



ASX Announcement
31 July 2020

Gulf Corporate Update: A\$1,200,000 Funding Facility Secured and Share Placement Complete

Highlights

- **Placement to institutional investor, RiverFort Global Opportunities PCC Ltd ("RiverFort") to raise A\$1,200,000 before costs at A\$0.004 per share being a 20% discount to the last closing price and representing 300m shares**
- **Funding facility 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**
- **Gulf has additionally placed about A\$600,000 at A\$0.004 per share to sophisticated investors and representing about 150m shares**
- **Gulf has also 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, subject to shareholder approval, at A\$0.004 cents and a term of two years**
- **Kupang Smelting Hub construction program on care and maintenance until further notice to preserve capital and allow for discussions with Indonesian partners to be completed**

Gulf Manganese Corporation Limited ("Gulf" or the "Company") (ASX: GMC) advises that it has completed a detailed review of its current manganese operations in light of the impacts of the COVID-19 pandemic on operating in Indonesia and on raising capital to support the Company's Indonesian operations.

The continuing delays in closing the transaction with Glacier International Depository Ltd ("Glacier") for the Loan Facility announced on 8 January 2020 (the "Loan Facility") have caused the Company considerable strain. Consequently, the Company has reviewed its agreement with Glacier and is pursuing other options to ensure the integrity of the Company in the event that the transaction fails.

Ongoing Loan Facility delays, coupled with the demands of operating within the current COVID-19 environment, have resulted in the Board undertaking a detailed review of the Company's near and medium-term development plans.

As a result of this review, the Company has made the prudent decision to further reduce its cost base and keep its operations in Indonesia on care and maintenance whilst discussions regarding the future development of the Kupang Smelting Hub are completed with its Indonesian partner, PT JGI, who own 25.1% of the project.

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

To provide certainty in respect to near-term funding, the Company has signed 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. Under the terms of the SPA, the Company has also agreed, subject to shareholder approval, 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 Annexure A.

In addition, the Company has agreed a placement of A\$596,220 worth of Shares to sophisticated investors, also at an issue price of A\$0.004, about 150 million shares (**Placement**).

The Company has also 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.

The Shares and Options to be issued to RiverFort under the SPA and the Shares to sophisticated investors pursuant to the Placement, together with the convertible notes, will be issued from the Company's available placement capacity under ASX Listing Rule 7.1.

In addition, Gulf can advise 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.

Gulf's Managing Director Hamish Bohannon said:

"We are pleased to have secured this funding which provides the Company with the necessary near-term financial certainty to navigate through these challenges.

"Further updates on corporate and operational progress will be made to the market at regular intervals over the coming weeks."

-Ends-

This announcement has been authorised by the Managing Director.

For further information please contact:

Hamish Bohannon
Managing Director
Gulf Manganese Corporation Limited
T: 08 9367 9228
E: info@gulfmanganese.com

ANNEXURE A - SUMMARY OF SPA, ESA AND OPTIONS

The Company has entered into a share purchase agreement with RiverFort (**SPA**) pursuant to which RiverFort agrees to subscribe for (subject to any adjustments) A\$1,200,000 worth of fully paid ordinary shares in the Company (**Shares**) at an issue price of A\$0.004 (**Placement**).

In conjunction with the SPA, the Company has entered into an equity sharing agreement with RiverFort (**ESA**). The ESA has a term of 12 months, but may be extended or settled earlier depending on ASX monthly market trading volumes of the Shares, and provides that RiverFort must make monthly payments to the Company which, when aggregated, will equal (subject to any adjustments) A\$1,000,000, being the amount payable by RiverFort under the SPA in respect of the Placement.

The arrangements under the SPA and the ESA are co-dependent in that the Company has agreed to set-off RiverFort's obligations under the Placement with the Company's obligation to pay RiverFort under the ESA.

The material terms of the SPA and the ESA are summarised below.

Unless otherwise defined, capitalised terms in the below summaries have the meaning given to that term in their respective agreements.

SHARE PURCHASE AGREEMENT

Clause	Summary
Conditions Precedent	<p>The subscription for Shares is conditional on:</p> <ul style="list-style-type: none">• delivery of resolutions passed by the Company's Board and a certificate and a Purchase Statement in the form set out in the SPA;• the Company executing the ESA;• lodgement of a Cleansing Prospectus to cleanse the Shares and Options to be issued;• the Company evidencing to RiverFort that ASX will re-instate the Shares to trading with effect from the Purchase; and• standard events of default and no material adverse effect occurring. <p>The Company must not issue Shares to RiverFort (RiverFort Shares) without RiverFort's prior consent if, on the issue of the Shares, any of the conditions above has not been fulfilled or waived.</p>
Purchase Price	A\$1,200,000 to be paid by RiverFort by applying it as the ESA Payment under the ESA (as described below).
Number of RiverFort Shares	300,000,000.
RiverFort Shares Terms	RiverFort Shares will rank equally in all respects with the existing Shares of the Company and be free from any Security Interests.

Purchase Date	Unless otherwise agreed, the Purchase Date is two Business Days after the date of lodgement of the Cleansing Prospectus, anticipated to be 6 th August 2020.
RiverFort Options	<p>The Company must grant to RiverFort 60,000,000 RiverFort Options, subject to shareholder approval, exercisable at the Options Exercise Price on or before the Options Expiration Date, and deliver to RiverFort an option certificate, where:</p> <p>(i) Options Exercise Price: A\$0.005, being 125% of the Placement price, subject to all adjustments pursuant to the SPA.</p> <p>(ii) Options Expiration Date: the date which is 36 calendar months after the date of issue of the Options.</p>
RiverFort Options Terms	The terms of the RiverFort Options are set out further in this Annexure A.
Legal Costs	Other than the Company paying A\$12,000 to RiverFort for preparation of the SPA, the Parties bear their own legal costs.
Other standard terms	<p>Standard contractual terms, typical of a share purchase agreement, including:</p> <p>(i) confidentiality;</p> <p>(ii) survival; and</p> <p>(iii) standard representations and warranties,</p> <p>apply to the SPA.</p>
Termination	<p>Either Party may terminate the SPA where a condition precedent above is not satisfied by the End Date, or becomes incapable of satisfaction, or is agreed that it cannot be satisfied.</p> <p>Either Party may terminate the SPA by written notice if the Purchase has not occurred within five Business Days of the Purchase Date (or agreed later date). RiverFort may terminate the SPA where an Event of Default has occurred and it is not capable of being remedied, or is capable of being remedied but not within 10 Business Days, or there have been two or more previous Events of Default.</p>
Placement Fee	A Placement Fee of A\$36,000, being 3% of the Purchase Price (through 12 monthly instalments), will be paid to RiverFort, which is to be deducted from payments to be made under the ESA.

EQUITY SHARING AGREEMENT

Clause	Summary
Conditions Precedent	As well as several standard conditions precedent, the ESA Payment is not required until the Purchase of the RiverFort Shares under the SPA occurs.
ESA Payment	A\$1,200,000 less the initial payment of the Advance (A\$200,000), being A\$1,000,000.
ESA Period	Commencing on the first day of the full calendar month and ending on the last day of the full twelfth calendar month, following execution of the ESA.
Purchase Date	The date on which the Purchase of the RiverFort Shares occurs pursuant to the SPA.
Payment of Monthly Amount	On each Settlement Date, being the first Business Day immediately after the end of the Pricing Period (which is each full calendar month during the ESA Period), RiverFort must pay the Monthly Amount of A\$83,333.00 (being the net ESA payment divided by 12).
Adjustment to Monthly Amount	<p>The Monthly Amount will be adjusted on each Settlement Date, with reference to the Pricing Period that has ended immediately before the Settlement Date:</p> <ul style="list-style-type: none"> if the Market Price is greater than the Benchmark Price, the Monthly Amount will be increased by the following formula: <i>Applicable Share Amount x (Market Price - Benchmark Price) x 0.75</i>; or if the Market Price is less than the Benchmark Price, the Monthly Amount will be decreased by the following formula: <i>Applicable Share Amount x Benchmark Price - Market Price</i>). <p>For the purposes of the above formulae the following definitions apply:</p> <p>(i) Applicable Share Amount: the SPA Shares divided by 12, being 25,000,000;</p> <p>(ii) Benchmark Price: 120% of A\$0.004;</p> <p>(iii) Market Price: is the 12 lowest daily VWAPs during the Pricing Period;</p> <p>(iv) SPA Shares: is the number of Shares issued under the SPA (as described above), being 300,000,000.</p> <p>Where a decrease in the Monthly Amount for a Settlement Date exceeds the Monthly Amount, the Company must pay RiverFort the amount by which the decrease in the Monthly Amount exceeds the Monthly Amount.</p>
Variations to Monthly Amount	RiverFort may vary the Monthly Amount for a Pricing Period.

	<p>Where RiverFort increases the Monthly Amount:</p> <ul style="list-style-type: none"> (i) the Applicable Share Amount will be increased in proportion; (ii) the amount by which the Monthly Amount has been increased will be applied to reduce the Monthly Amount for future Pricing Periods; and (iii) the Applicable Share Amounts for any Pricing Periods in respect of which the Monthly Amount have been reduced will be reduced in proportion. <p>Where RiverFort decreases the Monthly Amount:</p> <ul style="list-style-type: none"> (i) the Applicable Share Amount will be decreased in proportion; (ii) the amount by which the Monthly Amount has been decreased will be applied to increase the Monthly Amount for future Pricing Periods; and (iii) the Applicable Share Amounts for any Pricing Periods in respect of which the Monthly Amount have been increased will be increased in proportion.
Repayment of the Advance	<p>Whilst the repayment of the Advance to RiverFort remains outstanding, RiverFort may deduct up to 30% of any Monthly Base Settlement Amount and apply the deducted amount toward repayment of the Advance, provided that if the Company becomes required to repay the Advance to RiverFort in full and has not done so, RiverFort may deduct up to 100% of any Monthly Base Settlement Amount and apply the deducted amount toward repayment of the Advance.</p>
Variations due to trading halt or suspension	<p>If, during a Pricing Period, the Shares are subject to a trading halt or suspension, RiverFort may extend the Pricing Period or postpone the Pricing Period, by the same number of days the trading halt or suspension subsisted.</p>
Security Structure Event	<p>If a Security Structure Event (being any share consolidation, subdivision or pro-rata cancellation) occurs, the Benchmark Price and the 300,000,000 SPA Shares will be reduced or increased in the same proportion as the issued capital of the Company.</p>
Legal Costs	<p>Other than the Company paying \$12,000 to RiverFort for preparation of the ESA, the Parties bear their own legal costs.</p>
Other standard terms	<p>Standard contractual terms, typical of an equity sharing agreement including:</p> <ul style="list-style-type: none"> (i) confidentiality; (ii) survival; and (iii) representations and warranties, <p>apply to the ESA.</p>

Termination	<p>Either Party may terminate the ESA by written notice if the Purchase has not occurred within five Business Days of the execution of the ESA (or agreed later date).</p> <p>RiverFort may terminate the ESA where an Event of Default has subsisted for a period of three months or more.</p>
--------------------	---

TERMS AND CONDITIONS OF THE RIVERFORT OPTIONS

The terms and conditions of the RiverFort Options are set out below.

- (a) Each RiverFort Option will entitle the holder to subscribe for one Share.
- (b) Each RiverFort Option will expire at 5.00pm (WST) on the date three years after the Purchase Date (**Expiry Date**). An option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The RiverFort Options are exercisable in whole or in part at a price of A\$0.005 cents per RiverFort Option (Exercise Price) by completing and delivering a duly completed form of notice in substantially the form prescribed in the SPA to the registered office of the Company together with the payment of the Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time in immediately available funds for the number of Shares in respect of which the RiverFort Options are exercised.
- (d) All Shares issued upon the exercise of the options will rank equally in all respects with the Company's then existing Shares.
- (e) The RiverFort Options are freely assignable and transferable.
- (f) The RiverFort Options are not to be quoted on ASX and the Company is under no obligation to apply for Official Quotation of the RiverFort Options.
- (g) Application will be made to ASX for Official Quotation by ASX of all Shares allotted pursuant to the exercise of RiverFort Options within the time period required by the Listing Rules after the date of allotment.
- (h) The holders of RiverFort Options may only participate in new issues of securities as holders of Shares if a RiverFort Option has been exercised and Shares have been allotted in respect of the RiverFort Option before the record date for determining entitlements to the issue. The Company must give notice to the holder of the RiverFort Options of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules or any waiver from the Listing Rules provided to the Company by ASX.
- (i) If, from time to time, before the expiry of the options, the Company makes an offer or invitation to at least all Shareholders resident in Australia for the subscription of cash with respect to Shares, options or other securities of the Company on a pro-rata basis (Rights Issue), the Options Exercise Price will be reduced as specified in the Listing Rules in relation to pro-rata issues.
- (j) If, from time to time, before the expiry of the options, the Company makes a pro rata issue of Shares (by way of capitalisation of profits or out of its reserves), to at least all Shareholders resident in Australia for no consideration (Bonus Issue), the number of Shares over which a RiverFort Option is exercisable will be increased by the number of Shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue (Bonus Shares).
- (k) If, prior to the expiry of any RiverFort Options, there is a reconstruction of the issued capital of the Company then, subject to any changes necessary to comply with the Listing Rules;

- a. the number of Shares to which RiverFort is entitled on exercise of the outstanding RiverFort Options will be reduced or increased in the same proportion as, and the nature of the Shares will be modified to the same extent that, the issued share capital of the Company is modified; and
 - b. an appropriate adjustment will be made to the Option Exercise Price for the outstanding Options, with the intent that the total amount payable remains the same.
- (l) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued, and a holding statement provided to the holders of RiverFort Options in respect of those Shares, on the above terms and conditions not more than two business days after the receipt of a duly executed form of notice of exercise and the Exercise Price in immediately available funds in respect of the RiverFort Options exercised.