



ASX Announcement
17 October 2018

UPDATE ON CORNERSTONE INVESTMENT

Gulf Manganese Corporation Limited (ASX: GMC) ("Gulf" or "the Company") advises that, in light of the uncertainty created by the recent statement of the new Governor of the Province of East Nusa Tenggara ("NTT") in relation to a moratorium on all mining activities in the province (see the Company's announcement dated 6 September 2018), Bapak Dato Dr Low Tuck Kwong has notified Gulf that he will not be proceeding with the proposed A\$10.8m cornerstone investment (as announced on 28 August 2018) at this point in time, but has advised that he would be open to revisit the investment proposal in the future.

As the proposed investment was subject to shareholder approval, the Company will not be seeking to convene a meeting of its shareholders for this purpose at this time.

As originally advised on 12 March 2018, entered into a series of transactions with PT Jayatama Global Investindo ("PT JGI") and its related entities to fund up to approximately A\$15 million for the construction and commissioning of the first two smelters at the Kupang Smelting Facility in West Timor, Indonesia.

As advised on 4 September 2018, the Maturity Date under the Convertible Note Agreement was extended to 12 October 2018. Gulf advises that it has not been able to complete all the conditions precedent for conversion under the Convertible Note Agreement with PT JGI by the extended date, although most of the Conditions Precedent have been met. PT JGI has played an invaluable role as Gulf's Indonesian partner in helping PT GMG to achieve its recent milestones and Gulf is currently in further discussions with PT JGI with regard to an extension of the Maturity Date.

The Board of Directors has created a strategy to facilitate cost reduction in both the Company and the Indonesian entity in order to control expenditure and preserve funds whilst the NTT mining moratorium and future investment remains uncertain. This will result in a reduction in construction activities in Kupang in the short term, impacting the planned commissioning date, which will most likely be extended to March 2019. The Board is also investigating opportunities to source manganese ore from outside NTT.

The Company is to remain suspended from trading on the ASX pending the finalisation of discussions about an extension of the maturity date of the Convertible Note Agreement entered into with PT Gulf Mangan Grup ("GMG") and PT Jayatama Global Investindo ("PT JGI") and an announcement by the Company in relation to the extension.

-ENDS-

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