

ASX Announcement

29 June 2021

ASX: MKR
MARKET SENSITIVE



Manuka Further Enhances Balance Sheet Flexibility

Manuka is pleased to advise that it has agreed a further extension to its existing debt facility with TransAsia Private Capital Limited ('TransAsia'). Whilst MKR continues to pursue refinancing of the TransAsia facility the new agreement extends the maturity of the existing facility by 12 months to 30 Sept 2022. The agreement reduces the cost of this loan and provides Manuka with improved balance sheet flexibility.

Over the last 12 months Manuka has paid down this loan from available cash flows generated by Mt Boppy gold production and the outstanding amount owed under the facility is US\$10m.

Other key features of the revised facility include:

- No Arrangement fees or other upfront payments of any kind;
- A single bullet payment due Sept 30, 2022;
- A 150 basis point reduction in the interest rate payable down to 12.5%;
- No early repayment penalties;
- No hedging requirement; and
- The issue of 10m options expiring in Jul 2023 with a strike price based on a VWAP formula.

Manuka's objective remains the comprehensive refinancing of this facility to increase debt maturity and to further reduce cost of funding. To this end the Company has been in discussions with multiple counter-parties to provide new debt arrangements which has required the compilation of expert reports from technical consultants as part of the due diligence process. In recent weeks since the release of our March Quarter Report the tightness in mining service sector has begun to increasingly impact the expected turnaround times for such reporting by up to 3 months. As a consequence, the Board took the prudent step to negotiate this extension with TransAsia to provide investors with clarity on our funding arrangements.

Manuka looks forward to reporting a steady June Quarterly production result to the market in late July.

Manuka's Executive Chairman, Dennis Karp, commented: *"We are very pleased with the support from TransAsia which has been, and remains, an outstanding financing partner for Manuka, fully aligned with our growth strategy. The outcome we have negotiated with TransAsia lowers our funding cost, removes quarterly cash sweeps and accommodates Manuka's desire to refinance the facility to lengthen debt maturity even further with another counter-party, at no penalty to the Company."*

This announcement has been approved for release by the Board of Directors of Manuka Resources Limited.

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