



ASX Announcement
31 October 2019

Quarterly Activities Report Period ended September 30

Highlights:

- **Gulf signs manganese ore purchase & supply agreements with Sulawesi-based miner PT Arfa Indo Sarana**
- **Exploration and mining activities ongoing at high-grade PIJ manganese mine in West Timor**
- **Growing pipeline of approved local manganese mines - 17 IUP's formally approved by NTT Ministry of Energy and Minerals Resources allowing local miners to recommence manganese production – scope for Gulf to quickly scale up its ore supply pipeline**
- **Ongoing active assessments of multiple manganese stockpiles and high-grade mines, both in NTT and other surrounding manganese rich provinces to further diversify ore supply chain**
- **Gulf signed an agreement to acquire a 20% interest in Timor-Leste manganese explorer Iron Fortune – providing a first-to-market opportunity in Timor-Leste**
- **Exercise of Placement with Acuity Capital to raise A\$385,000 for working capital and initial ore purchases**

Gulf Manganese Corporation Limited (ASX: GMC) ("Gulf" or "the Company") is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 September 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. Construction of the first two smelters has already commenced and is expected to be completed in H1 2020. 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.

Gulf, through its 74.9% owned Indonesian subsidiary, PT Gulf Mangan Grup ("GMG") is developing its first smelting hub in Kupang in East Nusa Tenggara ("NTT" or "West Timor") in Indonesia. The other 25.1% is owned by Gulf's Indonesian partner PT Jayatama Global Investindo ("JGI") whose President Commissioner is Bapak Raden Fofo Sariaatmadja.

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September Quarter Activity Overview

Ore purchase and supply agreement signed with PT Arfa Indo Sarana

Subsequent to the reporting date, 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. In addition, a Memorandum of Understanding ("MoU") was also executed between the two parties for the ongoing supply of high-grade manganese ore.

The initial 100 tonne parcel is expected to be transported to the port of Bau Bau in Sulawesi in November. The ore will then be shipped to the Port of Tenau in Kupang. Once the shipment has arrived in Kupang it will undergo a final quality analysis process before being cleared for export to Gulf's customers.

Strategic Partnership with Iron Fortune to De-risk and Solidify Manganese Ore Supply

In August, Gulf 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 paid 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. Upon completion of the due diligence, a further \$200,000 payment would complete the acquisition, with farm in rights to 51% with a further \$600,000 spent over 2 years, increasing to 80% with a decision to mine.

Acquisition of High-Grade Timorese Manganese Mine

In July, Gulf successfully secured the Putra Indonesia Jaya ("PIJ") high-grade manganese mine in Timor with its key Indonesian and Singaporean partners JGI and PGC Resources. PIJ is now owned by these partners in equal 50% proportions. The acquisition is in line with the Company's broader project acquisition strategy, and importantly, 100% of the ore produced will be supplied to Gulf's operations in Kupang.

Following the approval of its RKAB, exploration and ore evaluation programs have started at PIJ with mapping, trenching and sampling activities leading to trial pits for the mining and supply of high-grade manganese ore to GMG's smelting hub for both DSO and smelting.

Manganese Ore Supply Chain Developments

The Company continued its due diligence in sourcing additional ore, and to date 22 mines have responded to the granting of the Company's DSO export permit by completing their RKAB applications to the NTT Ministry of Energy and Mineral Resources ("ESDM") to recommence mining operations. These mines were forced to close under the Indonesian government's beneficiation policy in 2013, which banned the export of untreated ores.

Gulf expects to see the productivity of these mines build incrementally over the coming months as production is gradually ramped-up, along with the utilisation of key logistical and warehousing infrastructure. Gulf is actively assessing stockpiles and high-grade mines in West Timor and surrounding regions including Sumbawa and Sulawesi to further diversify and strengthen the ore supply chain.

Post quarter end, Gulf reported that 17 IUP's (permits to conduct a mining business) have been approved by ESDM thus allowing these miners to recommence manganese production.

Negotiations are already underway with a number of these NTT miners to secure further manganese ore supply partners. Following an initial shipment of about 100 tonnes to test the logistics route from the mine to market, GMG expects monthly exports to commence at 1,000 tonnes per month and ramp up to 10,000 tonnes per month in due course.

Corporate Activity Overview

Company Secretary Appointment

Due to increasing finance and governance requirements, the decision was made during the quarter to separate the finance and secretarial roles to strengthen the Company's professional resource base. As a result, Mr Ian Gregory was appointed as Company Secretary, having previously acted as Gulf's Company Secretary between 2 July 2018 until 20 November 2018. Mr Robert Ierace retired from the position of Company Secretary to focus on his role as Chief Financial Officer of Gulf Manganese Corporation Limited.

Exercise of Placement with Acuity Capital

Subsequent to the reporting date, the Company agreed to place 64,000,000 GMC shares at an issue price of \$.006 to Acuity Capital for a total raise of A\$385,000. The Company intends to use the funds for working capital and initial ore purchases.

During the quarter the company paid for plant and equipment relating to the construction of the Kupang Smelting hub as well as working capital expenses.

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

"The primary focus for the quarter was to secure a reliable and steady supplier of high-grade manganese ore to kick-start our DSO operations and underpin our future smelter production and I am pleased to report that this has been achieved through an agreement with a Sulawesi-based miner.

"We are now on track to receive our first trial shipment of high-grade ore this quarter which will enable our first DSO export shipment to take place.

"Importantly, we have noted several encouraging regulatory developments in the NTT area highlighted by the recent approval of 17 IUP's. We are already in discussions with a number of these approved local miners to secure further ore supply agreements, which once in place, will significantly shorten our mine-gate to export timeframe.

"From a funding perspective, we are continuing to progress debt funding discussions which are nearing a conclusion, so I look forward to reporting further details as soon as possible."

-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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) project evaluation	-	-
(b) development	(806)	(806)
(c) production	-	-
(d) staff costs	(468)	(468)
(e) administration and corporate costs	(1,152)	(1,152)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (GST paid to be recouped)	-	-
1.9 Net cash from / (used in) operating activities	(2,427)	(2,427)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,105)	(1,105)
(b) tenements (see item 10)	-	-
(c) investments	(100)	(100)
(d) other assets	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	-	-
2.7	Net cash from / (used in) investing activities	(1,205)	(1,205)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,972	3972
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,427)	(2,427)
4.3	Net cash from / (used in) investing activities (item 2.7 above)	(1,205)	(1,205)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	2
4.6	Cash and cash equivalents at end of period	342	342

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	322	3,952
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	342	3,972

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	297
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.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	5,413	5,413
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.		

Facility Description	\$A '000	Lender	Interest rate	Secured/Unsecured	ASX info date
Loan facility	5,413	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.					

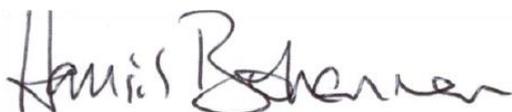
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	220
9.3 Production	-
9.4 Staff costs	290
9.5 Administration and corporate costs	210
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	720

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			

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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: 31 October 2019

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.