



**GULF MANGANESE CORPORATION LIMITED**  
**ABN 73 059 954 317**

**PROSPECTUS**

For the offer of:

- (a) 5,000 New Shares at an issue price of \$0.015 per New Share (**Share Offer**); and
- (b) 361,815,011 New Options to Eligible Participants (**Options Offer**),

(together, the **Offers**).

This Prospectus has been prepared for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date without disclosure under Part 6D of the Corporations Act and to allow the New Options to be on-sold without disclosure and the Shares that are issued on exercise of the New Options to be on-sold without disclosure in accordance with ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

**Important Notice**

This document is important and should be read in its entirety (including the 'Risk Factors' in section 4) before deciding whether to apply for New Shares or New Options. If, after reading this Prospectus, you have any questions about the New Shares or the New Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares and New Options offered by this Prospectus should be considered speculative.

For personal use only

## IMPORTANT NOTES

This Prospectus is dated 2 January 2019 and a copy of this Prospectus was lodged with the ASIC on that date. ASIC, ASX and its officers, respectively, take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Shares and New Options to be granted quotation on ASX.

Neither of the Offers are available to the general public.

The Share Offer is only available to those persons who are personally invited by the Company to accept the Share Offer. The Company will provide a Share Offer Application Form to those persons only.

The Options Offer is only available to those persons to whom Shares were issued and allotted under the Settlement Deed (**Eligible Participants**). Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus. The Company will provide an Application Form to each Eligible Participant.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Applications for securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore, persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.

Applicants should rely on their own knowledge of the Company, refer to disclosures made by the Company to the ASX and consult their professional advisers before deciding whether to accept the Offer. Announcements made by the Company to ASX are available from the ASX website at <http://www.asx.com.au/>. The information in this Prospectus does not constitute a securities recommendation or financial product advice.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus, including each of the documents attached to it and which form part of this Prospectus, is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors in section 4 that could affect the performance of the Company before making an investment decision.

Some words and expressions used in this Prospectus have defined meanings which are explained in section 6.

**CONTENTS**

1.	DETAILS OF THE OFFERS .....	3
2.	USE OF FUNDS AND EFFECT OF THE ISSUE .....	7
3.	RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES AND NEW OPTIONS .....	8
4.	RISK FACTORS .....	10
5.	ADDITIONAL INFORMATION .....	14
6.	GLOSSARY .....	19

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## 1. DETAILS OF THE OFFERS

### 1.1 Purpose of the Offers

#### (a) MRI Settlement

As announced on 24 December 2018, the Company has entered into a deed of settlement with Mighty River International Ltd (**MRI**) (**Settlement Deed**) pursuant to which:

- (i) the Company will issue to MRI 100 million Shares at a deemed issue price of \$0.015 plus 100 million free-attaching Options;
- (ii) MRI will subscribe for 20 million Shares at a purchase price of \$0.015 per Share plus 20 million free attaching Options; and
- (iii) proceeding CIV/2885/2017 (**Court Proceeding**) will be dismissed by consent with no order as to the costs.

A total of 110 million Shares has been issued to MRI to settle the Court Proceeding and raise \$150,000 in cash (before costs) (**Settlement**). The remaining 10 million Shares will be issued on or around 15 January 2019 to raise a further \$150,000.

It is proposed that the 120,000,000 Options attaching to the 120,000,000 Shares under the Settlement Deed will be offered under this Prospectus to remove any trading restrictions on those New Options and any Shares that are issued on exercise of those New Options in accordance with ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 as well as any other Shares issued by the Company without disclosure.

#### (b) Placement

As announced on 2 January 2019, the Company has also entered into subscription agreements with PT Jayatama Global Investindo and a Singapore-based ore and alloy trading company to issue a total of 533,333,333 Shares at an issue price of \$0.015 plus 533,333,333 free-attaching Options to raise an aggregate of \$8,000,000 (**Placement**). The Placement is to take place in two tranches:

- (i) 241,815,011 Shares and 241,815,011 Options to be issued on or around 15 January 2019, subject to satisfaction of certain conditions precedents (**Tranche 1**); and
- (ii) 291,518,322 Shares and 291,518,322 Options to be issued upon satisfaction of certain conditions precedent, including GMC obtaining shareholder approval for the issue under Listing Rule 7.1 (**Tranche 2**).

The Company intends to issue the Shares under Tranche 1 on or around 15 January 2019. It is proposed that the Options under Tranche 1 be offered under this Prospectus to remove any trading restrictions on those New Options and any Shares that are issued on exercise of those New Options in accordance with ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 as well as any other Shares issued by the Company without disclosure.

#### (c) Use of funds under the Settlement and Placement

The funds received from the Settlement and the Placement will be used as follows:

- (i) \$2,500,000 for the repayment of a loan between the Company's subsidiary, PT GMG and PT JTS; and
- (ii) \$5,800,000 for constructing, commissioning and working capital of the first 2 smelters at the Company's Kupang manganese project.

#### (d) Section 708A(11) Corporations Act

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under

Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (i) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (ii) a prospectus is lodged with ASIC either:
  - (A) on or after the day on which the relevant securities were issued; or
  - (B) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (iii) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The purpose of this Prospectus is to

- (i) comply with section 708A(11) of the Corporations Act so that the holders of Shares and New Options issued without disclosure can, if they choose to, sell those Shares and New Options within the next 12 months without disclosure; and
- (ii) in accordance with ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80, to allow the holders of Shares issued upon exercise of the New Options the ability to sell those Shares within the next 12 months without disclosure.

The issue of the Shares and New Options, and any issue of Shares pursuant to the exercise of the New Options, was not undertaken by the Company with the purpose of selling or transferring. However, the Directors consider that the holders should be able to sell those Shares and New Options, including any Shares pursuant to the exercise of the New Options, should they wish to do so, without the need for disclosure under Part 6D.2 of the Corporations Act.

## 1.2 Details of the Offers

### (a) Share Offer

The Company offers for subscription 5,000 New Shares at an issue price of \$0.015 per Share under this Prospectus. The Share Offer is being extended to unrelated persons who are invited by the Company to subscribe for Shares and is not open to the general public.

Any funds raised from the Share Offer will be applied towards the expenses of the Offers.

### (b) Options Offer

Under the Options Offer, the Company is inviting applications for New Options from Eligible Participants. Eligible Participants are entitled to apply for 361,815,011 New Options. No consideration is payable for the New Options.

The Options Offer is open only to Eligible Participants. Application Forms will only be provided by the Company to Eligible Participants.

### (c) Terms and Conditions of New Shares and New Options

The New Shares offered under this Prospectus as well as the underlying Shares to be issued upon the exercise of the New Options offered under this Prospectus will rank equally with the Existing Shares on issue. A summary of the rights and liabilities attaching to the Shares is set out in section 3.1.

The New Options offered under this Prospectus will rank equally with the existing Options on issue. The terms and conditions of the New Options are set out in section 3.2.

### 1.3 Minimum Subscription

There is no minimum subscription in respect of the Offers.

### 1.4 Opening and Closing Dates

The opening date of the Offers will be 2 January 2019 and the Closing Date will be 16 January 2019. The Directors reserve the right to close either of the Offers early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

### 1.5 Application, Issue of New Securities and Application Money

#### (a) Share Offer

Only parties invited by the Directors should apply under the Share Offer.

An Application for New Shares must be made using the relevant Application Form attached to or accompanying this Prospectus and must follow the procedures advised by the Company to apply for New Shares under the Share Offer.

The Directors reserve the right to reject any Application or to allocate any applicant fewer New Shares than the number applied for.

Where the number of New Shares issued is less than the number applied for, the surplus money will be returned by cheque as soon as practicable after the Closing Date. Where no issue is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on money refunded.

All Application Money received before the New Shares are issued will be held in a special purpose account. After any Application Money is refunded (if relevant) and New Shares are issued to applicants, the Company will be entitled to retain the balance of funds plus all interest that accrues on the bank account and each applicant waives any right to claim that interest.

#### (b) Options Offer

Applications for New Options under the Options Offer may only be made by Eligible Participants and must be made using the relevant Application Form attached to or accompanying this Prospectus. Eligible Participants must follow the procedures advised to them by the Company to apply for New Options under the Options Offer.

The Directors reserve the right to reject any Application or to allocate any applicant fewer New Options than the number applied for.

### 1.6 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Tan Han Swee and Tanah Capital Pte Ltd <sup>1</sup>	186,371,428	6.01%

**Notes**

<sup>1</sup> Tan Han Swee has an indirect relevant interest in the securities held by Tanah Capital Pte Ltd (**Tanah Capital**), as the majority shareholder of Tanah Capital.

There will be no change to the substantial holders on completion of the Offers.

### 1.7 Effect of the Offers on the Control of the Company

There will be no effect on control as a result of the Offers.

## 1.8 Effect on Financial Position of the Company

The maximum the Company will raise under this Prospectus is \$75 for the 5,000 New Shares offered. The New Options are offered for nil consideration and as such no funds will be raised by the issue of the New Options. The estimated expenses of the Offers are as set out in section 5.5 of this Prospectus. The immediate financial effect of the Offers will be to decrease cash reserves by an amount equivalent to the estimated expenses of the Offers.

The Company will receive \$0.005 for each New Option that is exercised. If all the New Options offered pursuant to this Prospectus are applied for, issued and exercised, the Company will receive approximately \$1,809,075. The likelihood of the Company receiving additional funds through the exercise of the New Options is dependent on the market price of the Shares from time to time until the New Options expire.

## 1.9 ASX Quotation

Application will be made within seven days of the date of issue of this Prospectus for the New Shares and the New Options to be granted Official Quotation by ASX.

If the New Shares or the New Options are not quoted by ASX within three months after the date of this Prospectus, the Company will not issue any New Shares or New Options (as the case may be) and will refund all Application Money in full as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the New Shares and New Options is not to be taken in any way as an indication of the merits of the Company or the New Shares and the New Options.

## 1.10 Offer Outside Australia

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offers. No action has been taken to register or qualify the securities or the Offers or otherwise to permit an offering of the securities in any jurisdiction outside Australia.

## 1.11 Market Prices of Existing Shares and Options on ASX

During the three months immediately preceding the lodgement of this Prospectus with ASIC, and the last market sale price on the date before the lodgement date of this Prospectus:

- (a) the highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, are set out below:

	3 months high	3 months low	Last Market Sale Price
Share Price	\$0.022	\$0.01	\$0.01
Date	27 August 2018	24, 26, 27 & July, 12 October 2018	12 October 2018

- (b) the highest and lowest market sale price of the Options, which are on the same terms and conditions as the New Options being offered under this Prospectus, are set out below:

	3 months high	3 months low	Last Market Sale Price
Option Price	\$0.016	\$0.005	\$0.005
Date	27 August 2018	25, 26 & 27 July, 12 October 2018	12 October 2018

## 1.12 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares or New Options.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares or New Options issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares or New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their securities holding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## 1.13 Taxation Implications

The Directors do not consider that it is appropriate to give advice regarding the taxation consequences of applying for New Shares or New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of applicants. Applicants should consult their own professional tax adviser in connection with the taxation implications of the Offers.

## 1.14 Enquiries

Any queries regarding the Offers should be directed to Mr Robert Ierace, Company Secretary at the Company on +61 (08) 9367 9228.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offers.

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## 2. USE OF FUNDS AND EFFECT OF THE ISSUE

### 2.1 Use of Funds

The Company intends to use any funds raised from the Share Offer towards offer costs.

### 2.2 Effect of the Offers on Capital Structure

The effect of the Offers on the Company's capital structure, if the New Shares and New Options are issued, is as follows:

- (a) the number of Shares will increase by 5,000 from 3,102,314,772<sup>1</sup> to 3,102,319,772; and
- (b) the number of Options will increase by 361,815,011 from 1,493,806,392 to 1,855,621,403.

The Offers will not have an effect on the Company's other securities on issue.

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<sup>1</sup> As at the date of this Prospectus, the Company has a total of 3,102,314,772 Shares on issue. However, as described in section 1.1, the Company intends to issue 10,000,000 Shares under the Settlement Deed and a further 241,815,011 Shares under the Placement. In addition, the Company intends to issue a further 133,333,333 Shares upon conversion of convertible notes. Following the issue of these Shares, the Company will have a total of 3,487,463,116 Shares on issue. Under this circumstance, the effect of the Share Offer will be increase the number of Shares to 3,487,468,116.



## 2.3 Statement of Financial Position

The Company does not consider that the Offers will have a material effect on the Statement of Financial Position of the Company. Any funds raised from the Share Offer will be used towards offer costs. No funds will be raised from the Options Offer.

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## 3. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES AND NEW OPTIONS

### 3.1 Rights attaching to New Shares

The New Shares and the Shares to be issued upon the exercise of the New Options will rank equally in all respects with all Existing Shares. The rights attaching to the Shares arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

#### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held.

#### (c) Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend, which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

#### (d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the

contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

### 3.2 **Terms and conditions of New Options**

The New Options will rank equally in all respects with the existing Options. The terms and conditions of the Options are set out below.

(a) Each option will entitle the holder to subscribe for one Share.

(b) Each option will expire at 5.00pm (WST) on 21 April 2019 (**Expiry Date**). An option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The options are exercisable in whole or in part at a price of 0.5 cents per 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 options are exercised.

(d) All Shares issued upon the exercise of the options will rank equally in all respects with the Company's then existing Shares.

(e) Application will be made to ASX for Official Quotation of the options.

(f) Application will be made to ASX for Official Quotation by ASX of all Shares allotted pursuant to the exercise of options within the time period required by the Listing Rules after the date of allotment.

(g) The holders of options may only participate in new issues of securities as holders of Shares if an option has been exercised and Shares have been allotted in respect of

the option before the record date for determining entitlements to the issue. The Company must give notice to the holder of the 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 an option or the number of Shares over which an 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 options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an option is exercisable will be increased by the number of Shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). 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 options, there is a reorganisation of the issued capital of the Company, the 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 options will be allotted and issued, and a holding statement provided to the holders of 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 options exercised.

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## 4. RISK FACTORS

### 4.1 Overview

- (a) The New Shares and New Options offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, and to consult their professional advisers, before deciding whether to apply for New Shares or New Options pursuant to this Prospectus.
- (b) There are specific risks which relate directly to the business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.
- (c) The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 4.2 Company Specific Risks

#### (a) Construction Risk

In October 2016, the Company received approval from the Governor of East Nusa Tenggara for the construction of a manganese smelting hub in the Bolok Industrial Estate in Kupang, West Timor. In June 2017, the Company's wholly owned subsidiary, PT Gulf Mangan Grup, signed a binding Land Lease Agreement with the Government of East Nusa Tenggara Province for the construction of the Smelting Hub Facility in Kupang's Bolok Industrial Estate. The company has recently finalised rental terms for the lease which covers the initial 10 hectare project site to be used for development of the Kupang Smelting Hub Facility.

The ultimate success and financial viability of the Company depends on the successful completion of the facility. If the facility construction fails to complete for any reason or is delayed for a material period, this will adversely affect the Company's operational and financial performance. As at the date of this Prospectus, the Company is not aware of any such issues and consider such risks to be not material.

As announced on 7 September 2018 the new Governor of the Province of East Nusa Tenggara has announced a moratorium on all mining activities in the province. For further information on this moratorium, please refer to section 4.2(c) of this Prospectus.

(b) **Manganese Ore Demand and Price Volatility and Supply**

The demand for, and price of, manganese ore is highly dependent on a variety of factors, including the international supply and demand, the level of steel product demand, weather conditions, the price and availability of alternatives, actions taken by governments and international cartels, and global economic and political developments. Fluctuations in steel prices and, in particular, a material decline in the price of steel as well as loss of export or other permits may have a material adverse effect on the Company's business, financial condition and results of operations. The supply of manganese ore will be important to the proposed smelter business of the Company and given that the Company does not presently own its own tenements, it will need to enter into supply contracts and/or source supply from third parties. The ability to source that supply at an acceptable price and volume will affect the proposed smelter business.

(c) **Sovereign Risk**

The Company's key operations are located in Indonesia. Possible sovereign risks associated with operating in Indonesia include, without limitation, changes in the terms of legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares. No assurance can be given regarding future stability in Indonesia or any other country in which the Company may, in the future, have an interest.

In particular, the Company's key operations are located, more precisely, in Kupang, West Timor, Nusa Tenggara Timur Province (**NTT**), Indonesia. As announced by the Company on 7 September 2018 the new Governor of the Province of NTT announced a 12 month moratorium on mining activities in the NTT province. This announcement has recently been clarified by the Governor's Decree dated 14 November 2018. The Company has received advice on the announcement and the Decree.

- (i) The Governor's announcement and Decree relate to mining in NTT. The Company's core business is the smelting and processing of manganese, not mining;
- (ii) The Company can purchase manganese ore from suppliers in NTT that have met the new review requirements of the Governor of NTT, or also from outside of the Province of NTT, including neighbouring Provinces of NTB and Maluku, however with slightly higher freight cost.
- (iii) The Governor's Decree seems mainly focussed on the granting of new IUPs (mining licences) in NTT, whereas the Company has signed over 20 memorandums of understanding with existing IUP holders which are "Clean and Clear" IUPs.
- (iv) The Company expects its manganese suppliers, including IUPs that it may have a financial interest in, to meet all environmental requirements. Our business relies on a long term, sustainable manganese mining industry in Indonesia, to support the smelters and we intend to work with the

government, the community and our suppliers to help ensure that the industry is sustainable.

(d) **Foreign Exchange Risk**

The current operations of the Company are in Australia and Indonesia and the costs of some revenues from operations will be in US dollar and Indonesian Rupiah. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the US dollar, Rupiah and the Australian dollar. Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's development plans and activities, together with the ability to fund those plans and activities.

(e) **Environmental Risk**

The Company is subject to environmental laws and regulations in connection with operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability. Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. The Company's operational risks include environmental hazards such as accidental spills or leaks, ruptures and discharge. The occurrence of any such incident could result in substantial costs to the Company for environmental rehabilitation, damage control and losses.

### 4.3 **General Risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is, however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. The Company can give no assurance in relation to the payment of dividends or franking credits attaching to dividends.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) **Insurance risks**

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(g) **Market risk and interest rate volatility**

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

(h) **Competition**

The Company is focused on developing a ferromanganese smelting business in West Timor, Indonesia to produce and sell medium and low carbon ferromanganese alloy. There is currently no competition in processing or smelting in Timor, which gives the Company the opportunity to gain a strong hold on ore supply. However, there is a risk that other companies may enter the smelting business which may affect ore supply and that the Company may not be able to continue to compete in the industry in which it operates, which may cause loss to the Company.

(i) **Share market**

There are general risks associated with an investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(j) **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

(k) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

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## 5. ADDITIONAL INFORMATION

### 5.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares and New Options which will be issued pursuant to this Prospectus are in the same class as Shares and Options that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus, and options over such continuously quoted securities. In general terms, "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of the New Shares and the New Options on the Company and the rights attaching to the New Shares and the New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus, which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the most recent annual financial statements of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year report of the Company lodged with ASIC after the lodgement of the annual financial report in (i) above and before the lodgement of this Prospectus; and
  - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules, as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the annual financial report for the financial year ended 30 June 2018:

<b>Date</b>	<b>Description of Announcement</b>
28 September 2018	Full Year Statutory Accounts to 30 June 2018
1 October 2018	Amended – Full Year Statutory Accounts Ending 30 June 2018
2 October 2018	Appointment of Chief Financial Officer
2 October 2018	Expiry of Unlisted Options
5 October 2018	Appendix 3Y
15 October 2018	Trading Halt
15 October 2018	Appendix 3Y
15 October 2018	Appendix 3Y
15 October 2018	Appendix 3B
17 October 2018	Voluntary Suspension
17 October 2018	Update on Cornerstone Investment
19 October 2018	Notice of Annual General Meeting 2018
26 October 2018	Update on Cornerstone Investment
31 October 2018	2018 Annual Report
31 October 2018	2018 Appendix 4G and Corporate Governance Statement
31 October 2018	September 2018 Quarterly Activities Report and App 5B
19 November 2018	Update on Cornerstone Investment
19 November 2018	Gulf AGM Corporate Presentation
19 November 2018	Annual General Meeting Results
20 November 2018	Key Director and Management Appointments
29 November 2018	Gulf Manganese Investor Presentation
7 December 2018	Final Director's Interest Notice
7 December 2018	Initial Director's Interest Notice
18 December 2018	Appendix 3B
18 December 2018	Amended Appendix 3B
19 December 2018	Amended Appendix 3B

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Date	Description of Announcement
24 December 2018	Litigation Settlement and Update on Cornerstone Investment
27 December 2018	Appendix 3B
2 January 2019	Update on Debt Facility and Cornerstone Investments

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 5.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Shares and New Options pursuant to this Prospectus; or
- (c) the offer of New Shares and New Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or offer of New Shares and New Options pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

Director	Shares	Options	Performance Rights
Craig Munro	20,666,666	12,000,000 <sup>1</sup>	10,666,667
Hamish Bohannan	97,556,933	43,535,400 <sup>2</sup>	30,833,334
Andrew Wilson	23,333,333	10,000,000 <sup>3</sup>	8,000,000
Tan Hwa Poh	133,333,333	200,000,000 <sup>4</sup>	Nil

### Notes

- 1 Comprising 10 million unlisted options exercisable at \$0.02 expiring on 5 September 2021 and 2 million Options.
- 2 Comprising 30 million unlisted options exercisable at \$0.02 expiring on 5 September 2021 and 13.4354 million Options.
- 3 Comprising 10 million unlisted options exercisable at \$0.02 expiring on 5 September 2021.
- 4 Comprising 200 million Options.

The Directors may be paid such remuneration as is from time to time determined by the Company in general meeting and all travelling, hotel and other expenses properly incurred by them in attending at and returning from meetings of the directors or any committee of the directors or general meetings of the Company or otherwise in connection with the business of the Company. The Directors' remuneration is deemed to accrue from day to day and the remuneration (other than a managing director or other executive director) shall be a fixed sum and not a commission or calculated on a percentage of profits or turnover.

A Director may be paid a fee or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

The Directors' remuneration for the 2017 and 2018 financial years, together with the current financial year, is set out in the table below:

Director	Remuneration for FY2017 <sup>5</sup>	Remuneration for FY2018 <sup>5</sup>	Current financial year <sup>5</sup>
Craig Munro <sup>1</sup>	\$100,000	\$100,00	\$150,000
Hamish Bohannan <sup>2</sup>	\$295,461	\$268,238	\$350,000
Andrew Wilson <sup>3</sup>	\$60,000	\$60,000	\$85,000
Tan Hwa Poh <sup>4</sup>	N/A	N/A	\$85,000

**Notes**

- 1 Craig Munro was appointed as the Non-executive Chairman on 1 February 2016.
- 2 Hamish Bohannan was appointed as CEO on 28 October 2015 and as Managing Director on 1 February 2016.
- 3 Andrew Wilson was appointed as a Non-executive Director on 17 February 2016.
- 4 Tan Hwa Poh was appointed as a Non-executive Director on 20 November 2018.
- 5 Excluding share-based payment.

### 5.3 Interests and Consents of Experts and Advisers

Other than as set out in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the offer of New Shares and New Options pursuant to this Prospectus; or
- (c) the offer of New Shares and New Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of New Shares and New Options pursuant to this Prospectus.

### 5.4 Consents

Other than as set out in this Prospectus, each of the parties named in this Prospectus:

- (a) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties;
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and
- (c) did not authorise or cause the issue of all or any part of this Prospectus.

### 5.5 Estimated Expenses of Offers

The estimated expenses of the Offers are approximately \$20,000, including ASIC, ASX and legal costs.

### 5.6 Litigation

The Company is not currently involved in any material legal proceedings.

### 5.7 Privacy Act

If you complete an application for New Shares and New Options, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate

distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the application for New Shares and New Options, the Company may not be able to accept or process your application.

#### **5.8 Directors' Consent**

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read "Hamish Bohannan". The signature is written in a cursive, slightly slanted style.

**Mr Hamish Bohannan**  
**Managing Director & CEO**

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## 6. GLOSSARY

<b>A\$, \$ and dollars</b>	Australian dollars, unless otherwise stated.
<b>Application</b>	An application for New Shares or New Options pursuant to the Application Form.
<b>Application Form</b>	The application form attached to or accompanying this Prospectus.
<b>Application Money</b>	The money received in respect of an Application.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	The settlement rules of ASX Settlement.
<b>Board</b>	The board of Directors.
<b>CHESS</b>	ASX Clearing House Electronic Sub-register System.
<b>Closing Date</b>	2pm WST on 16 January 2019, or such other date as may be determined by the Directors under this Prospectus.
<b>Company</b>	Gulf Manganese Corporation Limited (ABN 73 059 954 317).
<b>Constitution</b>	The constitution of the Company, as amended from time to time.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A Director of the Company at the date of this Prospectus and <b>Directors</b> has a corresponding meaning.
<b>Existing Share</b>	An issued Share in the capital of the Company.
<b>Listing Rules or ASX Listing Rules</b>	The official listing rules of the ASX.
<b>New Option</b>	The Option free attaching to a Share to be issued and allotted under the Settlement Deed on the basis of one (1) New Option for every Share subscribed for.
<b>New Share</b>	A Share in the capital of the Company to be issued under this Prospectus.
<b>Offers</b>	The Share Offer and the Options Offer.
<b>Official Quotation</b>	Official quotation on ASX.
<b>Option</b>	A listed option issued by the Company (ASX: GMCO) exercisable at \$0.005 expiring on or before 21 April 2019.
<b>Prospectus</b>	The prospectus constituted by this document.

<b>Settlement Deed</b>	Has the meaning given in section 1.1 of this Prospectus
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	The holder of a Share.
<b>WST</b>	Australian Western Standard Time.

## CORPORATE DIRECTORY

### Directors

Craig Munro (Non-Executive Chairman)  
Hamish Bohannon (Managing Director & CEO)  
Andrew Wilson (Non-Executive Director)  
Tan Hwa Poh (Non-Executive Director)

### Registered Office

T4/152 Great Eastern Highway  
ASCOT WA 6101  
Telephone: +61 8 9367 9228  
Facsimile: +61 8 9367 9229  
Email: [info@gulfmanganese.com](mailto:info@gulfmanganese.com)  
Website: [www.gulfmanganese.com](http://www.gulfmanganese.com)

### Auditors\*

Bentleys Audit & Corporate (WA) Pty Ltd  
London House Level 3, 216 St Georges Tce,  
Perth WA 6000

### Management

Robert Ierace (CFO & Company Secretary)  
Donna Whittaker (Executive Assistance & Investor  
Relations Manager)

### Share Registry\*

Automic Registry Services  
Level 2  
267 St Georges Terrace  
Perth WA 6000

**ASX Code:** GMC, GMCO

**ABN:** 73 059 954 317

\*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.

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