

Gulf Manganese edges closer to manganese shipments and cash flow with DSO licence

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A DSO licence from Indonesian authorities enables Gulf Manganese Corporation to begin exporting manganese so it can generate early cash flow to finish construction of its Kupang smelting complex.

Gulf Manganese Corporation (ASX: GMC) has finally been given the green light to ship high-grade manganese ore from Indonesia's Ministry of Trade, which follows a related Ministry of Energy and Mineral Resources approval earlier this month.

The approvals officially give Gulf Manganese a direct shipping ore (DSO) licence to export up to 103,162 tonnes of 49% manganese a year from the Kupang smelter project.

"Receiving DSO approval marks a major milestone for Gulf," managing director Hamish Bohannan said.

Despite the fact that the Indonesian Government has banned exports of untreated ore, the government has made an allowance for smelting and processing companies.

The concession means smelting and processing companies like Gulf can sell DSO concentrate during the construction phase of their plants to bring in early cash flows.

Kupang smelter project

In keeping with Indonesia's mandate for downstream processing of ore, Gulf's is developing a ferromanganese smelting operation in Indonesia's West Timor region.

The company plans to build eight furnaces over five years, with targeted production of 78% manganese alloy.

Once in full swing with the eight furnaces, Gulf will process 524,000t of manganese ore annually, to produce 201,000t of ferromanganese alloy.

Gulf's intent is to enable many of Indonesia's high-grade manganese mines to resume operations after being on care and maintenance since 2013 when the Indonesian Government passed the legislation banning the exports of untreated ore.

The company expects its Kupang smelter will treat the ore – meeting government regulations, with the high-purity ferromanganese to be shipped overseas to speciality steel producers.

Cashed up

To top up its cash reserves, Gulf has received commitments from sophisticated investors to raise \$3.25 million.

Investors will subscribe for 650 million shares at \$0.005 each.

Additionally, Gulf will place 45 million shares at \$0.007 each to Acuity Capital – boosting cash reserves by a further \$320,000.

“The next six months provide much excitement for Gulf's board and management as we look to advance the development of the Kupang facility and we look forward to providing further updates in due course,” Mr Bohannon said.

By midday, shares in Gulf had risen more than 16% to reach \$0.007.