

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

GULF MANGANESE CORPORATION LIMITED

ABN

73 059 954 317

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) project evaluation & development	(85)	(344)
	(b) development	-	-
	(c) production	(152)	(875)
	(d) administration		
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	(16)
1.6	Income taxes paid	-	-
1.7	Other (Refund from R&D)	-	139
Net Operating Cash Flows		(237)	(1,096)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	14	14
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		14	14
1.13	Total operating and investing cash flows (carried forward)	(223)	(1,082)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(223)	(1,082)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	110	1,235
1.15	Deposits received for issue of shares, options	(110)	-
1.16	Proceeds from borrowings	-	126
1.17	Repayment of borrowings	-	(130)
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	(101)
	Net financing cash flows	-	1,130
	Net increase (decrease) in cash held	(223)	48
1.20	Cash at beginning of quarter/year to date	281	10
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	58*	58*

**Subsequent to the end of the quarter, the Company raised a total of \$897,150 through the rights issue.*

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	61
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to Directors and associates are on normal commercial terms

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Project evaluation and development	23
4.2 Development	-
4.3 Production	-
4.4 Administration	252
Total	275

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	58	281
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	58	281

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

*Please see Appendix 1 in the Activity Report for the updated tenement listing schedule.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺Ordinary securities	229,561,138	229,561,138	Fully Paid	Fully Paid
7.4 Changes during quarter	10,000,000	10,000,000	\$0.015	\$0.015
(a) Increases through issues	27,551,833	27,551,833	\$0.015	\$0.015
(b) Decreases through returns of capital, buy-backs				
7.5 ⁺Convertible debt securities (description)	70*		\$10,000	\$10,000
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	1,279,000		Exercise price	Expiry date
	13,900,000	-	\$0.375	30/06/2016
	7,500,000	-	\$0.375	31/07/2017
	56,275,917	-	\$0.25	31/12/2018
	15,000,000	-	\$0.02	30/09/2018
	10,000,000	-	\$0.05	30/09/2018
		-	\$0.02	21/02/2018

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.8	Issued during quarter	5,000,000		\$0.02	30/09/2018
		13,775,917		\$0.02	30/09/2018
		10,000,000		\$0.02	21/02/2018
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

**Refer note below in relation to the summary of the material terms of the Convertible Note Facility. (Note 1)*

***Refer note below in relation to the summary of the material terms of the Convertible Note Facility. (Note 2)*

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2016
(Company Secretary)

Print name: Leonard Math

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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***Convertible Notes Facility (Note 1)**

Unsecured convertible notes with the following principal terms:

1. Face value - \$10,000 per convertible note.
2. Conversion – Each note may be converted into Gulf shares at the rate of 85% of the 30 day VWAP at the Holders option after 12 months from issue
3. Interest – payable quarterly at 10% per annum.
4. Redemption – Each note may be redeemed at the Holders option 12 months from issue or any time thereafter with 3 months notification and all outstanding notes will be redeemed in full 36 months from issue
5. Term – 3 years from the date of issue.