APPENDIX 5B

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

Name of entity	
Manuka Resources Ltd	
ABN	*Quarter ended ("current quarter")*
80 611 963 225	30 September 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	11,016	11,016
1.2	Payments for		
	(a) exploration & evaluation	(9)	(9)
	(b) development	(56)	(56)
	(c) production	(7,449)	(7,449)
	(d) staff costs	(1,764)	(1,764)
	(e) administration and corporate costs	(1,434)	(1,434)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(2,632)	(2,632)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	347	347
1.9	**Net cash from / (used in) operating activities**	(1,981)	(1,981)

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	(801)	(801)
	(d) exploration & evaluation	(629)	(629)
	(e) investments	-	-
	(f) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**(1,430)**	**(1,430)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,000	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(442)	(442)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(90)	(90)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(37)	(37)
3.10	**Net cash from / (used in) financing activities**	**6,431**	**6,431**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,509	1,509
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,981)	(1,981)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,430)	(1,430)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,431	6,431

For personal use only

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,529**	**4,529**

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	4,529	1,509
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)**	**4,529**	**1,509**

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	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2	12

Note: 6.1 This is made up of amounts paid to the directors including salary, directors' fees, consulting fees and superannuation.

Note: 6.2 This is made up of amounts paid to the directors including consulting fees in respect of exploration activities.

For personal use only

7.	***Financing facilities*** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	22,661	22,541
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**22,661**	**22,541**

7.5	**Unused financing facilities available at quarter end**	120

7.6 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.

Lender	*Facility type*	*Total Facility*	*Rate*	*Maturity*
TransAsia Private Capital Limited	Secured Senior Debt Facility	19,696	14%	30/04/2021
Rescap Investments Pty Ltd	Unsecured Working Capital Loan	2,000	16%	5/04/2021
Gleneagle Securities (Aust) Pty Ltd	Unsecured Working Capital Loan	465	12%	31/12/2021
Hindsight Trading Pty Ltd	Unsecured Working Capital Loan	250	16%	31/12/2020
National Australia Bank Ltd	Business Options Loan	250	4.50%	2/04/2021

8.	***Estimated cash available for future operating activities***	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,981)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(629)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,527)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,529
8.5	Unused finance facilities available at quarter end (item 7.5)	120
8.6	Total available funding (item 8.4 + item 8.5)	4,649
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.8

Note: if the entity has reported positive relevant outgoings (ie 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.

For personal use only

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?

Answer:

The Company does not expect to have continued negative operating cashflows in future periods. As outlined in paragraph 1.6 of the Company's prospectus dated 22 May 2020, the company has paid Interest on Convertible Notes of $1,761,000 from monies raised under the prospectus. In addition, one-off costs of the offer of $341,000 have been paid out of operating cashflows.

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?

Answer:

The Company is in advanced negotiations with a financial institution to refinance existing facilities at a substantially reduced coupon and with an extended repayment period. The Company believes this is likely to be executed.

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?

Answer:

After adjusting for the one-off payment of interest on convertible notes and the costs of the offer as outlined at 8.8.1 above, the company is in a positive operating cashflow position. The Company expects to be in a positive operating cashflow position on an ongoing basis.

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.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2020

Authorised by: .....
Toni Gilholme – Company Secretary

Notes

1. 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 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.

For personal use only

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 – eg 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.

6. By the Company lodging this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:

   - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
   - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
   - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

For personal use only