
GULF MANGANESE CORPORATION LIMITED

ACN 059 954 317

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.00am (WST)

DATE: 19 November 2018

PLACE: CWA House,
1176 Hay Street,
West Perth 6005,
Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9367 9228.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00 am (WST) on 19 November 2018 at:

CWA House,
1176 Hay Street,
West Perth 6005,
Western Australia

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 17 November 2018.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

BUSINESS OF THE MEETING

Agenda

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CRAIG MUNRO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, Mr Craig Munro, who retires in accordance with clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, and being eligible, offers himself for re-election, be elected as a Director.”

4. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF SHARES TO ACUITY CAPITAL PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company to Acuity Capital Pty Ltd of 100,000,000 Shares in the Company for cash consideration at an issue price of 1.26 cents per Share on the terms and conditions set out in the Explanatory Statement.”

5. RESOLUTION 4 – RATIFICATION OF PREVIOUS SECURITIES ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 133,333,333 GMC Converting Notes and 133,333,333 Listed Options to Eighteen Blue Investments Pty Ltd at an issue price of 1.5 cents per note and 0.5 cents per Listed Option on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 5 – RATIFICATION OF PREVIOUS SHARE ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 100,000,000 Shares in the Company on 9 March 2018 on the terms and conditions set out in the Explanatory Statement."

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

8. RESOLUTION 7 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of sections 136(2) and 648G of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by renewing clause 36 of the Constitution for a period of three years from the date of approval of this Resolution."

Dated 17 October 2018

By order of the Board

A handwritten signature in blue ink, appearing to read 'I. Gregory', with a large, stylized flourish below the name.

**Ian Gregory
Company Secretary**

VOTING EXCLUSIONS

Resolution 1

In accordance with the Corporations Act (2001) (**Corporations Act**), the Company will disregard:-

- (a) any votes cast (in any capacity) on Resolution 1 by or on behalf of;
 - (i) a member of the Key Management Personnel listed in the Remuneration Report (KMP); or
 - (ii) a KMP's Closely Related Party; and
- (b) any votes cast as a proxy on Resolution 1 by any other person who is a member of the KMP at the date of the meeting, or by a Closely Related Party of any such person.

Closely Related Party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

However the Company need not disregard a vote cast on Resolution 1 if it is cast:

- (a) by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) by the person chairing the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Please note that the Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

If you are a member of the KMP or a Closely Related Party of any such member, you may be held liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company will disregard.

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 3

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Acuity Capital Pty Ltd and any person who will obtain a material benefit (except a benefit solely in the capacity of a holder of ordinary securities in the Company) and any Associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Eighteen Blue Investments Pty Ltd and any Associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue and any Associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who may participate in the issue of Equity Securities under this Resolution and a person who may obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities in the Company) and any Associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.gulfmanganese.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Company or the Directors.

The Remuneration Report sets out the Company's remuneration arrangements for the directors and senior management of the Company. The Remuneration Report is part of the directors' report contained in the annual financial report of the Company for a financial year.

The Chair of the Meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at two consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the most recent financial year) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the Company is approved will be the directors of the Company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF CRAIG MUNRO AS A DIRECTOR

Clause 14.2 of the Constitution requires that one third of the Directors in office (other than a Managing Director) must retire by rotation at each Annual General Meeting of the Company. Clause 14.2 of the Constitution provides that a retiring Director is eligible for re-election.

Mr Munro therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

A biography of Mr Munro is set out in the Company's annual financial report for the year ended 30 June 2018.

Directors' Recommendation

The Board of Directors, excluding Mr Munro, recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF SHARES TO ACUITY CAPITAL PTY LTD

4.1 General

On 20 August 2018, the Company announced that it had agreed to place 100,000,000 Shares at an issue price of 1.26 cents per Share to Acuity Capital Pty Ltd (**Acuity Capital**) for a total raise of \$1,260,000 (net of costs). The placement is made in

accordance with the Controlled Placement Agreement with Acuity Capital announced on 31 January 2018.

Resolution 3 seeks Shareholder approval for issue of the 100,000,000 Shares.

4.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not issue or agree to issue more than 15% of its total ordinary share capital within a 12 month period unless a specified exception applies or the issue is made with the prior approval of shareholders for the purpose of ASX Listing Rule 7.1.

Shareholder approval is now sought pursuant to Listing Rule 7.1 to enable the Company to issue 100,000,000 Shares to Acuity Capital.

4.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue:

- (a) the maximum number of Shares to be issued is 100,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued for 1.26 cents each;
- (d) the Shares will be issued to Acuity Capital who is not a related party of the Company;
- (e) the Shares will be issued on the same terms as the existing issued Shares in the Company and application will be made for their quotation on ASX; and
- (f) funds received will be used for general working capital purposes.

4.4 Directors' recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolution 3. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

5. RESOLUTION 4 – RATIFICATION OF PREVIOUS SECURITIES ISSUE

5.1 Background

On 12 March 2018, the Company announced that it had secured funding to advance the Kupang Smelting Hub Facility from PT Jayatama Tekno Sejahtera ("PT JTS") and related entities.

As part of that series of transactions, the Company issued a \$2,000,000, five-year zero coupon Converting Note to Eighteen Blue Investments Pty Ltd (**GMC Converting Notes**). The Company issued 133,333,333 GMC Converting Notes at a face value of 1.5 cents each with 133,333,333 free attaching Listed Options exercisable at 0.5 cents and expiring 21 April 2019 (**Listed Options** or **GMCO**).

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder

approval. On 12 March 2018, the Company issued the GMC Converting Notes and the free attaching Listed Options within the Company's 15% issue capacity under ASX Listing Rule 7.1.

5.2 ASX Listing Rules 7.1 and 7.4

A summary of Listing Rule 7.1 is set out in Section 4.2 of this Notice.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.4 to ratify the issue of GMC Converting Notes and the free attaching Listed Options. The Company confirms that the issue of the GMC Converting Notes and free attaching Listed Options the subject of Resolution 4 was within the Company's 15% issue capacity under ASX Listing Rule 7.1. None of the recipients of the GMC Converting Notes and free attaching Listed Options was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the issue of the GMC Converting Notes and free attaching Listed Options will be that the Shares will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

5.3 Effect on capital of the Company

The GMC Converting Notes and free attaching Listed Options the subject of this Resolution comprise 5.7% of the Company's fully-diluted share capital (based on the number of Shares, Performance Rights and Options on issue as at the date of this Notice of Meeting).

5.4 Shareholder Approval

ASX Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.4 and the following information is included in this Explanatory Statement for this purpose:

- (a) the number, issue price, issue date and recipients of the GMC Converting Notes and free attaching Listed Options issued by the Company are as follows:
 - (i) 133,333,333 GMC Converting Notes with a face value of 1.5 cents per note to Eighteen Blue Investments Pty Ltd on 12 March 2018; and
 - (ii) 133,333,333 free attaching Listed Options exercisable at 0.5 cents and expiring 21 April 2019 to Eighteen Blue Investments Pty Ltd on 12 March 2018.
- (b) the purpose of the issue of the GMC Converting Notes and free attaching Listed Options was to provide funding, as part of a larger financing package, to advance the Kupang Smelting Hub Facility;
- (c) the terms and conditions of the Listed Options and the terms and conditions of the GMC Converting Notes are set out in Annexures A and B respectively; and
- (d) a voting exclusion statement for this Resolution is included in the Notice.

5.5 Board Recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolution 4. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

6. RESOLUTION 5 – RATIFICATION OF PREVIOUS SHARE ISSUE

6.1. Background

In December 2017, the Company entered into a Controlled Placement Agreement with Acuity Capital. The Controlled Placement Agreement provides the Company with up to \$5,000,000 of standby equity capital until 31 December 2019.

The Company had agreed to place 125,000,000 Shares from its ASX Listing Rule 7.1 capacity, at nil consideration to Acuity Capital (**Collateral Shares**). It was subsequently agreed between Acuity Capital and the Company to reduce the number of Collateral Shares to be issued from 125,000,000 Shares to 100,000,000 Shares.

Under ASX Listing Rule 7.1, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. On 9 March 2018, the Company issued 100,000,000 Shares within the Company's 15% issue capacity under ASX Listing Rule 7.1.

6.2 ASX Listing Rules

A summary of Listing Rule 7.1 is set out in Section 4.2 of this Notice and a summary of Listing Rule 7.4 is set out in Section 5.2 of this Notice.

Resolution 5 seeks Shareholder approval under ASX Listing Rule 7.4 to ratify the issue of 100,000,000 Shares to Acuity Capital. The Company confirms that the issue of the Shares was within the Company's 15% issue capacity under ASX Listing Rule 7.1. None of the recipients of the Shares was a related party of the Company within the meaning of the Corporations Act and the ASX Listing Rules.

The effect of the approval under ASX Listing Rule 7.4 of the issue of Shares will be that the Shares will not be counted as reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% placement limit imposed by ASX Listing Rule 7.1 (i.e. the 15% limit is "renewed" to the extent of the approval).

6.3 Effect on capital of the Company

The Shares the subject of this Resolution comprise 2.1% of the Company's fully-diluted share capital (based on the number of Shares, Performance Rights and Options on issue as at the date of this Notice of Meeting).

6.4 Shareholder Approval

ASX Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of ASX Listing Rule 7.4 and the following information is included in this Explanatory Statement for this purpose:

- (a) the number, issue price, issue date and recipients of the Shares issued by the Company is 100,000,000 Shares at nil consideration to Acuity Capital on 9 March 2018;
- (b) the purpose of the issue of the Shares was to satisfy the requirements of the Controlled Placement Agreement;
- (c) the Shares issued were fully paid ordinary shares which ranked equally with all other existing Shares from their date of issue; and

(d) a voting exclusion statement for this Resolution is included in the Notice.

6.5 Board Recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolution 5. The Chair of the meeting intends to vote undirected proxies in favour of this Resolution.

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1. General

ASX Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% annual placement capacity granted under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less, as at the time of the entity's annual general meeting (**Eligible Entity**). The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$28.72 million based on the closing Share price on 16 October 2018.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.2 of this Notice).

The effect of Resolution 6 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

7.2. ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of Equity Securities on issue, being the Shares (ASX Code: GMC) and Listed Options (ASX Code: GMCO).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - plus the number of partly paid shares that became fully paid in the previous 12 months;

- plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
- less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

7.3. Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 7.3(a)(i) of this Notice, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid);

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

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Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.005 50% decrease in Issue Price	\$0.010 Issue Price	\$0.015 50% increase in Issue Price
2,872,447,239 (Current Variable A)	Shares issued - 10% voting dilution	287,244,723	287,244,723	287,244,723
	Funds raised	\$1,436,223.62	\$2,872,447.23	\$4,308,670.85
4,308,670,859 (50% increase in Variable A)	Shares issued - 10% voting dilution	430,867,085	430,867,085	430,867,085
	Funds raised	\$2,154,335.43	\$4,308,670.85	\$6,463,006.28
5,744,894,478 (100% increase in Variable A)	Shares issued - 10% voting dilution	574,489,447	574,489,447	574,489,447
	Funds raised	\$2,872,447.24	\$5,744,894.47	\$8,617,341.71

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (i) There are currently 2,872,447,239 Shares on issue as at the date of this Notice of Meeting.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 16 October 2018.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) No Options (including any Listed Options issued under the 10% Placement Capacity) are exercised into Shares before the date of issue of the Equity Securities.
- (v) The Company has not issued any Equity Securities in the 12 months prior to the date of issue that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

- (viii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (ix) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for (i) general working capital; and/or (ii) the acquisition of new resource assets and investments; or
- (ii) as non-cash consideration for the acquisition of new resource assets and investments excluding previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resource assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resource assets or investments.

(f) Previous Approval under ASX Listing Rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and;
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

7.4. Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

8. RESOLUTION 7 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

8.1 Background

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in a general meeting approving the offer.

Under the Corporations Act and clause 36 of the Constitution, the provisions must be renewed every three years or they will cease to have effect. The current provisions have ceased to have effect. The Directors consider that it is appropriate to renew approval for clause 36 for a period of three years from the date of the Annual General Meeting (after which it will have to be renewed by a further special resolution of Shareholders each 3 years).

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

8.2 Effect of Proportional Takeover Provision

The effect of clause 36 is that if a proportional takeover bid is made to Shareholders, the Directors are obliged to convene a meeting of Shareholders to be held at least 15 days before the offer closes. The purpose of the meeting is to vote on a resolution (**Approving Resolution**) to approve the proportional takeover bid. The Approving Resolution is passed if more than 50% of the votes cast on the resolution by Members (excluding the Bidder and their associates) are in favour of the resolution.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect, means that Shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of Shares under the proportional takeover bid (provided they are in all other respects) in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of Shares resulting from that proportional takeover bid is prohibited and the offer is deemed by the Corporations Act to be withdrawn.

The proportional takeover provision does not apply to a full takeover bid.

8.3 Reasons for Proposing this Resolution

The Directors consider that Shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in

effective control of the Company changing hands without Shareholders having the opportunity of disposing all of their Shares. Shareholders could be at risk of passing control to the offeror without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

If Resolution 7 is passed, clause 36 of the Constitution can prevent this occurring by giving Shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

8.4 Presently Proposed Acquisitions

As at the date of this Explanatory Statement, no Director is aware of any proposal by any person by any person to acquire or increase the extent of a substantial interest in the Company.

8.5 Potential Advantages and Disadvantages of Proportional Takeover Provisions during the Period in which they have been in Effect

The Directors consider that the proportional takeover provisions had no advantages or disadvantages for them during the period in which they were in effect.

The advantages and disadvantages of the proportional takeover provisions for Shareholders include those set out immediately below, which were applicable during the period in which they were in effect.

The Directors consider that clause 36 has no potential advantages or potential disadvantages for the Directors as they remain free to make whatever recommendations they consider appropriate on any proportional takeover bid that may be made.

The potential advantages of the proportional takeover provisions for Shareholders include:

1. the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
2. assisting in preventing Shareholders from being locked in as a minority;
3. increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
4. each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

1. proportional takeover bids may be discouraged;
2. lost opportunity to sell a portion of their Shares at a premium; and
3. the likelihood of a proportional takeover bid succeeding may be reduced.

8.6 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning given to that term in the ASX Listing Rules.

Associated Company means a body corporate which:

- (a) is related (within the meaning of that expression in the Corporations Act) to the Company and which the Board determines shall participate in the Share Trust or Option Trust (as the case may be); or
- (b) the Board determines shall participate in the Share Trust or Option Trust (as the case may be) and in which the Company and/or subsidiary (within the meaning of that expression in the Corporations Act) of the Company.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Gulf Manganese Corporation Limited (ACN 059 954 317).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities has the meaning given to that term in the ASX Listing Rules.

Explanatory Statement means the explanatory statement and attaching annexures accompanying the Notice.

GMC Converting Note means the converting notes issued by the Company to Eighteen Blue Investments Pty Ltd on the terms and conditions set out in Annexure B.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listed Options means a listed Option issued on the terms and conditions set out in Annexure A.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Performance Right means a performance right issued under the Plan.

Plan means the Company's long term incentive plan approved by Shareholders on 2 September 2016.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the directors' report section of the Company's annual financial report for the year ended 30 June 2018.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

VWAP means Volume Weighted Average Price.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – TERMS AND CONDITIONS OF THE LISTED OPTIONS

- (a) Each Listed Option will entitle the holder to subscribe for one Share.
- (b) Each Listed Option will expire at 5.00pm (WST) on 21 April 2019 (Expiry Date). A Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Listed Options are exercisable in whole or in part at a price of 0.5 cents per Listed Option (Exercise Price) by completing and delivering a duly completed form of notice of exercise to the registered office of the Company together with the payment of the Exercise Price in immediately available funds for the number of Shares in respect of which the Listed Options are exercised.
- (d) All Shares issued upon the exercise of the Listed Options will rank equally in all respects with the Company's then existing Shares.
- (e) Application will be made to ASX for Official Quotation of the Listed Options.
- (f) Application will be made to ASX for Official Quotation by ASX of all Shares allotted pursuant to the exercise of Listed Options within the time period required by the Listing Rules after the date of allotment.
- (g) The holders of Listed Options may only participate in new issues of securities as holders of Shares if a Listed Option has been exercised and Shares have been allotted in respect of the Listed Option before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Listed Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules or any waiver from the Listing Rules provided to the Company by ASX.
- (h) There will be no change to the exercise price of a Listed Option or the number of Shares over which a Listed Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).
- (i) If, from time to time, before the expiry of the Listed Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (Bonus Issue), the number of Shares over which a Listed Option is exercisable will be increased by the number of Shares which the holder would have received if the Listed Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (j) If, prior to the expiry of any Listed Options, there is a reorganisation of the issued capital of the Company, the Listed Options will be reorganised in the manner set out in and to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (k) Shares allotted and issued pursuant to the exercise of the Listed Options will be allotted and issued, and a holding statement provided to the holders of Listed Options in respect of those Shares, on the above terms and conditions not more than 15 business days after the receipt of a duly executed form of notice of exercise and the Exercise Price in immediately available funds in respect of the Listed Options exercised.

ANNEXURE B – TERMS AND CONDITIONS OF THE GMC CONVERTING NOTES

Issuer:	Gulf Manganese Corporation Limited (“GMC”).
Subscriber:	Eighteen Blue Investments Pty Ltd (“EBI”).
Aggregate value:	\$2,000,000 (133,333,333 notes with a face value of 1.5 cents each).
Security:	None.
Coupon:	0%
Term:	5 years from issue (“Maturity Date”).
Denominations:	133,333,333 notes in denomination of 1.5 cents per note (“Face Value”).
Conversion:	1:1 - each note may be converted into one Gulf share.
Automatic Conversion:	EBI will be deemed to have delivered a Conversion Notice in respect of any unconverted Notes as at the Maturity Date.
Default Event:	Non-payment by GMC Involuntary winding up of GMC Voluntary winding up of GMC Insolvency of GMC Breach of GMC Converting Note Agreement No conversion under the PT Gulf Convertible Note Default under the other Investment Documentation Material breach of warranties under the Investment Documentation.
Repayment on Default:	If a Default Event occurs, the aggregate Face Value of the GMC Converting Notes held by EBI at that time becomes due and payable by the Company to EBI on and from the date that is five Business Days after the date of the Default Event (“Repayment Date”), together with interest on the Face Value at the interest rate of 15% per annum from the Repayment Date until the date of actual payment.
Rights Issue Participation:	In respect to any rights issue undertaken by the Company, EBI will be offered a placement of shares (subject to sufficient capacity under ASX Listing Rule 7.1) or the right to underwrite any shortfall from the rights issue for that number of shares equal to the number of shares to which EBI would have been entitled had it converted the GMC Converting Notes held by it on the record date for the rights issue, subject at all times to compliance with the ASX Listing Rules.
Governing law:	Western Australia.

PROXY FORM

GULF MANGANESE CORPORATION LIMITED
ACN 059 954 317

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at CWA House, 1176 Hay Street, West Perth 6005, Western Australia, on 19 November 2018 at 10.00 am (WST), and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Voting on business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Craig Munro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval for the Issue of Shares to Acuity Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of Previous Securities Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of Previous Securities Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

For personal use only

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to, T4, 152 Great Eastern Highway, Ascot WA 6104; or
 - (b) facsimile to the Company on facsimile number +61 8 9367 9229,
 - (c) by email to Ian Gregory on info@gulfmanganese.comso that it is received not less than 48 hours prior to commencement of the Meeting (being. 4.00pm (WST) on 16 November 2018).

Proxy Forms received later than this time will be invalid.