

GCM Resources plc
 ("GCM" or the "Company")

SHAREHOLDER AGM QUESTIONS

Following the AGM, held on Thursday 25 February 2021, the board of GCM (AIM: GCM), a mining and energy company with assets in Bangladesh, is pleased to provide the list of questions which were submitted to the Company by its shareholders, with the responses provided by the Board. This measure is in reaction to the rules for companies working within COVID-19 parameters, where shareholders were unable to attend the AGM.

Question	<i>I realise the COVID pandemic has had an impact on the projected time table but would like to know if there is now a new approximate date for the proposal to be put to the GOBD? Also when the proposal is put forward will it include the programme for the new schools, housing, hospitals, running water, transport infrastructure such as roads and rail links as I believe if we show the huge upside and prosperity this project will bring for the Bangladesh people that this will have a much improved chance of a successful outcome?</i>
Response	<p>Lock-downs have prevented movement of the Company's staff and affected the ability to meet face-to face with its Development Partners and their teams, and the necessary Bangladesh government officials. Whilst the Company is prepared to make a submission, the COVID pandemic has restricted meetings with government officials. Fortunately, business and the bureaucracy in Bangladesh are showing signs of returning to normal. In preparation for making the submission, the Company is taking advice from its local and international Consultants / Lobbyists, given the scale of the Project and the fact it involves several Government departments and approval processes.</p> <p>Apart from the obvious benefit coming from increased competitively priced power supply with industrial development, in relation to the local community, It provides details of the resettlement and compensations arrangements, training, preferential employment initiatives and the provision of new infrastructure, including , new villages and new town development with reticulated water supply, and improved sanitisation systems; and an agriculture improvement plan with water supply for irrigation.</p>

Question	<i>Can you provide an update on discussions with NFC?</i>
Response	As announced on 15 October 2020 in RNS 1338C, the Company has signed a Framework Agreement with NFC. In line with the Framework Agreement, the Company is preparing to complete updates on certain studies with NFC in relation to financing requirements.

Question	<i>Is the Company ready to make a submission to the Bangladesh Government – has this occurred?</i>
Response	The Company is yet to make a submission on the Phulbari Coal and Power Project (integrated captive coal mine with power plants). Whilst the Company is prepared to make a submission, the COVID pandemic has restricted meetings with government officials. Fortunately, business and the bureaucracy in Bangladesh are showing signs of returning to normal. In preparation for making the submission, the Company is taking advice from its local and international Consultants / Lobbyists, given the scale of the Project and the fact it involves several Government departments and approval processes.

Question	<i>You have chosen Power China as a partner in Bangladesh, can you please explain whether they are currently in-country and whether they have any existing projects with the/ or sanctioned by the Government of Bangladesh?</i>
Response	PowerChina is reported to have completed 14 projects with combined valued at US\$1.07 billion to date. It currently has some 5,500 employees in Bangladesh deployed on 22 on-going projects via 17 subsidiaries. The combined value is US\$4.69 billion.

Question	<i>Now that the UK has left the EU, has this had / likely to have any impact on the Company's operations?</i>
Response	The Board does not envisage any impact on its operations due to the United Kingdom leaving the European Union. However, given the Company's headquarters, Stock market listing and banking facilities are in the United Kingdom, it is exposed to that countries economic performance and impacts on the Pound Stirling.

Question	<i>What is the latest strategy by the Bangladesh Government for developing electricity capacity in-country?</i>
Response	The Bangladesh Government's latest strategy for power development is contained in two recent official publications being: (a) "Making Vision 2041 a Reality - PERSPECTIVE PLAN OF BANGLADESH 2021-2041", published March 2020 by Bangladesh Planning Commission, Ministry of Planning. Here the Government sets out its objectives and targets that places its power and energy sector on a sustained path to support the Country reaching a high-income economy by 2041. The main

	<p>elements of the underlying strategies and policies are as follows:</p> <p>(i) Adopting a least-cost power generation expansion path; (ii) Promoting supply of low-cost primary energy"; and</p> <p>(b) "Glimpses of the Power Sector", published September 2019 by the Power Division, Ministry of Power, Energy and Mineral Resources. Here the Government sets its target for a strategic fuel mix with a significant increase in coal.</p>
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Question	<i>What is the current funding situation?</i>
Response	GCM has sufficient funds to support its operations and, still has capacity to draw on its loan facility with Polo Resources Limited.

Question	<i>When available can the shareholders see a definitive plan to gain mining approval when ready?</i>
Response	The Company will make an RNS announcement as soon as its submission to the Bangladesh Government has been made.

Question	<i>When will GCM put planning gain incentive to the Government of Bangladesh, Re local jobs, new village schools, fresh water, new shops, long term employment for locals, improvements to local villages. Also, supply of good quality coal to local power stations and supply of much needed power supplies?</i>
Response	The Phulbari Coal and Power Project submission to the Bangladesh Government details the very significant benefits both at the National and local levels. Apart from the obvious benefit coming from increased competitively priced power supply with industrial development, in relation to the local community, it provides details of the resettlement and compensations arrangements, training, preferential employment initiatives and the provision of new infrastructure, including , new villages and new town development with reticulated water supply, and improved sanitation systems; and an agriculture improvement plan with water supply for irrigation.

Question	<i>I've been invested in GCM since early 2017 and hold a substantial amount of shares in the company.</i>
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	<p><i>Is it possible to provide more clarity on our current situation with the project ie is the project now moving in a different direction due to global news on reduction of coal by targeted dates and Bangladesh plans on increasing imported gas as part in the energy plan?</i></p> <p><i>Does GCM still view this as a wider holistic project or does this now seem less likely?</i></p> <p><i>I understand the COVID-19 pandemic has hindered any potential progress though as a long holding & loyal shareholder would really appreciate feedback on our current situation.</i></p>
<p>Response</p>	<p>The Phulbari Coal and Power Project (PCPP) remains unchanged and is focused entirely on serving Bangladesh's domestic requirements, adhering to its policies and laws and supporting its development goals.</p> <p>The Bangladesh Government recognises the importance of commercial fuel diversity for its power generation, however, at present it is heavily reliant on imported fuels, which exposes the country to inherent world-market risks in terms of maintaining supply and controlling cost. Their aim is to lift the country out of poverty and move through Middle Income to Developed Country status in next 20 years. To achieve this, it still needs to steadily grow its power generation capacity (efficient low cost power) to drive industrial development and create sustainable new well-paying jobs.</p> <p>Despite stated aims by some developed countries to reduce their level of coal-power generation as part of their individually determined Nationally Determined Contributions (NDC) targets, the UN admits that economic development is crucial to support a country's preparedness as the climate changes and that the "least developed countries", such as Bangladesh, are in a special category.</p> <p>PCPP will use high quality coal in mine-mouth HELE (high energy efficient low emission) power plants that will deliver a large amount of power at tariffs that will make its industries more competitive. This will help drive Bangladesh economic development and ability to deal with the effects of climate change. Note that for the year 2019 (immediately prior to the COVID pandemic and the worldwide economic slowdown) published figures indicate Bangladesh's contribution to the world's CO₂ production was some 0.25 percent, i.e. Bangladesh is not a significant emitter. If PCPP's full 6,000MW of power was being generated in the year 2019, Bangladesh's contribution to the world's CO₂ production would still have been minimal at less than 0.35%.</p>
<p>Question</p>	<p><i>In an RNS dated 18 May 2017, the company stated it believes that upon completion of each milestone, GCM's share price is expected to benefit from a significant re-rating. Please provide your opinion why this hasn't occurred; the share price currently stands at a multi-year low.</i></p>

Response	<p>Generally, the GCM share price has experienced uplift following the various RNS announcements regarding milestone progress with our Development Partners. For instance, announcements of involvement of China Gezhouba Group Corporation (CGGC), PowerChina and China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. have on several occasions seen the share price more than triple. However, these increases have not been sustainable and over a period of weeks to months the share price dropped to baseline levels. It is also apparent that since the COVID pandemic, the impact of such announcements has had a subdued effect on share price as has the recent announcement of the Company's "Capital Reorganisation".</p>
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Question	<p><i>On page 7 of the 2020 Annual Report, GCM Resources lists climate change risk as one of its "predominant risks and uncertainties". Given that coal mining and coal fired power is the company's only businesses, when will the company publicly disclose, through the use of tools like the Task Force on Climate-Related Financial Disclosures (TCFD), how the company has stress tested its assets for future resilience/ NPV in a scenario where the goals of the Paris Agreement are met? Did GCM's auditors consider the coal and carbon price forecasts consistent with a 1.5°C warming scenario, or a well-below 2°C warming scenario, while considering the company's future business?</i></p>
Response	<p>The Paris Agreement is an arrangement between the governments of individual countries. It recognises that all countries are not at the same level of economic development and as such promotes that individual countries should assess their own emissions - Nationally Determined Contributions (NDCs), and set their own targets. Furthermore, the UN admits that economic development is crucial to support a country's preparedness as the climate changes and that the developed countries should take the lead in providing financial assistance to countries that are less endowed, particularly the "least developed countries" such as Bangladesh.</p> <p>Bangladesh has minimal emissions and is far behind the developed countries in terms of GDP and power generation per capita. Considering the year 2019 (immediately prior to the COVID pandemic and the worldwide economic slowdown) published figures indicate its contribution to the world's CO₂ production was some 0.25 percent, i.e. Bangladesh is not a significant emitter.</p> <p>The Bangladesh Government has stated ambitions to lift the country out of poverty and move through Middle Income to Developed Country status in next 20 years. To achieve this, it needs to steadily grow its power generation capacity (efficient low cost power) to drive industrial development and create sustainable new well-paying jobs. To this end, even if the PCPP's full 6,000MW of power was being generated in the year 2019, Bangladesh's contribution to the world's CO₂ production would still have been minimal at less than 0.35%.</p> <p>The Bangladesh Government recognises the importance of commercial fuel diversity for its power generation, however, at present it is heavily</p>

	<p>reliant on imported fuels, which exposes the country to inherent world-market risks in terms of maintaining supply and controlling cost.</p> <p>The Phulbari Coal and Power Project (PCPP) remains focused entirely on serving Bangladesh's domestic requirements, adhering to its policies and laws and supporting its development goals. The PCPP will assist Bangladesh achieve its NDC targets as it balances issues to achieve its Development goals. By using PCPP's high quality coal in mine-mouth HELE (high energy efficient low emission) power plants the country will not only eliminate greenhouse emissions associated with coal shipping and handling, but importantly it will realise a large amount of clean coal technology produced power at tariffs that will make its industries more competitive. This will help drive Bangladesh economic development and ability to deal with the effects of climate change.</p>
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<p>Question</p>	<p><i>Multiple news reports in August 2020 (see, for example, https://chinadialogue.net/en/energy/bangladesh-may-ditch-planned-coal-power/) stated that in Bangladesh, “Coal power is no more a cheap option”, with plans that may ditch 90% of its planned coal power, including GCM’s proposed coal power projects. This is contradictory to what GCM states in the 2020 Annual Report that “Coal remains a cheap and abundant primary energy supply for developing countries like Bangladesh” and for future outlook, the company is “fully committed to the Phulbari Coal and Power Project”. How does GCM plan to manage the increasing financial risks of the Phulbari Coal and Power Project being held up or cancelled by the Bangladesh government, and how much would it cost shareholders if all of GCM’s planned mine and power assets are stranded?</i></p>
<p>Response</p>	<p>Whilst there have been some articles reproduced in certain media outlets that mentioned coal-import-based power plants, there has not been any official government statement regarding stepping back from coal-power. At the same time there have also been reports citing a growing difficulty and uncertainty in securing coal imports to supply these planned/proposed coal-import based power plants. On top of this, the currently planned coal-import-based power plants require costly investment to develop port handling and transportation facilities, making imported coal an expensive option for Bangladesh.</p> <p>Fortunately, Bangladesh has a significant amount of domestic high quality coal that is a viable alternative to country’s rapidly depleting domestic natural gas reserve. The very well-studied Phulbari Coal Field hosts the country’s largest proven mineable coal reserve and using efficient open pit mining has the capability to delivering a large volume of coal that will bolster Bangladesh’s commercial energy supply.</p> <p>The Phulbari Coal and Power Project, utilising the Phulbari coal mine feeding mine-mouth HELE (high energy efficient low emission) power plants, will deliver coal far cheaper (cost/specific energy basis) than imported options and offers Bangladesh the lowest coal-based power tariff.</p>

	<p>The Company believes Phulbari Coal and Power Project will deliver against the Bangladesh Government's power sector and economic development objectives and as such will serve the best interest for the people of Bangladesh.</p>
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<p>Question</p>	<p><i>In 2019 , a report published by Bangladesh's leading Bangla newspaper, Prothom Alo (24/08/2019), revealed that the company GCM provides false information about Phulbari contract and that the government will take legal action against the company. The report by Mohammad Arifuzzaman on August 24, 2019 quoted Bangladesh's Deputy State Minister for Power, Energy and Mineral Resources, Nasrul Hamid. In commenting on GCM Resources' contract, Bangladesh's Deputy State Minister for Power, Energy and Mineral Resources, Nasrul Hamid, stated to the Daily Prothom Alo newspaper that:</i></p> <p><i>"Even in the absence of an agreement, GCM or Asia Energy is trading shares in London by providing information that coal would be extracted from Phulbari, which is false. The government has taken this into notice. The government is proceeding to take legal action against them."</i></p> <p><i>He asserted that the Prime Minister Sheikh Hasina's clear instructions are that the government has no plans to extract coal from Phulbari, and the future extraction of coal would only be considered if any advanced and environmental mining or coal burning technology emerged.</i></p> <p><i>What is your response to this? How are you planning to tackle any potential legal action by the government and any third party from Bangladesh? Does the company hold any valid licence for business in Bangladesh?</i></p>
<p>Response</p>	<p>The media reports referred to are baseless. The Company's wholly-owned subsidiary has a valid Contract with the Government of Bangladesh that expressly covers exploring and mining of coal in Northern Bangladesh.</p>

<p>Question</p>	<p><i>You are holding this year's AGM on 25 February but you are pressing forward a policy that excludes the company's own shareholders. This AGM restrains people from attending the AGM. GCM said that 'due to the ongoing COVID-19 pandemic, the AGM will be held virtually as a closed meeting with a minimum number of directors and shareholders present, such that the legal requirement to hold a quorate meeting will be satisfied; and no other shareholders will be permitted to access, attend or participate either in person or virtually.' You further said, 'As a consequence of the current COVID-19 restrictions imposed by the UK Government, shareholders will not be permitted to attend the Annual General Meeting and will only be able to vote by proxy. This year, only the Chairman of the Meeting may be appointed as a proxy.'</i></p> <p><i>Why couldn't you wait for lockdown to be lifted, and why would you not hold the AGM in spring time? Last year you held the AGM 15 months after the preceding AGM. Why are you rushing this year?</i></p>
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Response	As stated in the Company’s letter to shareholders of 1 February 2021, the Company is supportive of the United Kingdom Government’s approach to managing the COVID-19 pandemic and our priority in this situation is the health and our safety of Shareholders and our colleagues. In line with Financial Conduct Authority’s (FCA) guidelines for holding AGM’s under COVID-19 lockdown conditions, the AGM was held virtually, as a closed meeting, at 10 a.m. on Thursday 25 February 2021, with only the minimum number of persons participating to ensure a valid meeting is held. The Company also encouraged Shareholders to participate in the AGM by raising any questions in advance of the meeting.
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Question	<i>We have been hearing that there had been two appeal hearings on the cases against 18 community representatives in Dinajpur on 24 January 2021, and 4 February 2021. What is the outcome of these hearings, and where are the court cases between the company’s CEO Gary Lye and the communities stand now?</i>
Response	<p>There are no court cases between the company’s CEO and the communities.</p> <p>There is a criminal case running in relation to a group that vandalised Asia Energy’s field office and property in Phulbari on 26 November 2014. This vandalism was witnessed by senior police officers and the most senior local administration official. As a result, there was a thorough police investigation which resulted in the police laying charges and making arrests. The criminal case is still in progress.</p>

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