

# Gulf Manganese contemplates Indonesia IPO in two years, CEO says

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By Adam Orlando in Perth

**Gulf Manganese** [ASX:GMC], the ASX-listed, Indonesia-focused manganese mining company, could be in a position in two years' time to list on the Indonesia Stock Exchange (IDX), CEO Hamish Bohannan told this news service.

The AUD 27.43m (USD 20.34m) market capitalization company is undecided as to whether it will be a primary or secondary listing on the IDX and will assess the situation once it has completed its first substantial expansion of its Kupang smelting hub facility in West Timor, Bohannan said.

With a population of some 260 million people, a growing "metal class", and mineral-rich geography, it is a logical progression for Gulf Manganese to seek a listing in Indonesia, he said.

"I think the Indonesia Stock Exchange will become a very strong exchange in southern Asia from now," Bohannan said.

The company will likely need to retain relevant financial and legal advisors to assist with the listing.

The catalyst to launch formal IDX listing proceedings will be the "first substantial expansion of the program" at Kupang. On 6 June Gulf Manganese secured AUD 15m in funding from Indonesian-based diversified investment group **PT Jayatama Tekno Sejahtera** (JTS Group), to help it fund construction of the first two smelters at the company's Kupang smelting hub facility, as per its ASX filings. The funding ensures that Gulf Manganese is fully funded to build the infrastructure, which is expected to be completed in November this year, Bohannan said.

Expansion plans moving forward will come out of cash flow and the company is unlikely to need raising additional capital, he said.

The company is targeting the sale of Direct Shipping Ore (DSO) during the construction phase, which is a significant near-term value catalyst, the CEO said. The smelting hub facility, which is more than halfway through construction, has access to power supplied by state utility on a unit cost basis from a power station adjacent to the

smelter site, he said, noting that the main costs for such a facility is electricity and access to it.

The Kupang smelting hub facility will contain eight furnaces built in stages over five years and is forecast to produce premium quality 78%+ manganese alloy, according to a company document. At full production, Gulf will aim to purchase and process 320,000 tonnes of manganese or per annum, producing about 155,000t of ferromanganese alloy.

The smelting hub facility has easy access to key Asian markets such as China, Japan, and Korea.

Manganese is too brittle to be used as a pure metal and is mainly used in alloys, such as steel which contains as little as 1% of the commodity to increase the strength and improve workability and resistance to wear. Drinks cans are made of an alloy of aluminium with 1.5% manganese, which improves resistance to corrosion.

Other manganese miners include **South32** [ASX:S32], **Anglo American** [LON:AAL], and **OM Holdings** [ASX:OMH].

During 2H17 the company raised AUD 4m through a placement of nearly 267m shares at AUD 0.015 apiece with free attaching one for two listed options exercisable at 0.005 per share, expiring 21 April 2019 to sophisticated and professional investors, as reported.

The company incurred a consolidated loss after income tax of AUD 2.55m for the six months to 31 December 2017, as reported.

The price for manganese alloy is currently between USD 2100 to USD 2200 per tonne, according to *InvestmentMine*.

Gulf Manganese's major shareholders include Tanah Capital (9.83%), Citicorp Nominees (8.89%), Tan Hwa Poh (4.78%), and ABN Ambro (3.93%), according to a June company presentation.

It uses **Bentleys Audit & Corporate** for auditing.