



ASX Announcement
20 July 2020

Gulf Corporate Update

Gulf Manganese Corporation Limited ("Gulf" or the "Company") (ASX: GMC) advises that it has completed a detailed review of its current manganese operations in the light of the impacts of the COVID-19 pandemic both on operating in Indonesia and on raising capital to support the Company's Indonesian operations.

The continuing delays in closing the transaction with Glacier International Depository Ltd ("Glacier") for the Loan Facility announced on 8 January 2020 (the "Loan Facility") have caused the Company considerable strain. Consequently, the Company has reviewed its agreement with Glacier and is pursuing other options so as to ensure the integrity of the Company in the event that the transaction fails.

Ongoing Loan Facility delays, coupled with the demands of operating within the current COVID-19 environment, have resulted in the Board undertaking a detailed review of the Company's near and medium-term development plans.

As a result of this review, the Company has made the prudent decision to reduce its cost base and keep its operations in Indonesia on care and maintenance whilst discussions regarding the future development of the Kupang Smelting Hub Facility are completed with its Indonesian partner, PT JGI, who own 25.1% of the project.

In addition, Gulf can advise that it has cut operating costs considerably, with measures including a freeze on Board remuneration since last year, reductions in staffing, wages and other costs, and of course cessation of travel, both international and domestic. Gulf will continue to operate on this basis for the foreseeable future.

To provide certainty in respect to near-term funding, the Company has signed a share purchase agreement with RiverFort Global Opportunities PCC Ltd ("RiverFort"). The full terms and conditions of this agreement are currently being fine-tuned and will be reported shortly.

As reported in the March 2020 quarterly cash flow, 'PT Gulf Mangan Grup, a subsidiary of Gulf Manganese Corporation Limited, has a remaining A\$5.157 million loan under the stand-by facility with PT Jayatama Global Investindo, a subsidiary of PT JTS. The loan will be repayable from the profits from commercial production of the Kupang Smelting Hub Facility. The loan is secured by a fiduciary charge over the manganese smelters, with 8% interest per annum and has a due date of 30 September 2020'.

This loan of A\$5.157 million loan under the stand-by facility and the matching loan of A\$16.348 million owed to Gulf Manganese Corporation by PT Gulf Mangan Grup reflect the monies paid by the respective companies to support the construction of the Kupang Smelting hub. Gulf Manganese Corporation and PT JTS, who own the project 74.9%:25.1% respectively, both expected the Project to be completed and in production by September 2020. With the challenges created by the Covid-19 Pandemic, this is now most unlikely.

Both amounts (being A\$5.157 million and A\$16.348 million) are owed by PT Gulf Mangan Grup and there is no liability for the amounts to be paid by either parent company. As noted above, the project is now on care and maintenance and both companies are working to secure the value invested in the Project

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once the restrictions of the Pandemic are relieved. PT Gulf Mangan Grup will be seeking an extension of the loan repayment date.

Gulf requests the voluntary suspension of its securities remains in place until Gulf can demonstrate to the satisfaction of ASX it complies with Chapter 12 of the Listing Rules, which is expected to be by 31 August 2020.

In the meantime, the Company continues to work on alternative funding strategies and will provide an update before 31 August 2020.

-Ends-

This announcement has been authorised by the Managing Director.

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