



ASX Announcement  
2 August 2019

## Gulf to Acquire Strategic Interest in Timor-Leste Manganese Explorer

- **Acquisition of a 20% interest in Australian-based Iron Fortune Pty Ltd to provide Gulf with a first to market exploration opportunity in Timor-Leste**
- **Significantly diversifies and de-risks high-grade manganese ore supply chain through farm-in exposure to Timor-Leste exploration areas prospective for high-grade manganese**
- **Iron Fortune's strong local relationships and geological understanding of the Timor-Leste region provides an excellent opportunity to expand Gulf's manganese footprint outside of Indonesia**

**Gulf Manganese Corporation Limited** (ASX: GMC) ("**Gulf**" or "**the Company**") is pleased to advise that it has entered into an agreement to acquire a strategic 20% interest in Iron Fortune Pty Ltd ("**Iron Fortune**"), a private Australian-based minerals and exploration company focused on Timor-Leste.

Under the terms of the agreement, Gulf will pay an initial A\$100,000 for exclusivity whilst due diligence is completed and has agreed to work together with Iron Fortune to develop a work plan and strategic direction. Hamish Bohannon will also be appointed to the Board of Iron Fortune in the position of Non-Executive Director. Upon completion of the due diligence process, Gulf will pay a further A\$200,000 and issue A\$100,000 worth of shares to secure a 20% interest in Iron Fortune.

Full terms and conditions have been outlined below.

**Gulf Managing Director, Hamish Bohannon, commented,** "Gulf's investment in Iron Fortune underpins our vertically integrated mine-gate to production acquisition strategy and provides an excellent opportunity to diversify our asset base beyond Indonesia, whilst remaining in a common geological region.

"Importantly, this partnership can significantly de-risk our ore supply chain and gives the Company an enviable first mover advantage in this emerging exploration jurisdiction. Further, with Iron Fortune's established and respected presence in Timor-Leste, Gulf has the potential to quickly expand its high-quality manganese mining footprint and processing capabilities to support the ongoing development of our Kupang Smelting Hub facility.

**Iron Fortune Director, Ian Sinclair, said,** "We are proud to be the first minerals exploration company in Timor-Leste. This new partnership with Gulf will leverage their technical and geological skill base in the Timor region and help us to accelerate both exploration and manganese mine development. We are encouraged that our five-year investment focus on Timor-Leste has been recognised by Gulf and supports our effort to be at the forefront of minerals exploration in Timor-Leste."

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Figure 1: Location of Gulf's Kupang Smelting Hub Facility in relation to Timor-Leste

### Timor-Leste Opportunity Overview

The Democratic Republic of Timor-Leste is 700km northwest of Darwin, with Dili as its capital. The country achieved independence in 2002 and has a young population of 1.2 million, with 65% of citizens under 25. Catholicism is the predominant religion (95%). The US dollar was adopted as the official currency in 2000, in part to stimulate foreign investment and ease of business to grow the economy. Oil and gas revenues account for 70 per cent of the nation's GDP and almost 90 per cent of total government revenue between 2010 and 2015. In 2011, the Petroleum Fund was valued around US\$16 billion.

The Government of Timor-Leste has an ambitious plan to use the nation's oil revenue to support long-term economic development based on diversifying the economy away from a reliance on oil. This is already in action through leading Australian and international companies carrying out major projects and investing in the minerals and resource sector. <sup>1</sup>

The finalisation in 2018 of the maritime boundary treaty between Australia and Timor-Leste was a significant milestone and has further strengthened the relationship between the two countries. It is the view of both Gulf and Iron Fortune that finalisation of the protracted treaty negotiations has enhanced the business environment for Australian economic interests in Timor-Leste, including Australian resource interests.

The Government of Timor-Leste has created the Strategic Development Plan 2011-2030 which has set an aspiration for Timor-Leste to become an upper-middle income country by 2030. This is to be realised through several economic levers, including opening to foreign investment and economic diversification and tax reform incentives for private industry. <sup>2</sup>

1.DFAT country brief, Timor-Leste

2.ANU Crawford School of Government Pacific Update Session

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### About Iron Fortune Pty Ltd

Iron Fortune Pty Ltd is a privately-owned Australian resource company focused on investment in businesses or assets aligned with the mineral exploration. Iron Fortune established a local staff base in 2015 led by Timor-Leste-born and Indonesian-educated local Geophysicist Miss Francisca Joe Magno, with Francisca becoming Iron Fortune's first Timor-Leste-based equity shareholder in 2017. Iron Fortune locally registered in Timor-Leste in 2017. Iron Fortune structured a partnership approach involving the Timor-Leste Government's geological survey, the University of Melbourne and Iron Fortune and contributed funding for a geological study tour of the Oecusse enclave in 2015 (which can be identified in the below Figure 2).

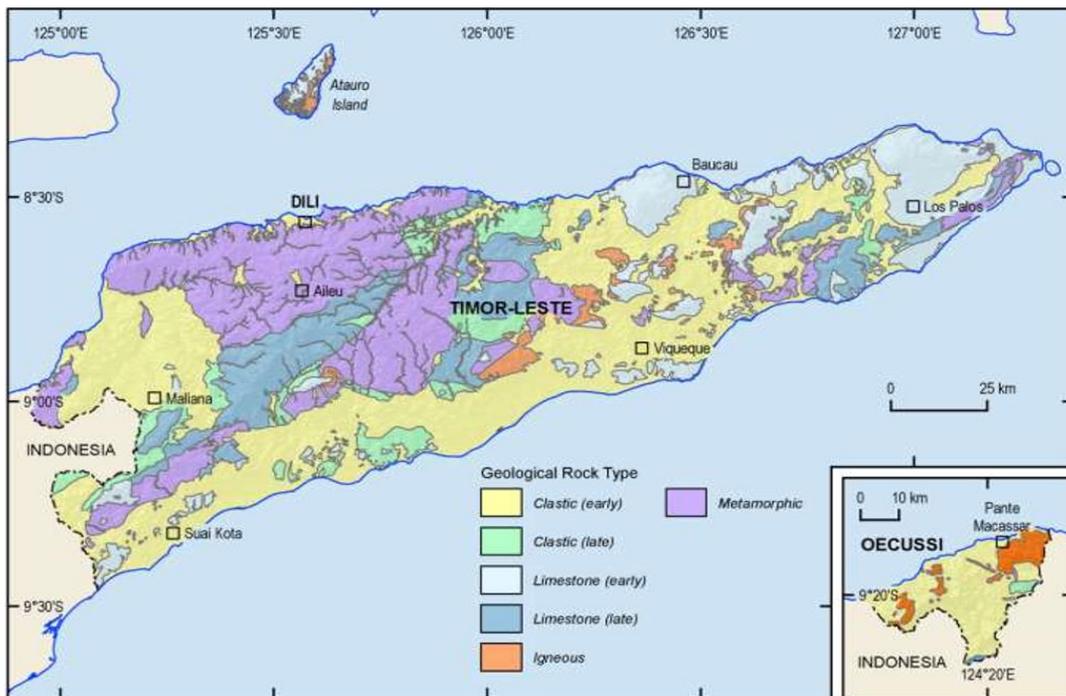


Figure 2: Geology of Timor-Leste (source [www.lahistoriaconmaps.com](http://www.lahistoriaconmaps.com))

### Financial Terms

- i) Gulf will pay an initial A\$100K up front for exclusivity whilst Gulf completes its Due Diligence and works together with Iron Fortune to develop a work plan and strategic direction. At this time, Hamish Bohannan will be appointed to the Board of Iron Fortune in the position of Non-Executive Director.
- ii) Within 90 days Gulf will pay a further A\$200K cash and issue A\$100k worth of Gulf shares between parties nominated by Iron Fortune, and Iron Fortune will issue Gulf a 20% stake in Iron Fortune.
- iii) Gulf will commit to spending A\$300k on the Business by 31 August 2020, subject to adjustment for any delays in access to ground due to licensing, and a further \$300k in the following twelve months to earn 35% and then 51% interest in Iron Fortune. Minimum committed expenditure before Gulf can withdraw from the Farm In is the A\$300k, with a pre-emptive right for Iron Fortune to buy back.

- iv) Upon Gulf earning a 51% interest, Gulf will complete a mining study and reach a decision to mine to earn a further 29% interest for a total of 80%.
- v) Once Gulf has earned an 80% interest in Iron Fortune, the current shareholders of Iron Fortune will have the right to fund the mining and development costs on a pro rata basis (Gulf 80% / Current Shareholders 20%). If Gulf completes the acquisition to 100% of Iron Fortune the current shareholders will receive a 2.0% Net Royalty on Profit.

**Conditions Precedent**

- i) Gulf undertaking and completing its Due Diligence on Iron Fortune;
- ii) Gulf Board approval;
- iii) Gulf receiving the necessary regulatory approval (if required);
- iv) Confirmation that the Business is in good standing and fully compliant with respect to Timor-Leste law and regulations.

**-Ends-**

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