



ASX Announcement
8 January 2020

Gulf Secures €52 Million Loan Facility to Complete Kupang Smelting Hub Construction Program

- **Gulf will now be fully funded to complete the construction and commissioning of first two smelters at Kupang Smelting Hub - funds expected to be received by the end of January 2020**
- **Kupang Smelting Hub construction program to re-start immediately – expected timeframe for completion of first two smelters and pouring of first metal is Q3 2020**
- **Gulf to accelerate high-grade manganese mining operations with Indonesian partners**
- **Funding also enables Gulf to advance strategic joint venture with Iron Fortune – providing a first-mover manganese exploration opportunity in Timor Leste**

Gulf Manganese Corporation Limited ("Gulf" or the "Company") (ASX: GMC) is pleased to advise that it has executed a binding term sheet for the establishment of a €52 million Structured Loan Facility (the "Loan Facility") with Glacier International Depository Ltd, Legal and General Investment Management Limited and HSBC Bank plc. The Loan Facility is presently being finalised with proceeds expected to be received by the end of January 2020.

In contractual terms, the two key parties to the transaction are HSBC Bank plc as provider of the underpinning collateral, a Standby Letter of Credit, and Legal and General Investment Management Ltd as provider of the loan itself, with the assistance of Glacier International Depository Ltd, who are responsible for preparing and handling of the instrument issuance in raising and providing of the funds for Gulf.

Gulf will now be fully funded to complete the construction and commissioning of the first two smelting furnaces at the Kupang Smelting Hub facility in West Timor, Indonesia. As previously reported, construction of the facility is currently 60% complete, with approximately US\$13 million and a further 6-7 months' work required to complete the first two smelting furnaces.

This Loan Facility also provides Gulf with the ability to ramp-up its high-grade (+49% Mn) manganese mining and exploration activities in Indonesia taking advantage of its licence to export manganese concentrate (also known as Direct Shipped Ore or "DSO"), and to advance its strategic joint venture with Iron Fortune in Timor Leste.

Regular detailed updates on construction milestones, mining activities and exploration progress will be provided to shareholders as activity ramps-up across the business over the coming months.

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Key terms of the Loan Facility include:

Total Loan Amount:	€52 Million
Loan Term:	2 years (one year with a further one year rollover at discretion of Gulf)
Interest Rate:	14.5% per annum
Repayment:	Repayable in full lump sum at end of Loan Term
Security:	Fixed and Floating Charge over Gulf Manganese Corporation Ltd in favour of Legal and General Investment Management Ltd
Cash to GMC:	€40 Million
Event of Termination:	Repayment of Loan amount in full or events of default customary for transactions of this nature
Other Terms:	GMC to supply monthly progress reports in respect of Kupang execution/implementation Legal and General Investment Management Ltd has the right to inspect/appoint consultants to inspect the facilities to determine Kupang Project Implementation

The facility structuring obligations will require GMC to pre-pay 1 year's interest (€7.54 million) on the Loan Facility at the commencement of the loan. In addition, a loan structuring fee of 4% (€2.08 million) plus third party underwriting and associated transactions costs (€2.38 million) will result in GMC receiving an amount of €40 million.

Acuity Capital – Controlled Placement Facility

As announced on the 9th March 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides Gulf with up to \$5 million of standby equity capital and was due to expire in December 2019. The CPA has been extended to December 2020 with no increase to the standby limit. To date \$2.98 million has been raised under the CPA with a further \$2.02 million remaining.

Board and Management Commentary

Commenting on the securing of the Loan Facility, Gulf's Managing Director Hamish Bohannon said:

"We are delighted to have finally secured this facility and I can confidently reassure shareholders that we now have a clear line of sight on the pouring of first metal at Kupang in Q3 of 2020.

"With US\$13M required to complete the construction and commissioning of our first two smelters, we now have ample capacity to fast-track high-impact mining and exploration programs targeting Indonesia's abundance of high-grade manganese ore deposits.

"I would like to thank our principal contractors XRAM and PT Weltes for their patience and support during this refinancing process and both groups are ready to resume work at Kupang immediately. I would also like to thank our shareholders for their support during what has been a challenging 12 months. We look

forward to delivering a number of highly value accretive milestones in the near-term and even more significantly over the longer term."

Gulf's Chairman, Craig Munro, added:

"This is a transformational step for Gulf and we are now firmly on the road to becoming a leading global ultra-low carbon ferromanganese producer this year.

"I would like to thank our management team for their efforts in securing this funding facility and I know the team is now eager to turn its attention towards executing a number of exciting operational milestones. The Company's shareholders have also been incredibly supportive throughout this process and I would like to thank you all for your patience."

-Ends-

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