

Gulf Minerals secures A\$26m to fund Indonesian smelter project

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Leading developer of ASEAN focused manganese ore and alloy producer **Gulf Minerals** has entered into a terms sheet covering a A\$26 million Committed Equity Funding Agreement to finance the first stage of the development of the Indonesian Smelter project.



Manganese ore

Image credit: www.gulfmineralscorp.com

The funding was secured from Sigur Holdings Inc – a subsidiary of the New York-based, South African private group, **Sigur Capital** – and will be provided by way of 10% annual interest, 4 year senior credit facility loan and preferred shares.

As part of the agreement, Sigur Holdings will immediately subscribe for AUD\$500,000 of Gulf Minerals redeemable convertible 10% notes and install its own representative in Gulf's board of directors.

Other key points in the terms sheet include:

- Gulf will list its subsidiary company holding the Indonesian manganese smelter project onto the Nasdaq Stock Market in the USA;
- US\$10,000,000 – 10% annual interest 4 year Senior Credit Facility loan to the listed subsidiary and secured by the project and to be drawn over 24 months;
- US\$10,000,000 – Preferred Shares in the listed subsidiary and issued at \$2.50/share convertible strike price equal to 85% of the market price or redeemed at \$5.00/share after 24 months;
- Sigur Holdings shall have first right of refusal on any subsequent funding required by the listed subsidiary.

According to the [press release](#) by Gulf Minerals, the terms sheet is non-binding and subject to final definitive agreements following due diligence by both parties.

“This achievement is a watershed moment in the Company’s development of the manganese smelter enterprise and is the culmination of the past 12 months of focused effort by the directors and senior management,” said Gulf Minerals’ Chairman, Graham Anderson.

“We are pleased to be working with Sigur Holdings as they maintain a global presence and long standing relationships with international resources companies.”

Sigur Holdings’ Chief Executive Officer, Brian Kistler said the terms sheet could mark the start of a fruitful future collaboration with Gulf Minerals.

“We are excited to be part of this project and want to be long term players and strategic partners in Gulf Minerals’ endeavours.”

Perth-based Gulf Limited is building the smelter in the West Timor capital Kupang to take advantage of the low cost of ore, labour and power.

Last month the company provided an **update on its progress** in completing smelter design planning, contractor engagement and general preparations. It said it had secured a 50 year lease on an annual fee basis, for 30 hectares in the West Timor industrial area Bolok, as well as grid power from **PLN** for the first stage development while it constructs its own coal fired power station.

<http://australianresources.com.au/6729/gulf-minerals-secures-a26m-to-fund-indonesian-smelter-project>