

ASX Announcement
31 May 2018

Gulf Project Investment Funding

- **Completion Letter signed by PT Gulf and investor PT JGI in relation to the A\$6 million Convertible Note Agreement**
- **Additional A\$7 million standby facility available for drawdown during construction/commissioning phase**
- **The second shipment of furnace components is scheduled to depart Durban, South Africa on Saturday, 2 June 2018**
- **Appointment of highly credentialed Indonesian nationals Bpk Fofa Sariaatmadja and Bpk Chairael Jul Naro as Commissioners of PT Gulf and Bpk Johannes Susilo as a Director of PT Gulf**

Gulf Manganese Corporation Limited (ASX: GMC) ("**Gulf**" or "**the Company**") advises that it has countersigned with investor PT Jayatama Global Investindo ("PT JGI"), a letter confirming that all of the conditions in the Convertible Note Agreement dated 9 March 2018, as amended ("Convertible Note Agreement"), have been complied with, satisfied or waived, subject only to a Bill of Lading being received before 6 June 2018 by the Company relating to the second shipment of furnace components from South Africa.

As previously advised (see ASX Announcement dated 17 May 2018) the first two smelters are being shipped to site from South Africa and they are expected to arrive in Kupang in June 2018 for assembly and construction. Now the second shipment comprising the smelter shells and tilting mechanism is scheduled to depart Durban, South Africa on Saturday, 2 June 2018, bound for Indonesia.

As a result of these developments the Company expects to receive funding under the Convertible Note Agreement to flow next week. This next A\$6 million investment, in Indonesian Rupiah (IDR) equivalent, will be used to fully fund through to completion, the construction and commissioning of the first two furnaces at the Kupang Smelting Hub.

As previously advised (see ASX Announcement dated 12 March 2018), this second tranche will complete the approximately A\$15 million (IDR equivalent) funding from PT Jayatama Tekno Sejahtera ("JTS Group"), an Indonesian based diversified investment group. This is made up of its earlier investment of A\$2 million, A\$6 million (IDR equivalent) under the Convertible Note Agreement and A\$7 million (IDR equivalent) under the standby loan facility.

As part of the transaction, Gulf's wholly owned subsidiary, PT Gulf Mangan Grup ("PT Gulf") has issued a convertible note in IDR, with a value of approximately A\$6 million, to PT JTS's wholly owned subsidiary PT JGI.

Under the convertible note PT Gulf has a zero percent interest rate, and upon satisfaction of the agreed conditions precedent, the PT Gulf convertible note will automatically be converted into 25.1% of the equity of PT Gulf.



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The proceeds of the A\$6 million Convertible Note Agreement will be used by PT Gulf to:

- (i) repay an existing loan of IDR equivalent of approximately A\$2 million from PT JGI to PT Gulf; and
- (ii) fund the balance of the construction cost of the First Two Smelters at Gulf's Kupang Smelting Hub Facility in West Timor, Indonesia.

The financial arrangements also include an additional standby facility of approximately A\$7 million (IDR equivalent). The standby facility can be drawn down during the construction and commissioning phase if needed.

PT Gulf Board Appointments

Under the terms of the financing arrangements and the PT Gulf Convertible Note, the JTS Group has the right to nominate two Commissioners and one Director of PT Gulf. Bpk Fofa Sariaatmadja and Bpk Chairael Jul Naro have been appointed as Commissioners and Bpk Johannes Susilo has been appointed as a Director of PT Gulf.

Gulf's Managing Director, Hamish Bohannan, who is also President Director of PT Gulf, said:

"PT Gulf has moved to a new era. We have the concrete foundations in Kupang complete, we have the smelters en-route from South Africa to Kupang, the last tranche of the funding for the smelter construction is committed, and we have three exceptionally qualified businessmen joining the Board of Commissioners and Board of Directors of PT Gulf. This confirms the commitment of PT JGI as a robust in-country partner and confirms Gulf's pathway to production with the first two furnaces to be commissioned in the second half of this year. We have crossed a major milestone for the Project."

Bpk Fofa Sariaatmadja

Bpk Fofa Sariaatmadja currently serves as Chairman and CEO of PT JTS, as well as Commissioner at PT Elang Makhota Teknologi Tbk ("PT Emtek"), a publicly listed Indonesian group of companies with its main business divisions being Media, Telecommunications and IT Solutions, and e-Commerce. He also currently serves as Commissioner at PT Surya Citra Televisi, the number one television company in Indonesia, PT Mediatama Anugrah Citra, the only digital terrestrial pay-TV operator in Indonesia, and PT Abhimata Persada, an IT solutions provider to the banking sector.

Bpk Chairael Jul Naro

Bpk Chairael Jul Naro is an Indonesian citizen who has had a successful career both in the private arena and in public service. Bpk Naro currently serves as advisor to PT Indonesia Asahan Aluminium Persero (INALUM), Indonesia's first and largest state-owned enterprise within the aluminium industry, and PT Kereta Api Indonesia (KAI), the major operator of public railways in Indonesia. He also currently serves as President Commissioner at PT Sarana Jatim Ventura, a provider of venture capital to small or medium-sized enterprises in Indonesia.

Bpk Johannes Susilo

Bpk Johannes Susilo served as Vice President of Chase Manhattan Bank, Jakarta from 1982 to 1989 and as President Director of Asia Kapitalindo Sekuritas from 1994 to 2000. Johannes served as President Director of Danamon Securities and Corporate Secretary of PT Bank Danamon Tbk from 1989 to 1994. He served as the President Director of PT Jakarta Assetama Management from 1989 to 1994 and as the President Commissioner of Prima Alloy Steel Universal Tbk from 1989-2002.

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Kupang Smelting Hub Project Overview

Gulf is focused on developing a ferromanganese smelting business in West Timor, Indonesia to produce and sell 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.

About the investor, PT Jayatama Tekno Sejahtera (“PT JTS”)

PT JTS and related companies (“JTS Group”) are part of a diversified investment group based in Indonesia and Australia, with investments across the Asia Pacific region. The Group aims to invest in projects or businesses in which it is able to assist in their strategic expansion and contribute their network and expertise, in addition to the provision of funding. The Group currently has investments across the technology, hospitality, real estate and agriculture industries.



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