



ASX Announcement
4 July 2019

Gulf Strengthens High-Grade Manganese Ore Supply Chain

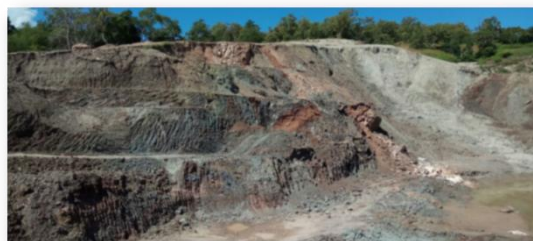
- **First high-grade manganese mine acquired via Gulf's key Indonesian and Singaporean partners**
- **Gulf's in-country team continues to build acquisition pipeline with several high-grade mines currently under assessment**
- **Twenty two manganese mines have submitted work plan and budget applications (RKAB) to the Ministry of Energy and Mineral Resources NTT (ESDM) – with thirteen approved and nine in progress. Approved applications are now waiting for final Provisional Government approval**
- **Discussions continuing with offtake and debt financing groups to fund completion of Kupang Smelting Hub construction program**

Gulf Manganese Corporation Limited (ASX: GMC) ("**Gulf**" or "**the Company**") is pleased to provide the following update in respect to the strengthening of its manganese ore supply chain and on the progress being made by its Indonesian subsidiary PT Gulf Mangan Grup ("**GMG**") with respect to its Direct Shipping Ore ("**DSO**") operations in Indonesia.

Acquisition of High-Grade Timorese Manganese Mine

In line with the Company's broader project acquisition strategy, Gulf is pleased to report that it successfully vended the Putra Indonesia Jaya "PIJ" high-grade manganese mine in Timor to its key Indonesian and Singaporean partners.

Importantly, 100% of the ore produced will be supplied to Gulf's operations in Kupang. It is expected that ore supply from PIJ will commence in September 2019 and will steadily increase to about 2,000 tonnes per month by Q1 CY2020. As part of this process led by Steven Pragnell, Gulf's in-country President Director, several other high-grade manganese mines are being assessed in Timor and surrounding regions with due diligence well advanced on several opportunities.



Figures 1 & 2: Photos from recently acquired PIJ mine pit

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DSO Update

As previously advised, the Company has received its DSO License to export up to 103,162 tonnes of high-grade (+49%) manganese ore per year. Final preparations are currently being made to commence initial ore supply from Sumbawa, with first ore expected to be loaded in containers and transported to Kupang for processing before the end of this quarter.

With regard to sourcing additional ore, some twenty two mines have responded to the granting of our 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 down under 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.

Of these twenty two applications, thirteen have been approved by EDSM with a further nine in process. Approved RKAB applications are now waiting for final approval from the Provisional Government.

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 by Q1 CY2020. This ramp-up in operations will be supported by supply of additional ore from the PIJ mine which is anticipated to come online in September.

Corporate Update

The Company is also continuing positive discussions with several potential offtake partners and debt providers to secure the requisite capital to fully-fund the completion of the Kupang Smelting Hub Facility construction program. Following recent discussions, it is anticipated that construction activity will recommence this quarter, with commissioning of the first two smelters set for Q1 CY2020.

Management Commentary

Gulf Managing Director, Hamish Bohannon, commented, "Over recent months our team has worked tirelessly to underpin our ore supply chain and we are delighted to see this work coming to fruition with the successful acquisition through our business partners of our first high-grade manganese mine in Timor.

"The bolstering of our supply chain has been a key focus as we push towards commercial start-up of our DSO processing operations, with first ore from Sumbawa expected to be transported to Kupang for processing later this month and the first DSO shipment scheduled for this quarter. We are busy sourcing additional suppliers of high-grade ore and we are pleased to see applications submitted by an additional thirteen mines – all of which have potential to feed into our supply chain once approved.

"I look forward to providing further updates shortly on DSO logistics and commercial start-up along with a comprehensive update on the Company and key manganese market dynamics in the near-term."

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