Gulf

ASX Announcement
30 September 2020

UNAUDITED ANNUAL FINANCIAL STATEMENTS

Gulf Manganese Corporation Limited ("Gulf" or the "Company") (ASX: GMC) herewith submits the Company's unaudited annual financial statements for the year ended 30 June 2020.

Gulf is relying on relief granted by the ASX class waiver "Extended Reporting and Lodgement Deadlines" under Listing Rule 18.1 which gives effect under the Listing Rules to the relief granted by ASIC in *ASIC Corporations (Extended Reporting and Lodgement Deadlines – Listed Entities) Instrument 2020/451* dated 15 May 2020 ("ASIC Relief").

Gulf advises that it is relying on the ASIC Relief to extend the lodgement date for its audited accounts and will immediately make a further announcement to the market if there is a material difference between its unaudited accounts and its audited accounts.

-Ends-

This announcement has been authorised by the Board of Directors.

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Gulf Manganese Corporation Limited

ACN 059 954 317

Unaudited Financial Report for the Year Ended 30 June 2020

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Corporate Directory

DIRECTORS

Craig Munro (Non-executive Chairman)
Hamish Bohannan (Managing Director and CEO)
Andrew Wilson (Non-executive Director) – Resigned 28 February 2020
Tan Hwa Poh (Non-executive Director) – Resigned 22 September 2020

REGISTERED AND PRINCIPAL OFFICE

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ASCOT WA 6104
Telephone: (08) 9367 9228
Facsimile: (08) 9367 9229
Website: www.gulfmanganese.com

SHARE REGISTRY

Automic Registry Services Pty Ltd
Level 2/267 St George's Terrace
Perth WA 6000
Telephone: (08) 9324 2099
Facsimile: (08) 9321 2337

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
London House Level 3
216 St George's Terrace
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Gulf Manganese Corporation Limited shares (GMC) are listed on the Australian Securities Exchange.

Corporate Directory

PT GULF MANGAN GRUP

Board of Directors
Steven Pragnell - President Director
Johanes Susilo - Vice President Director
John Pilotti - Director
Peter Allen – Director – Resigned 29 April 2020
Yusdi Sangadji - Director
Robert Ierace – Director – Resigned 27 May 2020

Board of Commissioners
Raden Fofo Sariaatmadja - President Commissioner – Resigned 21 July 2020
Chairoel Jul Naro - Commissioner
Craig Munro - Commissioner
Andrew Wilson – Commissioner – Resigned 28 February 2020
Hamish Bohannan - Commissioner

Registered Office
Graha Pena Building, 5th Floor
Jl. Piet A Tallo No. 1
Kelurahan Liliba, Kecamatan Oebobo
Kupang 85111
East Nusa Tenggara

Corporate Activity

Acuity Capital share placements

On 3 October 2019, Gulf placed 640,000,000 GMC shares at an issue price of 0.6 cents to Acuity Capital for a total raise of $385,000 (net of costs).

On 11 November 2019 the company placed 66,350,000 shares at an issue price of 0.55 cents (net of costs) to Acuity Capital for a total raise of A$365,000.

On 9 December 2019 the company exercised a placement with Acuity Capital by placing 32,000,000 shares at an issue price of 0.5 cents (net of costs) for a total raise of A$160,000.

On 21 January 2020 the company exercised a placement with Acuity Capital by placing 25,000,000 shares at an issue price of 0.64 cents (net of costs) for a total raise of A$160,000.

The above placements were made in accordance with the Controlled Placement Agreement ("CPA") with Acuity Capital announced on 31 January 2018, with the funds deployed towards general purposes and working capital. On 8 January 2020, the Company announced that it had extended the CPA with Acuity Capital through to December 2020. The CPA provides Gulf with up to $5 million of standby equity capital. To date $3.16 million has been raised under the CPA with a further $1.84 million remaining.

EUR52 million Structured Loan Facility to complete Kupang Smelting Hub Construction Program

On 8 January 2020, the Company signed a term sheet for a cornerstone investment into the Company of EUR52 million Structured Loan Facility with Glacier International Depository Ltd, Legal and General Investment Management Limited and HSBC Bank plc. As detailed below, in "matters subsequent", the ongoing delays in closing this transaction have caused the Company to put its Indonesia operations on care and maintenance and to substantially reduce its corporate costs, whilst it actively sources other funds.

Strategic Partnership to De-risk and Solidify Manganese Ore Supply

On 2 August 2019, Gulf entered into an agreement to acquire a strategic 20% interest in Iron Fortune Pty Ltd ("Iron Fortune"), a private Australian-based minerals and exploration company focused on Timor-Leste. The acquisition significantly diversifies and de-risks high-grade manganese ore supply chain through farm-in exposure to Timor-Leste exploration areas prospective for high-grade manganese. To date the Company paid $200,000 for exclusivity whilst due diligence is completed and has agreed to work together with Iron Fortune to develop a work plan and strategic direction. Hamish Bohannan will also be appointed to the Board of Iron Fortune in the position of Non-executive Director.

Matters subsequent to the end of the financial year

The following occurred subsequent to the end of the period:

- The continuing delays in closing the transaction with Glacier International Depository Ltd ("Glacier') for the Structured Loan Facility announced on 8 January 2020 and the impacts of the COVID-19 pandemic have caused the Company considerable strain.
- On 20 July 2020, the Company made the prudent decision to reduce its cost base and keep its operations in Indonesia on care and maintenance whist discussions regarding the future development of the Kupang Smelting Hub Facility are completed with its Indonesian partner, PT JGI, who own 25.1% of the project.
- On 31 July 2020, the Company has signed a share purchase agreement ("SPA") with RiverFort Global Opportunities PCC Ltd ("RiverFort"). Under the terms and conditions of this agreement, RiverFort agrees to subscribe for A$1.2 million worth of fully paid ordinary shares in the Company (Shares), at an issued price of A$0.004. Subject to shareholder approval, the Company will grant RiverFort 60 million options with an exercise price of A$0.005 and an expiry date of three years from grant (Options).

Gulf Manganese Corporation Limited (ACN: 059 954 317)

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020

	Note	Unaudited 2020 $	Audited 2019 $
Continuing operations			
Interest income		2,608	29,447
Other income	2(a)	40,665	18,301
Foreign exchange gains		11,661	8,335
Director and employee benefits		(3,335,756)	(3,739,329)
Administrative expenses	2(b)	(816,155)	(1,756,395)
Legal fees		(91,191)	(574,310)
Professional fees		(1,235,610)	(983,230)
Settlement expenses	2(c)	-	(1,500,000)
Depreciation expense	7	(71,193)	(62,894)
Insurance expense		(65,296)	(141,681)
Exploration and evaluation expenses		(390)	(2,613)
Share based payments	13	(481,186)	(938,934)
Loss on sale of investments	6	-	(287,469)
Finance costs	2(d)	(375,225)	(766,821)
Loss before income tax from continuing operations		**(6,417,068)**	**(10,697,593)**
Income tax benefit/(expense)	3	-	-
Net loss after tax		**(6,417,068)**	**(10,697,593)**
Other comprehensive loss for the year, net of tax		-	-
Exchange differences on translation of foreign operations		151,418	622,157
Total comprehensive loss for the year		**(6,265,650)**	**(10,075,436)**
Loss for the year attributable to:			
Owners of the parent		(5,685,050)	(10,022,391)
Non-controlling interest	22	(732,018)	(675,202)
		(6,417,068)	**(10,697,593)**
Total comprehensive loss			
Owners of the parent		(5,538,539)	(9,382,739)
Non-controlling interest	22	(727,111)	(692,697)
		(6,265,650)	**(10,075,436)**
Basic and diluted loss per share	15	(0.12)	(0.32)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Financial Position
For the Year Ended 30 June 2020

	Note	Unaudited 2020 $	Audited 2019 $
Current assets			
Cash and cash equivalents	4	15,595	3,972,085
Trade and other receivables	5	15,721	33,900
Other assets	6	29,145	76,242
Total current assets		60,461	4,082,227
Non-current assets			
Plant and equipment	7	21,606,215	21,163,202
Other assets	6	596,948	470,832
Non-current assets		22,203,163	21,634,034
Total assets		**22,263,624**	**25,716,261**
Current liabilities			
Trade and other payables	8	2,636,440	3,858,605
Provisions	9	64,952	33,824
Borrowings	10	5,418,603	-
Total current liabilities		8,119,995	3,892,429
Non-current liabilities			
Borrowings	10	985,564	5,114,473
Total non-current liabilities		985,564	5,114,473
Total liabilities		**9,105,559**	**9,006,902**
Net assets		**13,158,065**	**16,709,359**
Equity			
Issued capital	11	57,962,066	55,790,732
Reserves	12	2,244,499	3,257,228
Accumulated losses	14	(46,303,894)	(41,583,225)
Parent equity		13,902,671	17,464,735
Non-controlling interest	22(b)	(744,606)	(755,376)
Total equity		**13,158,065**	**16,709,359**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Gulf Manganese Corporation Limited (ACN: 059 954 317)

Unaudited Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

	Note	Issued capital	Convertible note reserve	Option reserve	Foreign currency translation	Accumulated losses	Owners of the parent	Non-controlling interest	Total equity
		$	$	$	$	$	$	$	$
Balance at 1 July 2019		55,790,732	-	3,089,667	167,561	(41,583,225)	17,464,735	-	16,709,359
Loss for the year		-	-	-	-	(6,417,068)	(5,685,050)	(755,376)	(6,417,068)
Other comprehensive loss/income		-	-	-	151,418	-	151,418	-	151,418
Total comprehensive loss for the year		-	-	-	318,979	(48,000,293)	(11,931,103)	(755,376)	(6,265,650)
Transfer of performance rights vested during the period	12(C)	373,986	-	(373,986)	-	-	-	-	-
Share based payments	11,12(C)	251,348	-	133,507	-	-	384,855	-	384,855
Performance rights recognised during the year		-	-	96,332	-	-	96,332	-	96,332
Expiry/ cancellation of performance rights		-	-	(1,020,000)	-	1,020,000	-	-	-
Securities issued during the year (net of costs)	11,12(B)	1,546,000	-	-	-	-	1,546,000	-	1,546,000
Non-controlling interest acquired		-	-	-	-	676,399	(55,619)	742,788	687,169
Unaudited Balance 30 June 2020		**57,962,066**	**-**	**1,925,520**	**318,979**	**(46,303,894)**	**13,902,671**	**(744,606)**	**13,158,065**
Balance at 1 July 2018		38,942,128	221,840	8,849,133	(454,596)	(37,822,267)	9,736,238	-	9,736,238
Loss for the year		-	-	-	-	(10,022,391)	(10,022,391)	(675,202)	(10,697,593)
Other comprehensive loss		-	-	-	622,157	-	639,652	(17,495)	622,157
Total comprehensive loss for the year		-	-	-	622,157	(10,022,391)	(9,382,739)	(692,697)	(10,075,436)
Transfer of performance rights vested during the period	12(C)	1,691,165	-	(1,691,165)	-	-	-	-	-
Share based payments	11,12(C)	1,350,792	-	46,799	-	-	1,397,591	-	1,397,591
Exercise of share options		3,041,163	-	(3,041,163)		3,041,163	3,041,163	-	3,041,163
Expiry of share options		-	-	(2,037,320)	-	2,037,320	-	-	-
Securities issued during the year (net of costs)	11,12(B)	8,765,484	-	2,163,383	-	-	10,928,867	-	10,928,867
Convertible note conversion	10	2,000,000	(221,840)	(1,200,000)	-	-	578,160	-	578,160
Non-controlling interest acquired		-	-	-	-	1,182,950	1,165,455	(62,679)	1,102,776
Audited Balance 30 June 2019		**55,790,732**	**-**	**3,089,667**	**167,561**	**(41,583,225)**	**17,464,735**	**(755,376)**	**16,709,359**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	Unaudited 2020 $	Audited 2019 $
Cash flows from operating activities			
Other receipts		32,340	18,301
Payments to suppliers and employees		(3,821,683)	(5,541,593)
Interest received		2,582	29,447
Interest paid		(293,401)	(585,221)
Net cash flows used in operating activities	4	**(4,080,162)**	**(6,079,066)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,234)	(90,846)
Proceeds from sale of tenements		-	715,820
Payments for construction of plant and project development		(1,380,705)	(5,462,757)
Payments for mining deposits		(200,000)	(673,368)
Receipt of security deposit funds		-	132,054
Net cash flows used in investing activities		**(1,588,939)**	**(5,379,097)**
Cash flows from financing activities			
Proceeds from issue of securities net of costs		1,090,000	11,725,907
Proceeds from convertible note		-	-
Proceeds from borrowings		621,834	3,502,752
Repayment of borrowings	10	-	(4,124,752)
Net cash flows from financing activities		**1,711,834**	**11,103,907**
Net increase in cash and cash equivalents		(3,957,267)	(354,256)
Foreign exchange differences		777	112,842
Cash and cash equivalents at beginning of the year		3,972,085	4,213,499
Cash and cash equivalents at the end of the year	4	**15,595**	**3,972,085**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Corporate Information

The unaudited financial report of the Company for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 30 September 2020. Gulf Manganese Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Company are described in the review of operations.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. These financial statements have been prepared on a historical cost basis.

Gulf Manganese Corporation Limited is a for-profit entity for the purpose of preparing the financial statements. These consolidated financial statements are presented in Australian dollars and all values are expressed as whole dollars.

(b) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflect the amount that arises from using this method.

(c) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company had a working capital deficit position of $8,059,534 as at 30 June 2020 (30 June 2019: working capital surplus of $189,798), incurred a net loss after tax for the financial year ended 30 June 2020 of $6,417,068 (30 June 2019: $10,697,593) and experienced net cash outflows from operating activities of $4,080,162 (30 June 2019: $6,079,066).

The Directors have prepared a cash flow forecast, which includes the completion of the above activities that indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report.

Should the Company be unsuccessful in completing the required debt funding or finalising offtake finance, commencing production at the intended time and at the required profit levels, or raising equity capital, there is material uncertainty whether the Company would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

(d) Statement of compliance

These financial statements comply with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretations.

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

(e) Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year are discussed below.

Fair value of share options and assumptions

The fair value of services received in return for share options granted to consultants, directors and employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes options valuation methodology.

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

(i) Impairment of exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that would impact the future recoverability include the level of reserves and resources, future technological changes, which would impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalise expenditure should be written off or impaired, profits and net assets will be reduced in the period in which this determination is made.

(ii) Calculation of recoverable amount

The recoverable amount of the consolidate entity's receivables carried at amortised costs is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivable with a short duration are not discounted.

Impairment of receivable is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value in using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on the diminishing value basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Depreciation rates for motor vehicles are at 22.5% and for other plant and equipment, the rates range from 15-40%.

(g) Cash and cash equivalents

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

(j) Contributed equity

Ordinary shares are classified as equity. Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

(k) Earnings per share

(i) Basic earnings per share
Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

(l) Revenue recognition

Revenue is measured at the transaction price received or receivable (which excludes estimates of variable consideration) allocated to the performance obligation satisfied and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, GST and other sales related taxes. As the expected period between transfer of a promised service and payment from the customer is one year or less, no adjustment for a financing component has been made.

Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Group's performance or the Group does not create an asset with an alternative use but has an enforceable right to payment for performance completed to date.

(m) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gulf Manganese Corporation Limited ("company" or "parent entity") as at 30 June 2020 and the results of all subsidiaries for the year then ended. Gulf Manganese Corporation Limited and its subsidiary together are referred to in this financial report as the Company.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company.

The Company applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Company. Disposals to non-controlling interests result in gains and losses for the Company that is recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of Gulf Manganese Corporation Limited.

(n) Trade and other receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at reporting date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(o) Income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Tax consolidation legislation

Gulf Manganese Corporation Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Gulf Manganese Corporation Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Company.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Company. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Company.

(p) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits and included in other payables.

(q) Segment reporting

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Company as the Executive Director and other members of the Board of Directors.

(r) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such a reversal is recognised in profit or loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(t) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest in accordance with AASB 6 Exploration and Evaluation Expenditure. These costs are only carried forward where the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development or sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

(u) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial Assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

(ii) Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

(iii) Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Note 2. Revenue and expenses

	2020 $	2019 $
(a) Other income		
Sale of tenement assets	-	-
Other	40,665	18,301
	40,665	**18,301**
(b) Administrative Expenses		
Occupancy expense	140,757	281,111
ASX and share registry expenses	75,780	150,748
Investor relations expenses	73,954	182,663
Travel and accommodation expenses	233,243	549,675
Accounting fees	145,148	276,922
Other administrative expenses	147,273	315,276
	816,155	**1,756,395**
(c) Settlement Expenses		
Equity-settled expenses	-	1,500,000
	-	**1,500,000**

In December 2018, the Company and Mighty River International Ltd ("MRI") agreed in a Deed of Settlement and Release to settle all outstanding claims and dismiss the action in the Supreme Court of Western Australia. As part of the agreed settlement, the Company issued to MRI 100,000,000 shares deemed at 1.5 cents each and 100,000,000 GMC listed options. MRI also agreed to a $300,000 cash subscription of GMC shares with free attaching options. Refer to Note 11.

	2020 $	2019 $
(d) Finance costs		
Interest expense on borrowings	374,998	766,821
	374,998	**766,821**

Note 3. Income tax

	2020 $	2019 $
The prima facie income tax expense/ (benefit) on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	(6,417,068)	(10,697,593)
Income tax benefit calculated at 27.5% (2019: 27.5%)	(1,764,694)	(2,941,838)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	-	1,646,752
Adjustments recognised in current year in relation to the tax of previous years	-	11,065
Effect of temporary differences that would be recognised directly in equity	-	(83,507)
Share based payments	-	-
Temporary differences not recognised	1,764,694	1,367,528
Income tax benefit reported in the statement of comprehensive income	**-**	**-**

Note 4. Cash and cash equivalents	2020 $	2019 $
Cash at bank and on hand	15,594	3,972,085

Information about the Company's exposure to interest rate risk is disclosed in Note 18.

(a) Reconciliation of loss for the year to net cash flows used in operating activities	2020 $	2019 $
Net loss for the year	(6,417,068)	(10,697,593)
Depreciation	71,193	62,894
Amortisation	-	-
Loss on sale of fixed assets and/or investments	-	287,469
Share based payment expense	481,186	938,934
Non cash payments (settlement in equity)	-	-
Foreign exchange differences	-	-
Expenses classified as investing flows	875,260	2,710,637
(Increase) / decrease in assets:		
Trade and other receivables	139,186	216,423
Increase / (decrease) in liabilities:		
Trade and other payables	738,953	409,503
Provisions	(31,128)	(7,333)
Net cash flows used in operating activities	**(4,080,162)**	**(6,079,066)**

Note 5. Trade and other receivables	2020 $	2019 $
Trade receivables	-	-
GST recoverable	-	-
Other receivables	15,721	33,900
Total trade and other receivables	**15,721**	**33,900**

As of 30 June 2020, trade receivables that were past due or impaired was nil (2019: nil). Information about the Company's exposure to credit risk is provided in Note 18.

Note 6. Other assets	2020 $	2019 $
Current		
Prepayments	22,069	69,192
Security deposits	7,050	7,050
	29,145	**76,242**
Non-current		
Prepayments	210,997	284,881
Investment in for mining rights[1]	385,951	185,951
	596,948	**470,832**

1 This represents deposit payments for the exclusive right to conduct due diligence on Indonesian mining licence interests.

Reconciliation of investment in mining rights:	2020 $	2019 $
Opening balance	185,951	515,871
Additions	200,000	673,368
Disposal consideration	-	(715,819)
Loss on sale of disposal	-	(287,469)
Closing balance	**385,951**	**185,951**

Note 7. Plant and equipment

Balance at 30 June 2020	Smelter hub (under Construction)	Land and buildings	Motor vehicles	Office furniture & equipment	Total
	$	$	$	$	$
At cost	21,372,075	131,722	30,185	258,471	21,792,453
Accumulated depreciation	-	(27,567)	(10,691)	(147,980)	(186,238)
Carrying value as at 30 June 2020	**21,372,075**	**104,155**	**19,494**	**110,491**	**21,606,215**
Reconciliation					
Opening carrying value	20,870,678	111,410	24,903	106,201	14,782,964
Additions	501,397	-	-	8,234	509,631
Disposals	-	-	-	-	-
Depreciation expense	-	(8,945)	(3,862)	(49,244)	(62,051)
Foreign currency differences	-	1,690	387	(6,644)	(4,566)
Closing written down value at 30 June 2020	**21,372,075**	**104,155**	**19,494**	**110,491**	**21,606,216**

Balance at 30 June 2019	Smelter hub (under Construction)	Land and buildings	Motor vehicles	Office furniture & equipment	Total
	$	$		$	$
At cost	20,870,678	130,032	29,798	247,587	21,278,095
Accumulated depreciation	-	(18,622)	(6,829)	(89,442)	(114,893)
Carrying value as at 30 June 2019	**20,870,678**	**111,410**	**22,969**	**158,145**	**21,163,202**
Reconciliation					
Opening carrying value	14,577,987	73,873	24,903	106,201	14,782,964
Additions	6,292,691	44,124	-	100,424	6,437,239
Disposals	-	-	-	-	-
Depreciation expense	-	(12,351)	(3,933)	(46,610)	(62,894)
Foreign currency differences	-	5,764	1,999	(1,870)	5,893
Closing written down value at 30 June 2019	**20,870,678**	**111,410**	**22,969**	**158,145**	**21,163,202**

Note 8. Trade and other payables

	2020	2019
	$	$
Trade creditors	1,582,021	2,211,690
Accruals	79,224	400,415
Employee liabilities	652,251	669,174
Other creditors	322,943	577,326
	2,636,439	**3,858,605**

Trade payables are non-interest bearing and are normally settled on 30-day terms. Information regarding the interest rate and liquidity risk exposure is set out in Note 17.

Note 9. Provisions

	2020 $	2019 $
Employee leave entitlements	64,952	33,824

Note 10. Borrowings

	2020 $	2019 $
Current		
Unsecured loan	5,418,603	-
Total current borrowings	**5,418,603**	**-**

The following table shows the movement of borrowings during the period:	2020 $	2019 $
Opening balance	-	7,515,018
Adjustment[(1)]	-	193,315
Additions	90,000	-
Conversion from long-term loan	5,328,603	
Repayment during the year	-	(1,000,000)
Converted – ordinary shares component	-	(2,000,000)
Converted – free attaching options component	-	1,090,018
Conversion to non-controlling interest	-	(683,878)
Conversion to long-term loan	-	(5,114,473)
Fair value of free attaching options issued	-	-
Closing balance	**5,418,603**	**-**

1 An amount of $193,315 was adjusted at the end of the period being the amortised portion of the 133,333,333 free attaching listed options issued to Eighteen Blue Investments Pty Ltd for the A$2 million of convertible notes.

	2020 $	2019 $
Non-current		
Long-term loan	985,564	5,114,473
Total non-current borrowings	**895,564**	**5,114,473**

In the financial year 2019, the convertible note with JGI of IDR equivalent of approximately A$6M was converted into 25.1% of the issued share capital of Gulf's Indonesian subsidiary PT Gulf Mangan Grup and an approximately A$5 million loan remains outstanding. The loan will be repayable from the profits from commercial production of the Kupang Smelting Hub Facility. The loan is secured by fiduciary charge over the manganese smelters, with 8% interest per annum and has a due date of 30 September 2020. Refer to the Company's ASX announcement on 2 January 2019 for further details.

Note 10. Borrowings (continued)

Reconciliation of borrowings:

	2019	Cash inflows	Cash outflows	Non-cash	Foreign Exchange movement	2020
Long-term borrowings	5,114,473	985,564	-	(5,114,473)	-	985,564
Short-term borrowings	-	90,000	-	5,114,473	214,130	5,418,603
Total liabilities from financing activities	**5,114,473**	**1,075,564**	**-**	**-**	**214,130**	**6,404,167**

	2018	Cash inflows	Cash outflows	Non-cash	Conversion - loan and non-controlling interest	Redeemed - equity	2019
Convertible notes	7,515,018	-	(1,000,000)	193,315	(909,982)	(5,798,351)	-
Long-term borrowings	-	-	-	-	5,114,473	-	5,114,473
Short-term borrowings	-	3,502,752	(3,124,752)	-	-	(378,000)	-
Total liabilities from financing activities	**7,515,018**	**3,502,752**	**(4,124,752)**	**193,315**	**4,204,491**	**(6,176,351)**	**5,114,473**

Note 11. Contributed equity

Shares on issue	**2020 No**	**2020 $**	**2019 No**	**2019 $**
Ordinary shares issued and fully paid	5,248,198,332	57,962,066	4,910,267,664	55,790,732
Total contributed equity	**5,248,198,332**	**57,962,066**	**4,910,267,664**	**55,790,732**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Note 11. Contributed equity (continued)

Movement in ordinary shares on issue	**2020 No**	**2020 $**
Balance at 1 July 2019	4,910,267,664	55,790,732
Vesting of performance rights deemed at 0.007 cents	27,489,333	373,986
Issue of ordinary shares under STI plan deemed at 0.006 cents	43,091,335	251,348
Issued of ordinary shares for services rendered deemed at 0.006 cents	56,000,000	336,000
Issue of Collateral Shares at 0.0064 cents to Acuity[2]	25,000,000	160,000
Issue of Collateral Shares at 0.006 cents to Acuity[2]	64,000,000	385,000
Issue of Collateral Shares at 0.0055 cents to Acuity[2]	66,350,000	365,000
Issue of Collateral Shares at 0.005 cents to Acuity[2]	32,000,000	160,000
Issue of Collateral Shares to Acuity[1]		20,000
Issued of ordinary shares for services rendered deemed at 0.005 cents	24,000,000	120,000
Less: Capital raising costs	-	-
Balance at 30 June 2020	**5,248,198,330**	**57,962,066**

Movement in ordinary shares on issue	**2019 No**	**2019 $**
Balance at 1 July 2018	2,660,722,860	38,942,128
Grant of 361,815,011 listed options exercisable at 0.05 cents	-	(1,447,260)
Exercise of listed Options at 0.05 cents each	599,216,716	2,996,084
Exercise of listed Options at 0.0196 cents each	2,300,000	45,080
Vesting of performance rights deemed at 0.077 cents	18,001,133	235,458
Vesting of performance rights deemed at 0.0177 cents	82,106,667	1,455,707
Issue of ordinary shares as part of Settlement[(1)]	100,000,000	1,000,000
Issue of ordinary shares as part of placement at 1.5 cents	10,000,000	150,000
Issue of ordinary shares as part of placement at 0.008 cents	62,500,000	500,000
Issue of ordinary shares upon conversion of convertible note at 1.5 cents	133,333,333	2,000,000
Issue of ordinary shares upon conversion of loan at 0.0075 cents	14,533,333	109,000
Issue of ordinary shares upon conversion of loan at 0.008 cents	19,875,000	159,000
Issue of ordinary shares upon conversion of loan at 0.007 cents	8,571,428	60,000
Issue of ordinary shares upon conversion of loan at 0.005 cents	10,000,000	50,000
Issue of ordinary shares as part of placement at 0.005 cents	637,196,000	3,136,181
Issue of ordinary shares as part of placement at 0.007 cents to Acuity	45,000,000	315,000
Issue of ordinary shares as part of placement at 0.015 cents	241,815,011	3,627,225
Issue of ordinary shares to Directors & KMP deemed at 0.08 cents	39,700,000	320,700
Issue of ordinary shares under STI plan deemed at 0.07 cents	35,660,250	249,622
Issue of ordinary shares for services rendered deemed at 0.08 cents	66,402,600	647,138
Issue of ordinary shares as part of placement at 0.0126 cents to Acuity[(2)]	100,000,000	1,260,000
Issue of ordinary shares for services rendered deemed at 0.015 cents	13,333,333	133,333
Issue of ordinary shares as part of placement at 0.015 cents	10,000,000	150,000
Less: capital raising costs	-	(303,664)
Balance at 30 June 2019	**4,910,267,664**	**55,790,732**

1 On 21 December 2018, the Company issued 100,000,000 shares deemed at 1.5 cents each as part of a settlement agreement with Mighty River International Limited ("MRI"). See Note 2(c) for further details.

2 At the Company's Annual General Meeting on 19 November 2018, Shareholders approved the issue of shares to Acuity Capital Pty Ltd in accordance with the Controlled Placement Agreement dated 1 January 2018.

Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or adjust the capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Constitution and any relevant regulatory requirements.

Note 12. Reserves

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

	2020 $	2019 $
Balance at the beginning of the year	167,561	(454,596)
Movement during the year	151,415	622,157
Balance at the end of the year	**318,976**	**167,561**

Convertible note reserve

The convertible note reserve represents the equity component (conversion rights) of the convertible notes issued during the year. Refer to Note 10.

	2020 $	2019 $
Balance at the beginning of the year	-	221,840
Movement in convertible notes converted during the period	-	(221,840)
Balance at the end of the year	**-**	**-**

Option reserve

The option reserve is used to recognise the fair value of share based payments issued.

	2020 $	2019 $
Balance at the beginning of the year	3,089,667	8,849,133
Issue of options during the year	133,507	2,163,384
Exercise/expiry of options during the year	-	(6,278,483)
Movement in performance rights during the year	(923,666)	46,798
Transfer of performance rights vested during the period	(373,985)	(1,691,165)
Balance at the end of the year	**1,925,523**	**3,089,667**

Share options on issue	2020 No	2020 $	2019 No	2019 $
Unlisted share options on issue	149,000,000	1,350,131	124,000,000	1,216,621
Performance rights on issue	46,450,168	575,392	128,372,681	1,873,046
Total share options on issue	**195,450,168**	**1,925,523**	**252,372,681**	**3,089,667**

Note 12. Reserves (continued)

A. Movement in unlisted options	**2020 No**	**2020 $**
Balance at the beginning of the year	124,000,000	1,216,621
Issue of unlisted options exercisable at 1.50 cents each expiring 31 December 2021 [1]	25,000,000	133,507
Balance at the end of the year	**149,000,000**	**1,350,131**

1 The fair value of each option of $0.0053 is determined using a Black-Scholes option pricing model that takes into account the exercise price (0.15 cents), the term of the options (2.1 years), the share price at grant date ($0.006), the expected price volatility of the underlying share (159%), the expected dividend yield (nil) and the risk-free interest rate for the term of the option (1.66%). The options vest immediately and the Black-Scholes valuation is expensed on grant date.

B. Movement in performance rights	**2020 No**	**2020 $**
Balance at the beginning of the year	128,372,681	1,873,046
Vesting of performance rights (granted 21 November 2017)	(20,173,334)	(322,773)
Vesting of performance rights (granted 7 March 2019)	(7,316,000)	(51,212)
Performance rights recognised during the year	-	104,757
Cancellation of performance rights	(20,433,179)	(8,426)
Expiry of performance rights	(34,000,000)	(1,020,000)
Balance at the end of the year	46,450,168	**575,392**

Note 13. Share based payments

During the financial year ended 30 June 2020, a share based payment of $481,186 was recognised, which included vesting of performance rights from prior periods.

Share based payments	**30 June 2020 $**
Vesting of performance rights from previous periods [1]	96,631
Short term Incentive Plan (STI)	251,348
Issue of unlisted options exercisable at 1.5 cents each expiring 31 December 2021	133,207
Total share based payments	481,186

[1] There were no performance rights issued during the financial year ended 30 June 2020. In accordance with the LTI, the Company's Total Shareholder Return (TSR) for the financial year ended 30 June 2019 in comparison to the Comparator Group of companies was above the 70th percentile and the first equal tranche of the LTI performance rights have vested, resulting in 27,489,332 shares being issued. The Company has assigned a 100% probability that the service condition relating to the LTI performance rights in the second and third tranches will be met. Tranche 2 vesting on 7 March 2021 and Tranche 3 vesting on 7 March were cancelled during the financial year as the performance conditions were not met.

The rights that were recognised during the period were valued based on the share price at the date of grant. The grant date for the performance rights issued to Directors is 28 February 2019 and the share price at the grant date was 0.9 cents. The grant date for the performance rights issued to Employees was 7 March 2019 and the share price at the grant date was 0.7 cents. The total expense recognised relating to the tranches above is $53,544.19.

Note 14. Accumulated losses

	2020 $	2019 $
Accumulated losses at beginning of the year	(41,583,225)	(37,822,267)
Net loss for the year	(5,685,050)	(10,022,391)
Adjustments relating to expiry of options	1,020,000	5,078,483
Non-controlling interest acquired	(55,619)	1,182,950
Accumulated losses at end of the year	**(46,303,894)**	**(41,583,225)**

Note 15. Earnings per share

	2020 Cents	2019 Cents
Basic and diluted loss per share	(0.12)	(0.32)

	2020 No	2019 No
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	5,138,307,236	3,392,143,869

Diluted loss per share has not been calculated as the Company made a loss for the year and the impact would be to reduce the loss per share.

Note 16. Commitments for expenditure

Operating lease commitments Office operating lease rentals are payable as follows:	2020 $	2019 $
Not later than one year	-	18,641
Later than one year but no later than two years	-	-
Later than two years	-	-
Total operating lease commitments	**-**	**18,641**

The Company leases one office under a non-cancellable operating lease expiring on 28 February 2020. The terms of the lease are renegotiated upon renewal. Since the expiry of lease, The office is leased on month to month basis and has not finalised a fixed term lease due to COVID-19 pandemic.

Note 17. Key Management Personnel disclosures

(a) Summarised compensation of Key Management Personnel

Summary of Directors and Key Management Personnel compensation in the following categories are as follows:

	2020	2019
	$	$
Short-term employee benefits	595,516	1,034,204
Post-employment benefits	39,573	66,572
Long-term benefits	-	53,161
Share based payments	-	532,007
Total Directors and Key Management Personnel compensation	**635,089**	**1,685,944**

(b) Loans to Key Management Personnel

There are no loans to Key Management Personnel as at 30 June 2020 (2019: Nil).

Transactions with related parties:

Andrew Wilson is employed by Kesempatan Pty Ltd ("KPL") and has beneficial interest in KPL. Under an Agreement with the Company, KPL provides the services of Andrew as a Non-executive Director of the Company. During the year, KPL was paid $28,333 (2019: $87,083) for the Non-executive Director services provided by Andrew. During the financial year 2019, KPL also invoiced the Company $101,860 for services in leading the negotiation and resolution of a dispute and a restructure that was in addition to the scope of Andrew's services as a Non-executive Director.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. For details of remuneration disclosures relating to Key Management Personnel, refer to the remuneration report in the Directors' Report.

Note 18. Financial risk management

The Company's financial instruments consist of deposits with banks, accounts receivable and payable, and convertible notes.

Overall risk management

The Company's activities expose it to a variety of financial risks; market risk (including the markets for the commodities it consumes and sells, the electricity price and fair value of interest rate risk), credit risk, country risk, liquidity risk and cash flow interest rate risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and commodity markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company actively seeks engagement and a cooperative relationship with the local community and all stakeholders, including all three levels of the Government of Indonesia. The Company does not tolerate and strictly forbids the payment of any corrupt payments or facilitation fees. Risk management is carried out by the Board of Directors under policies approved by the Board.

Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Company does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counter party is a bank with a high credit rating.

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2020 $	2019 $
Cash and cash equivalents	15,595	3,972,085
Trade and other receivables	15,721	33,900
Other assets	29,145	547,074
Maximum exposure to credit risk	**60,461**	**4,553,059**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Company's financial liabilities include trade payables which are non-interest. Expenses are managed on an ongoing basis and the Company expects to be able to raise additional funds as and when necessary to meet these commitments. Additionally, a major shareholder has signed a letter of comfort to provide financial support to the Company for the next 12 months.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange

The Group undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cashflow forecasting.

As a result of the operating activities in Indonesia and the ongoing funding of overseas operations from Australia, the Group's Statement of Financial Position can be affected by movements in Indonesian Rupiah (IDR) / Australian Dollar (AUD) and US Dollar (USD) / Australian Dollar (AUD) exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by timing its purchase and payment to coincide with highs in the IDR/AUD and USD/AUD exchange rate cycle.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is not significant and is limited to cash and cash equivalents. The company does not rely on the generation of interest to provide working capital.

Profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	Fixed interest $	Floating interest $	Total $
Financial assets			
Cash and cash equivalents	-	15,595	15,595
Financial liabilities			
Unsecured loans	5,328,603	-	5,328,603

Sensitivity analysis

The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on a change of 100 basis points in interest rates.

At reporting date, if interest rates had been 100 basis points higher and all other variables were constant, the Group's net profit after tax would have increased by $1,560 (2019: $39,721) with a corresponding increase in equity. Where interest rates decreased, there would be an equal and opposite impact on the profit after tax and equity.

Note 19. Segment information

For management purposes, the Group is organised into one main operating segment, which involves developing a ferromanganese smelting and sales business to produce low/medium carbon ferromanganese alloy in West Timor, Indonesia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (chief operating decision maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

Note 20. Contingent liabilities

As per the restructure agreement between PT Jayatama Global Investindo ("JGI") and PT Gulf Mangan Grup ("GMG"), it was agreed that JGI will receive a 2.5% net royalty on alloy sales from GMG's first two smelters. This liability will not take effect until production of alloys from the smelters.

Other than as disclosed above, there were no contingent liabilities at the end of the reporting period.

Note 21. Dividends

There were no dividends recommended or paid during the financial years ended 30 June 2020 and 30 June 2019.

Note 22. Subsidiaries and non-controlling interests

a. Subsidiaries

The consolidated financial statements include the financial statements of Gulf Manganese Corporation Limited and the subsidiaries listed in the following table:

Name of entity	Place of incorporation	% Equity interest 2020 %	2019 %
Parent entity			
Gulf Manganese Corporation Limited	Australia	100	100
Controlled entities			
Gulf Copper Pty Ltd[1]	Australia	100	100
Gulf Manganese Pty Ltd[1]	Australia	100	100
International Manganese Group Limited	Australia	100	100
PT Gulf Mangan Grup	Indonesia	74.9	74.9
Gulf Alloys Pte Ltd [1]	Singapore	100	-

1 These companies were inactive during the years ended 30 June 2020 and 30 June 2019.

(b) Non-controlling entities

The following table sets out the summarised financial information for PT Gulf Mangan Grup that has non-controlling interests. Amounts disclosed are before intercompany eliminations (AASB 12.B11).

Summarised statement of Financial Position	2020 $	2019 $
Current Assets	214,951	302,043
Non-current Assets	17,971,280	17,528,361
Total Assets	18,186,231	17,830,404
Current Liabilities	7,647,465	3,379,873
Non-current Liabilities	14,180,286	17,459,997
Total Liabilities	21,727,751	20,839,870
Net Assets/(Liabilities)	(3,541,520)	(3,009,466)
Accumulated NCI	(888,922)	(755,376)

Note 22. Subsidiaries and non-controlling interests (continued)

(b) Non-controlling entities (continued)

Summarised financial performance	**2020**	**2019**
	$	**$**
Revenue	-	-
Other income	7,760	46,894
Loss before income tax	(2,916,408)	(4,761,600)
Income tax expense	-	-
Post tax loss	(2,916,408)	(4,761,600)
Other comprehensive income	19,551	(594,643)
Total comprehensive loss	(2,896,857)	(5,356,243)
Loss attributable to non-controlling interests	(732,018)	(675,202)
Other comprehensive income attributable to non-controlling interests	(4,907)	(17,495)
Total comprehensive loss attributable to non-controlling interests	(727,111)	(692,697)

Note 23. Gulf Manganese Corporation Limited Parent Company Information

	Parent	**Parent**
	2020	**2019**
	$	**$**
Assets		
Current assets	56,506	4,065,065
Non-current assets	22,160,355	12,804,280
Total assets	**22,216,861**	**16,869,345**
Liabilities		
Current liabilities	472,534	512,560
Non-current liabilities	985,564	-
Total liabilities	**1,458,098**	**512,560**
Net assets	**20,758,763**	**16,356,785**
Equity		
Contributed equity	57,962,065	55,790,732
Reserves	1,925,519	3,089,667
Accumulated losses	(39,128,821)	(42,523,614)
Total equity	**20,758,763**	**16,356,785**
Financial performance		
Loss for the year	(3,500,661)	(5,935,993)
Other comprehensive income	-	-
Total comprehensive loss	**(3,500,661)**	**(5,935,993)**