

# Kupang fully funded

**G**ulf Manganese Corporation Ltd has secured the final tranche of funding required to complete construction of its Kupang smelting facility in Indonesia.

Local investment group PT Jayatama Tekno Sejahtera is tipping \$15 million into Gulf to ensure the company remains on track for first ferromanganese production as early as June.

Influential Indonesian businessmen Fofu Sari-aatmadja and Chairuel Jul Nuro will be appointed commissioners of Gulf's Indonesian subsidiary company. Johannes Susilo will also join the board as a director.

PT Gulf will issue a convertible note in Indonesia rupiah valued at approximately \$6 million to a subsidiary of PT Jayatama, with zero percent interest. Gulf will also issue \$2 million converting notes to Eighteen Blue Investments Pty Ltd, together with one-for-one free attaching listed options.

A standby loan facility of approximately \$7 million will also be made available to Gulf should the company require additional funding during the commissioning phase.

"The loan facility component is something we don't intend to use or want to use, it's just nice to know we have it there if we do have an overrun," Gulf managing director Hamish Bohannan said.

"Dealing with Pak Fofu has been an absolute pleasure. He and his brother are very well known in Indonesia, they are very influential guys, so to have someone of Fofu's calibre supporting us is fantastic. It not only gives us that sort of heart foundation-like sticker, it also gives us real credibility in Jakarta."

Speaking to **Paydirt** last month after finalising the funding package, Bohannan said construction was 30-40% complete and some 2,700t of concrete had been poured at the project site.

Steelworks will be completed over the next month before the first two smelters are shipped in from South Africa for installation.

Bohannan said aside from some heavy rainfall in the region over the last few months, planned construction and commissioning activities had largely re-



**Construction of the Kupang ferromanganese smelting facility is 30-40% complete**



mained on schedule.

"We had a really wet season this year and I think everyone feels like the weather is playing up a bit and changing a lot because we're building," he said.

"It probably set us back 4-6 weeks because it hit us just as we were digging all the excavations. We're through that now so we expect to be commissioning June/July and our first commercial shipment probably in August."

Bohannan said his company had been fortunate to leverage off strong engineering capabilities and established steel workshops in Indonesia.

Kupang shares a fence line with a power station which is able to supply more than enough electricity to meet the smelting facility's energy needs.

"People have questions about the reliability of power on the island, but the power station next to us is fantastic," Bohannan said.

"The Indonesian Government has absolutely delivered on its commitment to upgrade the facilities across the nation, including Kupang. It [power station] has in excess of 100MW commissioned today, we're only going to use 12MW to start with and there's about 70MW available at the moment, so there's heaps of capacity and they've got programmes to further expand that capacity over the next few years. So, as we expand our capacity, their capacity will go with it."

Kupang is also only 5km from a deep water port with both bulk and container facilities.

Bohannan said his company had no reservations about operating in Indonesia despite widespread opinion the country is not particularly mining-friendly.

"If this was a project in Australia, it probably would have taken far longer [to get up and running]," he said.

"It has its frustrations at times, but we're flat out busy so you don't tend to notice it too much. You just go from one key benchmark to the next. It's very exciting, we're building a new industry for the country.

"As with anywhere, you've got lots of rules and regulations. So long as you tick all the boxes and work with the community, you get through it."

Manganese has enjoyed a steady price rise over the past year as investors begin to appreciate the mineral's potential role in future battery technology.

Bohannan said while investor appetite for manganese was convenient timing, Gulf had always viewed Kupang as a potential niche producer of the major steel-making ingredient.

"The price is nice I have to say, but the key to this is the exceptional grade of the ore in Timor and surrounding islands," he said.

"Australia has been blessed with some of the highest grade manganese grades in the world – Woodie Woodie was an absolute ball-tearer of a mine and Groote Eylandt is almost just as good – whereas Indonesia has been ignored because the deposits are much smaller and more fragmented, but the grades are that much better and that's what is so important.

"We will be a niche producer, we're not out to do big volumes. We wouldn't even dream of competing with someone like South32 [Ltd]. We're just a niche producer producing small amounts of very high grade alloy. It's the grade that's key to us."

– Michael Washbourne