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ASX Announcement
30 October 2020

Quarterly Activities Report
Period ended 30 September 2020

Highlights:

- **Funds from €52 Million Loan Facility secured in March still delayed, and the Company is actively pursuing other alternatives.**
- **Subsidiary company loan of AUD5.2 million due 30 September currently being renegotiated.**
- **Bridging funding of AUD1.2 Million put in place with RiverFort Global GP LLC**
- **Site activities and ore supply are 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 September 30, 2020.

Kupang Smelting Hub Project Overview

Gulf is committed to developing a world-class ferromanganese smelting business in West Timor, Indonesia to produce and sell medium and low carbon ferromanganese alloy.

Gulf's Kupang Smelting Hub facility will contain multiple furnaces built in stages over about five years, targeting the production of a premium quality manganese alloy. At full production, Gulf will aim to purchase and process over 525,000 tonnes of manganese ore per annum, producing over 200,000 tonnes of premium quality ferromanganese alloy.

The first stage is two smelters which are currently onsite though the construction program is now halted pending further funding and a full review of the impacts of the current pandemic on future operations. The first two smelters should produce over 40,000 tonnes per annum of manganese alloy from about 120,000 tonnes of ore.

June Quarter Activity Overview

€52 Million Loan facility to complete Kupang Smelting Hub construction program

As announced on 8th January, Gulf executed a binding term sheet for the establishment of a €52 million Structured Loan Facility ("Loan Facility") with Glacier International Depository Ltd, Legal and General Investment Management Limited and HSBC Bank Plc.

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The funds were expected to be received in February, but due to a series of delays reported by Glacier, starting with Brexit and now with the Pandemic, funds have continued to be delayed and there is uncertainty regarding their ability to conclude the transaction. Consequently, the Company has reviewed its agreement with Glacier and is pursuing other options to ensure the integrity of the Company in the event the transaction fails.

Meanwhile, as discussed below, the Company has secured bridging funds to ensure liquidity whilst these other options are pursued and funds are secured to allow Gulf to complete the construction and commissioning of the first two smelting furnaces at the Kupang Smelting Hub facility in West Timor, Indonesia.

As previously reported, construction of the facility is currently 60% complete, with approximately US$13 million and a further 6-7 months' work required to complete the first two smelting furnaces. However, with isolation and travel restrictions, delays should be expected both with remobilisation and the time to complete.

Corporate Activity Overview

Placement with Acuity Capital

As announced on March 9, 2018, the Company entered into a Controlled Placement Agreement ("CPA") with Acuity Capital. The CPA provides Gulf with up to $5 million of standby equity capital and was due to expire in December 2019.

During the September 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 quarter end, Gulf executed a share purchase agreement with RiverFort (SPA) pursuant to which RiverFort agrees to subscribe for A$1,200,000 worth of fully paid ordinary shares in the Company (Shares), at an issue price of A$0.004, replacing the previously announced term sheet with Obsidian Capital. Under the terms of the SPA, the Company has also agreed to grant to RiverFort 60 million options with an exercise price of A$0.005 and an expiry date of three years from grant (Options).

In conjunction with the SPA, the Company has entered into an equity sharing agreement with RiverFort (ESA). The ESA is expected to have a term of 12 months, but may be extended or settled earlier depending on ASX monthly market trading volumes of Gulf shares, with RiverFort disbursing monthly payments to the Company which, when aggregated, will equal (subject to any adjustments) A$1,000,000, being a portion of the amount payable by RiverFort under the SPA. The remainder of the payment of A$200,000 by RiverFort under the SPA will be made immediately to Gulf and will be used for working capital (Advance).

Selling restrictions and volume limits apply on any share sales by RiverFort and RiverFort may vary the timing and amount of any share sales.

A summary of the material terms of the SPA, ESA and Options is set out in the annexure to the announcement of 31July 2020, "Gulf Corporate Update: A$1,200,000 funding facility secured and share placement complete".

In addition, as in the same announcement, the Company has agreed a placement of A$1,080,564 worth of Shares to sophisticated investors, also at an issue price of A$0.004 (Placement) and has issued convertible notes to sophisticated investors to raise a further A$500,000. Each note is convertible at A$0.004 with one free attaching option at A$0.004 cents and a term of two years. The options are subject to shareholder approval at the 2020 Annual General Meeting.

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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 that it has cut operating costs considerably, with measures including a freeze on Board remuneration since last year, 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. The loan is secured by a fiduciary charge over the manganese smelters, with 8% interest per annum and has a due date of 30 September 2020.

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 Covid19 Pandemic, this timeline was not met.

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. PT Gulf Mangan Grup is actively seeking an extension of the loan repayment date.

-Ends-

This announcement has been authorised by the Board of Directors.

For further information please contact:

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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	Quarter ended ("current quarter")
73 059 954 317	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	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(85)	(85)
	(e) administration and corporate costs	(96)	(96)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(16)	(16)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	31	31
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(166)**	**(166)**

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	-	-

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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**	**-**	**-**

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	200	200
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	5	5
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**	**205**	**205**

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)	(166)	(166)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	205	205
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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**	**55**	**55**

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	55	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)**	**55**	**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	-
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.

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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	5,329	5,329
7.2	Credit standby arrangements	1,000	-
7.3	Other (please specify)	1,076	1,076
7.4	**Total financing facilities**	**7,405**	**6,405**

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

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.

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 will be repayable from the profits from commercial production of the Kupang Smelting Hub Facility. The loan is secured by a fiduciary charge over the manganese smelters, with 8% interest per annum and has a due date of 30 September 2020'.

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 Covid19 Pandemic, this timeline was not met.

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. PT Gulf Mangan Grup is seeking an extension of the loan repayment date.

Gulf Manganese Corporation Limited has obtained has unsecured loans totalling $1,075,564. The unsecured loans are at zero interest and are repayable at twice their face value upon the receipt of funding to complete project construction.

On 31 July 2020 Gulf announced that it had entered into a funding facility with RiverFort Global Opportunities PCC 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. At 30 September 2020 this facility had not yet been used.

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8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(166)
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)	(166)
8.4	Cash and cash equivalents at quarter end (item 4.6)	55
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	55
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	0.33

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.

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.

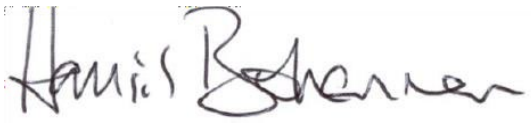
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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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.



Print name: Hamish Bohannan 2020 (Managing Director)

Date: 30 October

(Name of body or officer authorising release – see note 4)

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.

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.

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