



ASX Announcement
30 April 2021

Quarterly Activities Report Period ended 31 March 2021

Highlights:

- **Site activities and ore supply continue to be on hold pending funding along with corona virus pandemic restrictions.**

Gulf Manganese Corporation Limited (ASX: GMC) ("Gulf" or "the Company") is pleased to provide shareholders with its Quarterly Activities Report for the period ended March 31, 2021.

Quarter Activity Overview

The focus for the quarter has been on concluding discussions with new investors into the Company to allow the construction of the smelters in Kupang, NTT, Indonesia, to recommence. Good progress has been made but at the quarter's end discussions are still in progress.

The smelters are approximately 60% complete with the main smelting components on site. It is estimated there are six to seven months construction work remaining before commissioning. Notwithstanding, delays to remobilisation should be expected with the restraints to people movement from the COVID-19 pandemic, which continues to be a major issue in NTT, Indonesia.

Funding arrangements to recommence Kupang Smelting Hub construction program

As previously announced, following the failure of Glacier to conclude its Loan Facility with Gulf, the Company has pursued other options and is in discussion with potential new investors to take a key position in the Company.

Placement with Acuity Capital

As announced on March 9, 2018, the Company entered into a Controlled Placement Agreement ("CPA") with Acuity Capital. During the quarter, the Company did not exercise any placements with Acuity Capital, being in voluntary suspension for the period. To date \$3.14 million has been raised under the CPA with a further \$1.86 million remaining.

Bridging Funds with RiverFort

During the September quarter, Gulf executed share purchase and equity sharing agreements with RiverFort Global GP LLC ("RiverFort"). A summary of the material terms of the SPA, ESA and Options is set out in the annexure to the announcement of 31 July 2020, "Gulf Corporate Update: A\$1,200,000 funding facility secured and share placement complete".

T4, 152 Great Eastern Highway
Ascot WA 6104

Phone +61 8 9367 9228

Fax +61 8 9367 9229

Email info@gulfmanganese.com

gulfmanganese.com

ABN: 73 059 954 317
Gulf Manganese Corporation Limited

The Company continues to be in voluntary suspension whilst it concludes the refinancing arrangements with potential new investors and would intend to request re-listing once the funds have been received. The Shares and Options to be issued to RiverFort under the SPA and the Shares to sophisticated investors pursuant to the Placement will be issued from the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Gulf advises operating costs have been cut considerably, measures include a freeze on Board remuneration since early 2020, reductions in staffing, wages and other costs, and the cessation of travel, both international and domestic. Gulf will continue to operate on this basis for the foreseeable future.

Subsidiary company loan

At the end of the quarter, the PT Gulf Mangan Grup A\$5.157 million loan under the stand-by facility with PT Jayatama Global Investindo, a subsidiary of PT JTS, was repayable. The loan was to be repayable from the profits from commercial production of the Kupang Smelting Hub Facility and not later than 30 September 2020. The date has been extended by agreement between the parties, but extension dates have now lapsed. The loan is secured by a fiduciary charge over the manganese smelters, with 8% interest per annum.

This loan of A\$5.157 million 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 own the project 74.9%:25.1% respectively, both had expectations the Project would be completed and in production by September 2020. Challenges created by the Covid19 Pandemic have meant this timeline has not been met.

Amounts (being A\$5.157 million and A\$16.348 million) are owed by PT Gulf Mangan Grup. 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 once the restrictions of the Pandemic are relieved.

ASX Additional Information

During the quarter the Company paid the amounts noted at Item 6.1 on the Appendix 5B, being payments of \$4,000 to related parties and their associates. This was the aggregate amount paid to the directors including salary, directors' fees, consulting fees and superannuation.

-Ends-

This announcement has been authorised by the Board of Directors.

For further information please contact:

Hamish Bohannan
Managing Director

Gulf Manganese Corporation Limited
T: 08 9367 9228
E: info@gulfmanganese.com

Released through Sam Burns, Six Degrees Investor Relations, M: +61 400 164 067



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GULF MANGANESE CORPORATION LIMITED

ABN

73 059 954 317

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(16)	(172)
(e) administration and corporate costs	(103)	(340)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(14)	(37)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	31
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(133)	(518)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:	-	-
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	116	476
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	13	38
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	129	514
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16	16
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(133)	(518)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	129	514

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12	122

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12	16
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12	16

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	4
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,329	5,329
7.2	Credit standby arrangements	1,000	-
7.3	Other (please specify)	681	681
7.4	Total financing facilities	7,010	6,010
7.5	Unused financing facilities available at quarter end		1,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>As previously reported, '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 was to be repayable from the profits from commercial production of the Kupang Smelting Hub Facility and not later than 30 September 2020. The loan is secured by a fiduciary charge over the manganese smelters, with 8% interest per annum. The Companies are in negotiation.</p> <p>This loan of A\$5.157 million 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 timeline was not met.</p> <p>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 once the restrictions of the pandemic are relieved.</p> <p>Gulf Manganese Corporation Limited has obtained has unsecured loans totalling \$681,274. The unsecured loans are at zero interest and are repayable at twice their face value upon the receipt of funding to complete project construction.</p> <p>On 31 July 2020 Gulf announced that it had entered into a funding facility with RiverFort Global Capital Ltd ("RiverFort") which will commence once the Company has demonstrated to the satisfaction of the ASX that it complies with Chapter 12 of the Listing Rules, with an initial injection of A\$200,000 for immediate working capital with the remaining A\$1,000,000 to be disbursed in monthly payments thereafter.</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(133)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(133)
8.4 Cash and cash equivalents at quarter end (item 4.6)	12
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	12
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.1
<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
No, as the entity has reduced overhead expenditure substantially while it continues to complete long term financing arrangements.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Yes, the Company has signed a \$A1,200,000 bridging finance option with RiverFort Global Opportunities PCC Ltd which will provide an immediate \$A200,000 upon the Company demonstrating to the satisfaction of the ASX that it complies with Chapter 12 of the Listing Rules allowing the voluntary suspension to be lifted and monthly payments of about \$A70,000 for twelve months thereafter. The Company also has a Controlled Placement Agreement with Acuity Capital to provide standby equity capital and the Company has issued convertible notes to the value of \$A500,000, the funds of which have since been received.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Yes, through the abovementioned financing arrangements.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: Hamish Bohannan (Managing Director)
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.