raising

The company announced in August a capital raising of \$1.125m to finalise smelter engineering design and working capital. The issue of up to 75m shares and 37.5m options was approved by shareholders in October.

R&D Tax Incentive Rebate

In September the company advised it had been approved by AusIndustry (an Australian regulatory Government agency) for a Research and Development (R&D) Tax Incentive claim for the 2014 financial year for the design and construction of a 6 MVA pilot plant facility for the production of manganese alloy.

The estimated total capital cost of the project is \$12,442,790 with the company receiving the first year's claim from the Australian Taxation Office of \$139,096.

Approximately \$6,000,000 of the estimated total project cost is forecast to be spent on the construction of a pre-production trial pilot plant facility, subject to registration of eligible research and development activities by the AusIndustry.

If the subsequent R&D Tax Incentive claims are approved, the company will be entitled to potentially receive a 45% cash refund for eligible expenditure incurred. This equates to a possible cash refund of \$2,700,000 for the remainder of this research and development project.



The project incorporates the design and construction of a number of modern major sophisticated equipment components into a fully integrated comprehensive modular furnace pilot plant facility. This facility will test and evaluate the unique configuration of the manufacturing process, for the production of premium quality manganese alloys which the company intends to commercially exploit for the international market.

Indonesia Foreign Investment Approval

During the quarter the company was granted a Principle Licence for Foreign Investment from the Indonesian Government Coordinating Board (BKPM).

This licence permits the company's subsidiary, PT Gulf Mangan Grup, to:

- Carry out the operational business of Industrial Manufacture of Metal Alloys
- Approves lease hold of land
- Deal with all Indonesian Provincial and Regency Governments

It also grants an exemption from import duties for machinery, goods and materials used in the business.

Due the nature and size of the project, Gulf will be granted, under Tax Holiday Regulations, a 100% tax relief facility for 10 years following which tax reduction of 50% for a further 2 years.

MANGANESE SMELTER

Land

During the quarter the company's proposed 53 hectare block of lease land in the industrial area of Kupang Regency was officially measured and issued a Field Map Reference Catalogue Number as the first step to receiving a Certificate of Title for Building Construction from the Indonesian National Land Agency (BPN).

The company has agreed a Memorandum of Understanding with the local community land owners to lease the block for 50 years. The company now awaits approval for this lease from the local Regency.



Local community land owners



Power

Company executives met with the Indonesian Government Power Company, PT PLN (Persero), and confirmed supply for the 1st stage development being 7 megawatts of power on a user pay basis.

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.

Ore Supply

A Review of Manganese Prospects and Deposits in Indonesia study was conducted for the company by the world renowned SRK Geological Consulting group. The results were announced early October. The study was a geological assessment of manganese deposits in Indonesia that could supply ores matching specific requirements of the proposed ferromanganese alloy smelter business of the company at Kupang, West Timor, Indonesia.

It was undertaken as a desktop review, using publicly available data, SRK's in-house project database and subscription based mineral industry databases, and covers key criteria including geology, deposit style and potential grade and tonnage (although the work is restricted due to the limited public domain data in respect to grade and tonnage information).

SRK concluded that there is a potential extractable manganese mineralisation of 29 Mt for Production IUPs and 114 Mt for Exploration and Production IUPs combined as follows:

Total tonnage of prospective manganese stratigraphy (covered by IUPs*), West Timor

Parameter	Mine/Production	Exploration	Total
Total Area of IUPs (m ²)	374,000,000	1,140,000,000	1,514,000,000
No. of IUPs Intersecting Formation	47	135	182
Average Area of IUP (m ²)	7,960,000	8,440,000	8,320,000
Average Strike length (m)	2,116	2,179	2,163
Total Productive Strike Length (m)	99,437	294,226	393,695
Prospectivity in IUPs (m ³)	8,929,288	26,480,311	35,432,550
Total Tonnage (million tonnes)	29	85	114

*IUP (izin usaha pertambangan) mining/exploration licence

Over a 10 year period the total manganese ore feed requirement will be some 3.6 million tonnes which based on the SRK report the manganese endowment of West Timor alone more than provides many years of production feed requirements.

These tonnage values do not take into account other Indonesian locations such as Romang, Flores, Rote, Sumbawa, Sulawesi and Kalimantan islands nor the possibility of drawing ore from Northern Australia due to the closeness of proximity.

The parameters and assumptions for the estimation referred to in West Timor are set out in the full report on the company's website: www.gulfmanganese.com

Corporate Directory

Registered Office

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Legal Advisors

Christian Teo Purwono (Indonesia)
Lemonis Tantiprasut Lawyers (Australia)
Steinepries Paganin (Australia)

Bankers

ANZ Banking Group
PT ANZ Indonesia

Australian Securities Exchange

ASX Code: GMC

Share Registry

Automic Registry Services

Auditors

Somes Cooke

Corporate Advisors

GDA Corporate

Geological Advisors

SRK Geological Consulting (Indonesia)

Project Managers

Como Engineering (Australia)

Structural Engineers

PT Timeserve (Indonesia)

Power Engineers

PT Hatch (Indonesia)

Pyrometallurgical Engineers

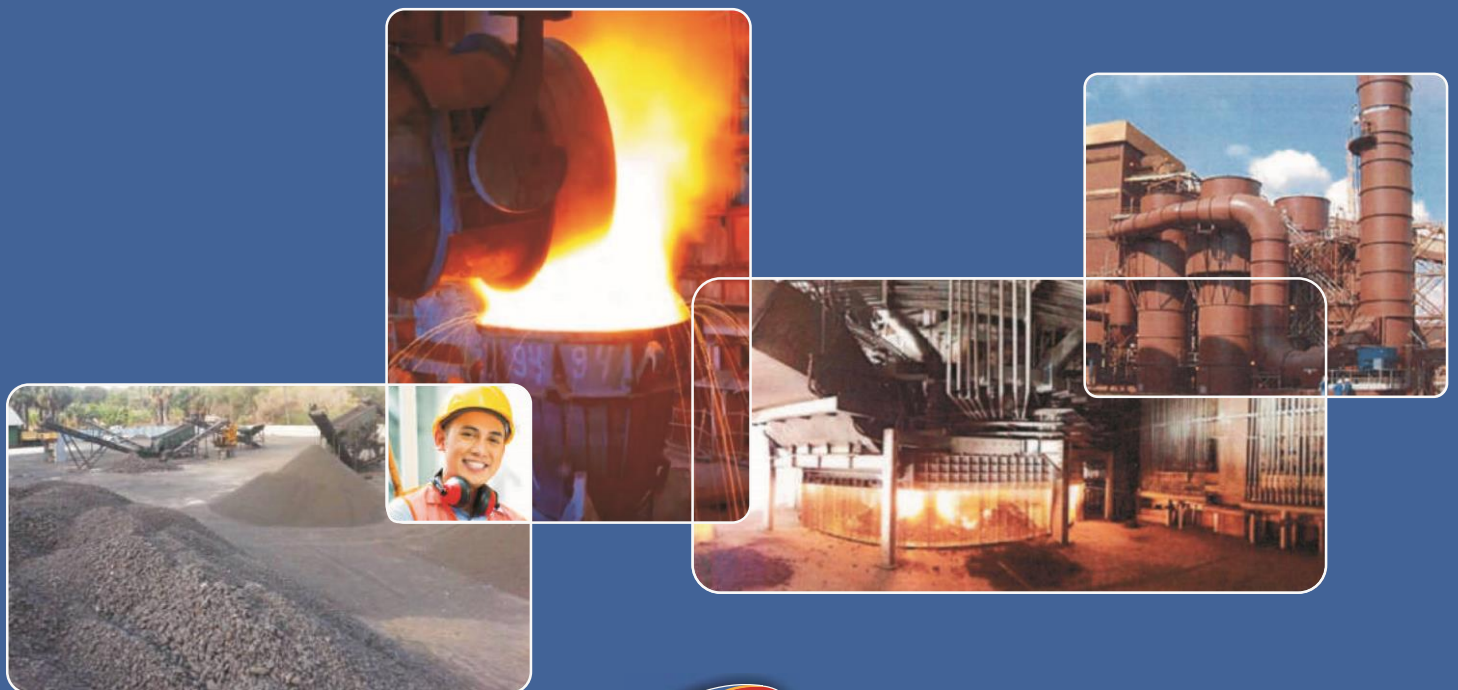
Xram Engineering (South Africa)

Industry Associations

Indonesian Chamber of Commerce
Indonesian Smelter Processing Association
Australian Indonesian Business Council
Indonesia Institute

Investor Relations

Bourse Communications



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Developing Premium Indonesian Manganese Alloys

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