



ASX Announcement

24 December 2018

Litigation Settlement and Update on Cornerstone Investment

Gulf Manganese Corporation Limited (ASX: GMC) ("**Gulf**" or "**the Company**") advises that following a mediation in the Supreme Court of Western Australia, Mighty River International Ltd ("**MRI**") and the Company have agreed in a Deed of Settlement and Release to settle all outstanding claims and dismiss the action.

As part of the agreed settlement, GMC will issue to MRI 100,000,000 GMC shares and 100,000,000 GMC listed options as a placement under ASX Listing Rule 7.1. MRI has also agreed to a cash subscription of 20,000,000 GMC shares at 1.5 cents with 20,000,000 free attaching GMC listed options at 0.5 cents. The first \$150,000 under the Deed of Settlement for the subscription of the shares and options was paid to the Company on 21 December 2018, with the remaining \$150,000 due from MRI on 15 January 2019. The options will be issued under a prospectus to be issued by the Company in due course.

Gulf requests that the voluntary suspension from trading remains in place until an announcement regarding the extension of the Maturity Date and the satisfaction or waiver of the Conditions Precedent for the conversion of the convertible notes held by PT Jayatama Global Investindo ("**PT JGI**") can be made. The Company and PT JGI are close to concluding the restructuring of PT JGI's investments and look forward to being able to provide the market with an update shortly. The Company is not aware of any reason why the continuation of the suspension should not be granted.

Yuzheng Xie, director of MRI said "I like the Gulf business proposition and would prefer to be an investor than a litigant. If the share price remains optimistic then MRI has the option to invest a further \$600,000 in addition to the \$300,000 committed by MRI under the Deed of Settlement by exercising our options. I will be very interested to watch how construction of the smelters proceeds in 2019".

Gulf Managing Director, Hamish Bohannan said, "We are pleased to have settled the litigation with MRI and instead welcomed them as an investor. We are making good progress with our investment and finance discussions with our cornerstone investor JTS Group and we look forward to settling these arrangements soon".

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