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GULF MANGANESE CORPORATION LIMITED

ACN 059 954 317

NOTICE OF GENERAL MEETING

TIME: 10.00am (WST)
DATE: 28 February 2019
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 10.00am (WST) on 28 February 2019 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 26 February 2019.

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. RESOLUTION 1 – APPROVAL FOR THE ISSUE OF SECURITIES UNDER TRANCHE 2 OF THE PLACEMENT

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 of 291,518,322 Shares at an issue price of 1.5 cents per Share and 291,518,322 free attaching Listed Options under the Placement on the terms and conditions set out in the Explanatory Statement.”

2. RESOLUTION 2 – RATIFICATION OF PREVIOUS SECURITIES ISSUE UNDER TRANCHE 1 OF THE PLACEMENT – LISTING RULE 7.1A

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 241,815,011 Shares under the Placement on the terms and conditions set out in the Explanatory Statement.”

3. RESOLUTION 3 – RATIFICATION OF PREVIOUS SECURITIES ISSUE UNDER TRANCHE 1 OF THE PLACEMENT – LISTING RULE 7.1

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 and 241,815,011 free attaching Listed Options under the Placement on the terms and conditions set out in the Explanatory Statement.”

4. RESOLUTION 4 – RATIFICATION OF PREVIOUS SECURITIES ISSUE TO MRI – LISTING RULE 7.1A

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 up to 55,460,573 Shares to Mighty River International Ltd on the terms and conditions set out in the Explanatory Statement.”

5. RESOLUTION 5 – RATIFICATION OF PREVIOUS SECURITIES ISSUE TO MRI – LISTING RULE 7.1

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 64,539,427 Shares and 120,000,000 free attaching Listed Options to Mighty River International Ltd on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 6 – 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 13,333,333 Shares on the terms and conditions set out in the Explanatory Statement.”

7. RESOLUTION 7 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS – CRAIG MUNRO

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

“That for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 4,500,000 Performance Rights to Craig Munro, a Director, (or his nominee) under the Gulf Manganese Corporation Limited Long Term Incentive Plan on the terms and conditions contained in the Explanatory Statement.”

8. RESOLUTION 8 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS – HAMISH BOHANNAN

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

“That for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 13,125,000 Performance Rights to Hamish Bohannan, a Director, (or his nominee) under the Gulf Manganese Corporation Limited Long Term Incentive Plan on the terms and conditions contained in the Explanatory Statement.”

9. RESOLUTION 9 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS – ANDREW WILSON

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

“That for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 2,550,000 Performance Rights to Andrew Wilson, a Director, (or his nominee) under the Gulf Manganese Corporation Limited Long Term Incentive Plan on the terms and conditions contained in the Explanatory Statement.”

10. RESOLUTION 10 – APPROVAL FOR THE ISSUE OF SHARES – CRAIG MUNRO

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 10.11 and for all other purposes, Shareholders approve the grant of 8,750,000 Shares to Craig Munro, a Director, (or his nominee) for the purpose and on the terms and conditions contained in the Explanatory Statement.”

11. RESOLUTION 11 – APPROVAL FOR THE ISSUE OF SHARES – TAN HWA POH

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 10.11 and for all other purposes, Shareholders approve the grant of 18,750,000 Shares to Tan Hwa Poh, a Director, (or his nominee) for the purpose and on the terms and conditions contained in the Explanatory Statement.”

Dated 23 January 2019

By order of the Board



Robert Ierace
Company Secretary

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VOTING EXCLUSIONS

Resolution 1

The Company will disregard any votes cast in favour of this Resolution by or on behalf of 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.

Resolutions 2 and 3

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any person who participated in the issues 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.

Resolutions 4 and 5

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any person who participated in the issues 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 participated in the issues 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.

Resolutions 7, 8 and 9

The Company will disregard any vote on these Resolutions cast by or on behalf of any director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their Associates.

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.

The Company will also disregard any votes cast on Resolutions 7, 8 and 9 by a member of the KMP or their Closely Related Parties as proxy for another person where the proxy form does not specify how the proxy is to vote. The Chair will disregard all undirected proxies for Resolutions 7, 8 and 9. However the Company need not disregard any proxy votes cast on Resolutions 7, 8 and 9 by a KMP if the KMP is the Chairman of the Meeting acting as proxy and their appointment expressly authorises the Chairman 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.

Where the Chair is a related party the subject of the respective Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of that Resolution.

Resolutions 10 and 11

The Company will disregard any vote cast in favour of these Resolutions by or on behalf of any person who is to receive securities in relation to the Company and any of their Associates.

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.

The Company will also disregard any votes cast on Resolutions 10 and 11 by a member of the KMP or their Closely Related Parties as proxy for another person where the proxy form does not specify how the proxy is to vote. The Chair will disregard all undirected proxies for Resolutions 10 and 11. However the Company need not disregard any proxy votes cast on Resolutions 10 and 11 by a KMP if the KMP is the Chairman of the Meeting acting as proxy and their appointment expressly authorises the Chairman 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.

Where the Chair is a related party the subject of the respective Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of that Resolution.

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. RESOLUTION 1 – APPROVAL FOR THE ISSUE OF SECURITIES UNDER TRANCHE 2 OF THE PLACEMENT

1.1 General

On 2 January 2019, the Company announced that it had entered into subscription agreements with PT Jayatama Global Investindo and a Singapore based ore and alloy company (**Subscribers**) for the issue of 533,333,333 Shares at an issue price of 1.5 cents per Share plus 533,333,333 free attaching Listed Options (**Placement**) for a total raise of \$8 million in two separate tranches:

- (a) 241,815,011 Shares and 241,815,011 Listed Options, which securities were issued on 15 January 2019, within the Company's placement capacity (**Tranche 1**); and
- (b) 291,518,322 Shares and 291,518,322 Listed Options to be issued upon satisfaction of certain conditions precedent, including the Company obtaining shareholder approval for the issue under Listing Rule 7.1 (**Tranche 2**).

Accordingly, Resolution 1 seeks Shareholder approval for the issue of Shares and Listed Options under Tranche 2 of the Placement.

1.2 Listing Rule 7.1

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Shareholder approval is now sought pursuant to Listing Rule 7.1 to enable the Company to issue 291,518,322 Shares and 291,518,322 Listed Options under Tranche 2 of the Placement.

1.3 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 securities to be issued is 291,518,322 Shares and 291,518,322 Listed Options;
- (b) the Shares and Listed Options 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 and Listed Options will occur on the same date;
- (c) the Shares will be issued for 1.5 cents each and the Listed Options will be free attaching on a one Listed Option for one issued Share basis;
- (d) the Shares and Listed Options will be issued to the Subscribers, neither of whom are related parties of the Company;

- (e) the Shares and Listed Options will be issued on the same terms as the existing issued Shares and existing Listed Options in the Company. Application will be made for their quotation on ASX; and
- (f) funds received will be used to repay a loan between the Company's subsidiary, PT GMC and PT JTS and towards construction, commissioning and working capital costs in relation to the first 2 smelters at the Company's Kupang manganese project.

1.4 Directors' recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolution 1. The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

2. RESOLUTIONS 2 AND 3 – RATIFICATION OF PREVIOUS SECURITIES ISSUE UNDER TRANCHE 1 OF THE PLACEMENT

2.1 General

As stated in section 1.1, on 15 January 2019, the Company issued 241,815,011 Shares and 241,815,011 Listed Options to the Subscribers under Tranche 1 of the Placement, within the Company's placement capacity.

Accordingly, the purpose of Resolutions 2 and 3 is for Shareholders to ratify the issue 241,815,011 Shares and 241,815,011 Listed Options which was undertaken by way of placement without Shareholder approval.

2.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

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.

Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of Equity Securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in Listing Rule 7.1. Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to an additional 10% under Listing Rule 7.1A if shareholders ratify the previous issue of securities.

Accordingly, under Resolutions 2 and 3, the Company seeks from Shareholders approval for, and ratification of, the issue of 241,815,011 Shares and 241,815,011 Listed Options to the Subscribers comprising the following:

- (a) Resolution 2: 241,815,011 Shares so as to restore the capacity of the Company to issue further Equity Securities under Listing Rule 7.1A; and

- (b) Resolution 3: 241,815,011 Listed Options so as to limit the restrictive effect of Listing Rule 7.1 on any further issue of Equity Securities in the next 12 months.

The Shares and Listed Options issued, for which approval and ratification is sought under Resolutions 2 and 3, comprise 9.07% of the Company's fully diluted issued capital (based on the number of Shares and Listed Options on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

- (a) under Resolution 2 and 3, the Company seeks from Shareholders approval for, and ratification of, the issue of 241,815,011 Shares and 241,815,011 Listed Options, respectively;
- (b) the Shares were issued for A\$0.015 per Share and the Listed Options were issued for nil cash consideration;
- (c) the Shares and Listed Options were issued on the same terms as the existing issued Shares and existing Listed Options in the Company. Application has been made for their quotation on ASX;
- (d) the Shares and Listed Options were issued to the Subscribers, neither of whom are related parties of the Company;
- (e) funds received will be used to repay a loan between the Company's subsidiary, PT GMC and PT JTS and towards construction, commissioning and working capital costs in relation to the first 2 smelters at the Company's Kupang manganese project; and
- (f) voting exclusion statements for each of Resolutions 2 and 3 are included in the Notice of General Meeting preceding this Explanatory Statement.

2.3 Directors' recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolutions 2 and 3. The Chairman of the meeting intends to vote undirected proxies in favour of these Resolutions.

3. RESOLUTIONS 4 AND 5 – RATIFICATION OF PREVIOUS SECURITIES ISSUE TO MRI

3.1 General

On 24 December 2018, the Company announced that it had entered into a deed of settlement with Mighty River International Ltd (**MRI**) pursuant to which:

- (a) the Company agreed to issue to MRI 100 million Shares at a deemed issue price of \$0.015 plus 100 million free-attaching Options;
- (b) MRI agreed to subscribe for 20 million Shares at a purchase price of \$0.015 per Share plus 20 million free attaching Options to raise \$300,000 in aggregate; and
- (c) the parties agreed that court proceeding CIV/2885/2017 (**Court Proceedings**) will be dismissed by consent with no order as to the costs.

On 24 December 2018, the Company issued a total of 110,000,000 Shares to MRI, within the Company's placement capacity, in consideration for the dismissal of the Court Proceedings and \$150,000 investment in the Company. On 15 January 2019, the Company issued 120,000,000 Listed Options, within the Company's placement capacity. Finally, the Company intends to issue the remaining 10,000,000 Shares for a

further investment in the Company by MRI of \$150,000 in accordance with the deed of settlement before the date of the Meeting.

Accordingly, the purpose of Resolutions 4 and 5 is for Shareholders to ratify the issue 110,000,000 Shares and 120,000,000 Listed Options which was undertaken by way of placement without Shareholder approval, as well as a further 10,000,000 Shares that will be undertaken by way of placement without Shareholder approval before the date of the Meeting.

3.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

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.

Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of Equity Securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in Listing Rule 7.1. Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to an additional 10% under Listing Rule 7.1A if shareholders ratify the previous issue of securities.

Accordingly, under Resolutions 4 and 5, the Company seeks from Shareholders approval for, and ratification of, the issue of up to 120,000,000 Shares and 120,000,000 Listed Options to MRI comprising the following:

- (a) Resolution 4: up to 55,460,573 Shares so as to restore the capacity of the Company to issue further Equity Securities under Listing Rule 7.1A; and
- (b) Resolution 5: 64,539,427 Shares and 120,000,000 Listed Options so as to limit the restrictive effect of Listing Rule 7.1 on any further issue of Equity Securities in the next 12 months.

The Shares and Listed Options issued, for which approval and ratification is sought under Resolutions 4 and 5, comprise 4.50% of the Company's fully diluted issued capital (based on the number of Shares and Listed Options on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

- (a) under Resolutions 4 and 5, the Company seeks from Shareholders approval for, and ratification of, the issue of up to 120,000,000 Shares and 120,000,000 Listed Options;
- (b) in respect of Resolution 4, 35,460,573 Shares were issued for nil cash consideration, 10,000,000 Shares were issued for A\$0.015 per Share and a further 10,000,000 Shares will be issued for A\$0.015 per Share;

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- (c) in respect of Resolution 5, 64,539,427 Shares and the 120,000,000 Listed Options were issued for nil cash consideration;
 - (d) the 110,000,000 of the 120,000,000 Shares and all of the Listed Options were issued on the same terms as the existing issued Shares and existing Listed Options in the Company. Application has been made for their quotation on ASX. The remaining 10,000,000 Shares will be issued on the same terms as the existing issued Shares and application will be made for their quotation on ASX;
 - (e) the Shares and Listed Options were (and will be in the case of the remaining 10,000,000 Shares) issued to MRI who is not a related party of the Company;
 - (f) funds received will be used towards construction, commissioning and working capital costs in relation to the first 2 smelters at the Company's Kupang manganese project; and
 - (g) voting exclusion statements for each of Resolutions 4 and 5 are included in the Notice of General Meeting preceding this Explanatory Statement.

3.3 Board Recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolutions 4 and 5. The Chairman of the meeting intends to vote undirected proxies in favour of these Resolutions.

4. RESOLUTION 6 – RATIFICATION OF PREVIOUS SHARE ISSUE

4.1 Background

On 19 December 2018, the Company issued 13,333,333 Shares for services rendered by a consultant. Accordingly, the purpose of Resolution 6 is for Shareholders to ratify the issue of 13,333,333 Shares which was undertaken by way of placement without Shareholder approval.

4.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

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.

Accordingly, under Resolution 6, the Company seeks from Shareholders approval for, and ratification of, the issue of 13,333,333 Shares so as to limit the restrictive effect of Listing Rule 7.1 on any further issue of Equity Securities in the next 12 months.

The Shares for which approval and ratification is sought under Resolution 6, comprise 0.25% of the Company's fully diluted issued capital (based on the number of Shares and Listed Options on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

- (a) under Resolution 6, the Company seeks from Shareholders approval for, and ratification of, the issue of 13,333,333 Shares;

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- (b) the 13,333,333 Shares were issued for nil cash consideration;
 - (c) the Shares were issued on the same terms as the existing issued Shares in the Company. Application has been made for their quotation on ASX;
 - (d) the Shares were issued to an external consultant who is not a related party of the Company;
 - (e) no funds were received upon the issue Shares the subject of Resolution 6; and
 - (f) a voting exclusion statement for Resolution 6 is included in the Notice of General Meeting preceding this Explanatory Statement.

4.3 Board Recommendation

The Board of Directors recommends that Shareholders vote in favour of Resolution 6. The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

5. RESOLUTIONS 7, 8 AND 9 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO THE PARTICIPATING DIRECTORS

5.1 Background

On 2 September 2016, Shareholders approved the Company's Long Term Incentive Plan. The purpose of the plan is to provide ongoing incentives to directors, executives, employees and contractors of the Company (**Eligible Participants**). The Board has adopted the Plan to allow the Eligible Participants to be granted performance rights (**Performance Rights**) to acquire Shares in the Company.

The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the Plan are aligned with the successful growth of the Company's business activities.

The directors, executives, employees and contractors of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an essential part of retaining senior executives, to:

- (a) encourage alignment of personal and shareholder interest;
- (b) foster a long term perspective within the directors, executives, employees and contractors necessary to increase shareholder return;
- (c) drive sustainable, long term performance of the Company;
- (d) provide an opportunity for directors, executives, employees and contractors to benefit from the Company's share price performance in a manner that is directly linked to shareholder returns; and
- (e) ensure that the Company has a remuneration model that makes it an attractive employment option for talented personnel.

The Long Term Incentive Plan will be used as part of the remuneration planning for directors, executives, employees and contractors. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Resolutions 7, 8 and 9 seek Shareholder approval for the issue of Performance Rights to Non-Executive Chairman, Mr Craig Munro; Managing Director, Mr Hamish Bohannan and Non-Executive Director, Mr Andrew Wilson (**Participating Directors**) up to the maximum amount set out in section 5.2(b) below.

The Performance Rights will only vest if certain performance conditions are met, as outlined below and explained further in the Plan Rules and Plan Policy and which are summarised in Annexures B and C of this Explanatory Statement respectively:

Tranche	Total Shareholder Return (TSR) performance measurement period	Proportion of Performance Rights to vest	Vesting Date
1	1 July 2017 – 30 June 2018	One-third of Performance Rights	One year after the issue date
2		One-third of Performance Rights	Two years after the issue date
3		One-third of Performance Rights	Three years after the issue date

5.2 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not issue securities under an employee incentive scheme to a director of the company without Shareholder approval.

Shareholder approval is therefore being sought pursuant to Listing Rule 10.14. If Shareholder approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1 and 10.11.

Under Resolutions 7, 8 and 9 the Company seeks approval from Shareholders for the issue of Performance Rights to Mr Craig Munro, Mr Hamish Bohannan and Mr Andrew Wilson, who by virtue of their positions as Directors of the Company are related parties of the Company.

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the following information:

(a) Nature of relationship between allottees and the Company

The Performance Rights under Resolution 7 are proposed to be issued to Mr Craig Munro. Mr Craig Munro is the Non-Executive Chairman of the Company and, as such, is a related party of the Company.

The Performance Rights under Resolution 8 are proposed to be issued to Mr Hamish Bohannan. Mr Hamish Bohannan is the Managing Director of the Company and, as such, is a related party of the Company.

The Performance Rights under Resolution 9 are proposed to be issued to Mr Andrew Wilson. Mr Andrew Wilson is a Non-Executive Director of the Company and, as such, is a related party of the Company.

(b) Details of the maximum number of securities that may be issued

The maximum number of securities that may be acquired by Mr Craig Munro under Resolution 7 is 4,500,000.

The maximum number of securities that may be acquired by Mr Hamish Bohannan under Resolution 8 is 13,125,000.

The maximum number of securities that may be acquired by Mr Andrew Wilson under Resolution 9 is 2,550,000.

The formula used to calculate the number of securities to be issued, subject to the passing of Resolutions 7, 8 and 9, is set out below:

$$N = \frac{TFR \times Y\%}{V}$$

Where:

- N the number of Performance Rights to be offered.
- TFR total fixed remuneration at the commencement date of the financial year ending 30 June 2019.
- V the market value of a Share at the commencement of the financial year ending 30 June 2018 (**Performance Period**). This will be based on the closing share price prior to the commencement of the Performance Period.
- Y the percentage of total fixed remuneration awarded in Performance Rights, as determined by the Board.

Set out below are the variables for the formula used to calculate the number of Performance Rights that may be issued to the Participating Directors (pursuant to Resolutions 7, 8 and 9) and for which approval is sought:

Director	Total Fixed Remuneration ("TFR") ¹	Percentage of TFR awarded in Performance Rights	Closing Price ²	Maximum number of Performance Rights to be offered
C Munro	\$150,000	40%	\$0.01	4,500,000 ³
H Bohannan	\$350,000	50%	\$0.01	13,125,000 ³
A Wilson	\$85,000	40%	\$0.01	2,550,000 ³

Notes:

- Total fixed remuneration at the commencement date of the financial year ending 30 June 2019.
- The closing price is the closing share price prior to the commencement of the Performance Period for financial year 2017/2018.
- The Company has applied a discount of 25% to Messrs Craig Munro, Hamish Bohannan and Andrew Wilson entitlement to Performance Rights under the formula above based on the share price performance of the Company in the preceding 12 months compared to a selected peer group.

If the minimum Performance Condition (as set out in Annexure C of this Explanatory Statement) is achieved (i.e. Gulf's TSR is at or above 50th percentile ranking to the Comparator Group at the respective test date), then each vested Performance Right awarded will convert into one Share on the relevant vesting date.

(c) **Issue price**

There is no issue price for the Performance Rights.

(d) **Previous issues under the Plan**

At the date of this Notice of Meeting, the following Performance Rights and vesting conditions have been granted to Messrs Craig Munro, Hamish Bohannan and Andrew Wilson or any other person referred to in ASX Listing Rule 10.14 or otherwise under the Plan.

Vesting Conditions	C Munro	H Bohannan	A Wilson
Completion of financing for 1 st and 2 nd smelter	2,000,000	5,000,000	2,000,000
Completion of 1 st smelter construction	2,000,000	5,000,000	2,000,000
Completion of MoU with manganese suppliers	2,000,000	5,000,000	2,000,000
Completion of 60% offtake agreement for 1 st and 2 nd smelter	2,000,000	5,000,000	2,000,000
Successful commissioning of the 1 st smelter	2,000,000	5,000,000	2,000,000
Company's TSR Performance	20,000,000	62,500,000	12,000,000
TOTAL	30,000,000	87,500,000	22,000,000

The Performance Rights issued above were valued at a range of \$0.016 – 0.030 as disclosed in the financial statements for the financial years corresponding to their grant dates.

(e) **Eligible participants under the Plan**

The eligible participants under the Plan as referred in ASX Listing Rule 10.14 are Messrs Craig Munro, Hamish Bohannan, Andrew Wilson and Tan Hwa Poh. However, under Resolutions 7, 8 and 9, approval is only being sought to issue Performance Rights to Messrs Craig Munro, Hamish Bohannan and Andrew Wilson. Any additional persons who become entitled to participate in the Plan after these Resolutions are approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

(f) **Issue date**

The latest date that the Company will issue Performance Rights under Resolutions 7, 8 and 9 will be no later than 12 months after the date of the Meeting.

(g) **Terms of any loan**

The Company will not be providing a loan in connection with the Participating Directors' acquisition of Performance Rights under the Plan.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolutions 7, 8 and 9 is included in the Notice of Meeting preceding this Explanatory Statement.

5.3 Information required by the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes the directors of the company. As such, the Directors of the Company are related parties of the Company for the purposes of Section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, Section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

It is the view of the Directors, that the proposed issue of Performance Rights pursuant to Resolutions 7, 8 and 9 constitutes the provision of a financial benefit to a related party.

In compliance with the information requirements of Section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by these Resolutions.

Accordingly, the Board has determined to seek Shareholder approval for the purposes of section 208 Corporations Act for the issue of the Performance Rights to the Participating Directors.

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of the resolution:

(a) **The related parties to whom Resolutions 7, 8 and 9 would permit the benefit to be given:**

Craig Munro, the Non-Executive Chairman

Hamish Bohannan, a Managing Director

Andrew Wilson, a Non-Executive Director

(b) **The nature of the financial benefit:**

The proposed financial benefits to be given are the issue of the issue of Performance Rights to Non-Executive Chairman, Mr Craig Munro (4.5 million), Managing Director, Mr Hamish Bohannan (13.125 million), Non-Executive Director and Mr Andrew Wilson (2.55 million) on the terms of which are set out in this Explanatory Statement.

(c) **Reasons for giving the benefit**

The Board independent of Mr Munro have determined that the issue of 4.5 million Performance Rights to Mr Munro recognises the skills and value that Mr Munro will bring to the Company based on his past and current experience.

The Board independent of Mr Bohannan have determined that the issue of 13.125 million Performance Rights to Mr Bohannan recognises the skills and value that Mr Bohannan will bring to the Company based on his past and current experience.

The Board independent of Mr Wilson have determined that the issue of 2.55 million Performance Rights to Mr Wilson recognises the skills and value that Mr Wilson will bring to the Company based on his past and current experience.

(d) **Related parties' existing relevant interest**

Directors	Shares	Options over ordinary shares	Performance Rights
Craig Munro	20,666,666	12,000,000	10,666,667
Hamish Bohannan	97,556,933	45,535,400	30,833,334
Andrew Wilson	22,333,333	10,000,000	8,000,000

(e) **Total remuneration package per annum**

Directors	Financial Year 2018	Financial Year 2019
Craig Munro	\$100,000	\$150,000
Hamish Bohannan	\$268,238	\$350,000
Andrew Wilson	\$60,000	\$85,000

(f) **Dilution**

The Company's issued share capital will not change as a result of the issue of Performance Rights to Mr Craig Munro (4.5 million), Mr Hamish Bohannan (13.125 million) and Mr Andrew Wilson (2.55 million). However should all of the Performance Rights vest, a total of 20.175 million Shares will be issued, which represents 0.58% of current total Shares on issued (3,482,463,116).

(g) **Valuation of the financial benefit to be given**

The Company has valued the Performance Rights the subject of Resolutions 7, 8 and 9 using the Black-Scholes Model. The valuation of the Performance Rights calculated by the Black-Scholes Model is a function of the closing share price at the valuation date, The valuation of the Performance Rights has been prepared using the following assumptions:

- (i) Valuation Date: 15 January 2019
- (ii) Exercise Price: Nil
- (iii) Expiration Dates: In accordance with the vesting dates specified in section 5.1 above, being Tranche 1: one year after the issue date; Tranche 2: two years after the issue date; Tranche 3: three years after the issue date);
- (iv) Expected life of the Performance Rights: 3 years
- (v) Current share price at date of valuation: \$0.008
- (vi) Dividend yield: Nil

Model input variables such as share price volatility and market interest rates have no effect on the valuation since no consideration is to be paid by the holder of the Performance Rights upon vesting, As such, the Performance Rights are valuable to the holder so long as there is some value in the underlying share. Therefore, the value of the Performance Rights is the 5 day VWAP for Shares as at the valuation date.

Based on the assumptions, it is considered that the estimated average value of the Performance Rights to be granted to the Participating Directors is \$0.0081 per Performance Right, representing the following total value to the Participating Directors:

Directors	Performance Rights	Value of the Performance Rights
Craig Munro	4,500,000	\$36,450
Hamish Bohannan	13,125,000	\$106,312
Andrew Wilson	2,550,000	\$20,655

The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest closing price	\$0.022	27 August 2018
Lowest closing price	\$0.007	17 January 2019
Last closing price	\$0.008	22 January 2019

(h) **Other Information**

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass the Resolutions.

5.4 Section 195(4) Corporations Act

Each of the Participating Directors has a material personal interest in the outcome of Resolutions 7, 8 and 9 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 7, 8 and 9 are concerned with the issue of Performance Rights to Participating Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

5.5 Directors' recommendation

The Board of Directors, with Mr Munro abstaining, recommend that Shareholders vote in favour of Resolution 7 as the Company will receive the benefits outlined above and the vesting conditions of the Performance Rights to be granted are aligned with the growth of shareholders' value. Mr Munro declines to make a recommendation to Shareholders in relation to Resolution 7 as he has a material personal interest in the outcome of Resolution 7.

The Board of Directors, with Mr Bohannan abstaining, recommend that Shareholders vote in favour of Resolution 8 as the Company will receive the benefits outlined above and the vesting conditions of the Performance Rights to be granted are aligned with the growth of shareholders' value. Mr Bohannan declines to make a recommendation to Shareholders in relation to Resolution 8 as he has a material personal interest in the outcome of Resolution 8.

The Board of Directors, with Mr Wilson abstaining, recommend that Shareholders vote in favour of Resolution 9 as the Company will receive the benefits outlined above and the vesting conditions of the Performance Rights to be granted are aligned with the growth of shareholders' value. Mr Wilson declines to make a recommendation to Shareholders in relation to Resolution 9 as he has a material personal interest in the outcome of Resolution 9.

6. RESOLUTIONS 10 AND 11 – APPROVAL FOR THE ISSUE OF SHARES TO CRAIG MUNRO AND TAN HWA POH

6.1 Background

The Company proposes to issue:

- (a) 8,750,000 Shares to Mr Craig Munro; and
- (b) 18,750,000 Shares to Mr Tan Hwa Poh,

in recognition of additional work done for the Company beyond their normal duties as directors. The issue of these Shares will be equal to approximately 0.52% of the

Company's fully-diluted share capital assuming no further issues of securities by the Company

6.2 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 10 and 11 proposes the issue of Shares to Messrs Craig Munro and Tan Hwa Poh, each of whom is a related party of the Company by virtue of his directorship. As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) **Name of person to receive securities under Resolutions 10 and 11**

The Shares will be issued to Craig Munro, the Non-Executive Chairman and Tan Hwa Poh, a Non-Executive Director (or their respective nominees).

(b) **Maximum number of securities to be issued**

The maximum number of Shares that may be acquired by Craig Munro under Resolution 10 is 8,750,000. The maximum number of Shares that may be acquired by Tan Hwa Poh under Resolution 11 is 18,750,000.

(c) **Date of issue**

The Company anticipates that the Shares will be issued no later than 1 month after the date of the Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(d) **Relationship with the Company**

The Shares are proposed to be issued to Messrs Craig Munro and Tan Hwa Poh, each of whom is a Director of the Company and is, as such, a related party of the Company.

(e) **Issue price**

The Shares the subject of Resolutions 10 and 11 are to be issued for nil cash consideration. Rather, the Shares are proposed to be issued in recognition of the past performance of Messrs Craig Munro and Tan Hwa Poh.

(f) **Terms of issue**

The Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares. The Company will apply to ASX for official quotation of the Shares.

(g) **Intended use of the funds raised**

The Shares will be issued for nil consideration and accordingly no funds will be raised.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolutions 10 and 11 is included in the Notice of Meeting preceding this Explanatory Statement.

6.3 Regulatory Requirements: Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company. As such, the Directors of the Company are related parties of the Company for the purposes of Section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, Section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The proposed issue of Shares pursuant to Resolutions 10 and 11 constitutes the provision of a financial benefit to a related party.

However, it is the view of the Directors that the proposed issue of Shares pursuant to Resolutions 10 and 11 fall within the “reasonable remuneration” exception under section 211 Corporations Act given the circumstances of the Company and the position held by each of Messrs Craig Munro and Tan Hwa Poh. Accordingly, the Directors have determined not to seek Shareholder approval for the purposes of section 208 Corporations Act for the issue of the Shares to these Directors.

6.4 Directors' recommendation

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Shares to Messrs Craig Munro and Tan Hwa Poh pursuant to Resolutions 10 and 11.

The Board of Directors, with Mr Craig Munro abstaining, recommend that Shareholders vote in favour of Resolution 10 on the basis that the grant of the Shares will allow the Company to adequately reward and incentivise Mr Munro whilst preserving the Company’s limited cash reserves. Mr Craig Munro declines to make a recommendation to Shareholders in relation to Resolution 10 as he has a material personal interest in the outcome of Resolution 10.

The Board of Directors, with Mr Tan Hwa Poh abstaining, recommend that Shareholders vote in favour of Resolution 11 on the basis that the grant of the Shares will allow the Company to adequately reward and incentivise Mr Tan Hwa Poh whilst preserving the Company’s limited cash reserves. Mr Tan Hwa Poh declines to make a recommendation to Shareholders in relation to Resolution 11 as he has a material personal interest in the outcome of Resolution 11.

GLOSSARY

\$ means Australian dollars.

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.

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

ASIC means the Australian Securities & Investments Commission.

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.

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.

Long Term Incentive Plan or **Plan** means the Company's long term incentive plan approved by shareholders on 2 September 2016.

Meeting means the meeting convened by the Notice.

Notice or **Notice of Meeting** or **Notice of General 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.

Proxy Form means the proxy form accompanying the Notice.

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.

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 – SUMMARY OF THE GULF MANGANESE CORPORATION LIMITED PLAN RULES

The following is a summary of the key terms and conditions of the Plan.

- (a) Eligible Participants of the Plan include any full or part time employee or Director or contractor (and to the extent permitted by ASIC, a casual employee or contractor) of the Company who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.
- (b) A Performance right to acquire a Share whether by purchase or subscription, subject to satisfaction of achievement of criteria and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company and an Eligible Participant in the manner set out in the Plan rules.
- (c) Performance Rights granted under the Plan will not vest until the Vesting Conditions imposed by the Board are satisfied. Subject to paragraph (e), if the Vesting Conditions are not satisfied, the Performance Rights will lapse and the holder will have no entitlement to any Shares.
- (d) Vesting Condition means one or more conditions which must be satisfied or circumstances which must exist before the relevant Performance Rights issued under this Plan may be exercised, as determined by the Board and which may include a requirement in relation to a Minimum Term of Employment.
- (e) A Vesting Condition may, subject to Corporations Act, Listing Rules and any other applicable laws and regulations, be waived by the Board as determined by the Board from time to time.
- (f) Unless the Board determines otherwise, participants will not be liable to make payment for Performance Rights granted to them.
- (g) Performance Right are transferable only with consent of the Board.
- (h) The exercise of any vested Performance Rights will be effected in the form and the manner determined by the Board, and , if an amount is payable on vesting of the Performance Right, will be accompanied by payment of that amount, unless the manner of payment of that amount is otherwise provided for by the Board.
- (i) Subject to paragraph (j), an unexercised Performance Right will lapse upon the earlier to occur of:
- (i) Failure to satisfy the applicable vesting conditions;
 - (ii) the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
 - (iii) the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
 - (iv) in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary; or
 - (v) the Expiry date.
- (j) The Board may, in its absolute discretion, determine that all or a specified number of a holder's unvested Performance Rights vest despite the occurrence of an event stipulated in paragraph (i) above.

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- (k) The Company must issue to or procure the transfer to the Eligible Participant the number of Shares in respect of which vested Performance Rights are exercised, within 10 business days after a Performance Right is exercised.
 - (l) All Shares allotted under the Plan rank equally with other Shares on issue at the time those Shares are provided and carry the same rights and entitlement as those conferred by other Shares.
 - (m) Shares issued on exercise of Performance Rights may be subject to restrictions on transfer, unless the participant requests that the Company waives those restrictions and that request is approved by the Company.
 - (n) Subject to the terms and conditions of a grant of a Performance Right, the Board may in its absolute discretion determine that all or a portion of the unvested Performance Rights automatically vest and automatically exercise on the occurrence of:
 - (i) a Takeover Bid is made to acquire all Securities;
 - (ii) a Court has sanctioned a compromise or arrangement (other than for the purpose of, or in connection with, a scheme for the reconstruction of the Company or Trust or their amalgamation with any other entity or entities);
 - (iii) a selective capital reduction is announced in respect of the Company which would result in a person who previously had Voting Power of less than 50% in the Company obtaining Voting Power of more than 50%; or
 - (iv) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
 - (o) The Board may also, in its absolute discretion, permit the exercise of Performance Rights (irrespective of whether the relevant Vesting Conditions have been met) during such period as the Board determines where:
 - (i) the Company passes a resolution for voluntary winding up; or
 - (ii) an order is made for the compulsory winding up of the Company.
 - (p) If Shares are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation or reserves or distributable profits, the number of Performance Rights to which each holder is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage accrues to the holder as a result of the bonus issue and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.
 - (q) Subject to the Board determining otherwise, a Performance Rights Holder does not have the right to participate in a pro rata issue of Securities made by the Company or sell renounceable rights save that, if the Performance Rights have been exercised then the holder of the Securities will participate along with other members.
 - (r) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued Securities of the Company, the number of Performance Rights to which each Performance Rights Holder is entitled or the Exercise Price of the Performance Rights, or both as appropriate, will be adjusted in the manner provided for in the Listing Rules.

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- (s) Subject to paragraphs (p) to (r), during the currency of any Performance Rights and prior to their exercise, Performance Rights Holders are not entitled to participate in any new issue of Securities of the Company as a result of their holding Performance Rights.
 - (t) The Board may at any time by resolution amend all or any of the provisions of the Plan, or the terms or conditions of any Performance Rights granted under the Plan.
 - (u) Without the consent of the participant, no amendment may be made to the terms of any granted Performance Rights which reduces the rights of the participant in respect of that Performance Right, other than an amendment:
 - (i) For the purpose of complying with or confirming to present or future State of Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) To correct any manifest error or mistake; or
 - (iii) To take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and / or change in the interpretation of tax legislation by a court or competent jurisdiction.
 - (v) The Performance Rights do not give any entitlement to vote a meeting of Shareholders.

ANNEXURE C - TERMS AND CONDITIONS OF THE GULF MANGANESE CORPORATION LIMITED LONG TERM INCENTIVE PLAN

In addition to the Plan rules, Gulf has adopted the Gulf Manganese Corporation Limited Long Term Incentive Plan Policy (Policy). The purpose of the Policy is to determine:

- (a) who will be classified as an “Eligible Executive” for the purposes of the Plan;
- (b) how the number of Performance Rights offered to each Eligible Executive will be calculated;
- (c) when offers under the Plan will be made;
- (d) what the Performance Periods of each offer will be;
- (e) what the Performance Conditions of each offer will be; and
- (f) what percentage of Performance Conditions should vest in the event that Performance Conditions are only partially satisfied.

The Policy is a guide to the Board only and does not in any way fetter the discretion of the Board to administer the Plan, in accordance with the Plan rules, and determine the number of Performance Rights that will be issued to Eligible Employees and the terms of any applicable Performance Conditions.

A summary of the Policy is set out below:

- (a) Operation of Plan in first year and Performance Period

After the LTIP has become effective, and whilst it remains effective and in operation, each Eligible Executive will receive one Offer per annum.

The Performance Rights that are the subject of the Offer will have a Performance Period of one (1) year and, providing the Performance Conditions are satisfied during that Performance Period, will become Vested Performance Rights in three equal tranches of one third on each of the next three anniversaries of the Issue Date of those Performance Rights.

A table illustrating the operation of the LTIP is attached as **Schedule 1**.

For the avoidance of doubt **Schedule 1** and all clauses of this Policy act as a guide only and do not prevent the Board (in its absolute discretion) from making further Offers with varying Performance Periods.

- (b) Number of Performance Rights offered

The number of Performance Rights to be offered to will be calculated as follows:

$$N = \frac{TFR \times Y\%}{V}$$

Where:

- N the number of Performance Rights to be offered.
- TFR total fixed remuneration at the commencement date of the Performance Period.
- V the market value of a Share at the commencement of the Performance Period. This will be based on the closing share price prior to the commencement of the Performance Period.

Y the percentage of total fixed remuneration awarded in Performance Rights, as determined by the Board with regard to **Schedule 2**.

For the avoidance of doubt, the content and terms of **Schedule 2** are a guide only and do not prevent the Board (in its absolute discretion) using different percentages to determine the Y variable of the calculation set out above.

Schedule 2 has been drafted to ensure that the LTIP, in conjunction with an Eligible Executive's annual salary and short term incentives, positions the Eligible Executive in a competitive position relative to the appropriate index in respect of their total remuneration arrangements with the Company.

(c) Performance Conditions

The Performance Condition for each Offer will be for the Company to achieve a Total Shareholder Return which places the Company in the 70th percentile for Total Shareholder Return relative to the Comparator Group of companies derived from the official ASX Index with a pro-rata for performance from the 50th percentile, as detailed below.

During the Incentive Plan Review Period, the Board will meet and determine whether the Performance Conditions were met during the applicable Performance Period. Whether or not the Performance Conditions have been met, either wholly or in part, during the applicable Performance Period (and what percentage of Performance Rights will vest) will be determined by the Board with regard to Gulf's Total Shareholder Return relative to that of the appropriate index during the Performance Period.

A table setting potential performance outcomes by Gulf and what percentage of Performance Rights will vest in each case is set out below.

For the avoidance of doubt, the table below is a guide only and does not prevent the Board (in its absolute discretion) determining what percentage of Performance Rights vest.

Gulf's Relative Total Shareholder Performance	Percentage of Performance Rights that Vest
Less than 50 th percentile	Nil
50 th percentile	50%
60 th percentile	75%
At or above 70 th percentile	100%

Schedule 1

2016	2017	2018	2019	2020	2021
Offer 1 and start of the first Performance Period	Offer 1 – first equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on first anniversary of issue date	Offer 1 – second equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on second anniversary of issue date	Offer 1 – third equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on third anniversary of issue date		
	Offer 2 and start of the second Performance Period	Offer 2 – first equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on first anniversary of issue date	Offer 2 – second equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on second anniversary of issue date	Offer 2 – third equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on third anniversary of issue date	
		Offer 3 and start of the third Performance Period	Offer 3 – first equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on first anniversary of issue date	Offer 3 – second equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on second anniversary of issue date	Offer 3 – third equal tranche of the Performance Rights vest if Performance Conditions were satisfied during Performance Period, on third anniversary of issue date

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Schedule 2

Position Category	Maximum Percentage of Total Fixed Remuneration
Chief Executive Officer	50%
Eligible Executives	40 - 15%

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PROXY FORM

GULF MANGANESE CORPORATION LIMITED
ACN 059 954 317

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 28 February 2019 at 10.00am (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 Resolutions 7 to 11 (except where I/we have indicated a different voting intention below) even though Resolutions 7 to 11 are 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	Approval for the Issue of Securities under Tranche 2 of the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Previous Securities Issue under Tranche 1 of the Placement – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Previous Securities Issue under Tranche 1 of the Placement – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Previous Securities Issue to MRI – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Previous Securities Issue to MRI – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Previous Securities Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for the Issue of Performance Rights – Craig Munro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval for the Issue of Performance Rights – Hamish Bohannan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval for the Issue of Performance Rights – Andrew Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval for the Issue of Shares – Craig Munro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval for the Issue of Shares – Tan Hwa Poh	<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

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 Robert Ierace on info@gulfmanganese.com

so that it is received not less than 48 hours prior to commencement of the Meeting (being, 10.00am (WST) on 26 February 2019).

Proxy Forms received later than this time will be invalid.