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Study validates Gulf's Timor smelter plans

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PERTH (miningweekly.com) – A study into a smelting facility in Timor has validated ASX-listed Gulf Manganese's aim to develop a smelting and sales hub for high carbon ferromanganese alloys in Timor.

A financial analysis has revealed that the project would earn $623.8-million before interest, taxes, depreciation and amortisation over a 20-year period, supporting an estimated net present value of $201.4-million.

The smelter, which would be operated by Gulf subsidiary PT Gulf Mangan Grup, would require a capital investment of $67.5-million spread over a four-year period.

Manganese ore for the processing and smelting business would be purchased from a number of local and overseas suppliers, and Gulf noted that the business model could be scaled up or down as ore supply allowed, which would minimise the start-up capital requirements.

The business model could also be augmented in terms of revenue streams and ore sources permitting early cash flows and future expansion opportunities.

Currently it was estimated that the smelting project would produce some 144 000 t/y of ferroalloys and a further 180 000 t/y of manganese lump ore.

Gulf Manganese, previously know as Gulf Minerals, was expected to enter into a supply agreement with a South African group, which would supply up to 80 000 t/y of high-grade iron manganese from South Africa, while the balance of the ore supply, up to 220 000 t/y, would be sourced locally in Indonesia and Timor Leste.

Gulf would construct a ferromanganese alloy smelter at a site in West Timor. The company had entered into an agreement to secure 50 ha of land with local landowners and had engaged an Australian engineering group to oversee the engineering and project management of the proposed smelters.

http://www.miningweekly.com/article/gulfs-timor-smelter-proves-profitable-2015-05-26