



ASX Announcement  
30 January 2020

## Quarterly Activities Report Period ended December 31 2019

### Highlights:

- **€52 Million Loan Facility secured to complete Kupang Smelting Hub construction program**
  - **Gulf fully funded to complete construction and commissioning of first two smelters at Kupang Smelting Hub - funds expected to be received by 5 February 2020**
  - **Funding to advance strategic joint venture with Iron Fortune – providing a first-mover manganese exploration opportunity in Timor Leste**
- **Manganese ore purchase & supply agreements signed with Sulawesi-based miner PT Arfa Indo Sarana.**

**Gulf Manganese Corporation Limited (ASX: GMC)** ("Gulf" or "the Company") is pleased to provide shareholders with its Quarterly Activities Report for the period ended December 31, 2019.

### **Kupang Smelting Hub Project Overview**

Gulf is committed to developing a world-class ferromanganese smelting business in West Timor, Indonesia to produce and sell medium and low carbon ferromanganese alloy.

Gulf's Kupang Smelting Hub facility will contain multiple furnaces built in stages over about five years, targeting the production of a premium quality manganese alloy. At full production, Gulf will aim to purchase and process over 525,000 tonnes of manganese ore per annum, producing over 200,000 tonnes of premium quality ferromanganese alloy.

### **December Quarter Activity Overview**

#### €52 Million Loan facility to complete Kupang Smelting Hub construction program

Post-quarter end, Gulf executed a binding term sheet for the establishment of a €52 million Structured Loan Facility ("Loan Facility") with Glacier International Depository Ltd, Legal and General Investment Management Limited and HSBC Bank plc.

Once finalised, Gulf will be fully funded to complete the construction and commissioning of the first two smelting furnaces at the Kupang Smelting Hub facility in West Timor, Indonesia.

As previously reported, construction of the facility is currently 60% complete, with approximately US\$13 million and a further 6-7 months' work required to complete the first two smelting furnaces.

This Loan Facility will also provide Gulf with the ability to ramp-up its high-grade (+49% Mn) manganese mining and exploration activities in Indonesia, taking advantage of its licence to export manganese concentrate, and to advance its strategic joint venture with Iron Fortune in Timor Leste.

Proceeds from the Loan Facility are expected to be received by 5 February 2020.

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### Ore purchase and supply agreement signed with PT Arfa Indo Sarana

On October 24, the Company signed an ore purchase agreement with Sulawesi-based PT Arfa Indo Sarana ("PT Arfa") for the supply of an initial 100 tonne parcel of high-grade (+49%) manganese ore.

The Company also executed a Memorandum of Understanding ("MoU") between the two parties for the ongoing supply of high-grade manganese ore.

### Manganese Ore Supply Chain Developments

During the quarter, Gulf reported that 17 IUP's (permits to conduct a mining business) were approved by the Ministry of Energy and Mineral Resources in Kupang, thus allowing these miners to recommence manganese production.

Negotiations are ongoing with a number of these NTT miners to secure further manganese ore supply partners.

### **Corporate Activity Overview**

As announced on March 9 2018, the Company entered into a Controlled Placement Agreement ("CPA") with Acuity Capital. The CPA provides Gulf with up to \$5 million of standby equity capital and was due to expire in December 2019.

During the December Quarter, the Company exercised three placements with Acuity Capital (see ASX Announcements dated 3 October, 11 November and 9 December 2019) totalling \$910,000.

To date \$2.98 million has been raised under the CPA with a further \$2.02 million remaining.

Post-quarter end, the CPA was extended to December 2020 with no increase to the standby limit. A further placement of \$0.16 million was raised on 21 January 2020.

### **Commenting on the quarter's activities, Gulf's Managing Director, Hamish Bohannan said:**

"The Company's overarching focus for the December Quarter was to secure funding to kick-start construction on site, and with this milestone achieved, Gulf is now zeroing in on the pouring of first metal at Kupang in Q3 of 2020.

"Securing this loan facility is a transformational development for the Company as it aims to become a leading global ultra-low carbon ferromanganese producer with 12 months.

"As we will soon have the required capital, the Company's near-term focus will be to re-commence construction while simultaneously fast-track high-impact mining and exploration programs in Indonesia, targeting its lucrative high-grade manganese ore deposits.

"I would like to thank our shareholders for their support throughout this process, and we look forward to providing further updates on the Company's operational milestones in the near-term."

**-Ends-**

### **For further information please contact:**

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Managing Director

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

GULF MANGANESE CORPORATION LIMITED

**ABN**

73 059 954 317

**Quarter ended ("current quarter")**

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) project evaluation	-	-
(b) development	(266)	(1,072)
(c) production	-	-
(d) staff costs	(230)	(698)
(e) administration and corporate costs	(291)	(1,443)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(281)	(284)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (GST paid to be recouped)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,068)</b>	<b>(3,495)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(224)	(1,329)
(b) tenements (see item 10)	-	-
(c) investments	-	(100)
(d) other assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other - mining rights	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - payments for mining rights	-	-
2.6	Other - receipt of security deposit funds	-	-
<b>2.7</b>	<b>Net cash from / (used in) investing activities</b>	<b>(224)</b>	<b>(1,429)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	910	910
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	149	149
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (capital return to shareholders)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,059</b>	<b>1,059</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	342	3,972
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,068)	(3,495)
4.3	Net cash from / (used in) investing activities (item 2.7 above)	(224)	(1,429)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,059	1,059

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(2)	0
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>107</b>	<b>107</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	87	322
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>107</b>	<b>342</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	107
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Amounts include director fees, consulting fees, salaries and super.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

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## Mining exploration entity and oil and gas exploration entity quarterly report

**8. Financing facilities available**

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other – Convertible notes

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	5,358	5,358
8.2	-	-
8.3	-	-

Facility Description	\$A '000	Lender	Interest rate	Secured/Unsecured	ASX info date
Loan facility	5,358	PT Jayatama Global Investindo	8%	Secured	2/1/2019

The above loan is PT Gulf Mangan Grup. P Gulf Mangan Grup is a subsidiary of Gulf Manganese Corporation Limited.

On 8 January 2020, Gulf Manganese Corporation Limited announced that it had entered into a binding term sheet for the establishment of a €52 million structured loan facility. For further details of the facility please refer to the ASX announcement on 8 January 2020.

**9. Estimated cash outflows for next quarter****\$A'000**

9.1 Exploration and evaluation

250

9.2 Development

4,745

9.3 Production

-

9.4 Staff costs

290

9.5 Administration and corporate costs

380

9.6 Other (provide details if material)

-

**9.7 Total estimated cash outflows****5,665**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Print name: Hamish Bohannan  
(Managing Director)

Date: 30 Jan 2020

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.